

## MONTHLY STAFF REPORT - June 4, 2002

### I. STATISTICS

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

Approved drilling permit statistics through the first four months of 2002 are running at an annualized rate of 2114 permits per year, only 7% below last year's record second highest level of 2273 approved drilling permits.

### 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 14<sup>th</sup> 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](mailto:brian.macke@state.co.us) to submit agenda topics for the next meeting. Attached are local newspaper articles about topics of local concern. ("[Pumping Gas](#)", "[Williams Proposes Natural Gas Plant](#)", "[Canadian Company Eyes Silt](#)")

#### .. 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 ("APD's") to the COGCC. It has been 12 years since the last APD was filed in Delta County.

Delta County Local Area Planning Committee ("APC") meetings were held on May 6, 2002 in Hotchkiss, May 8, 2002 in Cedaredge, and on May 13, 2002 in Paonia. These meetings

were held for Gunnison Energy to provide information to the APC's and the public about the project. The attendance by local residents has been quite large; approximately 300 people attended the Paonia meeting. Many of the participants expressed strong opposition to the project.

COGCC staff were invited by Delta County to attend a joint meeting of the Local Area Planning Committees on May 29, 2002 to provide additional information about regulation of coal bed methane in Colorado. Brian Macke and Jaime Adkins were present at the meeting. There will be three more APC meetings in June to review the project, followed by Planning Commission and County Commissioner meetings later in the month to review the Gunnison Energy project.

On May 22, 2002 the Delta County Commissioners, Planning Commissioners, Area Planning Committee members, and County Planning staff traveled to Garfield County to tour oil and gas facilities in Garfield County and discuss oil and gas development from the Garfield County local government perspective. On May 24, 2002, the Delta County officials visited La Plata County to visit with La Plata County officials and to tour coalbed methane well sites. Attached are newspaper articles about the Gunnison Energy Delta County project. ("[Oil, Gas Development Moratorium Won't Affect 5 Delta Wells](#)", "[County Sets Moratorium On Gas And Oil Applications](#)", "[Drilled-up Controversy Reflects Shift In Values](#)")

.. 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 has invited COGCC staff to attend the June 7, 2002 Planning Commission meeting. Brian Macke will attend the meeting to participate in a round table discussion with the Gunnison County officials, the operator, and La Plata County Commissioner Josh Joswick to address oil and gas regulatory issues.

.. Parachute Area Air Quality Monitoring Meeting

The Grand Valley Citizen's Alliance ("GVCA") has been 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. The GVCA has called on the Colorado Air Pollution Control Division ("APCD") and the EPA to become involved in the issue.

As a follow up to an initial meeting with the GVCA, Williams Production Company, the APCD and the EPA on March 6, 2002 in Parachute, Brian Macke and Bob Chesson attended meetings on April 4 and 24, 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 EPA is providing funding through their Emergency Response Program to do some air sampling and analysis in the area.

The COGCC, the APCD, the EPA, the air sampling contractor Seagull Environmental, GVCA, and Williams Production Company representatives met again on May 22, 2002 to agree on sites for air sampling. Twenty air sampling chambers will be distributed at seven different locations as follows: 1) six canisters at a producing Williams Fork gas well that is

equipped with a vapor combustion (odor reduction) unit, 2) six canisters at a producing Williams Fork gas well that is not equipped with a vapor combustion unit, 3) four canisters at a well that is undergoing completion operations and is being flared, 4) one canister in the town of Parachute, down-valley from several gas wells, 5) one canister near Parachute Creek, up-valley from several gas wells, 6) one canister in the town of Newcastle to represent similar town conditions to Parachute but without the nearby gas wells, and 7) one canister near a residence in Red Apple subdivision in the Rulison Field.

In addition to the canisters, which will sample air that will be analyzed for organic compounds, there will also be monitors to measure NOX, NO<sub>2</sub>, and SO<sub>2</sub> at the flaring well site. The analysis data from the air sampling will be available in July. The cost of the sampling and analysis is approximately \$1,500 per canister, with a total cost of approximately \$30,000.

.. Glenwood Springs Board of Realtors May Meeting

Brian Macke was invited to give an informational presentation to the Glenwood Springs Board of Realtors meeting on May 8, 2002. The presentation focused primarily on natural gas development in Garfield County, and on the importance of informing property buyers about the issues surrounding mineral development in the area so they may make informed buying decisions. The availability of a wealth of information from the COGCC web site was also presented. Approximately 70 people were in attendance, and comments were provided about how valuable the information was. There was a request for 250 copies of the OGCC informational brochures for use by the area realtors association.

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

COGCC staff continues to work with Williams (formerly Barrett) to process APD's 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 80 APDs submitted by Williams for the increased well density area.

Since the March 2002 hearing, the COGCC has received four APDs for the 20-acre infill area. Two APDs (Exxon/Mobil GM 22-12 and the Exxon/Mobil GM 322-12) are for one vertical and one horizontal well on a new well site located north of the Colorado River and west of the town of Parachute. Because of proximity to both the Town of Parachute and riparian vegetation along Parachute Creek, COGCC staff conducted an on-site inspection on April 25, 2002. Representatives of both Williams and Garfield County attended the inspection. Additional visual and sound buffering controls were placed as special permit conditions for these two APDs.

The remaining two APDs (Clough RWF 334-22 and the Clough RMV 150-22) are vertical wells on new surface well sites located just north of the Colorado River in Township 6 South, Range 94 West. Because of proximity to riparian vegetation along the Colorado River, COGCC staff conducted an on-site inspection for these locations on May 28, 2002.

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**

® Private Property / Oil and Gas Development Seminar

The Colorado Association of Soil Conservation Districts (CASCD) held the seminar at the Evans Community Center on May 16, 2002. Approximately 70 people attended, including DJ Basin surface owners and other interested citizens. Representative Tambor Williams addressed the group regarding SB141, which had been closely followed by many of those in attendance. Kerr McGee representative Jim Wasson spoke about DJ Basin development activity, and Brian Macke gave a presentation about oil and gas regulatory issues in Weld County and in Colorado. COGCC staff Linda Pavelka and Randall Ferguson were in attendance and responded to numerous questions from the group during and after the meeting.

® Leadership Weld County Seminar

Brian Macke provided an informational presentation on May 9, 2002 in Greeley about oil and gas development in Colorado to this educational seminar for local business and community leaders sponsored by the Weld County Chamber of Commerce. Approximately 30 people were enrolled in the seminar.

**IV. 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

All 3M Monitoring wells are now drilled. A total of 7 monitoring wells have been drilled at four sites. Monitoring equipment will be installed in the final well in the near future.

® Four Corners Oil and Gas Conference

COGCC Engineering Supervisor David Dillon addressed the Four Corners Oil and Gas Conference on May 8, 2002. David's speech explained the reasons for special conditions of approval on all Fruitland Coal wells drilled as second wells in a Fruitland spacing unit and the status of the 3M project.

**V. SOUTHEAST COLORADO**

® Raton Basin Project

Laboratory results for Dissolved Inorganic Carbon (DIC) for Phase III of the Raton Basin Project are complete. There is one gas isotope from a water well that is in the process of being analyzed. Two gas wells in Phase IV were re-sampled due to high oxygen content. The final results from these three samples will be incorporated into their respective projects. Phase IV and III reports should be completed in June.

® Notice of Water Quality Control Commission ("WQCC") Rulemaking Hearing

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, 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. Information regarding triennial reviews of water quality classifications and standards for each of the Colorado river basins is provided on the WQCC web site at [www.cdphe.state.co.us/op/wqcc/wqcchom.asp](http://www.cdphe.state.co.us/op/wqcc/wqcchom.asp).

## VI. ENVIRONMENTAL ISSUES

### .. WQCC/Annual Report

COGCC staff will be making their annual presentation as an implementing agency of ground water standards and classifications to the WQCC at the hearing on Monday, September 9, 2002 at 1:30 p.m.

### .. 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.

## 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 was May 17, 2002. We would like to express a sincere thanks to those who worked to provide the several nominations that were received this year, which was a great improvement over prior years. This is 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. The awards will be presented at the COGA Rocky Mountain Natural Gas Strategy Conference in August 2002. Commissioners will receive a list of nominations within the next several weeks.

### ® NGPA Well Determinations

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/general/NGPA/ngpa\\_determination.htm](http://cogcc.state.co.us/general/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.

.. July Hearing Docket

A [preliminary docket](#) for the July 15<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 requires 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 version 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 download slowly because of their large size.

.. Image Indexing and Data Cleanup

Image Indexing is a 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 32,000 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. Due to intensive training and increasing comfort with the data and the software application, production levels have begun to increase with over 2000 wells reviewed and updated.

.. 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/forms.html> in the "instructions" column, or from the COGCC office. Questions should be directed to Sharon Tansey at (303) 894-2100 x128.

A production reporting application for Internet filing of the Monthly Report of Operations is currently in testing and should be available in the next thirty days as testing, 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. Additionally, the 1999 production reporting requirements significantly changed the number of lines of data submitted. 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 soon, which 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. As this tool is new, 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](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.

The COGCC homepage is undergoing a major redesign, the new design should provide improved navigation and information organization. Look at the redesign by selecting the hyperlink in the preview comment on the homepage at <http://cogcc.state.co.us>. All are



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 only COGCC change request which was approved by the legislature and appears in the Long Appropriations Bill, is the second year of the data clean-up project described below:

· Data Clean-up Project, Year 2

\$126,415, 0 FTE

Funds have been appropriated 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](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**

Diversified Operating Corporation was granted a Rule 502.b. variance to Rule 1004 a., Final Reclamation of Well Sites and Associated Production Facilities requirements for the Crosby #3-9 located in the NE $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 9, Township 7 North, Range 58 West 6<sup>TH</sup> P.M., Weld County. The surface owner has requested that the produced water pit be left on site for future livestock watering needs.

EnCana, formerly North American Resources Company, was granted a Rule 502.b. variance to Rule 1004.c. for the Swink G Unit #1 Well in the NE $\frac{1}{4}$  NE $\frac{1}{4}$  of Section 20, Township 1 South, Range 68 West in Adams County. The surface owner, a residential subdivision developer, will accept the surface in a reclaimed barren state (without reseeding).

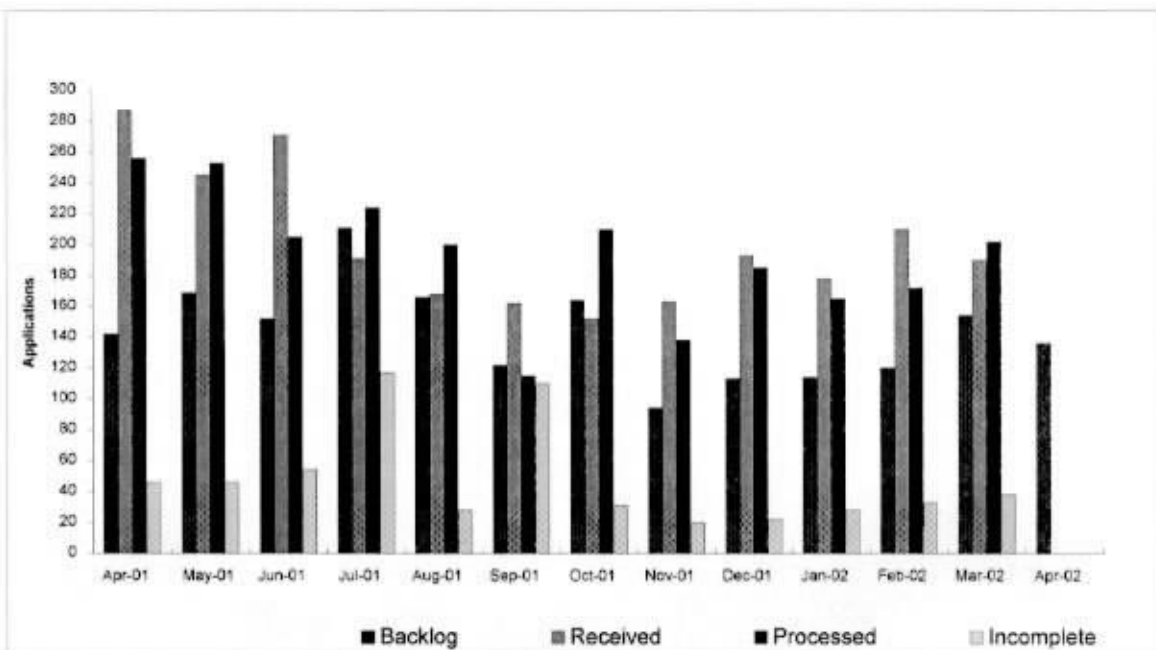
Trinity Energy Corporation was granted a Rule 502.b. variance to Rule 1004 a., Final Reclamation of Well Sites and Associated Production Facilities requirements for the State of Colorado #2-36 Well, located in the SE $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 36, Township 1 North, Range 66 West 6<sup>TH</sup> P.M., Weld County. The surface owner, a new home developer has requested that the site be left in its current condition to allow the developer to excavate and grade the site according to the new housing development plans.

# Colorado Oil & Gas Conservation Commission

## Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
<b>Drilling</b>								
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	180	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
Apr-02	132	195	176	10	0	26	115	141
<b>Recompletion</b>								
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	0	0	0	4	4
Apr-02	4	12	9	2	0	0	5	5
<b>Total</b>								
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	6	0	38	98	136
Apr-02	136	207	185	12	0	26	120	146

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

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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	1045
	FEB	27	164	204	5	3	1	0	9	25	22911		76	68	13679	193
	MAR	25	194	180	8	11	0	2	31	10	22930		58	55	13184	158
	APR	28	176	195	9	12	1	4	2	20	23040		65	67	12935	159
2002	Total		695	754	25	30	4	6	85	82			272	285	51471	1555

Colorado Oil Gas Conservation Commission  
Monthly Statistics

Page 2 of 2

YEAR	MO	Bonds															Remediation		
		Operators		Release		Claim		Hearings		Violations					Projects		Field		
		New	Inactive	Ind.	Blnt	Replace	Ind.	Blnt	Apps.	Order	NOAV	AOC	OFV	Cmplt	Spills	Rcvd		Comp	
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	10	1	2	15	20	2	0	397	
	FEB	10	4	1	0	5	0	0	6	4	17	0	1	11	27	1	6	443	
	MAR	6	8	3	3	10	0	0	3	2	18	0	2	3	31	4	5	570	
	APR	7	10	8	3	10	1	0	5	4	23	0	0	5	7	0	10	343	
2002	Total	30	31	15	9	31	1	0	20	17	68	1	5	34	85	7	21	1753	

# Pumping gas

## Homeowners resent project to drill wells

By MIKE McKIBBIN  
The Daily Sentinel

RIFLE — Homeowners in the Grass Mesa subdivision southeast of Rifle are upset about plans for a compressor station they claim may disturb an ancient Indian site. They also oppose the construction of an underground pipeline and damage to roads to their homes.

However, officials with the Bureau of Land Management and Encana, the Canadian energy company that develops the Mamm Creek gas field, said adequate protections are in place and they are taking local concerns into account.

Encana was formed in the April 5 merger of Alberta Energy Co. and Pan Canadian Energy Co.

The new company has proposed four new well locations and a total of 19 wells to be drilled from those four pads as an "in-fill" project over the next two or three years.

The project is on both federal and



DEAN HUMPHREY/The Daily Sentinel

**ONE OF THE UNDEVELOPED LOTS** in a Grass Mesa subdivision near Rifle has been for sale since several gas wells were drilled on the property. Homeowners are complaining about an energy company's plan to build a nearby compressor station.

See **WELLS**, page 2B ➤

## WELLS: Silencers will be added to compressor

➤ Continued from page 1B

private lands, where about 40 families live.

Homeowners Association board member Brett Closs said he receives daily phone calls from neighbors who complain about the project. He speaks to Encana representatives nearly as often.

Closs claimed the compressor station site was near an American Indian site of cultural significance.

"They found what was left of an old Indian up in a tree," he said. "That sounds like a burial ground to me."

Steve Bennett, assistant manager of the BLM's Glenwood Springs field office, said a sensitive site in a lease area was found last fall.

"But it's not a burial ground,"

he said. "We have to be extremely sensitive to the Native Americans who were here before, and we don't want to attract attention to the site. And we feel we have adequate protections in place" to allow the station to proceed without damaging the site.

The compressor station will occupy about four acres and is needed to move gas from new wells into the company's distribution system. The site — less than a mile from the nearest home — is the company's second choice, after residents voiced concerns about an initial site on top of the mesa.

Compressor stations have several large fans and motors that constantly run, pumping gas from low-pressure gathering pipelines into high-pressure distribution lines.

"Compressors are always a

noise issue," Bennett said, "so the company is working to mitigate that by enclosing it in a building, using quieter electric motors instead of ones that use natural gas. But I know the homeowners association board continues to have concerns."

Encana spokesman Alan Boras said added critical silencers — an added expense — will bring the station down to levels "significantly lower" than state standards.

Work on the compressor station could start within the next month and last for a couple of months.

Closs was also critical of reclamation of pipeline corridors and well sites.

Encana Vice President Eric Marsh said the company would comply with state reclamation regulations once the pipeline is finished.



# Williams proposes natural gas plant

By Donna Daniels  
Staff Writer

Williams Production Co. of Tulsa, Okla., is planning to build a natural gas processing plant and 17-mile pipeline near Parachute.

The processing plant would be located about five miles north of Parachute, adjacent to American Soda and near Williams' office on County Road 215.

The 20-inch pipeline would run five miles from the plant to the Interstate 70 corridor, and then 12 miles along the highway to meet the TransColorado gas collection pipeline a mile west of DeBeque.

Williams has applied for a special use permit from Garfield County to collect natural gas from its approximately 600 natural gas wells in the area and process it to a sellable grade.

Late last year Williams purchased approximately 1,800 acres north of Parachute from Unocal. The bulk of the property and the proposed site of the gas plant, 1,370 acres, was Unocal's man camp and RV park, which housed workers during the oil shale boom in the early 1980s, said county planner Randy Russell.

Russell expressed concerns for the plant involving water rights, fire protection, site reclamation and potential impacts to Parachute Creek from leaked gas and its byproducts.

He recommended, and the commissioners agreed, to continue the public hearing to June 17 to give

Williams time to provide more information about water rights.

According to Russell, a water well on the Unocal property, which would be used for irrigation, dust control and in natural gas processing, was not deeded to Williams when it bought the property from Unocal.

"There is concern about actual decreed well allocation for water and augmentation plans, where Williams is not mentioned as a deeded interest," Russell said.

Nor has Williams submitted a plan for reclaiming the site after its useful life is completed.

"The applicant will also need to submit a storm water runoff and emergency containment proposal, with special attention to the proximate riparian areas and Parachute Creek," Russell said.

Parachute Creek runs through the property and the pipeline would cross it at one point. The plant would be within 100 yards of the creek, Russell said.

Sid Lindauer, a Parachute rancher, voiced his concerns about the plant Monday.

"I live a half mile south of two small gas processing plants. Every night I go to sleep hearing the noise from the compressors in those plants," he said.

Another, larger plant will compound the problem, he added.

Lindauer also expressed concern about potential pollution of Parachute Creek, as well as air in the valley, from the plant's emissions.

"There is no background data on air quality (in the valley) and water quality in Parachute Creek. I'd like to see that before the new processing plant is constructed," he said.

Lindauer also said he is building a new house on his property.

"My grandchildren will be here in the summer. I want to make sure they are breathing good air, and my livestock are not drinking bad water," he said.





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## 05.26.02 Canadian company eyes Silt

By MIKE McKIBBIN *The Daily Sentinel*

SILT — A Canadian energy company has approached property owners outside Silt to seek agreements that would allow them to drill coal-bed methane natural-gas wells in an area where no such activity has occurred.

Encana wants mineral-rights agreements from area property owners to avoid the withdrawal of a portion of the Hunter Mesa federal drilling unit of the Mamm Creek gas field, according to property owner Ron Dodd.

Encana officials could not be reached for comment and further details last week.

The possible coal-bed methane wells, along with already-producing conventional gas wells in the area, have led residents to schedule a public meeting next month to try to inform people of their rights and help try to mitigate the effects of drilling.

While some coal-bed methane wells were drilled in the Divide Creek area south of Silt in the early 1990s, none were very prolific, according to the Colorado Oil and Gas Conservation Commission.

However, Deputy Director Brian Macke said technology has improved greatly since then, which might make coal-bed methane more feasible.

Coal-bed methane development sometimes requires the pumping and disposal of large amounts of groundwater often tainted with salt or other minerals.

Dodd said Encana personnel told him they have "expertise in coal-bed methane development," and needed his mineral rights to help avoid the loss of part of the Hunter Mesa unit overseen by the Bureau of Land Management.

"If they don't drill on each section of that unit within a certain time, the unit shrinks down," Dodd said.

"So they need to drill where there aren't any wells or they could lose their (federal) mineral rights."

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Dodd, who owns about 800 acres and a portion of the mineral rights under that land, said he does not oppose Encana's plans.

"I really don't care," he said. "If the gas is here, they'll come anyway. If they make me a decent offer, I'll sign the lease. This is America, the land of opportunity."

"No one is saying they don't have the right to go after the minerals," said another landowner, Sue Daley. "We just want to see if we can get this in the light of day, and that they do this with the least disruptive process."

Daley said she hopes Encana makes its coal-bed methane project an example of how to coexist with the ranchers and farmers in the area.

"Maybe they could make this a poster child of clean energy exploration," she said.

Daley said she and other neighbors have scheduled a public meeting for June 18 at the Silt Community Center to explain mineral rights leases and other issues.

Virgil Howard owns half the mineral rights under half of his 12-acre property. Encana already owns the other half and contacted him about obtaining the rest. He hadn't signed a lease as of Friday.


"I think I'd be kind of hypocritical if I said no, you can't have them," Howard said, "and then turn around and cook something on my gas stove."

However, Howard said he also wants the drilling done right. "Do it respectfully of the land and the people around here, and I won't care," he said.

"The bulldozer philosophy of some of the operators that say, 'It doesn't matter, we own the mineral rights,' is not correct. Even if it is legal, there are better ways," he said.

Howard said the area is residential, even though the homes are not very close together.

"This isn't like the frontage road leading to the Garfield County landfill," where the land is dotted with many gas wells, he said. "I want them to do it right; come in, clean up and move on."

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GRAND JUNCTION "DAILY SENTINEL"  
MAY 15 '02

# Oil, gas development moratorium won't affect 5 Delta wells

By AARON PORTER  
The Daily Sentinel

PAONIA — A new moratorium on oil and gas development in Delta County will not affect five proposed coal-bed methane wells that have spurred a public outcry.

The Delta County Commission issued the nine-month moratorium Monday to permit research into an industry that is poised to explode due to booming natural-gas prices.

"The burden is on the gas company to answer these questions before we make a decision (on future coal-bed methane development)," Commissioner Ted Hayden said.

Gunnison Energy Corp. has leased about 96,000 acres and is seeking permits for five wells to explore this year for lucrative methane reserves beneath the rural landscape. It may drill up to 600 wells if tests prove economically viable.

The proposal ignited a clamor of dissent at recent public meetings.

Angry residents fear it may yield far-reaching impacts to the community, the economy and the landscape.

Critics cited impacts to other

Colorado communities, including domestic water wells that dried up, methane that migrated from wells into neighboring homes, production noise and alteration to the landscape.

Coal-bed methane production would augment the nation's energy supplies, but sacrifice Delta County in the process, Paonia resident Joy McNulty said.

"We're going to be living in the middle of a national sacrifice area," McNulty said during a packed-house meeting in Paonia Monday night.

Gunnison Energy is capable of extracting methane from local coal seams without harming the community or environment, company vice president Tony Gale said.

"What I hope is that we can find some common ground," Dale said. "This issue has been painted as black and white, as either-or. I hope that we can find some common ground that benefits the community and ourselves."

Coal-bed methane is a clean-burning fuel source employed in homes, industry and power

## MORATORIUM: Residents speak against company

► Continued from page 1B

plants. Colorado is among the largest sources of coal-bed methane in the nation.

It is extracted by drilling a well into coal seams and removing the subsurface water. Methane trapped on the coal then vents to the surface and is piped to transmission lines that carry it to energy users.

The resource could provide jobs, taxes and an economic boost to the county, Gale said.

The company will be sensitive to the environment and local communities, he said. It plans to reclaim well sites as production progresses and limit noise and visual impacts to neighbors, he noted.

But every resident who stood during the Monday meeting spoke against it.

The potential impact to water sources was of paramount concern. Residents feared that removing water to get at the methane may lower or contaminate vital groundwater sources for drinking and irrigation.

The moratorium stunned residents who were largely unaware the county commission had even discussed it, said Jeremy Puckett, assistant director of Western Slope Environmental Resource Council.

"At this point, we as an organization are excited by the county commission's decision to place a moratorium, but it certainly doesn't mean that we're going to lower our guard," he said. "It doesn't necessarily mean that we're any more relaxed, it just signals to us that progress is being made and we are having an effect on that process."

The moratorium, which ends Feb. 13, 2003, provides time for the county to research potential benefits and impacts of coal-bed methane development.

The county commission also plans to "create an addendum" to its regulation on large-scale development.

The regulation mandates specific activities to mitigate traditionally high-impact land uses, such as mineral extraction, salvage yards, feedlots and golf courses. It is too vague to adequately restrict impacts of coal-bed methane development, critics have said.

The moratorium applies to all future applications for gas and oil drilling, pipelines, transmission lines and related activities.

It does not include Gunnison Energy's application for the five exploratory well permits, which had already been filed. The company has announced plans to seek permits for 20 production wells if the resource proves economically viable.

Aaron Porter can be reached via e-mail at [aporter@gjds.com](mailto:aporter@gjds.com).

See MORATORIUM, page 3B ►

*Test well application is not affected*

# County sets moratorium on gas and oil applications

By Annette Brand  
Staff Writer

Delta County Commissioners Wayne Wolf, Ted Hayden and Jim Ventrello adopted a nine-month moratorium on specific development applications for gas and oil activity at their May 13 meeting. The moratorium will extend through Feb. 13, 2003.

Gunnison Energy's application for four test wells is not affected by the moratorium.

The moratorium applies to applications for gas and oil drilling, pipelines/transmission lines, and associated oil and gas land uses for compressors, collector lines, etc.

Wolf said, "We intend to use this time to create an addendum to the county's specific development regulations which will set out performance standards for these types of land uses. We will look at regulations in other counties and adopt an addendum that is done right and done

well."

County planning director Kelly Yeager said the specific development application filed by Gunnison Energy Company addresses four test wells as phase one. The remainder of the application addresses the pipeline and additional wells and is considered phase two.

Wolf said approval of the test wells does not necessarily mean approval of the remainder of the original application. "We can look at the second phase after the nine months' moratorium," he said.

Ventrello said Gunnison Energy will not have gotten through the environmental impact statement process before the nine months' time. "Adoption of the performance standards will enable us to act instead of reacting," he said.

County administrator Susan Hansen suggested the commissioners establish a gas and oil task force to begin work on the performance standards.

Hayden agreed, saying, "This kind of development will have a long-time impact on the county. I would like for people to submit their questions for what they want to see in performance standards. People say, 'Just say no.' Well, we can't do that. If we do, the state will make the decision. With performance standards, the burden will be placed on Gunni-

See Moratorium, Page 3A

## Moratorium

Continued from Page 1A  
son Energy to answer the questions."

The series of public meetings will continue as originally scheduled.

On May 29, at 7 p.m., the last public informational meeting will be held at Memorial Hall in Hotchkiss as a joint meeting of three area planning committees.

The formal review process then begins and proceeds as follows.

June 4, 7 p.m., Leroux Creek Area Planning Committee, Memorial Hall, Hotchkiss;

June 5, 7 p.m., Surface Creek APC, Community Center, Cedaredge;

June 10, 7 p.m., Upper North Fork APC, Paonia Town Hall,

Paonia;

June 13, 7 p.m., county planning commission review, County Courthouse, Room 234; and

June 17, 3 p.m., Board of County Commissioners review, County Courthouse, Room 234.

The commissioners continue

to receive scores of letters from constituents every week. If a letter is addressed to just one commissioner, a copy is made for the other two. The comments in the letters are considered by the commissioners and maintained in a file for future reference.



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**News****Sports****Money****Features****Community****Classifieds****05.28.02{M5 Drilled-up controversy reflects shift in values***By AARON PORTER The Daily Sentinel*

CEDAREIDGE — The widespread resistance to coal-bed methane extraction in Delta County represents a wide shift in values from two decades ago, when natural resources were plied liberally to buttress an economy in the grip of recession.

"We made it through the tough times. We are thriving and we don't need the money like we did in the 1980s. We need the quality of life more," said Nikki Cernusak, a Cedaredge real-estate agent.

The excellent quality of life — manifested in that very landscape — is a vital resource in Delta County, Cernusak said. It entices retirees, tourists, small business and industry, broadening the county's economic base.

The shift in values has yielded unlikely allies against the Gunnison Energy Corp. proposal to extract methane gas from local coal deposits.

"It represents all walks of life," Cernusak said. "It's the first time I've seen this county united on one issue in my whole life, and it makes me proud."

Delta County residents have overwhelmingly demanded strict regulations, if not an all-out ban, on coal-bed methane development.

The outcry prompted county commissioners to issue a nine-month moratorium May 13 on new coal-bed methane drilling permits while it tightens up its land-use regulation.

Gunnison Energy Corp. had already applied for permits to drill exploration and production wells, and to construct a 6.5-mile pipeline. It postponed the production phase until after exploration permits were issued.

What is unclear is if the second production phase falls under the moratorium, Commissioner Jim Ventrello said. However, the environmental review for federal leases will likely take longer than nine months, he said.

The coal-bed methane developers would have completely circumvented

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Delta County's planning department two years ago.

The county inked a regulation for large-scale developments, including gas drilling, in November 2000.

It mandates a development agreement before construction, based on public review and established performance standards. Those standards limit impacts to the community and local resources, such as public nuisances, sprawl, wildfire hazards and inadequate infrastructure.

It does not spell out specific performance standards for coal-bed methane development, which was unheard of in Delta County two years ago.

The regulation maintains the sense of urgency that has marked land-use development in Delta County for decades.

The county's area planning committees in Paonia, Hotchkiss and Cedaredge received Gunnison Energy's proposal two weeks before they were slated to issue recommendations. The County Commission is expected to issue a ruling on the first exploratory phase June 17.

"On one hand I'm glad we have any regulations at all, but on the other hand I'm sort of feeling this crying need for better standards," said Paolo Bacigalupi, a member of the North Fork Area Planning Committee.

The moratorium gives county officials time to research the industry and establish specific performance standards for coal-bed methane extraction. It will use those standards to formulate a development agreement with Gunnison Energy.

The plan is reasonable if it doesn't stifle the industry, said Tony Gale, Gunnison Energy vice president.

"It's always much easier to deal with regulations that are specific. You can plan your business better," Gale said.

The county could find that regulation difficult to enforce if the company resists.

The Colorado Oil and Gas Conservation Commission has strong regulatory powers on coal-bed methane development that apparently supersedes local authorities, Ventrello said. Counties can control roads, but little else, he said.

The Oil and Gas Commission's mission is to promote development of oil and gas resources.

"That's what we're finding and learning and it gets a little bit depressing," Ventrello said.

Delta County is in a strong position to manage coal-bed methane development at the outset.

"You need to make sure that you get as much in place ahead of time, as opposed to playing catch-up. If you know what's coming, you can deal with it. Don't wait to see what's going to happen," said La Plata County

Commissioner Josh Joswick.

When La Plata County issued regulations to restrict surface impacts, it was sued by both the industry and the state agency responsible for protecting citizens from the negative impacts of oil and gas development.

"We've been at odds with them ever since we started doing it. It's a real bone in their throat, that we felt we could use our authority to regulate what goes on on the surface," Joswick said.

The first major development of coal-bed methane was launched in La Plata County in the early 1980s.

Coal-bed methane now pays about 50 percent of the property taxes in the county, Joswick said. It provides steady jobs with good wages, employs local contractors and makes a sizable contribution to the economy.

But there were side effects, Joswick said.

It clashed with booming residential construction, another strong economic sector in the county. The industry also put heavy equipment on roads that were not designed for that weight, although it is unclear if those roads would have deteriorated so fast without the concurrent residential growth.

La Plata County inked its first set of regulations in 1991, and prevailed in a lawsuit from a coal-bed methane company.

The regulations dictated certain measures to limit impacts to surface owners. The measures included mandatory emergency plans, proper access on county roads, visual mitigation and setbacks from residences.

Several years later, the county adopted more regulations that allowed surface owners to dictate where the well was placed on their property.

The Oil and Gas Commission and an industry association both sued the county over the measure. A judge initially ruled against the county, but upheld a later revision of the measure.

The county has never denied a well under its regulations, Joswick said.

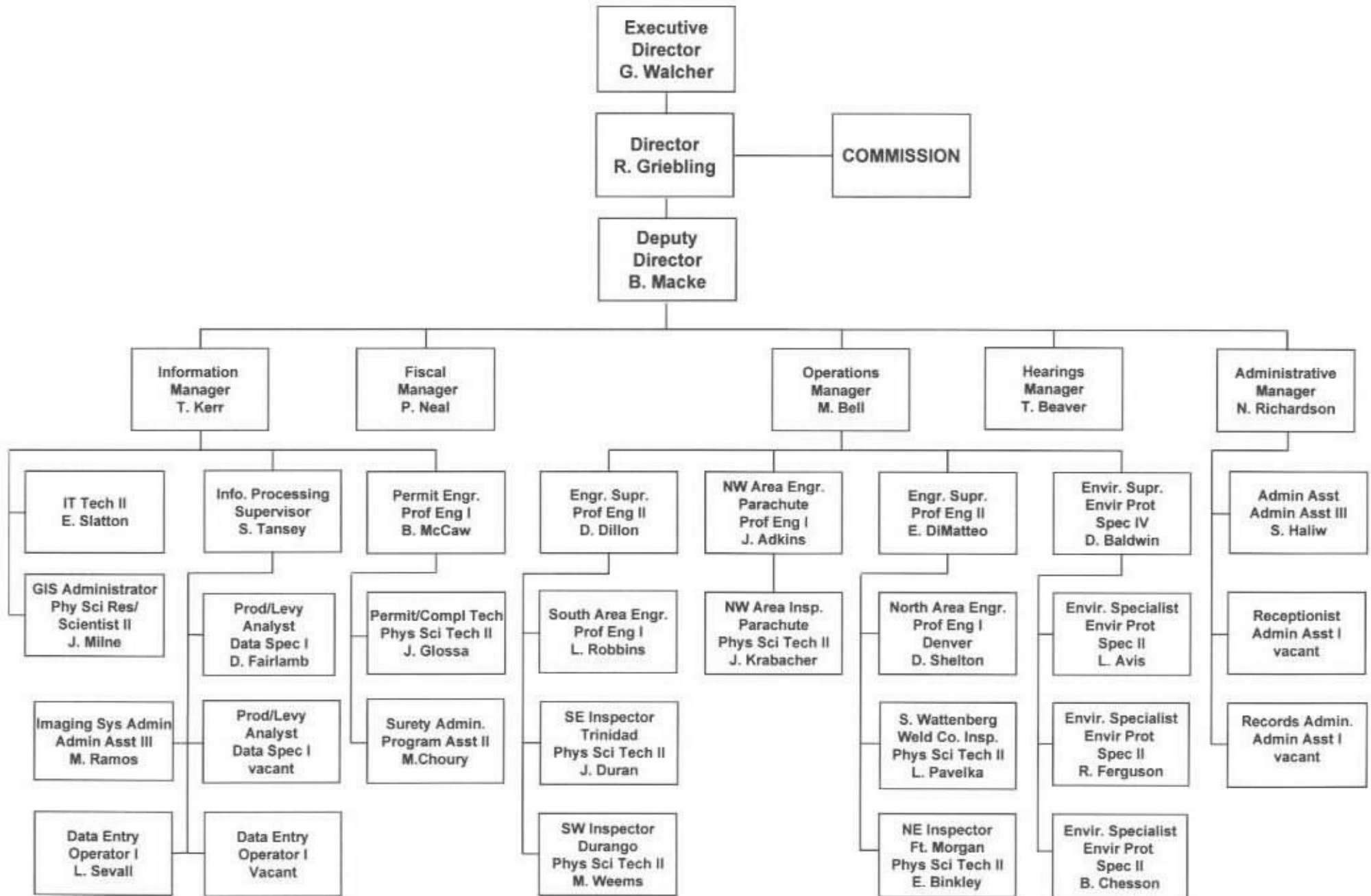
Gunnison Energy wants to find a "common ground" with residents that will allow drilling while being sensitive to their concerns, Gale said. The company is planning to take steps to mitigate noise and visual impacts that far exceed what's mandated by state officials, he said.

"What I see is there's a corporation that wants to come in here and perform legalized rape on our community. What I want to know is, what kind of common ground is there between a rapist and his victims?" asked Pat McFadden at a recent meeting in Paonia.

The Delta County Planning Commission will host a meeting Wednesday to discuss the comments aired by residents during four public meetings that began in April. The meeting begins at 7 p.m. at Memorial Hall in Hotchkiss.



# COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION



# PENALTY PAYMENT STATUS

UPDATED:

05/20/02

## 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	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	Nerdlich 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, 908 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.	\$16,000	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 1-166
1V-62	11/22/93	12/14/93	Richmond Petroleum Inc.	\$47,606	Rules 317 f, 902 g 1, 906 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	06/20/97	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	Pont Lockout 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: July, 2002

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Prelim

5/30/2002

No.	Cause	Applicant/Attorney or Representative	Date Rec'd	Field Formation County	Matter	Remarks
0207-EX-02	112	44 Canyon, LLC/ Mike Wozniak	5/24/2002	Ignacio-Blanco Fruitland Coal La Plata	Request for an order to allow the drilling of the Eagles #1-2 Well at an exception location 690 feet from the west line and 1,465 feet from the south line in the SW¼ of Section 1, Township 34 North, Range 9 West, N.M.P.M.	
0206-OV-05	1V	Staff Recommendation	4/24/2002	La Plata	OFV- Rule 1003 a., failure by MarkWest Resources, Inc. to remove guy line anchors on crop land at the Tiffany No. 2-17 Well located in the NE¼ NW¼ of Section 17, Township 32 North, Range 6 West, N.M.P.M.	con't from June
0207-OV-06	1V	Staff Recommendation	3/15/2002	Washington	AOC - Rule 324A.a., 324A.b., 902.a., 907.a.(1), 907.a.(2), and 907.c., failure by Alfred Ward & Son Operating Company to ensure that E&P waste is properly stored, handled, transported, treated, recycled or disposed and for the unauthorized and intentional discharge of produced water into adjacent surface waters for the State #1 and #2 tank battery in the NE¼ SE¼ of Section 36, Township 3 South, Range 54 West, 6th P.M.	
0207-OV-07	1V	Staff Recommendation	2/28/2002	Baca	AOC- Rule 302, 312, and 706, failure by Oneok Resources Company to provide a Registration for Oil and Gas Operations, Certification of Clearance and/or Change of Operator, and financial assurance for the Bauman A #1-2 Well in the SW¼ SW¼ of Section 2, Township 33 South, Range 42 West, 6th P.M.	
0207-GA-06	112	Texaco Exploration	5/30/2002	Ignacio-Blanco Fruitland Coal La Plata	Request to allow the West Animas-University #9-3 Well to be located 1085 feet FSL and 2300 feet FWL in the SE¼ SW¼ of Section 9, Township 34 North, Range 9 West, N.M.P.M., within one and one-half miles of the outcrop contact between the Fruitland and Pictured Cliffs Formations.	