

## MONTHLY STAFF REPORT - July 9, 2001

### I. STATISTICS

Our monthly statistics report is attached. ([Page 1](#), [Page 2](#), [Page 3](#))

### II. NORTHWEST COLORADO

#### Northwest Colorado Oil and Gas Forum

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 is a newspaper article about items of interest to [Garfield County](#) and [Northwest Colorado](#).

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

COGCC staff continues 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 32 APDs submitted by Barrett for the increased well density area.

Since the May hearing, the COGCC has received two new APDs for the newly adopted 20-acre infill area. One APD is a new surface location north of the Colorado River on non-Specified Surface Wellsite Lands, and the other APD is a directional location south of the river on Specified Surface Wellsite Lands. This APD is for a 2<sup>nd</sup> well in a 40-acre location (bottom hole).

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 9-10, 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 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. The matter was

heard administratively by COGCC hearing officers on June 27, 2001 and is recommended for approval on the consent agenda for the July 9-10, 2001 hearing.

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

##### 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 early September 2001.

The desorption tests are complete and the final report has been received for coal cores collected at the Ridges Basin monitoring well location (3M Site 1). Tests indicate an average of approximately 98.5 percent methane and 250 standard cubic feet of gas per ton, dry-ash free basis. The test results are from two coal seams that occur between approximately 495 to 525 and 580 to 605 feet below the ground surface.

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

##### Raton Basin Project 2000-2001

Phase I of the Raton Basin Project 2000-2001 is complete. Phase I, the infrared gas seep detection, will be integrated into our database within the next three months. Sixty-seven (67) gas seeps were detected using a 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 on either side of Highway 12, which parallels the Purgatoire River.

Phase II of the Raton Basin 2000-2001 is also complete. There are approximately 465 coal mines and associated features. These mines and features were digitized by Greg Lewicki and Associates. The data will be integrated into our database within the next three (3) months.

Phase IV of the project is scheduled to begin in July. This study will include the testing of fifty gas wells for isotope values and gas composition, as well a produced water analysis.

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

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

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 September 10, 2001 at 3:30 p.m. at Colorado Department of Public Health and Environment Building A in the 5<sup>th</sup> floor Conference Room.

##### North Washington Water Users Association (NWWUA)

A final payment of \$319,384.00 has been made to the NWWUA. This money will be used to pay for water connection charges ("tap fees") to the City of Thornton's water distribution system for the NWWUA members. Central Collections will be pursuing recovery from Martin Exploration, one of the responsible parties, for their portion of the dollar amount.

## **VII. ORGANIZATION**

### Staff Organization

Our [current organization chart](#) is attached. We would like to bid farewell to Office Manager Laura Posusta who is leaving this month to move out of state, and to thank her for her dedication and excellent level of support during her time on the COGCC staff. Nicole Richardson is assuming the Office Manager duties after Laura's departure, and will be training into the Office Manager position.

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

### 2000 Outstanding Oil & Gas Operations Awards

The deadline for nominations for the COGCC 2000 Outstanding Oil and Gas Operations Awards was June 15. This will be the 5<sup>th</sup> year of this extremely successful program that recognizes extraordinary efforts of oil and gas operators in a variety of categories. The awards will be presented at the COGA Rocky Mountain Natural Gas Strategy Conference this August. We are submitting a list of nominations for your approval during this month's hearing.

### Rulemaking hearing

After the May 31-June 1 hearing, COGCC staff prepared a document dated 6/14/01 to show the language adopted at the May-June hearing and the language proposed for the July hearing. Subsequent to the May-June hearing, Assistant Attorney General Harmon advised Chair Sonnenberg that the changes made to Rule 318. may not receive a favorable AG opinion and therefore may need to be reconsidered at the July hearing. COGCC staff notified the parties who provided testimony at the May-June hearing and written comments have been provided by COGA, J-W Operating (2 sets), Samedan Oil Corporation and Fidelity E&P stating these parties' positions on the rule. In addition, COGCC staff has provided written comments on its position should the Commission decide to reconsider Rule 318. COGCC staff attended a meeting of the International Association of Geophysical Contractors on June 26<sup>th</sup> and was provided comments on the proposed changes to Rule 333. An alternate language draft is being recommended by COGCC staff to incorporate these comments.

### 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 100,700; the discrepancy was due to the fact that the length of the paper logs has increased over time. There are currently 51,000 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. At the end of June, of the eight hundred forty-eight (848) total boxes, seven hundred eighty-nine (789) boxes have been scanned and fifty-nine (59) are yet to be scanned. The scanning should be completed by the second week of July with the transfer of the images completed by the end of August 2001. The required storage space is estimated to be five hundred forty (540) giga-bytes.

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; 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 as the 500,000 COGCC images and the 1,200,000 Water Resources document images are migrated from optical storage to magnetic disk. This migration will be complete by the second week in July and the software will be updated to provide more stability with the system.

#### Data Cleanup and Image Indexing

This is a new COGCC project for Fiscal year 2001/2002. The goal of Image Indexing will be to go through all the imaged documents and identify the document type in the index information. This will greatly enhance the functionality and the time needed to select the desired document image. This project has started slowly but will go faster as processes and procedures are refined.

The goal of the Data Cleanup is to review the well file records and verify and update all records in the new database supplying information that was not migrated or available in the old database system. This project will require multiple levels of temporary staff to insure that the data quality meets the desired outcome. The Data Cleanup will begin in several weeks as tools, processes and procedures are refined.

#### Production Reporting by E-mail

There are currently more than eighty (80) operators reporting electronically, accounting for 80.6 percent of the production reported in the month of October 2000. This is an increase of twenty (20) 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 with a levy amount of eight tenths (0.0008) mill per dollar value. A new reporting format has been proposed and 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.

The new Form 7, Monthly report of Operations, and the Form 8, Conservation Levy, will be mailed to operators in the next week. Operators and Payors will be requested to begin using these reports immediately.

### 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.

A new tool will soon be available that will allow a user to draw a radius from an indicated point and select all the wells within that radius. After selection a report can be generated showing the completed intervals and their status in the wells within the radius. This tool is currently being tested.

### 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 of 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, 577 applications have been filed and processed, with 502 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.

### August Hearing Docket

A preliminary [docket](#) for the August 13th and 14th hearing has been provided. Hearing dockets are updated on the COGCC website and can be accessed at <http://cogcc.state.co.us/2001HearingSchedule.htm>.

## **VIII.**

### **VARIANCES**

The Colorado Oil & Gas Conservation Commission (COGCC) conducted reclamation of certain historic oil and gas operations within the Keota Oil Field in Weld County as part of its Environmental Response Fund activities. The COGCC granted itself a Rule 502.b. variance to Rule 1004.a., requiring that associated facilities shall be reclaimed. The abandoned quonset hut located in the S½ of Section 4 was not demolished and will be utilized for the landowner's ranching operation.

Amoco Production Company was granted a Rule 502.b. variance to the unit line setback requirements established by Order No. 112-60 for the Hester Gas Unit Well #2. This is a Fruitland Coal bed methane test in the NE¼ NE¼ of Section 2, Township 34 North, Range 9 West. This exception location was requested to minimize impact on irrigated agricultural activities and is 135 feet north of the drilling

window described in Order No. 112-60.

H:Nicole/Misc/Staff Report/07-01