

## MONTHLY STAFF REPORT - May 31, 2001

### I. STATISTICS

Our monthly statistics report is attached. ([Page 1](#), [Page 2](#))

Recent permitting numbers indicate for calendar year 2001 approximately 2500 permits are projected to be processed.

### II. NORTHWEST COLORADO

#### Northwest Colorado Oil and Gas Forum

The last meeting of the Northwest Colorado Oil and Gas Forum was held on May 10 at the Rifle Fire District Headquarters. Approximately 45 people attended the meeting. Agenda items included: updates on current oil and gas related activity by the COGCC, the BLM and industry representatives; a presentation on Noxious Weed Control and Revegetation by Garfield County Noxious Weed Coordinator Steve Anthony; a presentation about the Garfield County Master Planning process by Randy Russell with the Garfield County Planning Department; an update on oil and gas related legislation; and a discussion of the proposed COGCC Rulemaking draft document.

The next meeting of the Forum is scheduled for Thursday, August 16, 2001 from 10:00 a.m. until 2:00 p.m. at the Rifle City Hall. The Forum, which consists of representatives from federal, state and local government, the oil and gas industry and all interested citizens, is co-chaired by Brian Macke and Garfield County Commissioner Larry McCown. Please contact Brian Macke at 303-894-2100 x122 or [brian.macke@state.co.us](mailto:brian.macke@state.co.us) to submit agenda topics for the next meeting. Attached are newspaper articles about information presented at the meeting and other items of interest to Garfield County and Northwest Colorado. ("[Natural Gas Plentiful In Colorado](#)", "[Garco #3 In State For New Gas Wells](#)", "[Oil, Gas Vision Already Reality In Colorado](#)", "[Proposed Oil & gas Regulation Changes Handed To Commissioners](#)", "[Company Increases Its GarCo Presence By Buying Barrett](#)", "[Glut Of Gas-drilling Permit Applications taxing BLM](#)", "[GarCo Officials Concerned About Oil, Gas Regs](#)")

#### Barrett Resources Corporation ("Barrett") Increased Well Density Application

COGCC staff continue to work with Barrett to process Applications for Permit-to-Drill ("APDs") for new wells within lands subject to the Commission order adopted during the October 2000 hearing for 20-acre density in Garfield County. To date, the COGCC has received 30 APDs submitted by Barrett for the increased well density area.

Since the April hearing, the COGCC has not received any new APDs for the newly adopted 20-acre infill area.

COGCC staff has been working closely with Barrett permitting staff and Garfield County to ensure that the requirements of the 20-acre density order are met in an efficient manner.

#### Barrett Resources Application for 10-Acre Well Density Pilot Project

Barrett Resources has filed an application for the July 9, 2001 hearing for a 10-acre well density pilot project which would include two 160 acre parcels. Both of the parcels have been approved already for 20-acre well density. One of the parcels is in the Rulison Field on lands owned by Mr. Clough, and the other parcel is in the Grand Valley Field on lands owned by Unocal. The purpose of the pilot project is to determine the feasibility of recovering a greater percentage of gas from the Williams Fork Formation by the drilling of additional wells. The application specifies that Barrett Resources would commit to drilling all additional wells directionally from existing well pads and that the consent of the affected surface owners would be in place prior to drilling the additional wells. Because of the pilot project nature of the application, the limited size of the application lands, and because no additional wellsites or roads would be constructed, neither Garfield County nor the Director is requesting that a Local Public Forum be conducted for the matter. Garfield County will respond to the COGCC regarding their decision on the need for a Local Public Forum by May 30<sup>th</sup>. Attached are newspaper articles about the 10-acre density pilot infill well application. ("[Firm Applies For 10-acre Natural-gas Well Spacing](#)", "[Barrett Applies for 10-acre Well Spacing](#)")

#### Routt County Planning Commission/County Commissioner Presentation

On April 5<sup>th</sup>, COGCC staff Brian Macke, Debbie Baldwin, Bob Chesson, and Jaime Adkins made a presentation to the Routt County Planning Commission and officials and staff and approximately 25 Routt County residents about COGCC regulation of oil and gas development. As a follow up, Brian Macke attended an April 26 meeting of the Routt County Planning Commission. A presentation about coalbed methane development issues was given by the Colorado Division of Wildlife and several citizen groups including the Western Colorado Congress, the San Juan Citizens Alliance, the Oil and Gas Accountability Project, the Grand Valley Citizens Alliance, and the Powder River Basin Resource Council. The meeting lasted approximately two hours and was very well attended. Issues that were raised included concerns regarding impacts to wildlife, reclamation, impacts to surface and groundwater, and visual impacts. The citizen's groups were very interested in assisting Routt County as they work on revising their local oil and gas land use regulations. At the Planning Commissioners' request, Brian addressed numerous issues that were raised during the meeting.

The COGCC is continuing to work with Routt County as they work to revise their land use ordinances and as they interact with Phillips Petroleum and KLT Gas Inc. on the coalbed methane pilot programs in the area. Attached is a newspaper article about the April 26 meeting. ("[Methane Extraction Criticized](#)")

### **III. NORTHEAST COLORADO**

#### TOP Operating/City of Longmont Well Location Talks

A second prehearing conference was held on May 17, 2001 with the parties and COGCC to discuss the status of identifying mutually acceptable well locations in Sandstone Ranch. At the prehearing conference the City proposed several options to TOP regarding drilling in Sandstone Ranch. TOP has agreed to discuss these proposals with their partners and respond to the City soon. The Longmont City Council will have to approve any final agreement. Another prehearing status

conference has been scheduled for June 14, 2001.

#### IV. **SOUTHWEST COLORADO**

##### La Plata County Gas & Oil Regulatory Team (GORT)

The GORT meeting scheduled for May 11, 2001 was rescheduled to June 27 from 10:30 to 12:30 at the La Plata County Fairgrounds.

##### La Plata County/San Juan Basin 3M Project – Update

The first monitoring well has been drilled and cased. We hope to resume monitoring well drilling and completion by late August or early September 2001.

#### V. **SOUTHEAST COLORADO**

##### Raton Basin Project 2000-2001

The fieldwork is complete for Phase I of the Raton Basin Project 2000-2001. Apogee Scientific performed the infrared gas seep detection. Approximately sixty-five (65) gas seeps were detected using the truck mounted infrared spectrometer. One seep was found in Huerfano County, the rest were in Las Animas County. The majority of the seeps are within twelve (12) miles of Highway 12, which parallels the Purgatoire River. The written part of Phase I is projected to be finished by the end of June 2001.

The work for Phase II, coal mine feature digitizing by Greg Lewicki and Associates, is approximately fifty percent (50%) complete. There are approximately 450 coal mines in the Basin. It is anticipated that the project will be completed by the end of June 2001.

#### VI. **ENVIRONMENTAL ISSUES**

##### Statewide Integrated Ground Water Quality Protection Program

The May 10, 2001 meeting of the Colorado Ground Water Protection Council was held at the COGCC offices. The next meeting will be held July 12, 2001 from 9:00 to 11:00 a.m. in the COGCC conference room.

##### Quarterly WQCC / WQCD / COGCC Meeting

The next joint Water Quality Control Commission, Water Quality Control Division and COGCC meeting will be on May 30, 2001 at CDPHE.

#### VII. **ORGANIZATION**

##### Staff Organization

Our [current organization chart](#) is attached. We would like to welcome Martha Ramos, who joined the Commission as our Imaging Systems Administrator and Sam Cady who is our new Production/Levy Analyst.

#### VIII. **PLANNING/ADMINISTRATION/OTHER**

## 2000 Outstanding Oil & Gas Operations Awards

The deadline for nominations for the COGCC 2000 Outstanding Oil and Gas Operations Awards is June 15. This will be the 5<sup>th</sup> year of this very successful program that recognizes extraordinary efforts of oil and gas operators in a variety of categories. It is planned that the awards will be presented at the COGA Rocky Mountain Natural Gas Strategy Conference in August of this year. All parties are encouraged to provide nominations by the deadline. We will be submitting a list of nominations to the Commissioners for your approval in the near future. Attached is the 2000 nomination [form](#).

## Rulemaking hearing

COGCC staff prepared a rulemaking draft for the May 31-June 1 hearing dated 5/1/01. The proposed changes affect the 100, 200, 300, 500, 600, 900 and 1100 Series Rules. The proposal includes: modifying the Local Governmental Designee process, adding language on global positioning system data reporting, changing the levy payment and reporting process, modifying the local public forum and public issues hearing requirements and updating the seismic rules. Written comments on the draft have been received from nineteen (19) parties. COGCC staff have reviewed the comments and prepared a proposed alternate language draft for consideration at today's hearing.

## Well Log Imaging

The division's open hole well log electronic imaging project that was approved for the fiscal year 2000/2001 budget is under way. The goal of this project is to image all of the historically submitted well logs. The original estimate of 66,000 plus well logs has been revised to 110,000; the discrepancy was due to the fact that the length of the paper logs has increased over time. There are currently 30,000 log images accessible through the Internet.

The Division of Central Services continues to scan well logs and save them to disk for transfer to the imaging system. Currently the production line consists of three full time shifts prepping, scanning and indexing the logs. The process continues to deliver high quality images although the size of the image can be large. Of the eight hundred fifty (850) total boxes, four hundred sixty eight (468) boxes have been scanned and one hundred four (104) are in process. The current projected completion is in July 2001.

Internet viewing of the logs follows the procedure outlined in the "Tiff Image Viewing Information" document on the COGIS main menu at <http://cogccweb.state.co.us/>. Additional information will be added to the document as we gain experience. Viewing the logs is very memory intensive, therefore, it may work best to save the document to your hard disk and then open it later.

The imaging system is being reconfigured to provide better access time and additional storage capacity. Service has been periodically interrupted during this process as the 500,000 COGCC images and the 1,200,000 Water Resources document images are migrated from optical storage to magnetic disk.

## Production Reporting by E-mail

There are currently more than eighty operators reporting electronically, accounting for 80.6 percent of the production reported in the month of October 2000. This is an increase of twenty operators, or 7.3 percent of production reports, since June of 2000. This significantly reduces the manual data entry volume. Thank you to all of the operators who are reporting electronically.

Sharon Tansey has been distributing an Excel spreadsheet that lays out the electronic format for the production report. Electronic submission may be made by e-mail attachment to [ogcc.eforms@state.co.us](mailto:ogcc.eforms@state.co.us), or by mailing a 3.5-inch diskette or CD. To assist operators in understanding the new production reporting form, the codes used on the form and the data format for reporting electronically, COGCC staff has prepared a document titled "Monthly Report of Operations, Form 7 Specifications". This document is available on the COGCC web site at <http://www.cogcc.state.co.us/documents/>, or from the COGCC office. Questions should be directed to Sharon Tansey at (303) 894-2100 x128.

### Electronic Levy Reporting

Levy reporting was suspended for the first and second quarters of 2001. Reporting will begin in the third quarter of 2001. A new reporting format has been proposed for today's rulemaking hearing. Should the change be implemented, a new report format will soon be available. Please contact Sharon Tansey concerning any new format requirements at (303) 894-2100 x128.

### Data Entry

The volume of data entry has increased significantly over the past year. With the current oil and gas prices, we are seeing an increase in drilling and completion activities and the 1999 production reporting requirements significantly changed the number of lines of data submitted. In addition, the new COGIS database allows for storage of a more complete data set than the previous database for wells and other oil and gas operations. In order to facilitate faster turnaround time of approvals and earlier data access to submitted data, all operators are being encouraged to submit their production and levy reports electronically. The COGCC is exploring ways to make forms available for submission on the Internet so that all forms can be submitted electronically.

The COGCC, with the State's Pueblo Data Entry Center (PDEC), has created a version of the COGCC Form 7, Operator's Monthly Report of Operations, that will allow for Optical Character Recognition (OCR) conversion of the imaged data into digital character data. The COGCC will scan the production reports and transfer the images to PDEC. PDEC will run the OCR application on the imaged files, review the converted data and correct any improperly converted characters. In order to implement this, there will be a requirement to use a form that is just like the current form except the form has reference blocks in the corners used for automated sizing and alignment, and a barcode that is used as a unique form identifier. In addition, there will be a request for operators who are generating paper reports from their computers to submit the data electronically. While the project is complicated, initial testing indicates that it will be successful.

### Colorado Oil and Gas Information System (COGIS)



The COGCC information system has been named the Colorado Oil and Gas Information System (COGIS). COGIS is made up of the database management system, the Geographic Information System (GIS) and the document imaging system. All of these systems are available on the Internet and in the public room.

The database application consists of a forms processor that stores entered data for review by appropriate technical staff for quality control and compliance. Data access is provided by an online query to view individual records on the computer screen. Reports are being developed to provide access to multiple record data sets.

The GIS is made up of two parts. The plat mapping tool spots wells, pits, and other associated facilities. The Internet available GIS tool is the Autodesk Mapguide application that displays statewide data including wells, pits, land ownership, spacing, surface water, surface geology, municipalities, roads, etc. Autodesk Mapguide allows for zooming, panning, printing and redirection to the database queries.

The document imaging system contains digital images of all paper records of the COGCC. The historical records, including cement bond logs and oversize hearing exhibits, are available on the Internet.

The impact of these new systems substantially affects the processes that COGCC staff uses to complete its work. Work continues on program fixes (bugs), training, documentation, and modifications to the workflow to fit the new methods of data processing. As these issues are worked through, delays in form approvals and data distribution experienced by COGCC customers should be resolved. Data migration and cleanup continues. Although this will be a long-term project, the results will be well worth the effort.

### Geographic Information Systems (GIS)

The current GIS project involves inputting spacing orders to show the cause number, unit size and well density of any given area, accurate to the section level. This will enable the reviewer to know which orders should be consulted for further detail. This is a large project that will take quite a while to complete. The data will begin showing up on the Internet as each spaced area is finished, beginning in southwest Colorado and working clockwise around the state.

### COGCC on the Internet

The COGCC continues to expand its Internet presence. Access to the COGIS database is now available via the "Info Systems" button on the COGCC homepage. The GIS and Document Images are available via the same selection. The COGCC searchable orders are available from either the homepage or the Info Systems page.

The GIS has been modified to return well data query when a well spot is double clicked to display the well data. Active undrilled permits are now available on the GIS.

We continue to redesign our web pages to provide improved customer service. The public is invited to leave comments or suggestions for improvements to the COGCC Internet site. Our e-mail address is [dnr.ogcc@state.co.us](mailto:dnr.ogcc@state.co.us).

### Customer Feedback on Web Site

The comments we receive are encouraging and continue to deliver the message that we are on the right track in providing our customers with the right product. Our goal is to continue to improve the website and the data contained within.

### NGPA Well Determination Process Resumed

On October 1, 2000, the COGCC began accepting applications for determination of coal seam gas and tight formation gas for wells spudded after December 31, 1979 and before January 1, 1993 for which determinations were never requested. In addition, applications may be filed for determination for wells recompleted for coal seam gas and tight formation gas commenced after January 1, 1993, in wells drilled after December 31, 1979 and before January 1, 1993 for which determinations were never requested. Further, gas producers may wish to file applications with the COGCC seeking designation for new tight formation areas previously undesignated.

Operators must submit FERC Form 121 and the COGCC Form along with the required materials to the COGCC for processing for well determinations. FERC Form 121 is available in hard copy at the COGCC. The COGCC form is available on the website by clicking on "Natural Gas Category Determination". Additional information is available on the website including a list of tight formation area designations and a list of all previously approved well determinations provided by the FERC.

To date, 563 applications have been filed and processed, with 488 sent to FERC recommending approval. A regularly updated listing of all applications received and their status is available on our website at [http://cogcc.state.co.us/info/NGPA/ngpa\\_determination.htm](http://cogcc.state.co.us/info/NGPA/ngpa_determination.htm). For additional information, contact Tricia Beaver at (303) 894-2100 x115 or [tricia.beaver@state.co.us](mailto:tricia.beaver@state.co.us).

### Penalties Status

Attached is a [revised table](#) showing the status of penalties paid and penalties pending collection. COGCC staff is working closely with State Central Collections to attempt more timely collections.

### May-June Hearing Docket

A preliminary [docket](#) for the May 31-June 1 hearing has been provided. Hearing dockets are updated on the COGCC website and can be accessed at <http://cogcc.state.co.us/2001HearingSchedule.htm>. COGCC staff is requesting the Commission on its own motion docket Order No. 329-4 for an amendment to allow first wells drilled on the 160-acre drilling and spacing units in the Schramm Field to be located 560 feet from the boundaries of the unit. This was originally requested in the application filed by Samedan in 1994 but did not get included in the final order. No protests to this request are anticipated.

## **IX. VARIANCES**

Mesa Hydrocarbons was granted a Rule 502.b. variance to COGCC Rule 318., requirement of minimum distance between wells, for the Chrisner 8-5A Well and the Chrisner 8-5B Well both located in Section 8, Township 7 South, Range 92 West, 6<sup>th</sup>

P.M. These wells will be drilled from existing pads and are part of a pilot program designed to gather production data regarding the feasibility of increasing well density for the Williams Fork reservoir. No objections were received from affected mineral owners and a surface owner's agreement has been executed.

Prima Oil & Gas was granted a variance to COGCC Rule 603.a.(2)., requiring that a well be located a minimum distance of 150' from a surface property line, and COGCC Rule 604.a.(2)., requiring a tank to be at least 2 diameters from the boundary of the property on which it is built, for the Beeler #22-12 Well, located in the NW¼ NE¼ of Section 22, Township 4 North, Range 67 West, 6<sup>th</sup> P.M. Prima Oil & Gas reached agreement with two surface owners for well and tank battery placements that optimize existing surface use (farm and residential) and protect a nearby wetlands area.

H:Nicole/Misc/Staff Report/05-01