

MONTHLY STAFF REPORT - April 22, 2002

I. STATISTICS

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

From January 2002 through mid-April 2002, approved drilling permit levels when annualized are running just 5% behind the record level of 2273 drilling permits approved in 2001. If natural gas futures prices stay over \$3.30/mmbtu (NYMEX 12-month strip), we expect continued strong drilling permit levels.

II. NORTHWEST COLORADO

.. Northwest Colorado Oil and Gas Forum

The next meeting of the Forum, which is co-chaired by COGCC Deputy Director Brian Macke and Garfield County Commissioner Larry McCown and consists of representatives from federal, state and local government, the oil and gas industry and all interested citizens, is tentatively scheduled for September 12, 2002 in Rangely from 10:00 a.m. to 2:00 p.m. at the Chevron Rangely Field Office. The forum is being held at Chevron staff's request in conjunction with a presentation and field tour of the Rangely Field operations. During the last meeting on February 14th the forum participants agreed to conduct two meetings per year instead of four due to the lack of local issues currently being raised by citizens. The meetings will be held in the fall and the spring during the Legislative session. Co-chairs Brian Macke and Larry McCown assured the forum participants that additional meetings could be scheduled during the year if changing circumstances create a need to do so. Please contact Brian Macke at 303-894-2100 x122 or brian.macke@state.co.us to submit agenda topics for the next meeting. Attached are local newspaper articles about topics of local concern. ("[BLM Not Apologizing For Drilling Review Pace](#)", "[Subdivisions Targeted For Drilling](#)", "[Strong Economy Floats Down On Parachute](#)", "[BLM: Land Owned By GJ Best Route To Gas-drill Sites](#)", "

.. Delta County Public Meeting to Discuss the Gunnison Energy Corporation Coalbed Methane Project

Gunnison Energy Corporation has been working with Delta County officials and COGCC staff to prepare for an exploratory drilling program to test the Cameo Coal Formation for coalbed methane production in Delta County. Gunnison Energy, an affiliate of Oxbow Power Corporation which operates the Oxbow coal mine in Somerset, has a leasehold of approximately 90,000 acres on the south flank of the Grand Mesa between Cedaredge and Paonia. Gunnison Energy has filed the Delta County Application for Specific Development for the project, which is initially for five wells on fee surface and six wells on federal (US Forest Service) surface, four of which are planned to be drilled this year, and a gathering line. The Delta County process involves review by several Area Planning Committees, who make recommendations to the Delta County Planning Commission and the Delta County Commissioners. At this time, Gunnison Energy has not submitted any Applications for Permit to Drill to the COGCC. It has been 12 years since the last APD has been filed in Delta County.

The Delta County Planning Department held an informational meeting on coalbed methane development for three of the Area Planning Committees and the public in Cedaredge on April 9, 2002. Approximately 150 local citizens attended the meeting. COGCC staff Brian Macke, Bob Chesson, and Jaime Adkins attended the meeting. During the three hour meeting, presentations were provided by COGCC staff on the regulation of oil and gas development in Colorado, and by the Gunnison Energy staff on their coalbed methane project. Afterward there was a question and answer period during which local citizens expressed a great deal of concern about impacts from coalbed methane development. The Delta County Planning Staff has informed us that there will be other public meetings as they work through their approval process. Attached are local newspaper articles about the Gunnison Energy

Project. (["BLM Seeks Public Comments On Proposed Pipeline For Gas"](#))

.. Gunnison County Public Meeting to Discuss the SG Interests, Ltd. Coalbed Methane Project

SG Interests, Ltd. has been working with the Gunnison County government and COGCC staff to prepare for an exploratory drilling program to test the Cameo Coal Formation for coalbed methane production in northern Gunnison County. The Gunnison County Planning Department invited COGCC staff to attend their March 15, 2002 Planning Commission meeting. Brian Macke, Bob Chesson and Jaime Adkins attended the meeting and provided the Gunnison County Planning Commission and staff with a detailed presentation about oil and gas regulation in Colorado. The meeting, which was open to the public, was attended by approximately 12 people including a representative of the local media. Various questions about what to expect from coalbed methane development were answered by COGCC staff at the end of the meeting. Attached is a newspaper article about the meeting. (["County Eyed For Future Coalbed Methane Production"](#))

.. Parachute Area Air Quality Monitoring Meeting

A public meeting was held on March 6, 2002 in Battlement Mesa that was organized by the Grand Valley Citizen's Alliance ("GVCA") to discuss the need for an air toxin monitor at the Grand Valley High School in Parachute. The GVCA is concerned with the practice of flaring gas wells that are being completed in the area and with what is perceived to be emissions from producing wells.

As a follow up to the meeting, Deputy Director Brian Macke and Environmental Protection Specialist Bob Chesson attended a meeting on April 4, 2002 with representatives of the Colorado Air Pollution Control Division, the EPA and Williams Production Company to discuss various options for initiating a "Community Based Program" to address the community's air quality concerns. The group will meet again on April 24th, 2002 to further refine a plan which could include taking grab samples of air from several oil and gas facility locations, performing air quality modeling, and/or installing continuous air quality monitoring at receptor points near local residences.

.. 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 76 APDs submitted by Williams for the increased well density area.

Since the March 2002 hearing, the COGCC has received seven new APDs for the 20-acre infill area. Three of the APDs (Bernklau RWF 334-33, Bernklau RWF 344-33, and Bernklau RWF 343-33) are for an existing surface well site location (outside the Specified Surface Wellsite Lands) south of the Colorado River. All three APDs are for directional wells with two of the proposed wells (RWF 344-33 and RWF 343-33) having bottom hole locations within the Specified Surface Wellsite Lands; the remaining well (RWF 334-33) has a proposed bottom hole location outside the Specified Surface Wellsite Lands.

Of the remaining four APDs, three are vertical wells on new surface wellsites located north of the Colorado River (Exxon/Mobil PA 24-26, Exxon/Mobil 324-26, and Exxon/Mobil 324-32), and one is for a direction well off an existing wellsite (Exxon/Mobil PA 343-33). All four APDs are 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. SOUTHWEST COLORADO

® La Plata County GORT Meeting

The next GORT meeting is scheduled for June 13, 2002 at a location to be determined.

® 3M Monitoring Wells Project Update

Monitoring wells are continuing to be drilled. An additional well has been drilled with two (2) remaining. Once drilled, the wells will be completed and pressure transducers will be installed, likely by the end of May.

IV. SOUTHEAST COLORADO

® Raton Basin Project

Phase III of the Raton Basin Project began in December. The Seacrest Group sampled one hundred (100) water wells across the basin. The laboratory results for the basic water chemistry is complete. Only nine (9) of the one hundred water wells samples had enough gas to perform an isotope analysis.

® Notice of Water Quality Control Commission Rulemaking Hearing

The hearing will be for consideration of the adoption of revised water quality classification, standards and designations for multiple segments in the Arkansas River Basin (reg. #32) and the Rio Grande Basin (reg. #36). This Rulemaking Hearing is the third and final step in the process for triennial review of water quality classifications and standards in Colorado. Cedar Ridge, L.L.C. has proposed revisions to regulation #32. A hearing will be held at 10:00 a.m., Monday, July 8, 2002, at the Sangre de Christo Arts & Conference Center, 210 North Santa Fe Avenue, Pueblo, Colorado. Information regarding triennial reviews of water quality classifications and standards for each of the Colorado river basins is provided on the Commission's web site at www.cdphe.state.co.us/op/wqcc/wqcchom.asp.

V. 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 last joint meeting was held on March 12, 2002.

VI. ORGANIZATION

® Staff Organization

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

VII. 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 is the 6th 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. For additional information, contact Tricia Beaver at (303) 894-2100 x115 or 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.

June Hearing Docket

A preliminary docket for the June 4th hearing has been provided. Hearing dockets are updated on the COGCC website by clicking on "2002 Hearing Schedules, Dockets, Agendas and Minutes". [Attached is the June Hearing Docket.](#)

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. Even with the performance gains achieved in the last few months the well log files will download slowly because of their large size.

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 22,000 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. The project is fully staffed with four people editing and reviewing records. Training has been intensive and as the people become comfortable with the data and the software application, production levels will begin to increase dramatically.

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, 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.

The COGCC will have a production reporting application for Internet filing of the Monthly Report of Operations. It is currently being tested and should be available in the next thirty days once testing is concluded and procedures and documentation are finalized.

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 developed and will be available in the very near future. This tool will allow the user to add points, lines, polygons, symbols and text to the viewed map. The user's data can then be saved to their hard disk and re-accessed later. This tool is new and any problems should be reported so they can be corrected.

COGCC on the Internet

The COGCC continues to expand its Internet presence at 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.

The COGCC homepage is undergoing a major redesign, the new design should provide improved navigation and information organization. Look for these changes in the next two months. The public is invited to leave comments or suggestions for improvements of the COGCC Internet site.

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 following change request is still moving through the budget process. Other change requests for Permit Coordinator/Conflict Ombudsman and Remote Staff Decision Support appear dead at this time.

- 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.

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 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".

VIII. VARIANCES

BP America Production Company was granted a Rule 502.b. variance to the reporting requirement established in Order No. 112-150 which required two (2) reports each year to be submitted to the Commission describing the monitoring at Pine River Ranches. Due to no substantial variation in the measured data since 1998, an annual report will be sufficient. BP America will notify the Commission if there are significant changes in the data between the submittal of each annual report in March.

BP America Production Company was granted a Rule 502.b. variance to the unit boundary setback requirements established by Order No. 112-156 for the Mankins-Howard Gas Unit Well #3 Well. This is to be a Fruitland coal test in the SE $\frac{1}{4}$ NE $\frac{1}{4}$, Section 10, Township 34 North, Range 7 West. This exception location was requested to avoid a large electric transmission line. The location is approximately 165 feet outside of the drilling window.

BP America Production Company was granted a Rule 502.b. variance to the unit boundary setback requirements established by Order No. 112-157 for the Rea Gas Unit 18U-03 #2 Well. This is to be a Fruitland coal test in the NE $\frac{1}{4}$ SE $\frac{1}{4}$, Section 18U, Township 34 North, Range 8 West. This exception location was requested for topographic, highway and occupied dwelling considerations. The location is approximately 170 feet east of the drilling window.

BP America Production Company was granted a Rule 502.b. variance to the unit boundary setback requirements established by Order No. 112-157 for the Joe A. Hotter Gas Unit. This is to be a Fruitland coal test in the NE $\frac{1}{4}$ SE $\frac{1}{4}$, Section 17, Township 34 North, Range 9 West. This exception location was requested to avoid two houses and a pond. The location is approximately 145 feet outside of the drilling window.

BP America Production Company was granted a Rule 502.b. variance to the unit boundary setback requirements established by Order No. 112-157 for the Medina, Presentacion Gas Unit A #2 Well. This is to be a Fruitland coal test in the NW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 11, Township 33 North, Range 10 West. This exception location was requested for topographic reasons.

BP America Production Company was granted a Rule 502.b. variance to the unit boundary setback requirements established by Order No. 112-157 for the Southern Ute 30-3, 33-9 Well. This is to be a Fruitland coal test in the SW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 30, Township 33 North, Range 9 West. This exception location was requested for topographic reasons.

BP America Production Company was granted a Rule 502.b. variance to the unit boundary setback requirements established by Order No. 112-157 for the Verce 33-9 #5-4 Well. This is to be a Fruitland coal test in the SE $\frac{1}{4}$ NE $\frac{1}{4}$, Section 5, Township 33 North, Range 9 West. This exception location was requested by the surface owner.

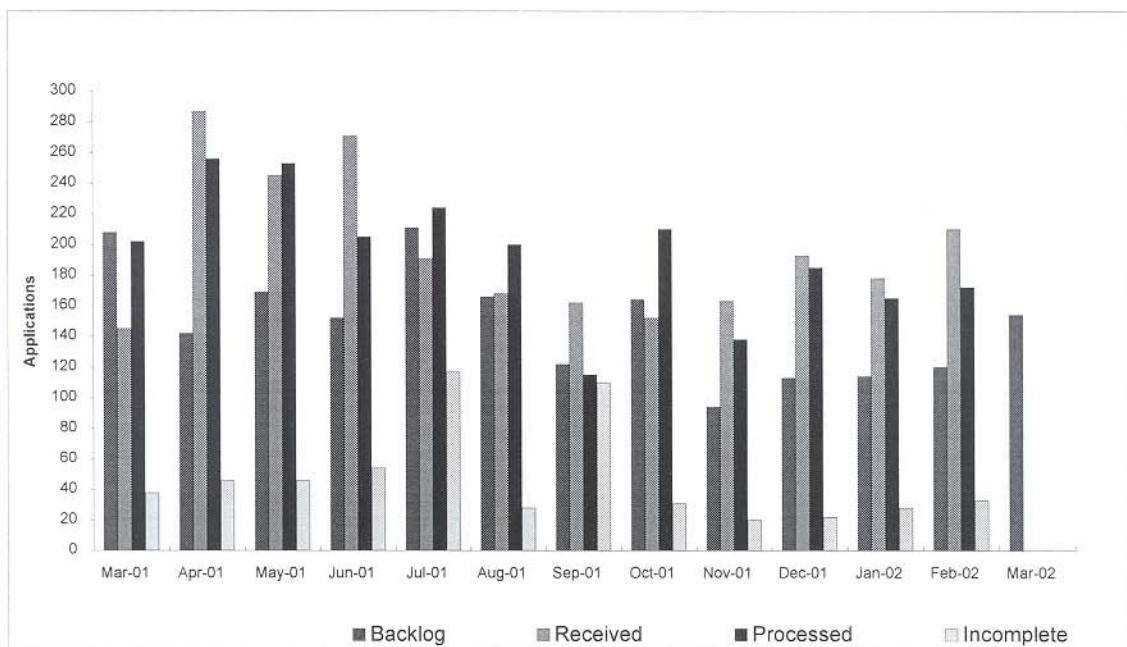
Mesa Hydrocarbons was granted a Rule 502.b. variance to Rule 318 for minimum distance between wells and minimum distance from lease lines for the MMR 17-9 A and MMR 17-9B Wells located in Section 17, Township 7 South, Range 92 West. These wells, as planned, will be directionally drilled from existing pads to bottomhole locations, each of which will not be in compliance with setback distances specified in Rule 318. These wells are part of a pilot program designed to gather production data regarding the feasibility of increasing well density for the Williams Fork reservoir. Mesa Hydrocarbons has a surface owner's agreement and has requested waivers from the effected mineral owners and has received no objections for these locations.

Colorado Oil & Gas Conservation Commission

Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
Drilling								
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	175	160	7	0	26	90	116
Feb-02	116	204	164	4	0	32	120	152
Mar-02	152	180	194	6	0	38	94	132
Recompletion								
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	5	0	0	2	2	4
Feb-02	4	6	8	0	0	1	1	2
Mar-02	2	10	8	1	0	0	4	3
Total								
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	178	165	7	0	28	92	120
Feb-02	120	210	172	4	0	33	121	154
Mar-02	154	190	202	7	0	38	98	135

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 - Hughes rig count	Permits								Active Wells	Unedited Historic Records	Public Visits			Well Oper 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	2	9	6	22228		80	135	4143	217
2000	Total		1529	1745	152	174	12	21	328	305			1264	1844	46136	3102
2001	JAN	26	203	217	48	40	5	2	26	8	22240		89	136	6974	280
	FEB	29	193	195	5	10	0	0	16	18	22225		75	113	4900	489
	MAR	26	192	137	10	8	0	2	3	41	22487		78	107	6448	201
	APR	32	242	275	16	12	1	2	4	5	22714		87	143	6110	692
	MAY	36	241	238	8	7	0	2	0	7			72	157	6693	536
	JUN	36	194	257	12	14	2	3	10	49	22712		65	106	6090	642
	JUL	35	216	182	8	9	4	2	23	3	22742		81	116	10473	482
	AUG	37	177	151	22	17	3	4	25	18			67	75	12727	1305
	SEP	38	108	149	6	13	3	0	83	27	22795		60	69	10416	169
	OCT	36	201	144	8	8	3	3	2	3	22824		84	105	11943	199
	NOV	33	123	155	16	8	0	0	18	24			63	78	11542	167
	DEC	24	183	188	3	5	1	2	25	43	22879		104	101	10508	201
2001	Total		2273	2288	162	151	22	22	235	246			925	1306	104824	5363
2002	JAN	25	161	175	3	4	2	0	43	27	22873		73	95	11673	1038
	FEB	27	164	204	5	3	1	0	9	25	22911		76	68	13679	189
	MAR	25	194	180	8	11	0	2	31	4	22930		58	55	13184	124
2002	Total		519	559	16	18	3	2	83	56			207	218	38536	1351

Colorado Oil Gas Conservation Commission
Monthly Statistics

YEAR	MO															Remediation			
		Operators		Release		Bonds		Claim		Hearings		Violations					Projects		Field
		New	Inactive	Ind.	Blnkt	Replace	Ind.	Blnkt	Apps.	Order	NOAV	AOC	OFV	Cmplt	Spills	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	10	35	15	8	718	
	FEB	6	2	3	1	3	1	0	2	4	9	1	0	10	7	4	19	793	
	MAR	5	3	6	0	9	0	0	2	3	4	1	0	9	11	12	4	854	
	APR	8	7	2	0	12	0	0	9	7	57	2	0	14	14	4	7	542	
	MAY	7	4	2	4	8	0	1	1	3	7	0	2	30	17	13	23	760	
	JUN	7	9	0	5	4	0	0	NA	NA	9	NA	NA	17	17	9	8	414	
	JUL	5	2	1	2	14	0	0	9	7	15	4	0	13	16	5	10	578	
	AUG	4	6	1	3	10	0	0	4	3	25	0	0	45	19	3	3	760	
	SEP	10	8	7	4	3	0	0	2	NA	40	0	0	14	20	8	10	307	
	OCT	5	6	5	3	9	0	0	5	4	42	0	0	22	17	7	11	717	
	NOV	5	0	0	0	12	0	0	NA	NA	14	NA	NA	20	12	6	8	407	
	DEC	8	2	0	3	10	1	0	7	1	17	0	0	13	16	1	9	385	
2001	Total	77	57	33	28	104	2	1	53	40	253	9	2	217	201	87	120	7235	
2002	JAN	7	9	3	3	6	0	0	6	7	9	1	2	14	20	4	0	397	
	FEB	10	4	1	0	5	0	0	6	4	13	0	1	10	27	1	1	443	
	MAR	6	8	3	3	10	0	0	3	2	14	0	2	2	31			569	
2002	Total	23	21	7	6	21	0	0	15	13	36	1	5	26	78	5	1	1409	

BLM not apologizing for drilling review pace

By Donna Daniels
Staff Writer

While oil and gas producers think the U.S. Bureau of Land Management is slowing them down with time-consuming regulations, the BLM thinks the process works just fine.

Work on the Bush administration's national energy policy has renewed the debate over govern-

ment delays in processing applications for oil and gas drilling on public lands.

Last week, BLM held a series of meetings in Denver to find ways to make the process more efficient.

Anne Huebner, manager of

BLM

continued on page 9

'Special status' plants slow drilling reviews

BLM

continued from page 1

the Glenwood Springs field office, said the process works well, but there's always room for improvement.

"I am basically happy with the way it works," she said. "Both the industry and us need to look and plan ahead."

BLM's Glenwood Springs office processed 53 applications for a permit to drill (APD) last year, a 160 percent increase in the yearly number of permits issued over the last three years, she said.

She expects the office to issue about 60 permits this year.

Huebner took issue with producers who said last week that the government is mandated to issue applications within 30 days of receiving an application.

A survey by the Independent Petroleum Association of Mountain States of BLM data found that APDs take an average of 87 days to be processed and issued by BLM. IPAMS wants that

process streamlined to 30 days.

"That was one of the biggest discussions," Huebner said after the meeting. "Onshore Order 1 says that the 30 days may sometimes be exceeded if it is necessary to prepare an environmental assessment, and in all cases if it's necessary to prepare an environmental impact statement."

Onshore Order 1 is the Department of Interior's set of regulations governing drilling permits.

Most applications for new wells require an environmental assessment, which is mandated by the National Environmental Policy Act of 1969, Huebner said.

"I don't believe it's possible to prepare an EA in 30 days," she said.

In the Glenwood Springs area, EAs can take even more time because five "special status" plant species have been identified in the area where natural gas drillers are operating, Huebner said.

The plants can only be identi-

fied when they are blossoming in the spring, Huebner said. And that may hold up a gas producer's plans for drilling.

"It definitely takes a lot of planning on BLM and industry's part to get clearances done," she said.

Another problem is that some drillers submit incomplete applications, although she would not say how many the Glenwood Springs office receives.

"We're trying to look at business practices that could be improved," Huebner said, "like complete APDs. This office has always notified producers if an APD is not complete within 30 days."

Producers have also complained that BLM doesn't have the manpower to handle APDs.

The Glenwood Springs BLM office has hired a new resource specialist, Bill Barter, to handle oil and gas issues. He replaces Dan Sokal, who held the position for 15 years and is now the fire team leader.

But Huebner also said the

field office has a lot of other business to take care of. Only a few EAs are conducted by office staff, she said.

She suggests companies hire their own consultants to conduct an EA in order to meet their desired timeframe.

If the company relies on BLM for the EA, "it may not get done in the time frame they want," she said.

During last week's meeting producers also questioned EA requirements for directional drilling. Directional drilling is done from an existing well pad but in a different direction from the original bore.

BLM requires EAs for directional wells even though they do not impact the ground surface, Huebner said.

New bores also mean additional traffic on roads, she said.

"Directional drilling is very much supported by citizens because it has less impacts," she said. But to say there are no impacts is not true, she said.

Subdivisions targeted for drilling

By Heather McGregor

Managing Editor

With wire reports

Calpine Natural Gas Co. is seeking state approval to drill 16 gas wells in three Dry Hollow subdivisions, according to Garfield County Planner Mark Bean.

At present, one well is allowed on the 640-acre area, which includes the Sierra Vista, Sierra Piñon and Sierra Bluff subdivisions.

The land was formerly owned by Barton Porter, but surface ownership is now held by 27 owners.

The Garfield County commissioners must decide Monday whether to ask state officials to hold a local public forum on the density request.

"We've got no authority to stop it," said Commissioner Walt Stowe of the well density increase.

"Right. But we can influence how the spacing is allowed," Bean said.

Through the forum process, the county could call for several wells to be grouped on one well pad, using the directional drilling technique.

Calpine has used directional drilling elsewhere in the Mamm Creek gas field, said Tricia Beaver, spokeswoman for the Colorado Oil and Gas Conservation Commission.

Commissioner Larry McCown said he would not favor holding a forum if Calpine plans to use directional drilling, which would reduce the well pads from 16 to four.

"If they take it down to four pad sites, that's a critical difference," McCown said.

But Calpine has not indicated that it plans to use the technique, Beaver said.

Calpine is currently slated to present its well density application to the Oil and Gas Commission on April 22, she said.

But that hearing will be delayed until June if Garfield County calls for a local public forum, which would be held in late April or May.

Beaver said she doubted that Calpine would object to the delay. The company applied for the density increase months ago and repeatedly continued the matter. "They're not in a big hurry," she said.

The density request applies to lands in Township 6 South, Range 92 West, Section 22.

The mineral rights for the land have been severed from the surface, with 400 acres of mineral rights held by the federal government and 240 acres of minerals held by private owners.

Meanwhile, stock market shares of Calpine Corp. the parent company of Calpine

Natural Gas, were sharply lower Tuesday after Standard & Poor downgraded its credit rating the day earlier, according to the Dow Jones News Service.

Calpine shares fell \$1.50, or nearly 11 percent, to close at \$12.18 on heavy volume on the New York Stock Exchange. They had slipped as low as \$11.90 earlier.

Late Monday, ratings agency S&P lowered the San Jose, Calif.-based Calpine's corporate debt one notch to double-B from double-B-plus and brought down unsecured bonds three notches to B-plus from double-B-plus. Even before the downgrades, Calpine's debt was considered junk, or below investment-grade.

The credit-rating downgrade follows Calpine's decision to raise about \$2 billion of debt by pledging some of its assets as collateral. S&P said the magnitude of the secured debt will likely make it difficult for Calpine to obtain unsecured financing in the near future.

The development isn't likely to have any "noticeable near-term impact" on Calpine, which isn't likely to attempt to tap the debt markets in the coming months, said Merrill Lynch & Co. analyst Elizabeth Parrella. But next year may be a different story, according to Parrella.

GRAND JUNCTION "DAILY SENTINEL" APRIL 2, 2002

GarCo requests hearing on gas-drilling application

By MIKE McKIBBIN

The Daily Sentinel

GLENWOOD SPRINGS — An application to drill up to 15 natural gas wells on a 640-acre parcel of private and public lands south of Silt prompted the Garfield County Commissioners to request a special hearing Monday.

Calpine Natural Gas Co. of Denver filed an application with the Colorado Oil and Gas Conservation Commission in December to allow them to drill the wells in the Mamm Creek Field. The area, known as Dry Hollow, has a single well Calpine officials said does not efficiently drain the

underground gas reservoir.

The application would create 40-acre well spacing on the parcel, if approved.

The area includes three approved subdivisions with a total of 14 homes. Building and Planning Director Mark Bean told commissioners.

"They have severed mineral (rights) and about 400 acres are federal; 240 acres are privately owned," he said. There are 27 surface owners in the 640-acre parcel.

Bean said some property owners have already voiced concerns about the use of subdivision roads by the heavy trucks used to

drill and develop the wells.

Calpine has agreed to allow the county and state commission to ask for on-site visits of each well site, Bean said.

Calpine officials could not be reached for comment, but Oil and Gas Conservation Commission Deputy Director Brian Macke said the forum will likely be scheduled for the end of April in Rifle.

"Calpine does a lot of directional drilling out there, and they would likely do that with this application, too," he said. Directional drilling uses an existing well pad to drill new wells and is less disruptive than vertical drilling.

Strong economy floats down on Parachute

By Donna Daniels
Staff Writer

Zach Baldwin ventured out of Parachute to find a good job, but found the best opportunity was in his home town.

Parachute now has one of the strongest economies in the county.

Two companies drive the economy there: Williams, a natural gas production company, and American Soda, which mines and processes soda ash and sodium bicarbonate.

For Zach Baldwin, a 1997 graduate of Grand Valley High School in Parachute, his job at Williams is a career in the making.

"I've worked in and out of the gas business since graduation," he said.

His first job out of school was as a roustabout doing general maintenance on gas wells.

But he also ventured out from his



Williams employee Zach Baldwin checks computers at the Parachute office Saturday afternoon. Williams and American Soda employ a number of local residents at competitive wages. Jim Noelker photo.

hometown in search of better opportunities. He worked upvalley for a few years, in Edwards for a construction company, and in between Carbondale and Aspen for an excavator.

His coming to work for Williams was more than coming home.

"I want to become a biologist," Baldwin said. Williams is giving him the opportunity to do so.

He attends Mesa State College in Grand Junction three nights a week. Williams pays his tuition.

"I'd like to get into the environmental

side. I'd like to help our impact on the environment," he said.

Baldwin is also pulling in a bigger salary at Williams than his upvalley jobs paid.

Parachute
continued on page 8

80 percent of Williams employees are local

Parachute
continued from page 1

According to Williams district manager Steve Soychak, the company pays an average salary of \$40,000 to \$45,000.

On most days Baldwin spends a good deal of his day in front of a computer screen. The computer receives data from Williams' 600-plus wells. He calls up the data on each of his assigned wells, which appear in a graphic representation on the screen, complete with gauges he checks for the flow of gas from the well. If a problem occurs that he can't fix at the computer, he goes to the well and does the work by hand.

"I enjoy the work," he said. Even his supervisor learns something new on occasion, and Baldwin likes that. "For me, to learn a new skill is always enjoyable."

He aspires to reach management level but wants to stay in the field as well.

"I want to stay close to the workers," he said.

There is another side to his work, a more personal side.

Baldwin's family has been in Parachute for three generations. His father and grandfather worked in the oil shale business. In fact, Baldwin is monitoring wells in the Anvil Points area where his grandfather worked in the early days of the oil shale industry.

"My grandmother was born in the train depot when there was one here. I'm the third generation to graduate from Grand Valley High School. My family has seen the boom and bust," he said.

He also has a few close friends at Williams.

"There are four guys I work with who I went to high school, middle school and elementary school with. Three of them I've known since before kindergarten," he said.

Some older workers, like William's Carla Kent, have managed to spend most of their working lives in the energy business.

Kent graduated from Grand Valley High School in 1970 and worked for Unocal for 18 years. During the oil shale boom days Unocal was one of the larger employers in town. Although it shut down in 1991, it retained 12 employees to staff the office.

"I was one of the lucky 12," Kent said, who stayed on with the company until last year when Unocal sold its physical plant to American Soda.

She went to work for Barrett Resources last year, shortly before it was bought out by Williams.

Her son Rowdy, 22, also works for Williams.

"He went to Grand Junction to work for a phone company, but came back here because it

was better pay," she said. "People leave here, but a lot of them come back."

Williams has 40 employees of its own, but over 350 contract workers who are employed by companies involved in drilling and production, Soychak said.

Of the Williams employees, about 80 percent are local, coming from Parachute, and neighboring DeBeque and Rifle. The majority of contract workers commute from Grand Junction, he said.

Williams is only one of many gas production companies working in the area. Others such as Alberta Energy, Calpine, and PDC employ another 200 to 300 workers, Soychak said.

According to a recently published report from the Colorado Oil and Gas Association, Williams has an annual payroll of \$9.2 million in Garfield County.

The report estimated that over the next 20 years, Garfield County will receive an economic benefit from the annual wages Williams pays its employees worth \$165 million, including \$61.5 million in wage income, \$78.2 million in tax revenue, and \$25.3 million in royalties.

"We have always been considered the little town on the other side of Garfield County, and now we get to make some waves," Baldwin said.

GRAND JUNCTION
"DAILY SENTINEL" 3/29/02

BLM: Land owned by GJ best route to gas-drill sites

By **MARIJA B. VADER**
The Daily Sentinel

Evertson Oil Co. would like to drill for natural gas on Grand Mesa Slopes.

But getting drill rigs onto the Bureau of Land Management property may be problematic.

Evertson, of Kimball, Neb., has three options — cross ranchland owned by the city of Grand Junction, cross land managed by the BLM or sue the city for access.

Released Thursday, the BLM-produced environmental assessment for the plan recommended drillers cross the city-owned Somerville Ranch to get to drill sites.

Due April 21, the city's response will carry a heavy weight, said Catherine Robertson, field manager for the BLM.

City officials remain nervous about what this decision may mean for future drilling on the 80-square-mile Grand Mesa Slopes. Several years ago, the city purchased the 11,000-acre Somerville Ranch on Grand Mesa Slopes for its water rights.

City officials Thursday expressed concern over keeping the area pristine; they've been assured that protection has been put in place to protect water quality.

Underneath Grand Mesa Slopes, natural gas waits to be pulled to the surface.

Until the Trans-Colorado pipeline was buried in 1999, there was no positive economic way to transport the gas from drill sites to nationwide markets, said Dave Trappett, environmental protection specialist with the BLM.

Evertson officials want to know what's beneath the ground, and with the Trans-Colorado pipeline close, they propose drilling three test wells on BLM land.

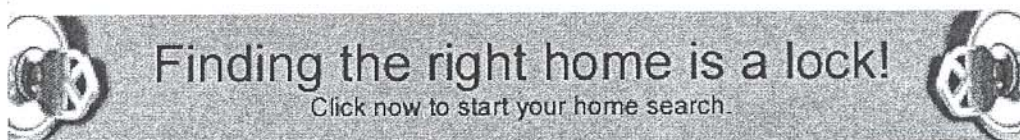
"This is such an important piece of property for the city," said City Councilwoman Janet Terry. "We just have to tread real lightly, go cautiously."

"Some decisions are irreversible," Terry said. "We have to protect what's there."

"A history that has not treated us well is going to make us gun shy regarding signing more agreements," said Councilman Reford Theobald, referring to agreements with Trans-Colorado and the BLM.

Thousands of acres of BLM land are available to drill at one well for every 40 acres, said Trappett. It's unlikely an oil company would drill at that high of a density, he said.

The BLM will not approve Evertson traversing city land if the city doesn't approve it, Robertson said.



GJSentinel.com

A product of The Daily Sentinel, Grand Junction, Colorado

SEARCH:

☒ GJSentinel.com

☐ The Web

News
Sports
Money
Features
Community
Classifieds

04.14.02 BLM seeks public comments on proposed pipeline for gas

SENTINEL STAFF

Anyone interested in the proposed natural gas pipeline from Parachute to De Beque can provide comments to Mesa County, Garfield County, or the Bureau of Land Management through April.

The project is being proposed by Williams Production, RMT of Parachute. The 20-inch pipeline would move gas from a proposed processing plant north of Parachute to the TransColorado gas pipeline, west of De Beque. Most of the pipeline would be in the Colorado Department of Transportation's right-of-way for U.S. Highway 6 (Interstate 70 Frontage Road). The total length of the pipeline project is 17 miles.

The Bureau of Land Management has prepared a draft environmental assessment to consider the impacts of the project on BLM land. For information on the BLM section of the pipeline or for a copy of the environmental assessment, call David Lehmann at the BLM Grand Junction office at 244-3021.

Comments on the environmental assessment should be submitted by April 30.

Mesa County Planning Department is considering a request for a conditional use permit for the proposed pipeline. The project is scheduled for discussion in public meetings with the Planning Commission and Board of Commissioners in early May.

For information on the Mesa County process, call Jim Hinderaker at 244-1724.

The Garfield County Planning Department is considering a request for a special use permit for the proposed pipeline and gas processing plant.

For information on the Garfield County process, call Randy Russell at 945-8212.

Ne
Clic
It

Cl
to
Dre

**GRAN
AUTO
FOR**
Click here

**GRAN
CARS
FOR**
Click here

Finding
is a lock
to star
\$

Tell me how to:
[Buy a subscription](#)
[Buy a print ad](#)
[Buy an online ad](#)
[Reach newsroom](#)
[Reach web staff](#)
[Write to the editor](#)
[Set my homepage](#)



It all adds up to savings!

Click now to find money-saving bargains.

GJSentinel.com

A product of The Daily Sentinel, Grand Junction, Colorado

SEARCH:

☒ GJSentinel.com

☐ The Web

News
Sports
Money
Features
Community
Classifieds

04.13.02 Coal-bed methane testing is under fire

By AARON PORTER *The Daily Sentinel*

CEDAREEDGE — Environmentalists have lambasted a plan to extract an ultra-clean fossil fuel source underlying parts of Delta County.

"People here are gravely concerned about the compatibility of this industry and the lifestyle of Delta County," said Tara Thomas, executive director for the Paonia-based Western Slope Environmental Resource Council.

Gunnison Energy Corp. has announced plans to test coal-bed methane deposits at two existing wells on Grand Mesa and wants to drill four new wells northeast of Cedaredge this year. The proposal spurred controversy, prompting the Oxbow Mining Inc. subsidiary to postpone its requests for county permits to develop the wells.

"We have asked Delta County planning (department) to postpone the area planning process so we could get this out to you," Oxbow environmental supervisor Kathy Welt told about 200 people at an informational meeting Tuesday in Cedaredge.

Coal-bed methane is a naturally occurring gas released when water is siphoned off coal layers. Methane is commonly found in North Fork Valley mines.

Methane makes up 90 percent of the natural gas piped into people's homes. The other 10 percent is hydrocarbons and contaminants, including the sulfuric smell added for safety purposes. When burned, it releases mostly carbon dioxide and water, Gunnison Energy Vice President Anthony Gale said.

Gunnison Energy is proposing to test the economic viability of two wells it acquired last fall near Leon Lake in Grand Mesa National Forest. It also wants to drill four exploratory wells in areas east of Cedaredge this year.

The company may seek permits for 11 production wells this year to get a jump on the next drilling season. It may ask for permits on another 20 wells next year.

Gunnison Energy will likely space its wells at one per 160 acres and no more than one in 80 acres, Gale said. The company has leased about

Buy
Tell the
Sentinel

Get Onli
Click
to le

Click
to
Dre

Ne
Click
to

Finding
is a lock
to star

90,000 acres of public and private land in Delta County.

Early stages of well development would be marked by a 1.6-acre drill pad with a tall derrick and construction equipment. Producing wells require a much smaller pad and minimal surface equipment, company officials said.

The wells would likely have a 20-year life span.

The Environmental Resource Council is concerned that development of coal-bed methane deposits could radically alter the quality of life for residents near production zones.

Coal-bed methane development has tarnished other regions of the state, such as the highly productive Piceance Basin east of Grand Junction, Thomas said. The council cited potential methane contamination of groundwater, denuding of overlying rangelands and other effects.

Critics fear as natural gas prices soar, developers may drill higher numbers of wells in the region.

Well density in Garfield County has increased dramatically during the years, from one well every 340 acres to one well per 20 acres, said Jeremy Puckett, public lands coordinator for the council. Test sites are as close as one well every 10 acres, he said.

Wells are lined to prevent methane infiltration into groundwater, said Mark McAlister, Gunnison Energy operations manager. The Colorado Oil and Gas Conservation Commission strictly regulates surface disturbances, he said.

"We're going to do things in an environmentally sensitive manner, and we're going to live up to the things we're telling you," Gale told local residents.

He said methane gas production boosts county tax revenues and contributes royalties and jobs to the region. "The impact may be temporary in the long term, but it won't be temporary for families when a generation or two grow up with natural gas development where before, it was a ranch," said Thomas of the Resource Council.

The Delta County Commission is closely eyeing the proposal and the attitude of its constituents, Commissioner Wayne Wolf said.

It expects public meetings with ample opportunity for local residents to air their concerns, Wolf said. The County Commission also plans to visit with commissioners in Garfield and La Plata counties, two of the most active areas of coal-bed methane development in the state.

"We're going to be very deliberate in reviewing the proposal," he said.

{M4Aaron Porter can be reached via e-mail at aporter@gjds.com.

opportunity available to them and participate to the greatest degree possible," said Bostwick.

While the particulars haven't yet been worked out, one thing is certain: If this dream becomes a reality it will make a lot of people happy, and help Six Points Evaluation and Training center better serve their clients by, as Jerry Bigelow put it, "normalizing their lives as much as possible."

[top](#)



County eyed for future coalbed methane production

Erica Andrews

Bob Sagle, a consultant from the Sagle and Schwab Energy Resources firm in Durango, notified the Gunnison County Planning Commission that there is interest for further coalbed methane drilling in Gunnison County.

S.G. Interests, a coalbed methane drilling operation that works throughout Colorado and New Mexico, hired Sagle as a consultant to speak with the commission at a work session on March 15. The company expressed their hopes to start drilling on three test wells, each predicted to be 3,000 feet deep, in Gunnison County by May.

"S.G. would like to start the dirt work in May, weather permitting, and test well production into the wintertime", Sagle said. "Frankly, we don't know if we will be able to do production there. This is a competitive area with wells nearby. It may not be economical."

Land use issues

The proposed site, located northeast of Paonia on Ragged Mountain, is privately owned by Falcon Seaboard Diversified of Houston, Texas. Several coalbed methane wells already exist in this area, the only ones presently in production in Gunnison County.

S.G. Interests has already purchased leases for the right to explore for methane gas at this new site, and has a permit granted from the state as well. According to Sagle, all nearby landowners to the proposed site have given verbal approval for the project. The site is currently used as irrigated pasture, which would require a land use change and conditional permits for each alteration made to the property from the county's planning commission.

Whether the site will be drilled commercially remains unknown. If the proposed test wells produce evidence of an economically feasible amount of methane gas to drill, the site could be developed into production wells. Proximity of the proposed wells to the nearest gas pipeline is only four miles, so if production is found to be feasible, a pipeline connection would be easily attainable.

S.G. Interests is currently the largest coalbed methane operator in the state, with around 300 wells in production.

"We want to look at cumulative effects", Gunnison County Assistant Planner Neil Starkebaum said. "If there is going to be 100 wells there in the future, we want to know now before we grant permits."

Getting up to speed

Prior to this meeting, several representatives from the Colorado Oil and Gas Conservation Commission (COGCC) briefed the planning commission on the specifics of coalbed methane drilling. Since this type of drilling is relatively new to Gunnison County, planning commissioners expressed concern over getting the facts straight, and having enough information to make a decision on this proposal. Members of the COGCC volunteered to visit and explain the process of coalbed methane drilling.

"We're brand new at this", Planning Commissioner Frank Vader said. "We are in the early learning stages of coalbed methane drilling here in Gunnison County."

Brian Macke, the Deputy Director for COGCC, explained a handful of pertinent issues to the commission. Macke focused on the drilling process and the role COGCC assumes in regulating and permitting wells, including environmental protection issues.

"We try to do a lot of outreach with counties, to inform them of what exactly is going on", Macke said. "Now that there is interest in Gunnison County, we will offer our services in the form of customized meetings, to get the word out."

What is it?

Coalbed methane drilling is a process that derives methane gas from coal beds under the earth's surface. The methane gas is stored in the coal, yet to reach the resource water must be drained off to release the gas. The well itself is composed of a five-and-half inch steel production casing and nearly 10 inches of cement casing to protect water resources in the drilling area.

Coalbed methane drilling is gaining popularity in areas where coal mining has exposed these methane deposits, such as the northwest corner of Gunnison County. Concerns with this type of drilling include wildlife impacts, development of remote areas and property owners rights, yet the biggest concern with drilling remains wastewater disposal.

S.G. Interests is proposing to reinject water from this particular site, the safest process of dealing with coalbed methane wastewater currently available. The predicted amount of water pumped from these wells is around 75 barrels a day, significantly lower than other wells in production in Colorado.

Revisited in April

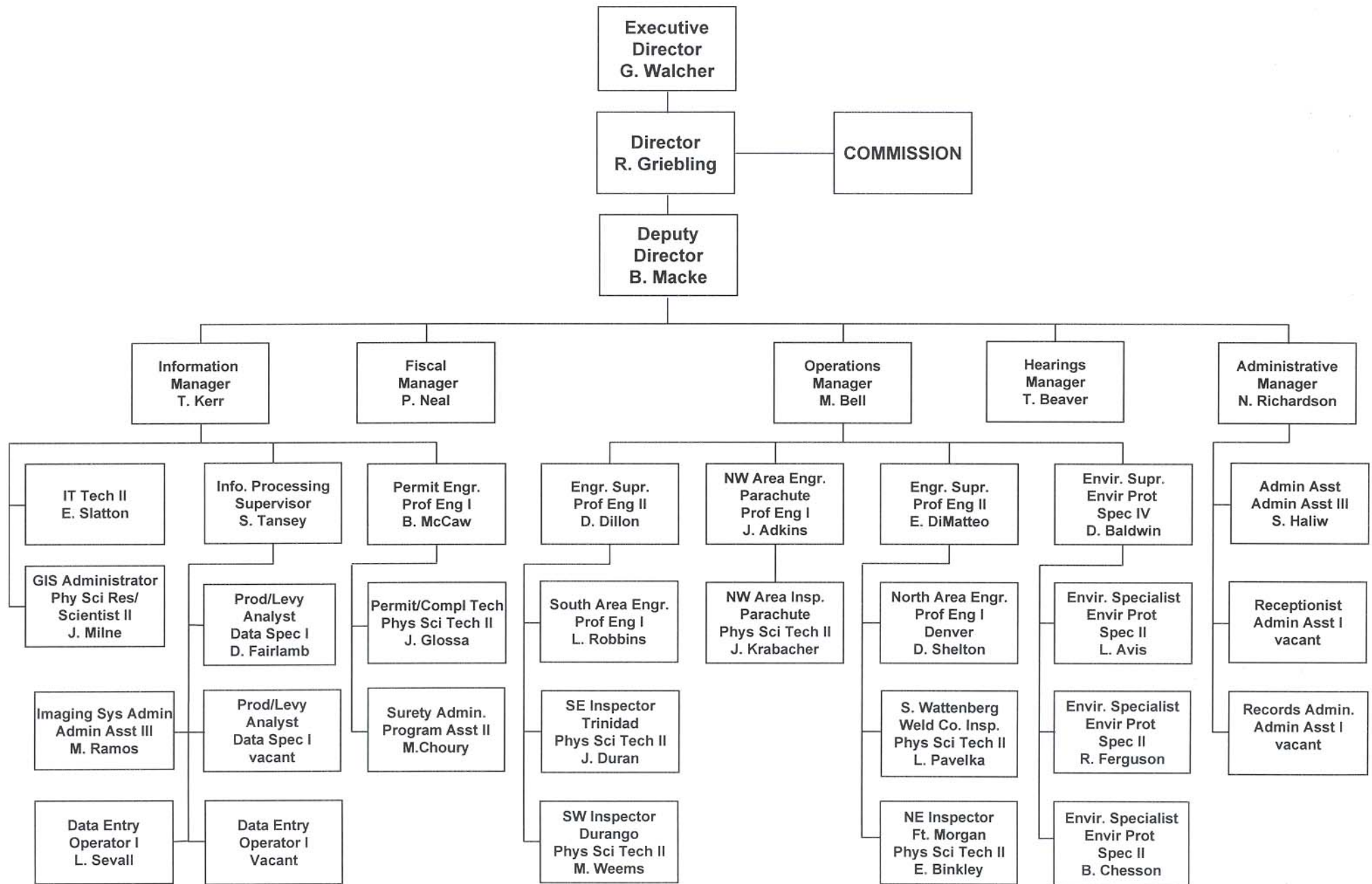
Now it is the planning commission's turn to decide if S.G. Interests will do business in Gunnison County. The next step in the process is to have a public hearing, which is to be announced for the month of April. At that time, Sagle and S.G. Interests would have to petition for a land use change and submit three separate applications for each well. A recommendation by the planning commission will be ready for approval at this meeting unless there is public input which would change their decision.

Citizens can find more information on coalbed methane production at the Colorado Oil and Gas Information System website at www.oil-gas.state.co.us. Interested parties and those with questions about this process are encouraged to voice their opinions at the next county planning commission meeting.

[top](#)

Met-Rec grant recipients announced
\$96,178 divided between 14 county organizations

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:

04/09/02

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	10	\$38,000	5	\$23,000	0	\$0	0
Totals	168	\$1,155,975	116	\$603,315	9	\$194,750	2

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	05/19/95	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	Nerdlihc 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
Total penalties pending collection			\$233,500			

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
Total uncollectable penalties				\$104,105		

HEARING DOCKET: June, 2002

Page 1

Prelim
4/16/2002

No.	Cause	Applicant/Attorney or Representative	Date Rec'd	Field Formation County	Matter	Remarks
0206-EX-01	112	CDX Rockies, LLC./ William Keefe	4/2/2002	Ignacio-Blanco Fruitland Coal La Plata	Request for an order to allow the drilling of the Anderson #1 Well at an exception location of 660 feet from the north line and the completion of the Thursinger #1-5 Well at an exception location of 925 feet from the south line in the S1/2 of Section 5, Township 32 North, Range 6 West, N.M.P.M.	
0206-UP-04	520	Rky Mtn Gas Supply, LLC/ Stephen Sullivan	4/15/2002	Oakdale Dakota/Entrada Huerfano	Request for an order to pool non-consenting owners in the SE1/4 of Section 4, Township 29, South, Range 69 West, 6th P.M. for the drilling of the Caddell No. 1 Well	
0206-UP-05	520	Rky Mtn Gas Supply, LLC/ Stephen Sullivan	4/15/2002	Oakdale Dakota/Entrada Huerfano	Request for an order to pool non-consenting owners in the SW1/4 of Section 33, Township 28, South, Range 69 West, 6th P.M. for the drilling of the Harry Willis #4 Well	
0206-AW-02	315	Samedan/Carleton Ekberg	4/18/2002	Vernon Niobrara Yuma	Request for an order to allow the drilling of additional wells for certain lands in the Vernon Field	