

## MONTHLY STAFF REPORT - February 12, 2002

### I. STATISTICS

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

During January, 2002, we processed 161 applications for permits to drill (1,932 annual equivalent) which represents a 15% decrease from the average rate of 189 applications per month during calendar year 2001. Last year the permit processing level increased dramatically from 1,529 permits in 2000 to 2,273 permits in 2001. The recent decrease in permitting activity can be attributed to lower natural gas and oil commodity prices. We are estimating that we will process approximately 1,900 permits during 2002. Attached is a [graph of the drilling permit history](#) for the past several years. Also attached is a [chart of the 2001 drilling permits by county](#).

### II. NORTHWEST COLORADO

#### .. Northwest Colorado Oil and Gas Forum

The next meeting of the Forum is scheduled for Thursday, February 14, 2002 from 10:00 a.m. until 12:00 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 related to oil and gas activity in Northwestern Colorado. ("[All Is Not Well](#)")

#### .. Williams Production Company ("Williams") Increased Well Density Application

COGCC staff continues to work with Williams (formerly 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 58 APDs submitted by Williams for the increased well density area.

Since the January 2002 hearing, the COGCC has received three new APDs for the 20-acre infill area. Two of the APDs are for new surface well site locations north of the Colorado River in the Grand Valley Field along Parachute Creek (both for vertical holes). Two of the new APDs are for wells that are 2<sup>nd</sup> wells in 40-acre tracts and one APD is for a 1<sup>st</sup> well in a 40-acre tract. Because of the proximity of one of the proposed wells (the Chevron GM 31-20) to Parachute Creek and riparian vegetation, an onsite inspection of the proposed well site was conducted on December 18, 2001. COGCC staff, representatives of Williams, Garfield County, and the Division of Wildlife, attended the inspection. As a result of the inspection, the surface access to the well site was modified to avoid a minor surface water drainage feature and to minimize native vegetation impacts. COGCC staff placed a special permit condition on the APD for additional erosion control. The remaining APD is for a new vertical well located north of the Colorado River in the Parachute Field.

COGCC staff continues to work closely with Williams permitting staff and Garfield County to

ensure that the requirements of the 20-acre density order are met in an efficient manner.

### III. NORTHEAST COLORADO

#### .. Adena J Sand Unit Annual Status Report

Babcock & Brown, the successor of Duncan Energy, have submitted a report meeting the requirements and intentions of Order No. 1-75 which requires an annual status report for operations in the Adena J Sand Unit. Attached is the [report of year 2001 operations](#).

#### .. Private Property/Oil and Gas Development Seminar

The Colorado Association of Soil Conservation Districts (CASCD) is planning to conduct another Private Property/Oil and Gas Development Seminar at the Brighton Recreation Center on February 21, 2002 starting at 5:30 p.m. Approximately 100 people, including DJ Basin surface owners, representatives of the City of Ft. Lupton, and other interested citizens, attended the seminar, which was previously held in Ft. Lupton on October 4, 2001. One of the primary topics of interest raised during the discussion was the concern by surface owners about potential conflicts on lands being developed for oil and gas that are also being considered for future residential subdivision development. The CASCD has invited COGCC and industry representatives, along with a representative of surface owners and a soil conservation specialist to make presentations and participate in a panel discussion. Deputy Director Brian Macke is planning to make a presentation at the seminar along with local Weld County Inspector Linda Pavelka and Environmental Protection Specialist Randall Ferguson.

### IV. SOUTHWEST COLORADO

#### .. 3M Monitoring Wells Update

Staff has drilled four (4) monitoring wells at three (3) different sites (Basin Creek, South Fork of Texas Creek and Beaver Creek Ranch). Staff has installed the pressure transducers, data loggers, and telemetry equipment in the four (4) wells. An additional five (5) wells will be drilled to complete the monitoring well project when the drilling contractor obtains additional well control equipment.

A meeting of the 3M Technical Peer Review Team was held on January 25, 2002 at the US Bureau of Land Management Office in Durango. Monitoring well data was provided to the participants.

### V. SOUTHEAST COLORADO

#### .. Raton Basin Project

Phase III of the Raton Basin Project began in December. The Seacrest Group won the bid for the final phase of the study. The third phase consists of sampling water and gas from one hundred (100) water wells in the Raton Basin. The composition of the water and the gas from the water wells will be compared to the gas wells that were sampled in Phase IV.

### VI. ENVIRONMENTAL ISSUES

.. Quarterly WQCC/WQCD/COGCC Meeting

Future meetings of the Water Quality Control Commission, Water Quality Control Division, and COGCC will be held on a semi-annual basis. The next joint meeting is tentatively planned for March 11 or 12, 2002.

**VII. ORGANIZATION**

.. Staff Organization

Our [current organization chart](#) is attached.

**VIII. PLANNING/ADMINISTRATION/OTHER**

.. 2001 Outstanding Oil & Gas Operations Awards

The deadline for nominations for the COGCC 2001 Outstanding Oil and Gas Operations Awards is May 17, 2002. This will be the 6<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 after the nomination deadline. Attached is the [nomination form](#) for the awards.

.. 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, 586 applications have been filed and processed, with 511 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.

#### March Hearing Docket

A preliminary [docket](#) for the March 18<sup>th</sup> hearing has been provided. Hearing dockets are updated on the COGCC website by clicking on "2002 Hearing Schedules, Dockets, Agendas and Minutes".

#### Monthly Report of Operations - Form 7

Beginning with the January 2002 Monthly Report of Operations, due March 15, 2002, the COGCC will require all production reports to be submitted either in hardcopy on the new Form 7 or electronically. The new Form 7 can be identified by the four black squares on the corners of the form. The squares are reference data blocks which are utilized by a software package to optically resize the form to allow for computer conversion of the data; this will eliminate manual data entry of paper forms. The COGCC website has these forms in PDF and JPG formats for downloading and printing. The form is letter size (8.5" x 11") and the PDF form can be completed on a computer and then printed. Adobe Systems, Inc. sells Acrobat Approval (<http://www.adobe.com/store/products/acrapproval.html>) for \$39. This application allows the data to be saved to a computer. In the very near future, the PDF may be completed and submitted online to be automatically uploaded to the COGCC database.

#### Well Log Imaging

The division's open hole well log electronic imaging project approved for the fiscal year 2000/2001 budget is completed. The goal of this project was to image all of the historically submitted well logs. A total of 100,707 well logs have been scanned.

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 is best to save the document to your hard disk and then open it later.

The imaging system has been reconfigured to provide better access time and additional storage capacity. Additional traffic and the time taken to download the well logs appears to be causing some performance problems with the images on the Internet. On Friday, January 25, 2002, the server that stores the images was replaced with a newer and faster machine. We have seen some performance gains but due to the size of the well log files downloading remains slow.

#### Image Indexing and Data Cleanup

Image Indexing is a new COGCC project for fiscal year 2001/2002. The goal of Image Indexing is to go through all imaged documents to input the name and received date of each document for easy selection of a desired document image. This will greatly enhance the functionality and decrease the time needed to select any document image. Over 12,000 of the 63,000 well files have been fully indexed and rescanned where necessary. There are currently five people working full time on the project.

The goal of Data Cleanup is to review well file records to 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 started the last week in January with the completion of the update tools; the processes and procedures documents are completed and being tested. There are three people working on this project and one more technical person is being sought to complete the staffing.

#### Production Reporting by E-mail

There are currently more than 80 operators reporting electronically, accounting for 80.6% of the production reported in the month of October 2000. This is an increase of twenty operators, or 7.3% 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 resumed for the third quarter of 2001. The new form and the electronic reporting format are available for download from the web at <http://cogcc.state.co.us/forms.html>. Please contact Sharon Tansey at (303) 894-2100 x128 with questions concerning new format requirements.

#### 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.

All operators who are generating paper reports for Levy and Monthly Report of Operations from their computers are requested to submit the data electronically.

#### 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 form 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 well 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 has been made available that allows a user to draw a radius from a chosen point and select all the wells within that radius. After selection a report can be generated showing the completed intervals and the status for the wells within the radius.

#### COGCC on the Internet

The COGCC continues to expand its Internet presence at [www.cogcc.state.co.us](http://www.cogcc.state.co.us). Access to the COGIS database, GIS, Document Images and Commission orders are available via the "Info Systems" button on the COGCC homepage. Commission orders may also be accessed from the homepage.

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.

#### 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.

## COGCC FY 02-03 Budget Change Requests

The COGCC has prepared three requests for changes to the base budget for FY 02-03 that has been reviewed by the Department of Natural Resources and has been placed on the Department's change request priority list. The following are the FY 02-03 COGCC budget change requests:

- Permit Coordinator / Conflicts Ombudsman

\$128,704, 1.0 FTE

This request is for funds from the Severance Tax Operational Account for the following two purposes: 1) to provide funding for a Conflicts Ombudsman, using an existing FTE, to address and resolve conflicts that have arisen between oil and gas developers, surface users, and local governments, and to respond to inquiries from the media that have increased substantially with the dramatic increase in the number of drilling permit applications over the past two years, and 2) to provide a new FTE and funding for a Permitting Coordinator to address the increasing well permitting workload.

- Data Clean-up Project, Year 2

\$126,415, 0 FTE

This request is for funds from the Severance Tax Operational Account to review, verify and correct data files migrated from COGCC's old computer system to the new computer system, COGIS (Colorado Oil and Gas Information System). These files include 12,000 of the 22,000 active and recently plugged oil and gas wells and 34,000 older historic plugged and abandoned wells. The first year (FY 02) portion of this project was approved by the legislature last year.

- Remote Staff Decision Support

\$112,134, 0 FTE

This request is for funds from the Severance Tax Operational Account to provide 14 field workstations for COGCC field engineers, inspectors and environmental protection specialists. These workstations will provide a state of the art system that will allow the COGCC field staff to make better informed decisions more rapidly on location at oil and gas operation sites. The workstations will consist of portable laptop computers equipped with database and office software, modems for communication via either land or cellular phone lines, printers, digital cameras, and global positioning systems (GPS). The workstations will increase efficiency and data accuracy of the field staff by allowing field inspectors to enter inspection data on location, as well as allowing field staff immediate access to current information on oil and gas operations while on site. This access to current information will recover time currently being lost by both the field staff and Operations Section office staff in retrieving data needed in the field via telephone conversations. This time recovery is urgently needed to address the workload associated with the increasing amount of oil and gas development activity in Colorado.

The MEGA Board reviewed the budget change requests during their June 2001 meeting. The change requests have been approved by the Information Management Commission and the State Office of Planning and Budgeting, and are currently under

review by the Joint Budget Committee.

.. Local Government Information

The new local government program is now available on the COGCC website. Letters (approximately 300) were sent to all Colorado counties, cities, towns, municipalities and special districts advising them of the site, along with a new Local Governmental Designee form for those local governments who wish to participate under Rule 214. To date, 115 forms (43 counties and 72 cities) have been returned with 100 (42 counties and 58 cities) wishing to participate as Local Governmental Designees. To access the local government information, go to the COGCC website at [www.cogcc.state.co.us](http://www.cogcc.state.co.us) and click on the "Local Government" button. At the Local Government Search screen a local government name may be entered and searched for approved permits, pending permits, operator changes and plugged wells within that governmental area. In addition, statewide searches for the same information may be conducted from this screen. There are links to the hearing schedule, COGIS and the current list of participating Local Governmental Designees.

.. Commission Policy for Plugged and Abandoned Wells and Exploration and Production Waste Encountered By Surface Development Projects

At its December 3, 2001 hearing, the Commission adopted a Policy for Plugged and Abandoned Wells and Exploration and Production Waste Encountered By Surface Development Projects. The policy requires that either the surface developer or its designee be registered as an operator in the state and provide financial assurance to ensure the proper final re-abandonment of the well. The policy specifies requirements for notice to the previous well owner and approval from COGCC staff of the operational procedures to cut off and re-abandon prior to conducting operations. The policy also specifies requirements for the remediation of exploration and production waste encountered during surface development activities including reporting, sampling and analysis, and remediation workplans. The policy is available on the COGCC website under "Rules and Regulations".

**IX. VARIANCES**

None were granted this month.

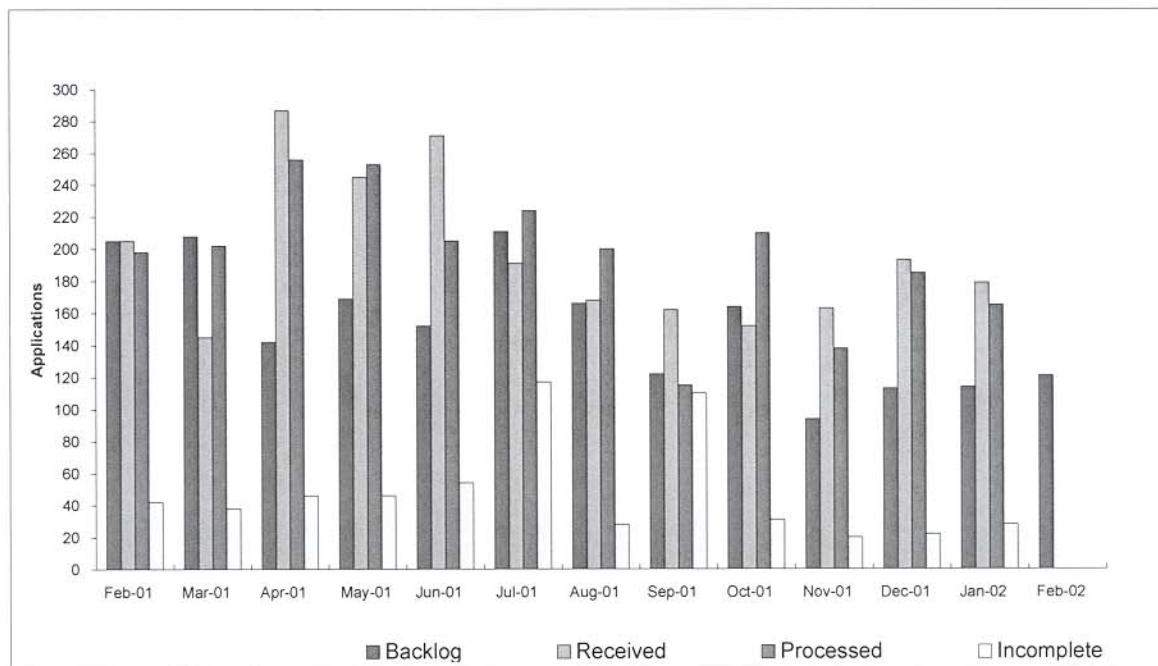


# Colorado Oil & Gas Conservation Commission

## Monthly Breakout of Drilling and Recompletion Permits

|                     | Backlog | Received | Processed | Withdrawn | Rejected | Incomplete | In-Process | Remaining |
|---------------------|---------|----------|-----------|-----------|----------|------------|------------|-----------|
| <b>Drilling</b>     |         |          |           |           |          |            |            |           |
| Feb-01              | 194     | 195      | 193       | 4         | 0        | 40         | 152        | 192       |
| Mar-01              | 192     | 137      | 192       | 8         | 0        | 34         | 95         | 129       |
| Apr-01              | 129     | 275      | 241       | 3         | 0        | 44         | 116        | 160       |
| May-01              | 160     | 238      | 245       | 8         | 0        | 44         | 101        | 145       |
| Jun-01              | 145     | 257      | 193       | 7         | 0        | 52         | 150        | 202       |
| Jul-01              | 202     | 182      | 217       | 12        | 0        | 107        | 48         | 155       |
| Aug-01              | 155     | 151      | 178       | 12        | 0        | 25         | 92         | 116       |
| Sep-01              | 116     | 149      | 109       | 5         | 0        | 108        | 43         | 151       |
| Oct-01              | 151     | 144      | 202       | 11        | 0        | 30         | 52         | 82        |
| Nov-01              | 82      | 155      | 122       | 6         | 0        | 19         | 90         | 109       |
| Dec-01              | 109     | 188      | 182       | 7         | 0        | 22         | 86         | 108       |
| Jan-02              | 108     | 176      | 161       | 7         | 0        | 26         | 90         | 116       |
| Feb-02              | 116     | 0        | 0         | 0         | 0        | 0          | 0          | 116       |
| <b>Recompletion</b> |         |          |           |           |          |            |            |           |
| Feb-01              | 11      | 10       | 5         | 0         | 0        | 2          | 14         | 16        |
| Mar-01              | 16      | 8        | 10        | 1         | 0        | 4          | 9          | 13        |
| Apr-01              | 13      | 12       | 15        | 1         | 0        | 2          | 7          | 9         |
| May-01              | 9       | 7        | 8         | 1         | 0        | 2          | 5          | 7         |
| Jun-01              | 7       | 14       | 12        | 0         | 0        | 2          | 7          | 9         |
| Jul-01              | 9       | 9        | 7         | 0         | 0        | 10         | 1          | 11        |
| Aug-01              | 11      | 17       | 22        | 0         | 0        | 3          | 3          | 6         |
| Sep-01              | 6       | 13       | 6         | 0         | 0        | 2          | 11         | 13        |
| Oct-01              | 13      | 8        | 8         | 1         | 0        | 1          | 11         | 12        |
| Nov-01              | 12      | 8        | 16        | 0         | 0        | 1          | 3          | 4         |
| Dec-01              | 4       | 5        | 3         | 0         | 0        | 0          | 6          | 6         |
| Jan-02              | 6       | 3        | 4         | 0         | 0        | 2          | 3          | 5         |
| Feb-02              | 5       | 0        | 0         | 0         | 0        | 0          | 0          | 5         |
| <b>Total</b>        |         |          |           |           |          |            |            |           |
| Feb-01              | 205     | 205      | 198       | 4         | 0        | 42         | 166        | 208       |
| Mar-01              | 208     | 145      | 202       | 9         | 0        | 38         | 104        | 142       |
| Apr-01              | 142     | 287      | 256       | 4         | 0        | 46         | 123        | 169       |
| May-01              | 169     | 245      | 253       | 9         | 0        | 46         | 106        | 152       |
| Jun-01              | 152     | 271      | 205       | 7         | 0        | 54         | 157        | 211       |
| Jul-01              | 211     | 191      | 224       | 12        | 0        | 117        | 49         | 166       |
| Aug-01              | 166     | 168      | 200       | 12        | 0        | 28         | 95         | 122       |
| Sep-01              | 122     | 162      | 115       | 5         | 0        | 110        | 54         | 164       |
| Oct-01              | 164     | 152      | 210       | 12        | 0        | 31         | 63         | 94        |
| Nov-01              | 94      | 163      | 138       | 6         | 0        | 20         | 93         | 113       |
| Dec-01              | 113     | 193      | 185       | 7         | 0        | 22         | 92         | 114       |
| Jan-02              | 114     | 179      | 165       | 7         | 0        | 28         | 93         | 121       |
| Feb-02              | 121     | 0        | 0         | 0         | 0        | 0          | 0          | 121       |

Incomplete are permits that have missing or inaccurate data and cannot be approved.



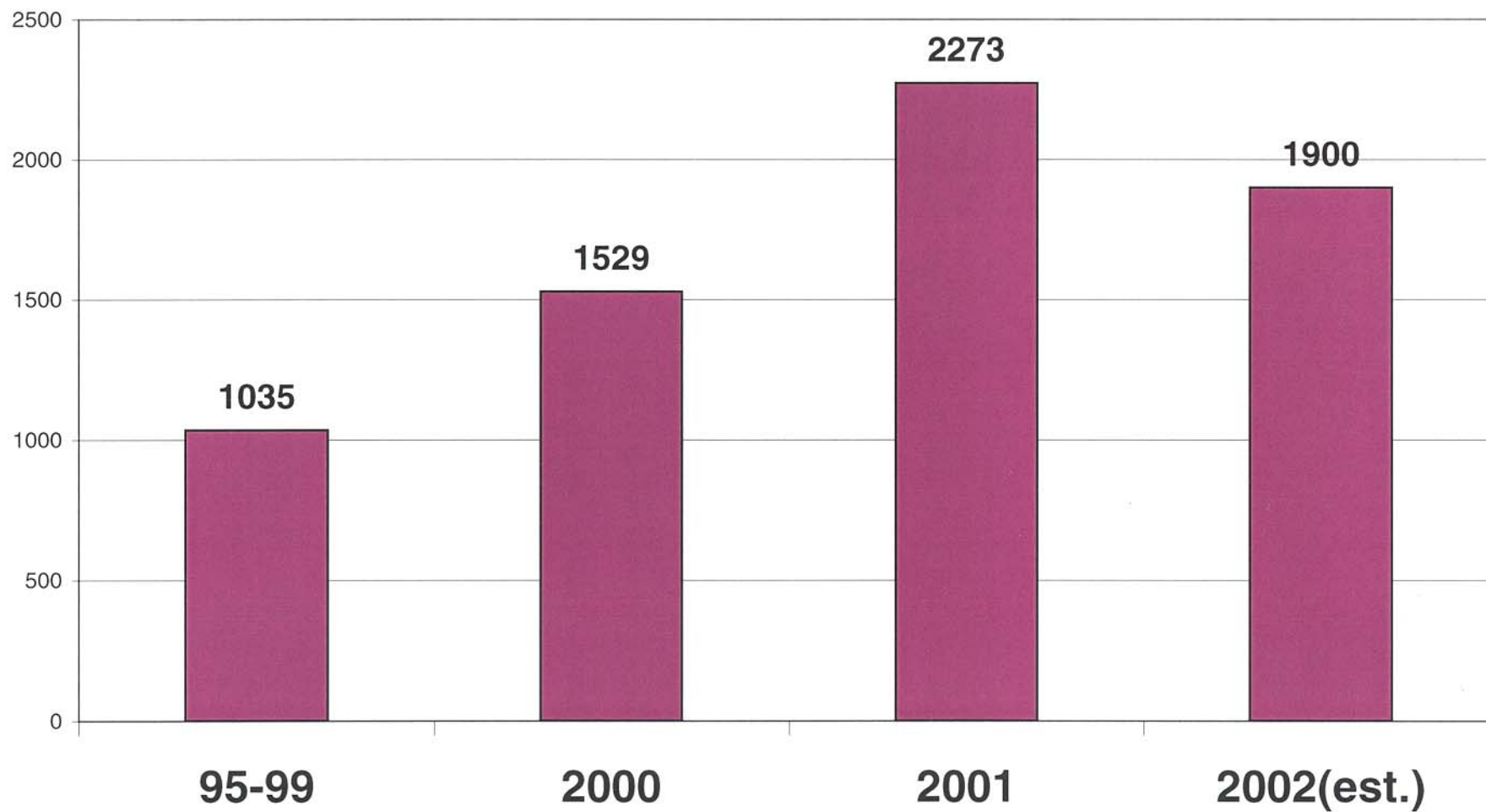
Backlog = Incomplete + In-process = Remaining permits from previous month

Colorado Oil Gas Conservation Commission  
Monthly Statistics

| YEAR | MO    | Baker -<br>Hughes<br>rig count | Permits  |      |              |      |           |      |      |      | Active<br>Wells | Unedited<br>Historic<br>Records | Public Visits |        |          | Well<br>Oper<br>Change |
|------|-------|--------------------------------|----------|------|--------------|------|-----------|------|------|------|-----------------|---------------------------------|---------------|--------|----------|------------------------|
|      |       |                                | Drilling |      | Recompletion |      | Injection |      | Pits |      |                 |                                 | Data          | Office | Internet |                        |
|      |       |                                | Apvd     | Rcvd | Apvd         | Rcvd | Apvd      | Rcvd | Apvd | Rcvd |                 |                                 |               |        |          |                        |
| 1999 | Total |                                | 1010     | 1057 | 86           | 87   | 10        | 7    | 158  | 146  |                 |                                 | 1624          | 2840   | 15239    | 2186                   |
| 2000 | JAN   | 18                             | 71       | 99   | 7            | 7    | 0         | 0    | 3    | 6    |                 |                                 | 140           | 92     | 3025     | 291                    |
|      | FEB   | 17                             | 114      | 152  | 16           | 22   | 2         | 2    | 16   | 15   |                 |                                 | 123           | 126    | 3432     | 245                    |
|      | MAR   | 18                             | 116      | 130  | 17           | 12   | 1         | 1    | 5    | 17   |                 |                                 | 126           | 172    | 3611     | 192                    |
|      | APR   | 18                             | 103      | 133  | 4            | 3    | 2         | 2    | 5    | 54   | 21989           |                                 | 108           | 169    | 3219     | 357                    |
|      | MAY   | 17                             | 129      | 128  | 14           | 17   | 0         | 1    | 71   | 34   | 22098           |                                 | 131           | 218    | 3664     | 158                    |
|      | JUN   | 16                             | 122      | 198  | 14           | 20   | 0         | 0    | 18   | 10   | 22103           |                                 | 106           | 117    | 3391     | 394                    |
|      | JUL   | 19                             | 148      | 123  | 9            | 6    | 4         | 8    | 35   | 30   | 22190           |                                 | 100           | 172    | 3384     | 225                    |
|      | AUG   | 16                             | 107      | 154  | 7            | 16   | 1         | 0    | 22   | 40   | 22247           |                                 | 103           | 75     | 3759     | 198                    |
|      | SEP   | 16                             | 138      | 140  | 37           | 34   | 1         | 4    | 51   | 37   | 22175           |                                 | 66            | 208    | 4941     | 348                    |
|      | OCT   | 19                             | 155      | 145  | 11           | 13   | 0         | 0    | 42   | 22   | 22224           |                                 | 99            | 205    | 4863     | 294                    |
|      | NOV   | 22                             | 135      | 181  | 7            | 10   | 1         | 1    | 51   | 34   |                 |                                 | 82            | 155    | 4704     | 183                    |
|      | DEC   | 24                             | 191      | 162  | 9            | 14   | 0         | 1    | 9    | 6    | 22228           |                                 | 80            | 135    | 4143     | 217                    |
| 2000 | Total |                                | 1529     | 1745 | 152          | 174  | 12        | 20   | 328  | 305  |                 |                                 | 1264          | 1844   | 46136    | 3102                   |
| 2001 | JAN   | 26                             | 203      | 217  | 48           | 40   | 4         | 1    | 26   | 8    | 22240           |                                 | 89            | 136    | 6974     | 278                    |
|      | FEB   | 29                             | 193      | 195  | 5            | 10   | 0         | 0    | 16   | 18   | 22225           |                                 | 75            | 113    | 4900     | 509                    |
|      | MAR   | 26                             | 192      | 137  | 10           | 8    | 0         | 1    | 3    | 41   | 22487           |                                 | 78            | 107    | 6448     | 200                    |
|      | APR   | 32                             | 242      | 275  | 16           | 12   | 1         | 2    | 4    | 5    | 22714           |                                 | 87            | 143    | 6110     | 691                    |
|      | MAY   | 36                             | 241      | 238  | 8            | 7    | 0         | 2    | 0    | 7    |                 |                                 | 72            | 157    | 6693     | 537                    |
|      | JUN   | 36                             | 194      | 257  | 12           | 14   | 2         | 3    | 10   | 49   | 22712           |                                 | 65            | 106    | 6090     | 656                    |
|      | JUL   | 35                             | 216      | 182  | 8            | 9    | 4         | 2    | 23   | 3    | 22742           |                                 | 81            | 116    | 10473    | 480                    |
|      | AUG   | 37                             | 177      | 151  | 22           | 17   | 3         | 4    | 25   | 18   |                 |                                 | 67            | 75     | 12727    | 1272                   |
|      | SEP   | 38                             | 108      | 149  | 6            | 13   | 2         | 0    | 83   | 27   | 22795           |                                 | 60            | 69     | 10416    | 119                    |
|      | OCT   | 36                             | 201      | 144  | 8            | 8    | 3         | 2    | 2    | 3    | 22824           |                                 | 84            | 105    | 11943    | 194                    |
|      | NOV   | 33                             | 123      | 155  | 16           | 8    | 0         | 0    | 17   | 21   |                 |                                 | 63            | 78     | 11542    | 145                    |
|      | DEC   | 24                             | 183      | 188  | 3            | 5    | 2         | 1    | 25   | 40   | 22879           |                                 | 104           | 101    | 10508    | 146                    |
| 2001 | Total |                                | 2273     | 2288 | 162          | 151  | 21        | 18   | 234  | 240  |                 |                                 | 925           | 1306   | 104824   | 5227                   |
| 2002 | JAN   | 25                             | 161      | 175  | 3            | 4    | 2         | 0    | 43   | 23   | 22873           |                                 | 73            | 95     |          | 90                     |
| 2002 | Total |                                | 161      | 175  | 3            | 4    | 2         | 0    | 43   | 23   |                 |                                 | 73            | 95     | 0        | 90                     |

# COLORADO DRILLING PERMITS 1995-2002

1/21/02

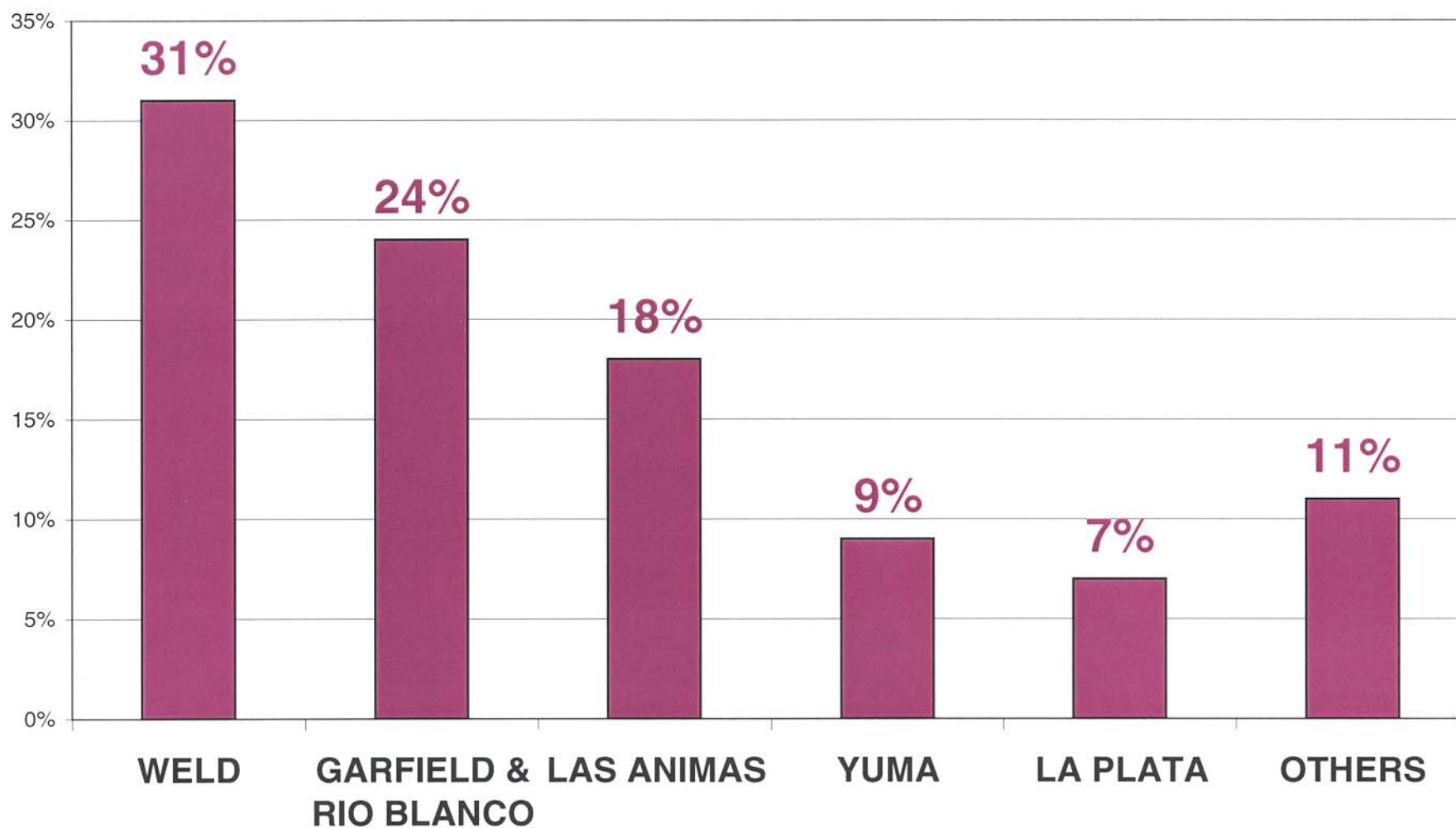


Colorado Oil Gas Conservation Commission  
Monthly Statistics

| YEAR | MO    | Bonds     |          |         |       |         |       |       |          |       |            |     |     |       |        | Remediation |      |       |
|------|-------|-----------|----------|---------|-------|---------|-------|-------|----------|-------|------------|-----|-----|-------|--------|-------------|------|-------|
|      |       | Operators |          | Release |       |         | Claim |       | Hearings |       | Violations |     |     | Cmplt | Spills | Projects    |      | Field |
|      |       | New       | Inactive | Ind.    | Blnkt | Replace | Ind.  | Blnkt | Apps.    | Order | NOAV       | AOC | OFV |       |        | Rcvd        | Comp | Insp  |
| 1999 | Total | 55        | 41       | 45      | 25    | 61      | 1     | 2     | 31       | 36    | 196        | 8   | 12  | 123   | 211    | 83          | 24   | 7627  |
| 2000 | JAN   | 4         | 8        | 3       | 6     | 5       | 1     | 0     | 1        | 1     | 34         | 0   | 1   | 8     | 36     | 5           | 0    | 782   |
|      | FEB   | 7         | 5        | 7       | 0     | 6       | 0     | 0     | 1        | 3     | 10         | 6   | 4   | 38    | 22     | 9           | 2    | 731   |
|      | MAR   | 4         | 6        | 6       | 2     | 3       | 0     | 0     | 5        | 2     | 15         | 0   | 0   | 24    | 27     | 17          | 10   | 638   |
|      | APR   | 5         | 12       | 11      | 4     | 2       | 0     | 0     | 6        | 4     | 15         | 0   | 0   | 29    | 22     | 12          | 8    | 674   |
|      | MAY   | 7         | 11       | 10      | 4     | 2       | 0     | 0     | 1        | 1     | 45         | 0   | 0   | 27    | 22     | 9           | 6    | 846   |
|      | JUN   | 5         | 8        | 5       | 5     | 7       | 0     | 0     | 1        | 1     | 39         | 0   | 0   | 41    | 21     | 12          | 16   | 413   |
|      | JUL   | 10        | 7        | 6       | 3     | 5       | 0     | 0     | 5        | 7     | 26         | 2   | 0   | 11    | 26     | 18          | 11   | 739   |
|      | AUG   | 7         | 10       | 8       | 2     | 7       | 0     | 0     | 0        | 0     | 26         | 0   | 0   | 9     | 23     | 14          | 15   | 653   |
|      | SEP   | 10        | 7        | 3       | 7     | 2       | 0     | 0     | 0        | 0     | 15         | 2   | 0   | 10    | 17     | 20          | 31   | 593   |
|      | OCT   | 7         | 10       | 4       | 7     | 4       | 0     | 0     | 14       | 7     | 6          | 2   | 2   | 23    | 20     | 15          | 20   | 489   |
|      | NOV   | 6         | 5        | 2       | 5     | 6       | 1     | 0     | NA       | NA    | 8          | NA  | NA  | 16    | 34     | 12          | 13   | 658   |
|      | DEC   | 4         | 0        | 0       | 0     | 6       | 0     | 0     | 13       | 9     | 5          | 1   | 0   | 10    | 13     | 2           | 8    | 481   |
| 2000 | Total | 76        | 89       | 65      | 45    | 55      | 2     | 0     | 47       | 35    | 244        | 13  | 7   | 246   | 283    | 21          | 140  | 7697  |
| 2001 | JAN   | 7         | 8        | 6       | 3     | 10      | 0     | 0     | 12       | 8     | 14         | 1   | 0   | 9     | 35     | 15          | 8    | 718   |
|      | FEB   | 6         | 2        | 3       | 1     | 3       | 1     | 0     | 2        | 4     | 9          | 1   | 0   | 10    | 7      | 4           | 19   | 791   |
|      | MAR   | 5         | 3        | 6       | 0     | 9       | 0     | 0     | 2        | 3     | 4          | 1   | 0   | 9     | 11     | 12          | 4    | 838   |
|      | APR   | 8         | 7        | 2       | 0     | 12      | 0     | 0     | 9        | 7     | 57         | 2   | 0   | 14    | 14     | 4           | 7    | 539   |
|      | MAY   | 7         | 4        | 2       | 4     | 8       | 0     | 1     | 1        | 3     | 7          | 0   | 2   | 29    | 17     | 13          | 23   | 750   |
|      | JUN   | 7         | 9        | 0       | 5     | 4       | 0     | 0     | NA       | NA    | 9          | NA  | NA  | 16    | 17     | 9           | 8    | 408   |
|      | JUL   | 5         | 2        | 1       | 2     | 14      | 0     | 0     | 9        | 7     | 15         | 4   | 0   | 12    | 16     | 5           | 10   | 575   |
|      | AUG   | 4         | 6        | 1       | 3     | 10      | 0     | 0     | 4        | 3     | 25         | 0   | 0   | 44    | 19     | 3           | 3    | 758   |
|      | SEP   | 10        | 8        | 7       | 4     | 3       | 0     | 0     | 2        | NA    | 41         | 0   | 0   | 13    | 20     | 8           | 10   | 307   |
|      | OCT   | 5         | 6        | 5       | 3     | 9       | 0     | 0     | 5        | 4     | 40         | 0   | 0   | 19    | 17     | 7           | 11   | 710   |
|      | NOV   | 5         | 0        | 0       | 0     | 12      | 0     | 0     | NA       | NA    | 13         | NA  | NA  | 19    | 12     | 6           | 8    | 377   |
|      | DEC   | 8         | 2        | 0       | 3     | 10      | 1     | 0     | 7        | 1     | 17         | 0   | 0   | 13    | 14     | 1           | 9    | 327   |
| 2001 | Total | 77        | 57       | 33      | 28    | 104     | 2     | 1     | 53       | 40    | 251        | 9   | 2   | 207   | 199    | 87          | 120  | 7098  |
| 2002 | JAN   | 7         | 9        | 3       | 3     | 6       | 0     | 0     | 6        | 7     | 8          | 1   | 2   | 4     | 13     | 4           | 0    | 178   |
| 2002 | Total | 7         | 9        | 3       | 3     | 6       | 0     | 0     | 6        | 7     | 8          | 1   | 2   | 4     | 13     | 4           | 0    | 178   |



## **% OF 2001 DRILLING PERMITS BY COUNTY** 1/21/02





# All is not well

*Natural gas drilling takes toll on people, animals*

By MIKE McKIBBIN  
The Daily Sentinel

Krys Moquin thought she had seen the last drilling rig six years ago.

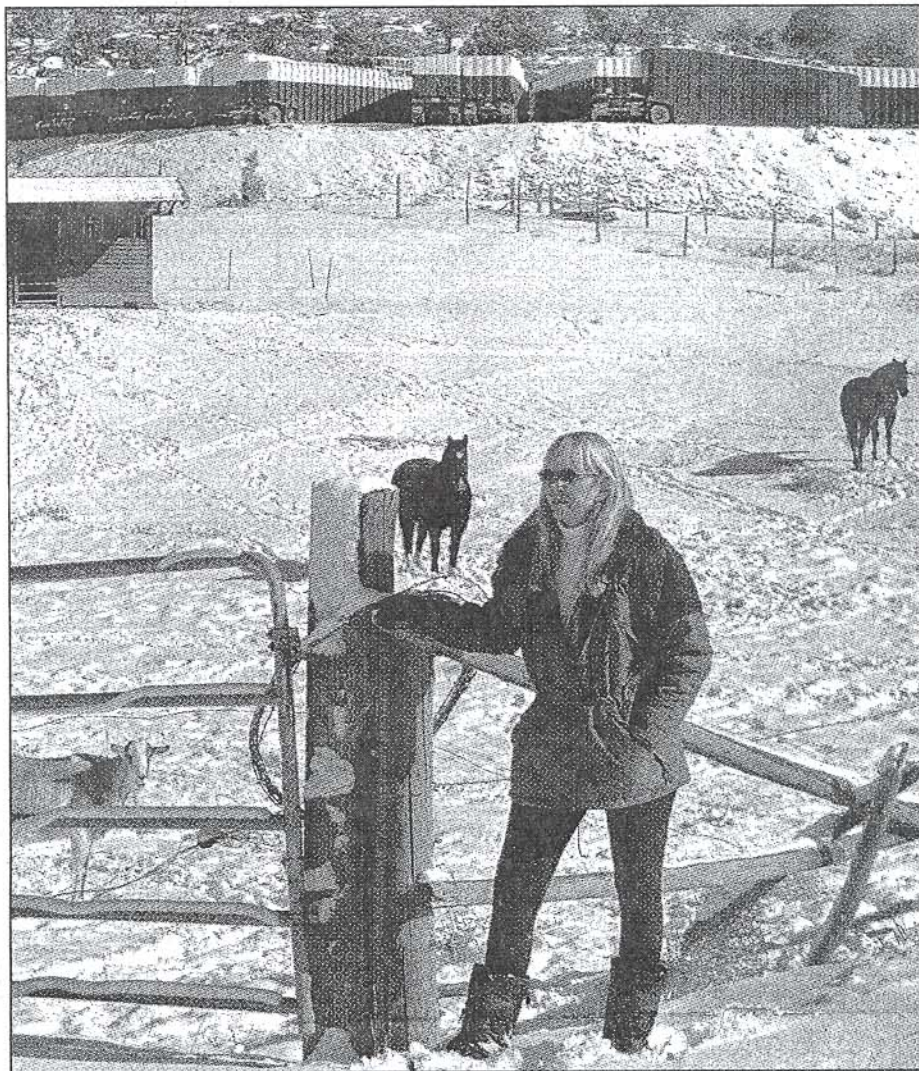
That's when the foxes, raccoons, rabbits, Great Horned owls and other animals she cares for at her nonprofit Animals 2-by-2 refuge were affected by the vibrations and noise of natural gas development.

Yet last December, Moquin and her animals — some are injured and can't be returned to the wild, others she obtained from fur farms — watched as two more wells were drilled from the same well pad on her neighbor's property, five miles south of Silt.

"If they had told me six months ago they were going to do this, I would have moved somewhere else," Moquin said.

Last week, crews with CalPine Natural Gas Co. returned to start fracturing and flaring. They were to continue that today, Moquin said Friday.

Fracturing involves forcing gelatinous liquid and sand down the



CHRISTOPHER TOMLINSON/The Daily Sentinel

**KRYS MOQUIN STANDS WITH HER ANIMALS** below where natural gas is being extracted near her home. Below, one of Moquin's rescued foxes prowls the ranch that was its refuge.

## Oil, gas commission criticized

By MIKE McKIBBIN  
The Daily Sentinel

Since 1990, the Colorado Oil and Gas Conservation Commission has used its rule-making procedures 48 times, mostly for technical changes.

Two Garfield County residents recently affected by natural gas well drilling criticized the commission for not requiring operators to notify neighbors of such activity.

Similar complaints have been made in the past, and improved communication with neighboring property owners is one of the chief concerns of the Grand Valley Citizens Alliance, a western Garfield County grass-roots organization.

Among the rules changes were procedures for local public forums, which Garfield County, the alliance and area property owners used two

years ago to protest a 20-acre gas well spacing plan by Barrett Resources, now Williams Production.

Last August, the county commissioners and the citizens alliance argued against further changes to the public process they felt would hamper local input.

Conservation Commission Deputy Director Brian Macke

See **COMMISSION**, page 5A ➤



See **WELL**, page 5A ➤



# WELL: Gas is allowed to escape to the surface

► Continued from Page One

well. The fluid causes fractures, and the sand holds the cracks open to allow the gas to escape to the surface. The process takes a few hours and is followed by several days of burning off the "bad" gas.

Meanwhile, Dale Carson's back "buzzed with electric overstimulation" last fall when a well was drilled about 1,000 feet away from her apartment in the Parachute Senior Housing Center. Carson, 56, has a compressed spinal cord and is sensitive to vibrations.

"I want to find a place where this will never happen again," she said.

Both women believe the rules and regulations that govern natural gas development do not protect those most affected, since they do not require any formal notice of a new well to neighbors.

In 1995, Vessels Oil and Gas Co. drilled a well about 200 feet from Moquin's five-acre property, where she has kept her animals for 14 years. Then, Moquin said she lost her entire breeding colonies of mice and rabbits. She feeds them to the owls and a Burmese python snake.

"It took me seven years to get the mice colony back up," she said.

Two weeks after the latest drilling, her entire rabbit litter died, she said.

Vessels was acquired by Snyder Oil Co., which in turn was bought by CalPine.

Moquin asked each company to build a 10-foot wooden fence to shield her animals, to restore a fence line to its original position and for early notification of well fracturing, flaring and heavy traffic.

Moquin said she didn't sleep much during the monthlong drilling with constant noise and lights. After that, she said she could only sleep for four or five hours because she didn't know when the heavy trucks would return to begin the fracturing.

Moquin said her 12-foot-deep water well went dry Dec. 14, shortly after CalPine completed drilling.

"It's only done that one other time in the last 10 years," she said. "It just seems pretty coincidental it happened then."

Last week, CalPine offered to help pay for repairs to the well. In the meantime, Moquin hauls in 800 gallons of water every three days.

CalPine senior landman Jerry Sullivan visited Moquin in December. He felt CalPine had done what it could.

"We believe her fence is in the right place, and we will place the (fracturing) tanks in a circle to help create whatever sound barrier might help her and the animals," Sullivan said.

He said gas operators are not required to make improvements to adjacent property, such as Moquin's requested fence.

"This is really not an atypical landowner/company situation where the landowner doesn't get much benefit from the well," Sullivan said. "And because of her proximity to the well, she feels more noise and sight impacts than other neighbors. But CalPine likes to think we operate beyond the laws and regulations, and I think we did that in this case."

With Moquin's past experience and the latest drilling, Sullivan said CalPine would "flag" her property to better inform her of any more activity.

Carson moved to Parachute 4½ years ago and said she was not aware of the high level of natural gas development at that time.

"I didn't understand what it meant to me."

Still, she did not file a complaint while the Parachute well was drilled.

"What's the use?" Carson said.

The Colorado Oil and Gas Conservation Commission received nine complaints from area residents in the last quarter of 2000. None of those came from Parachute senior citizens, said Deputy Director Brian Macke.

Carson said since the drilling, she takes anti-convulsants to keep her back muscles under control.

"I don't think they should put these within miles of people who have medical conditions," she said. "I don't want to live my life like I'm being assaulted. My quality of life has been hurt, too."

Sullivan recently told Moquin of plans to drill a third well in about six months. In 1995, Moquin hired an attorney to try to stop Vessels. This time, she might try to seek an injunction and planned to contact the American Civil Liberties Union.

"Who's going to buy this property now?" Moquin asked last week, as she gazed out her window at the crews beginning the fracturing process.

Temporarily relocating the animals "would stress them out even more," she said. "Plus I have nowhere else to take them. There aren't too many operations like this."

"I feel like I'm fighting for my life here, and the lives of my animals. If they come back in another six months and I have to go through this whole nine yards again, it's gonna take its toll."

## COMMISSION: Agency requires 30-days notice

► Continued from Page One

said the rule-making process can take several months, with hearings before the commission and other requirements.

Macke explained the agency requires 30-days notice to surface owners when a new well is to be drilled. Producers must also post a notice on the property a month before drilling and inform the local governmental designee. That

person is sent copies of new permits.

"Then there's a seven-day waiting period for the local designee to respond to each permit," Macke said. "Counties can also ask for more notice to adjacent neighbors than just a sign."

However, Garfield County has no such requirement.

Macke said it would be "problematic" to change the rules to

require gas companies to notify neighbors of a new well.

"Where do you draw the line?" he asked. "Is it a mile away where someone might be affected by the trucks going up and down a county road? Or is it someone who's several hundred feet away? We feel the industry has been generally effective in resolving these types of concerns with a good-neighbor approach."

# B A B C O C K & B R O W N

Denver New York Greenwich Hartford Dublin Madrid London Paris Milan Munich Vienna Johannesburg Kuala Lumpur Shanghai Tokyo Melbourne Sydney Brisbane Seattle San Francisco

RECEIVED

JAN 30 02

COGCC

January 29, 2002

Colorado Oil & Gas Conservation Commission  
Attn: Mr. Morris Bell  
1120 Lincoln Street, Suite 801  
Denver, CO 80203

Re: 2001 Annual Status Report  
Order No. 1-75 dated 03/09/98

Dear Mr. Bell:

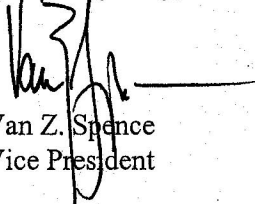
Per the subject order, as amended to reflect our 04/13/99 proposal, Babcock & Brown Energy Inc. ("BBE") submits this Annual Status Report for the year 2001. As you know, BBE is the predecessor to its former affiliate, Duncan Energy Company.

Chemical injection at the Adena J Sand Pilot Area began in earnest during 2001. By year end, 440,000 barrels of injectant had been introduced to the reservoir. An additional 120,000 barrels will be injected in early 2002, to be followed by an indefinite amount of produced water flush. To date there has been no oil production response witnessed in the pilot producers, and no signs of early chemical breakthrough.

Elsewhere, among the other "Monahan Properties" considered in the subject order, failed integrity testing led to the abandonment of nine wellbores during the latter half of 2001. To the extent idle wellbores exhibit competent downhole condition, they remain shut-in; inasmuch as the economic viability of any future tertiary recovery operation in these smaller fields will rely on the availability of such wells.

With the mechanical challenges of 2000 behind us, and chemical injection largely completed in 2001, the focus in the coming year should turn to the evaluation of the pilot results themselves. We of course realize how important this project could ultimately be for the State of Colorado, and thank you for your continued support. Should you have any additional questions, please call.

Yours very truly,

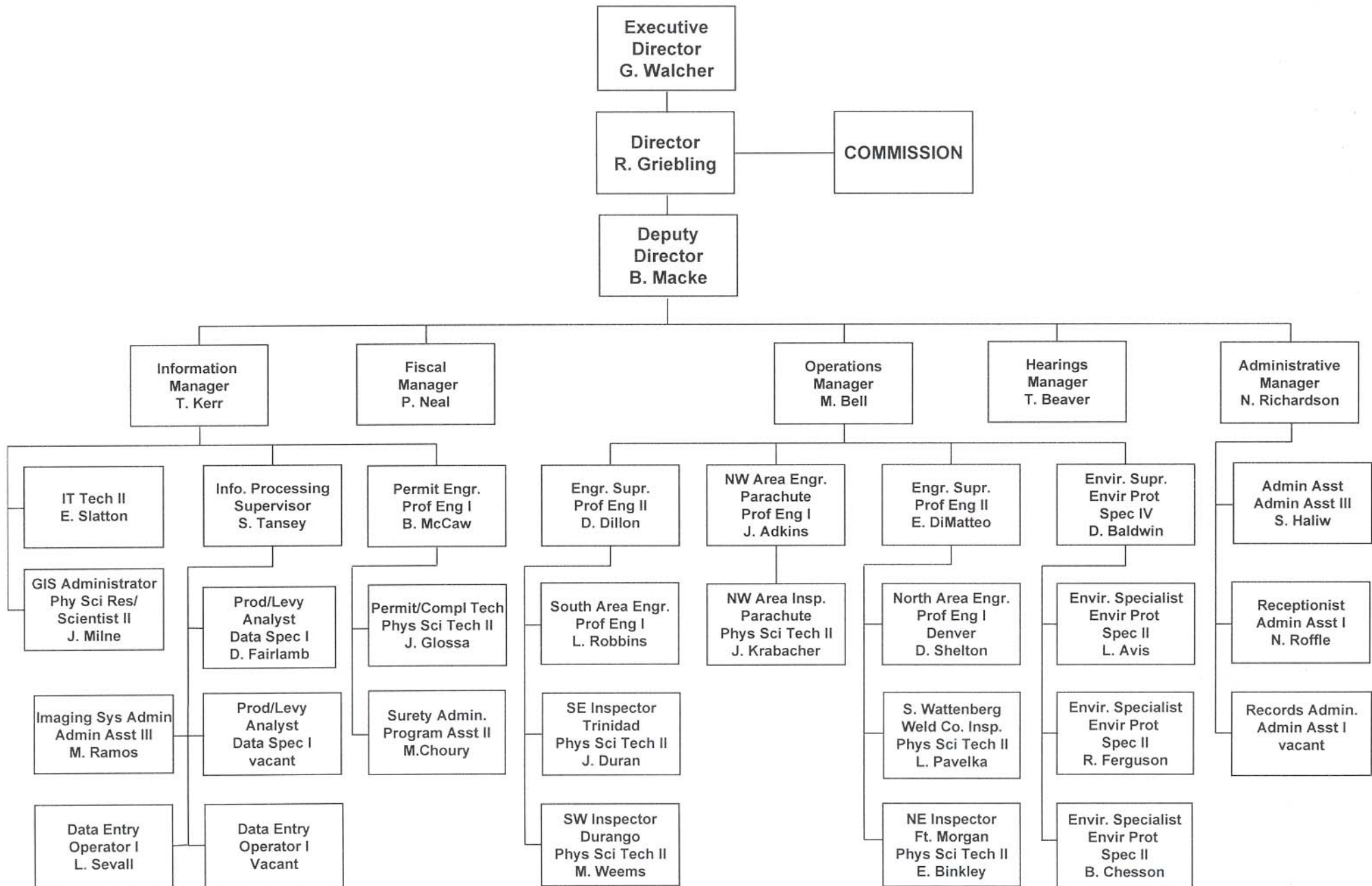


Van Z. Spence  
Vice President

cc: Mr. Howard Fredrickson  
Monahan Consultant



# COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION





## COLORADO OIL & GAS CONSERVATION COMMISSION 2001 OUTSTANDING OIL & GAS OPERATIONS AWARDS

CALL FOR NOMINATIONS (Due May 17, 2002)

**CATEGORIES:**

|                                    |                                 |
|------------------------------------|---------------------------------|
| Exploration                        | Water Quality Protection        |
| Production Enhancement             | Surface Owner Impact Mitigation |
| Enhanced Recovery                  | Noise Impact Mitigation         |
| New Technology Application         | Visual Impact Mitigation        |
| Well Completion/Stimulation        | Reclamation                     |
| Horizontal Drilling                | E & P Waste Management          |
| Optimization & Cost Reduction      | Local Government Coordination   |
| Pipeline/Gathering System Projects | Community Relations             |
| Environmental Protection           |                                 |

❧ Other categories selected by the Commission ❧

### PROCESS:

Nomination Any oil & gas operator or other interested stakeholder may nominate a 2001 Outstanding Oil & Gas Operation by submitting the below nomination form to the COGCC, Attention Brian Macke, 1120 Lincoln Street, Suite 801, Denver, CO 80203, no later than May 17, 2002. Some phase of the nominated operation should have occurred in 2001.

Review COGCC staff will review all nominations, collect relevant data, make field inspections as appropriate, and provide comments to the Commission by June 3, 2002.

Selection The Commission will coordinate selection of award recipients by July 12, 2002.

Presentation Awards will be presented by the Governor or a Governor's Representative.

### NOMINATION FORM

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CONTACT PERSON: \_\_\_\_\_ PHONE: \_\_\_\_\_

OPERATION LOCATION: \_\_\_\_\_

OPERATION DESCRIPTION: (attach detailed narrative, photo, diagrams, data and other appropriate information)

\_\_\_\_\_

## PENALTY PAYMENT STATUS

UPDATED:

02/01/02

### I. Penalties Assessed/Paid

| Fiscal Year   | Number of Orders Issued | \$ Amount of Penalties Assessed | Number of Orders Paid | \$ Amount of Penalties Paid | Number of Orders Waived | \$ Amount of Penalties Waived | Number of Orders Paid Through Collections |
|---------------|-------------------------|---------------------------------|-----------------------|-----------------------------|-------------------------|-------------------------------|---|
| 90-91         | 4                       | \$32,300                        | 4                     | \$32,300                    | 0                       | \$0                           | n/a                                       |
| 91-92         | 0                       | \$0                             | 0                     | \$0                         | 0                       | \$0                           | n/a                                       |
| 92-93         | 6                       | \$10,000                        | 2                     | \$6,500                     | 0                       | \$0                           | n/a                                       |
| 93-94         | 12                      | \$263,608                       | 7                     | \$105,000                   | 0                       | \$0                           | n/a                                       |
| 94-95         | 10                      | \$83,817                        | 4                     | \$21,805                    | 4                       | \$139,000                     | n/a                                       |
| 95-96         | 29                      | \$238,250                       | 19                    | \$154,000                   | 3                       | \$20,750                      | n/a                                       |
| 96-97         | 13                      | \$79,500                        | 8                     | \$29,500                    | 0                       | \$0                           | n/a                                       |
| 97-98         | 30                      | \$140,500                       | 22                    | \$74,750                    | 0                       | \$1,000                       | n/a                                       |
| 98-99         | 19                      | \$74,000                        | 18                    | \$66,500                    | 2                       | \$25,000                      | n/a                                       |
| 99-00         | 23                      | \$110,500                       | 12                    | \$59,460                    | 0                       | \$3,000                       | 2   |
| 00-01         | 18                      | \$85,500                        | 16                    | \$30,500                    | 0                       | \$6,000                       | 0   |
| 01-02         | 4                       | \$13,000                        | 5                     | \$23,000                    | 0                       | \$0                           | 0   |
| <b>Totals</b> | <b>168</b>              | <b>\$1,130,975</b>              | <b>116</b>            | <b>\$593,315</b>            | <b>9</b>                | <b>\$194,750</b>              | <b>2</b>                                  |

### II. Penalties Pending Collection

| Order Number                              | Date Issued | Violating Entity               | Penalty Assessed | Violations   | Status   | Referred to Central Collections |
|---|-------------|--------------------------------|------------------|--|--|---------------------------------|
| 1V-58                                     | 03/15/93    | Gear Drilling Company          | \$2,000          | Rule 305, 319.a.(2)                                  |  | Yes                             |
| 1V-73                                     | 08/23/94    | Western Oil Company            | \$2,500          | Rule 317.a.8.  | Work completed per order                                     | Yes                             |
| 1V-82                                     | 06/19/95    | Joseph V. Dodge                | \$14,000         | Rules 210.b., 305., 307., 317.b.(3), 604.a.(4)       | Bond forfeited 11/01/95                                      | Yes                             |
| 1V-93                                     | 11/21/95    | Tipps Drilling Co.             | \$60,000         | Rules 604.a.4., 902.e.&f.                            | \$30,000 bond claimed 11/96/penalty unpaid/No assets.        | Yes                             |
| 1V-110                                    | 05/21/96    | Kana Resources, Inc.           | \$3,500          | Rules 303.a., 306., 317.b.1.                         | AOC negotiated   | Yes                             |
| 1V-114                                    | 09/04/96    | Mr. Jim Snyder                 | \$10,000         | Rules 308., 317.i., APD                              | District Court decision entered/\$10,000 bond claimed 12/96/ | Yes                             |
| 1V-124                                    | 07/01/97    | Nerdilhc Company Inc.          | \$9,000          | Rules 326.b.1., 319.b., 210.b.                       |  | Yes                             |
| 1V-132                                    | 11/24/97    | Eros, Inc.                     | \$24,000         | Rules 319.b., 326.b.                                 | \$30,000 bond claimed 5/98                                   | Yes                             |
| 1V-167                                    | 01/05/99    | Pacific Midland Production     | \$1,000          | Rule 326.b.  | Bond claimed   | Yes                             |
| 1V-170                                    | 03/25/99    | Allen Oil & Gas, LLC           | \$12,000         | Rules 904, 905, 603.g., 906, 909.b.(2) &(5), 910     | Work to be completed by July 1, 1999.                        | Yes                             |
| 1V-173                                    | 07/12/99    | J. Magness, Inc.               | \$9,000          | Rules 207.b., and 326.b.                             | Bond claimed   | Yes                             |
| 1V-175                                    | 08/19/99    | McCormick Oil & Gas Co.        | \$18,000         | Rules 1004, 319.b.(3), 326.b., 206., 309.            | McCormick in bankruptcy-Bond claimed                         | Yes                             |
| 1V-177                                    | 08/19/99    | Faith Energy Exploration, Inc. | \$3,500          | Rules 308A., 308B., 326.b.                           | Bond Claimed   | Yes                             |
| 1V-183                                    | 12/02/99    | Gopher Drilling Company        | \$2,000          | Order No. 1C-3                                       | Bond claimed   | Yes                             |
| 1V-191                                    | 02/15/00    | Cascade Oil                    | \$1,000          | Rule 326.b.(1)                                       | Bond claimed   | Yes                             |
| 1V-202                                    | 11/30/00    | Robert Ziegler                 | \$2,000          | Rule 326.b.  | Bond claimed   | Yes                             |
| 1V-204                                    | 12/19/00    | Allen Oil & Gas, LLC           | \$60,000         | Rule 326.b., 324A.a., 904., 905., 906.b.(1), 906.e.( | Bond claimed   | Yes                             |
| 1V-212                                    | 05/31/01    | Sierra Production              | \$500            | Rule 302.a.  |  | Yes                             |
| 1V-213                                    | 05/31/01    | Caprice Oil & Gas Co.          | \$500            | Rule 302.a.  |  | Yes                             |
| <b>Total penalties pending collection</b> |             |                                | <b>\$233,500</b> |  |  |                                 |

### III. Penalties Uncollectable

| Order Number                         | Date Issued | Date Entered | Violating Entity              | Penalty Assessed | Violations                                     | Status   |
|--------------------------------------|-------------|--------------|-------------------------------|------------------|--|--|
| 1V-56                                | 07/20/92    | 08/25/92     | The Meyer Oil Company         | \$1,500          | Rule 329, 323, 604                             | Penalty included in Order 1-186  |
| 1V-62                                | 11/22/93    | 12/14/93     | Richmond Petroleum Inc.       | \$47,608         | Rules 317.r., 902.g.1., 908.b., Order #112-85  | District Court entered judgement. Referred to State Central Collections who recommends write-off         |
| 1V-75                                | 08/23/94    | 09/23/94     | The Meyer Oil Company         | \$18,247         | Rules 317.a.8., 305., 308., Order #1-132 & 178 | No Action Taken/Penalty discharged in bankruptcy   |
| 1V-123                               | 05/20/97    | 05/30/97     | Planet Associates, Inc.       | \$4,000          | Rules 319.b., 326.b.                           | \$10,000 bond claimed 5/97. State Central Collections recommends write-off. Company is out of business   |
| 1V-127                               | 08/04/97    | 08/13/97     | Point Lookout Drilling        | \$28,750         | Rules 210., 308., 312., et al                  | \$30,000 bond claimed 9/97. State Central Collections recommends write-off                               |
| 1V-134                               | 02/09/98    | 03/10/98     | Centennial Petroleum Inc.     | \$2,000          | Rules 1004., 1103.                             | \$30,000 bond claim commenced 3/98. Bonding co. did work/ State Central Collections recommends write-off |
| 1V-161                               | 10/19/98    | 11/19/98     | Black Thunder Marketing, Inc. | \$2,000          | Rule 326.b.                                    | Bond claim underway. State Central Collections recommends write-off                                      |
| <b>Total uncollectable penalties</b> |             |              |                               | <b>\$104,105</b> |  |  |



# HEARING DOCKET: March, 2002

Page 1

Prelim  
2/5/2002

| No.        | Cause | Applicant/Attorney<br>or Representative      | Date<br>Rec'd | Field<br>Formation<br>County                   | Matter   | Remarks                 |
|------------|-------|--|---------------|--|--|-------------------------|
| 0202-AW-01 | 191   | Calpine Natural Gas Co./<br>Stephen Sullivan | 12/21/2001    | Mam Creek<br>Mesaverde<br>Garfield             | Request for an order to allow additional wells on the 640-acre drilling and spacing unit consisting of Section 22, Township 6 South, Range 92 West, 6th P.M.   | Continued from February |
| 0203-UP-02 | 112   | Williams Production Co./<br>Daniel F. Warden | 1/17/2002     | Ignacio-Blanco<br>Dakota/Mesaverde<br>La Plata | Request to pool unleased interests in the W1/2 of Section 13, Township 33 North, Range 9 West, N.M.P.M.  |                         |
| 0203-OV-03 | 1V    | Staff Recommendation                         | 1/17/2002     | Moffat   | OFV-Rule 1003.d. and 1004.a., failure by John Bakos to perform final reclamation on the Bakos Farm #1 JBS Well located in the NW1/4 NE1/4 of Section 35, Township 5 North, Range 90 West, 6th P.M.   |                         |
| 0203-OV-04 | 1V    | Staff Recommendation                         | 1/23/2002     | Baca   | AOC-Rule 302, 304, 319.b., 709, failure by Domar Oil & Gas, Inc. to provide updated address and telephone number; failure to provide financial assurance prior to assuming the operations of a well; failure to obtain Director approval before shutting-in or temporarily abandoning a well; failure to submit financial assurance in the amount of \$5000 dollars for the Arthur George #1 Well in the SE1/4NW1/4 of Section 22, Township 33 South, Range 43 West, 6th P.M. and Rule 302, 319.b., 326.b.; failure to provide updated address and telephone number; failure to obtain Director approval before shutting-in or temporarily abandoning a well; failure to conduct MIT for the Joe Ellis #1-14 Well located in the NE1/4 of Section 14, Township 32 South, Range 44 West, 6th P.M. |                         |
| 0203-SP-08 | 517   | Petrogulf Corporation/<br>Charles Carpenter  | 1/25/2002     | Purgatory River<br>Raton/Vermejo<br>Las Animas | Request for an order to establish a 160-acre drilling and spacing unit consisting of the SW1/4 of Section 15, Township 33 South, Range 67 West, 6th P.M. and to pool all unleased interests.   |                         |
| 0203-RM-01 | 1R    | Commission Motion                            | 1/31/2002     | Statewide                                      | Rulemaking to increase the charge imposed by the Conservation Mill Levy to \$0.0012 (one and two-tenths) per dollar value.   |                         |
| 0203-GA-03 | 112   | J.M. Huber Corporation/<br>Michael Wozniak   | 2/1/2002      | Ignacio-Blanco<br>Fruitland Coal<br>La Plata   | Request to amend the permit for the Huber #3-24 Well located in the SE1/4 SE1/4 of Section 24, Township 35 North, Range 8 West, N.M.P.M. to allow the use of the appropriate downhole pumping device which will maximize economic and efficient production.  |                         |