

## MONTHLY STAFF REPORT - August 19, 2002

### I. STATISTICS

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

Approved Applications for Permit to Drill (APDs") through the end of July 2002 total 1188; equivalent to an annual rate of 2045 which is 10% below last year's second highest record 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 Wednesday, October 2, 2002 in Rangely from 10:00 a.m. to 2:00 p.m. at the Chevron Rangely Field Office. **(Note - This date has been changed since the July Staff Report).** 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 newspaper articles about topics of local concern. ("[Mineral Development Compromise Reached](#)")

#### .. Gunnison Energy Corporation Natural Gas from Coal Seams and Sands in the Mesaverde Formation Exploration Program Proposal in Delta County

Gunnison Energy Corporation ("GEC") has been working with Delta County officials and COGCC staff to prepare for an exploratory drilling program to test the Cameo Coal Formation and sands in the Mesaverde Group for natural gas production in Delta County. GEC, an affiliate of Oxbow Power Corporation, which operates the Oxbow coal mine in Somerset, has a leasehold of approximately 96,000 acres on the south flank of the Grand Mesa between Cedaredge and Paonia. GEC has filed the Delta County Application for Specific Development for the project, which is initially for five wells, four of which are planned to be drilled this year, each approximately six miles apart. All five of the well sites are located on property where the fee surface owner also owns the mineral estate. The Delta County process involves review by three Area Planning Committees, which make recommendations to the Delta County Planning Commission, which then makes recommendations to the Delta County Commissioners. It has been 12 years since the last APD was filed in Delta County.

GEC submitted the County Application in March 2002, and since that time there have been twelve public meetings of the three Delta County Area Planning Committees, the Planning Commission, and the County Commissioners to gather information and consider the

application. The meetings have been extremely well attended by the public, a majority of whom has expressed adamant opposition to the project. Groups who have been represented at the meetings include the Western Slope Environmental Resource Council, the Grand Mesa Citizens Alliance, several water users associations and water companies, and the Delta County Board of Realtors, among numerous others. In May 2002, the Delta County Commissioners adopted a nine-month moratorium on Specific Development applications for oil and gas activity. Gunnison Energy has stated that they intended to make substantial progress in working through the local Delta County process before submitting applications to the COGCC for Applications for Permit to Drill ("APDs"). Beginning in June, 2002, GEC began submitting APDs to the COGCC for all five wells.

The Delta County Local Governmental Designee ("LGD") had requested a ten-day extension to the seven-day LGD comment period as provided for under COGCC Rule 303. In addition, the Delta County LGD and numerous parties in the area submitted written requests for the Director to withhold issuance of the drilling permits until a hearing on the APDs could be conducted, as provided for under COGCC Rule 303.k. This rule allows the Director to withhold the issuance of a permit for any proposed well when, based on information supplied by a surface owner or local governmental designee, or by staff analysis, and where appropriate as confirmed by an onsite inspection, the Director has reasonable cause to believe that a proposed well location raises significant concerns regarding potential adverse impacts to public health, safety and welfare. Onsite inspections of proposed wellsites for the Lone Pine #1, the Stevens Gulch #1, the Dever Creek #1, and the Spaulding Peak #1 Wells were conducted on July 2, 2002 by COGCC staff, the Delta County Commissioners and LGD. Confirmation that the surface owners of the proposed well sites are in agreement with the well sites and access roads locations was obtained as part of the inspection. All of the written comments that were submitted by the LGD and citizens were carefully reviewed to determine permit conditions necessary to address issues related to potential adverse impacts to public health, safety and welfare that were not already addressed by the APDs or existing rules and regulations. This analysis yielded several conditions that were attached to the APDs. Following this review, it was concluded that there was no basis for withholding issuance of the APDs or for conducting a hearing under Rule 303.k. The COGCC has issued conditioned APDs for the Lone Pine #1, the Stevens Gulch #1, the Dever Creek #1, and the Spaulding Peak #1 Wells, which were complete application packages with all notice and comment periods having been expired.

On July 8, 2002 at the Delta County Middle School auditorium, the Delta County Commissioners held a public hearing to consider the recommendation from the Planning Commission. The Planning Commission had recommended that the test wells be approved with 36 conditions attached regarding a wide variety of concerns. The Delta County Commissioners and LGD had requested that a representative of the COGCC staff or Commission attend the hearing; thus Brian Macke was in attendance. The eight-hour hearing included presentations by GEC and the Grand Mesa Citizens Alliance, questions from the Delta County Commissioners, and public comment by approximately 50 people, all but one of whom expressed fervent opposition to the project and strongly requested that the Commissioners deny the GEC applications.

On July 22, 2002, the Delta County Commissioners voted 3-0 to deny the Specific Development applications for the Stevens Gulch #1, the Dever Creek #1, the Spaulding Peak #1, and the Keep & Son Cattle Company #1 (which is an alternate location not planned to be drilled this year) Wells, and voted 2-1 to approve the application for the Lone Pine #1 Well.

On August 2, 2002, a lawsuit was filed in the City and County of Denver District Court by Delta County, along with nineteen individuals or entities, naming COGCC Director Rich Griebeling, the Colorado Oil and Gas Conservation Commission and GEC as defendants. The lawsuit is based on the following allegations:

1. Denial of procedural due process

2. Denial of equal protection - failure to recognize standing of persons who might be affected by the issuance of the permit. None of the parties is a surface owner where the wells will be located. They claim potential harm to water quality and quantity, environment, wildlife, aesthetics (visual and noise), business interests, and property values.

The private plaintiffs seek monetary damages and injunctive relief rescinding the permits. Delta County seeks a declaration that the permits are unlawful and should be set aside, and a remand of the matter to the COGCC for further proceedings.

Newspaper articles about the Gunnison Energy Corporation project are attached. ("[County Challenges State's Authority Over Gas Drilling](#)", "[Delta Says 'No' To Wells](#)", "[One Well Gets OK](#)")

#### Delta County and Gunnison County Moratoriums on Oil and Gas Well Drilling Applications

In May 2002, the Delta County Commissioners adopted a nine-month moratorium on Specific Development applications for oil and gas activity in response to the above captioned GEC exploratory drilling program. In July 2002, in response to an application by SG Interests, Ltd. for an exploratory natural gas from coal seam drilling program, the Gunnison County Commissioners unanimously passed a nine-month moratorium on all new oil and gas drilling applications, which coordinates with the moratorium passed by neighboring Delta County. The stated purpose of the moratorium is to give the counties time to draft new regulations on oil and gas drilling and production. On July 18, 2002, the COGCC Commissioners sent a letter to the Delta County Commissioners and the Gunnison County Commissioners expressing concern about the potential future impacts of the moratoriums and the local regulations being contemplated on the COGCC's ability to regulate oil and gas operations in accordance with applicable law.

#### 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. During the week of May 27, 2002, twenty air sampling chambers were distributed at seven different locations as follows: 1) a producing Williams Fork gas well that is equipped with a vapor combustion (odor reduction) unit, 2) a producing Williams Fork gas well that is not equipped with a vapor combustion unit, 3) a well that is undergoing completion operations and is being flared, 4) in the town of Parachute, down-valley from several gas wells, 5) near Parachute Creek, up-valley from several gas wells, 6) in the town of Newcastle to represent similar town conditions to Parachute but without the nearby gas wells, and 7) near a residence in Red Apple subdivision in the Rulison Field.

In addition to the canisters, which sampled air that was analyzed for organic compounds, monitors were set up to measure NOX, NO<sub>2</sub> and SO<sub>2</sub> at the flaring well site. The analysis of the air samples has been completed, and the data has been compiled. The APCD and the EPA will convene a meeting of the GVCA, Williams Production Company, other members of the public and COGCC staff to discuss the results. This meeting, which has not yet been scheduled, will most likely be in late August or early September. The cost of the sampling and analysis is approximately \$1,500 per canister, with a total cost of approximately \$30,000.

A newspaper article about Williams is attached. ("[Williams Grows In GarCo](#)")

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

COGCC staff continues to work with Williams to process 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 94 APDs submitted by Williams for the increased well density area.

Since the July 2002 hearing, the COGCC has received four APDs for the 20-acre infill area. The four APDs (Exxon/Mobil PA 21-28, Exxon/Mobil PA 321-28, Williams GM 41-1 and Williams GM 341-1) are for one vertical and three horizontal wells off existing well sites north of the Colorado River and east of the town of Parachute. None of the four APDs require additional permit conditions.

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. SOUTHEAST COLORADO**

#### **♦ Raton Basin Project**

Laboratory values for gas and water samples in the Raton Basin project are being quality checked before incorporation into the COGCC web site. The gas composition will be normalized and cation and anion values will be balanced.

### **IV. ENVIRONMENTAL ISSUES**

#### Emergency beneficial use of produced water granted by District II State Engineer

Steve Witte, Division Engineer has approved the emergency use of produced water from gas wells operated by Petroglyph Operating Company in Huerfano County. The primary source of water has gone dry for the Willis subdivision east of La Vita, near Walsenburg. The produced water will be put to non-potable uses such as bathing. The average Total Dissolved Solids of the produced water is 850. Steve's [justification](#) is attached.

.. COGCC Annual Report to the Water Quality Control Commission (WQCC)

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

.. 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.

.. Rule Making Proposed to the WQCC

In an ongoing program to resolve discrepancies between the EPA requirements for UIC programs and the WQCC standards and classification for ground water, Loren Avis, Debbie Baldwin, and Ed DiMatteo continue to work with staff from both agencies.

A new rule has been proposed that would apply to the Lansing Formation in the Campo Field in Baca County (proposed WQCC Rule 42.7 (51)). COGCC staff will present the proposed rule at the WQCC hearing scheduled to begin at 1:00 p.m. on September 9, 2002 in the Florence Sabin Conference Room of the Colorado Department of Public Health and Environment (CDPHE), 4300 Cherry Creek Drive South, Denver.

**V. ORGANIZATION**

® Staff Organization

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

We welcome Audra Serlet as our new Receptionist; she begins work with the COGCC August 20, 2002.

**VI. PLANNING/ADMINISTRATION/OTHER**

® Rulemaking to Raise Mill Levy

Because of the recent significant drop in Colorado gas prices, a rulemaking hearing has been noticed for the September 23 hearing to raise the mill levy effective for the July, August, and September 2002 quarter for which payment is due in November 2002. Current projections (which will be finalized at the time of the rulemaking) indicate the levy rate will need to be increased from 0.8 mills to 1.1 mills. Without the mill levy increase, revenues would be insufficient to fund COGCC operations. Attached is a newspaper article about the drop in gas prices. ("[Oversupply Of Natural Gas Burns Up Producer's Profits](#)")

## COGCC FY 03-04 Budget Change Requests

The following are the three FY 03-04 Budget Change Requests for Severance Tax funding that have been submitted by the COGCC:

1. **Asset Management Plan.** This request is for \$70,744 from the Severance Tax Operation Account to meet State and Department standards requiring that an asset management plan be implemented to meet technology changes on a regular basis. Increased customer demand for Internet services requires COGCC to continue to improve its applications and upgrade existing hardware and software applications.
2. **Remote Staff Decision Support.** This request is for \$101,955 from the Severance Tax Operational Account to provide 15 field workstations (laptop computers with COGIS database) for COGCC field engineers, inspectors and environmental protection specialists. It also includes \$23,545 in FY 05 and thereafter for ongoing maintenance. The workstations will allow the field staff to query the system for detailed well information, inspection history, and violations of all existing oil and gas operations in an inspector's area. The package will include Global Position System (GPS) to identify locations that have been reclaimed and facilities that are incorrectly located as well as digital cameras to facilitate the exchange and storage of pictures showing actual field conditions.
3. **Internet Enabled Form Processor.** This request is for \$372,900 from the Severance Tax Operation Account to convert existing form processor to an Internet programming language and complete the forms that have not been created in any form processor. This will allow for all COGCC forms to be available on the Internet and provide the functionality for an automated workflow for staff review and approval. Allowing COGCC to input data on the Internet and run preliminary quality control edits will decrease turnaround time for approvals and data availability by eliminating data entry delays at the COGCC. This will also allow for more rapid review and approval by technical staff of forms that are not currently in the automated workflow.

The change requests were submitted to the MEGA Board at their June 18 meeting in Glenwood Springs. The Board voted unanimously in favor of recommending approval of all three change requests. The COGCC met with the Department of Natural Resources Executive Director's Office on July 24 to review the Budget Change Requests.

Two of the three decision items have made it to the Department of Natural Resources priority list. The Remote Staff Decision Support Change Request is Department priority 14 and the Internet Enabled Form Processor Change Request is Department priority 15.

### ® 2001 Outstanding Oil & Gas Operations Awards

The 2001 Outstanding Operator Awards were presented by DNR Executive Director Greg Walcher and COGCC Chairman Stephen Sonnenberg on August 6, 2002 at the COGA Rocky Mountain Natural Gas Strategy Conference. Operators receiving the awards were Tom Brown, Inc., BP America Production Company, J. M. Huber Corporation, Evergreen Resources, Inc., and El Paso Energy Raton, L.L.C. A copy of the [award narrative](#) is attached. 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.

.. Colorado State Fair – COGCC Participation

The COGCC is participating along with the other Department of Natural Resources Divisions in providing exhibits for the Colorado State Fair Natural Resources Building in Pueblo. The COGCC exhibit consists of a large format display with an oil and gas well map of Colorado and other informational material, a working progressive cavity pump donated by Evergreen Resources, a six foot tall working scale model drilling rig donated by Baker – Hughes, Inc., and a working scale model rod pumping unit, a drill bit, and reservoir rock cores donated by Dr. Craig Van Kirk and the Colorado School of Mines Petroleum Engineering Department. The donations for the COGCC exhibit are greatly appreciated.

.. IOGCC CO<sub>2</sub> Sequestration Workshop

The Interstate Oil and Gas Compact Commission (IOGCC) and the U.S. Department of Energy (“DOE”) convened a meeting on July 17-19, 2002 in Alta, Utah to explore the issue of CO<sub>2</sub> sequestration and state interest in pursuing development of model state regulations for sequestration. Brian Macke and Colorado State Geologist Vicki Cowart represented Colorado at the meeting. The DOE Carbon Sequestration Program is actively pursuing research and development related to greenhouse gas mitigation strategies. Geological sequestration is a major thrust within the DOE program. The goal of the CO<sub>2</sub> sequestration project is to safely dispose of waste CO<sub>2</sub> from sources such as power generating facilities and refineries. Geological sequestration includes enhanced oil recovery, similar to the CO<sub>2</sub> flood currently occurring in the Rangely Field in Colorado, and enhanced coalbed methane projects, similar to those that have been tested in the San Juan Basin in New Mexico and Colorado, as well as long term injection and storage in other types of geologic formations.

The workshop developed a workplan that includes the following:

- 1.) Request the IOGCC to take a policy position on CO<sub>2</sub> sequestration, beneficial use, and storage.
- 2.) Mobilize resources to begin development of regulations and guidelines.
- 3.) Recommend that DOE characterize CO<sub>2</sub> sink sites so that state regulations can be developed for these sites.
- 4.) Recommend that DOE continue and expand detailed research on reservoirs, coal beds, and technologies for sequestration and enhanced oil and gas recovery.

® Fire Prevention Directive for Oil and Gas Operations

On June 21, 2002 the Director issued a Fire Prevention Directive for Oil and Gas Operations. The directive was issued as a result of the increasing fire danger in the state and the growing concern from citizens that oil and gas operation might cause fires. The directive was intended to emphasize existing statewide rules and provide guidance at this time of extreme fire danger. This directive is included in the staff report and is also available on our website. The directive was also mailed to all active operators in the state.

® 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 "General" then "Natural Gas Category Determination". Additional information available on the website includes 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.

#### September Hearing Docket

A [preliminary docket](#) for the September 23<sup>rd</sup> hearing has been provided. Hearing dockets are updated on the COGCC website by clicking on "Hearings", then "2002 Hearing Schedules, Dockets, Agendas and Minutes".

Effective with the July 2002 hearing docket, hearing applications may be viewed online by opening the docket, then by clicking on the Docket Number. Once issued, the final Commission Order will be available by clicking on the Cause Number on the hearing docket.

#### Data Processing and Staff Workload

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.

Production data is complete through 2000. The 2001 data has not all been processed due to a vacant position and the recent hiring freeze. The position is expected to be filled by September 2002, at which time the backlog of reports will begin to be processed.

Drilling permits have the highest priority and will continue to be processed within the timeframes set up in the rules and regulations. Operators are encouraged to submit their applications complete and prior to end of the 30-day surface owner notice period to ensure that permits may be approved and available at the end of the notification holding period. Other forms are processed in the order in which they are received.

#### Monthly Report of Operations - Form 7

Since January 1999 production reporting (Monthly Report of Operations, Form 7) has been submitted by well by completed zone. This was a change from the previous format of



reporting by lease where multiple formations and wells were reported as a single entity.

Beginning in January 2002, all production reports are to be submitted either in hardcopy on the new Form 7 (revision 10/22/01) 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/acroapproval.html>) for \$39. This application allows the data to be saved to a computer.

There are currently more than 80 operators reporting electronically, accounting for 80.6% of the production reported in October 2000. This is an increase of twenty operators, or 7.3% of production reports, since June 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 being tested and should soon be available as procedures and documentation are finalized.

#### Conservation Levy, Form 8

The current Conservation Levy rate is set at eight-tenths mill (\$0.0008) per dollar. Beginning with the third quarter of 2001, Levy is filed on a new form totaled by operator. Previously the Levy was reported on a lease basis. 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.

#### 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 and although this will be a long-term project, the results will be well worth the effort.

#### Geographic Information Systems (GIS)

New tools are available that expand the functionality of the GIS for the end user. One tool allows the user to add points, lines, polygons, symbols and text to the viewed map. The user can then save their work to their hard disk and re-access it later. The other tool allows the user to select exactly which layers they wish to view on the selected map area. They can then save that setup on their hard disk and call it up later with the same settings. An example of how this could be used is to send the setup file to a partner with the selected layers and notes. The partner could then go to the COGCC web site, use the map tools to load the new setup file and view their partner's work. These tools are new; please report any problems to Jim Milne at [james.milne@state.co.us](mailto:james.milne@state.co.us) or 303-894-2100 x117 so they can be corrected.

#### 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.

#### COGCC on the Internet

The COGCC homepage has a new design that provides improved navigation and information organization. We hope that the changes have not caused any inconvenience to you. We will continue to make changes to make the site more functional and intuitive in its accessibility.

### 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.

### Image Indexing and Data Cleanup

The goal of Image Indexing is to go through all imaged documents to input the name and receipt 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 50,700 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 project is expected to be complete by the end of the month.

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, productivity levels have begun to increase with over 5,000 wells reviewed and updated.

### Local Government Information

The local government program is 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, 117 forms (43 counties and 74 cities) have been returned with 102 (42 counties and 60 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 or a legal description 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.

## **VII. VARIANCES**

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 Phillips, Peter Gas Unit A #2 Well. This is to be a Fruitland coal test in the SE¼ NE¼, Section 4, Township 33 North, Range 9 West. This exception location was requested in order to utilize an existing well pad and is approximately 180 feet east of the drilling window.

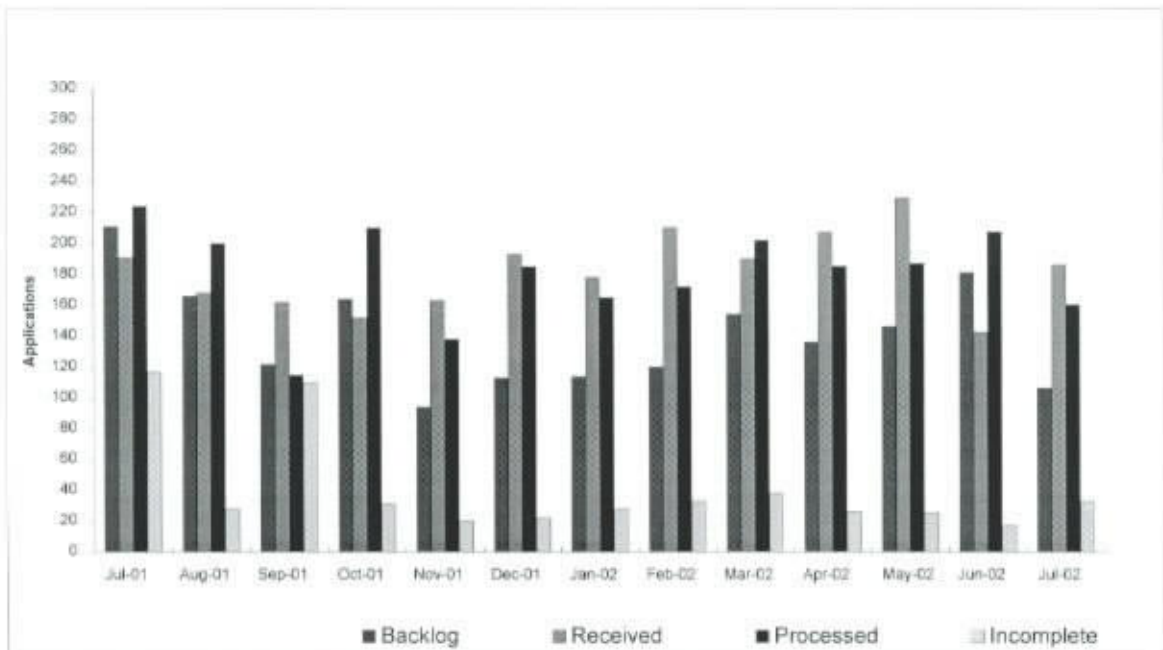
WesternGeco was granted a Rule 502.b. variance for a six-month time extension of the approved Form 20, Notice of Intent to Conduct Seismic Operations for the North Mail Trail 3D Project in Montezuma County. This variance was requested due to a delay in starting the project because of an extended federal government approval process.

# Colorado Oil & Gas Conservation Commission

## Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
<b>Drilling</b>								
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
Apr-02	132	195	176	10	0	26	115	141
May-02	141	203	172	6	0	24	142	166
Jun-02	166	126	182	9	0	16	85	101
Jul-02	101	166	140	0	0	33	94	127
<b>Recompletion</b>								
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
May-02	5	26	15	1	0	1	14	15
Jun-02	15	16	25	1	0	1	4	5
Jul-02	5	20	20	0	0	0	5	5
<b>Total</b>								
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
May-02	146	229	187	7	0	25	156	181
Jun-02	181	142	207	10	0	17	89	106
Jul-02	106	186	160	0	0	33	99	132

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

Page 1 of 2

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	488
	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	698
	MAY	36	241	238	8	7	0	2	0	7			72	157	6693	534
	JUN	36	194	257	12	14	2	3	10	49	22712		65	106	6090	644
	JUL	35	216	182	8	9	4	2	23	3	22742		81	116	10473	790
	AUG	37	177	151	22	17	3	4	25	18			67	75	12727	1341
	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	207
	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	5720
2002	JAN	25	161	175	3	4	2	0	43	27	22873		73	95	11673	1052
	FEB	27	164	204	5	3	2	1	9	25	22911		76	68	13679	195
	MAR	25	194	180	8	11	0	2	31	11	22930		58	55	13184	177
	APR	28	176	195	9	12	1	4	2	26	23040		65	67	12935	172
	MAY	33	172	197	15	26	5	6	41	10	23098		64	90	14492	216
	JUN	34	182	126	25	16	0	0	1	3	23156		57	69	13747	130
	JUL	31	140	166	20	20	2	1	7	6	23242		51	105	14801	133
2002	Total		1189	1243	85	92	12	14	134	108			444	549	94511	2075



Colorado Oil Gas Conservation Commission  
Monthly Statistics

Page 2 of 2

YEAR	MO	Bonds														Remediation Projects				Field Insp
		Operators		Release		Replace	Claim		Hearings		Violations			Cmpl	Spills	Rcvd	Comp			
		New	Inactive	Ind.	Blkt		Ind.	Blkt	Apps.	Order	NOAV	AOC	OFV							
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	7	793		
	MAR	5	3	6	0	9	0	0	2	3	4	1	0	9	11	12	3	854		
	APR	8	7	2	0	12	0	0	9	7	57	2	0	14	14	4	6	542		
	MAY	7	4	2	4	8	0	1	1	3	7	0	2	30	17	13	19	760		
	JUN	7	9	0	5	4	0	0	NA	NA	9	NA	NA	17	17	8	7	414		
	JUL	5	2	1	2	14	0	0	9	7	15	4	0	13	16	6	10	578		
	AUG	4	6	1	3	10	0	0	4	3	25	0	0	45	20	3	3	761		
	SEP	10	8	7	4	3	0	0	2	NA	40	0	0	14	20	8	10	309		
	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	7	408		
	DEC	8	2	0	3	10	1	0	7	1	17	0	0	13	16	1	8	385		
2001	Total	77	57	33	28	104	2	1	53	40	253	9	2	217	202	87	99	7239		
2002	JAN	7	9	3	3	6	0	0	6	7	12	1	2	16	20	3	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	5	31	4	5	570		
	APR	7	10	8	3	10	1	0	5	4	26	0	0	8	8	0	10	346		
	MAY	5	11	6	14	6	0	0	NA	NA	22	NA	NA	12	11	1	7	735		
	JUN	5	12	3	10	8	0	1	6	4	13	0	1	5	15	0	6	776		
	JUL	2	6	2	7	12	1	0	6	5	19	2	0	4	12	1	3	642		
2002	Total	42	60	26	40	57	2	1	32	26	127	3	6	61	124	10	37	3909		



July 18, 2002

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# THE CITIZEN TELEGRAM

The Voice of Western Garfield County

## Mineral development compromise reached

Stillwater property owners  
hope to protect investment

By Heidi Rice

Telegram Staff Writer

SILT — In a first-ever case of its kind, the Colorado Oil and Gas Conservation Commission (COGCC) heard an application from the developers of the Stillwater Ranch subdivision on Monday establishing a compromise between the surface use of the property and those who hold the mineral rights underground.

Although there is currently no mineral development being done on the 1,450-acre property, both parties want to protect their investments should the rights be leased and developed in the future.

The Stillwater Ranch subdivision on the south side of the Colorado River in Silt, is slated to have 1,200

homes, two golf courses, trails, parks, schools and a commercial area.

The proposed plan allows the surface development to take place with the mineral development and identifies 11 drill pads around the property, requiring the surface development to maintain a setback from the well sites. Normally, the oil and gas operators are required to maintain a distance from existing homes.

The commission approved the surface development plan 6-1.

"It was a very innovative application in that all the minerals are unleased underneath," said COGCC Deputy Director Brian Macke. "It really was a very good compromise and allows the surface development and the mineral development to occur in a compatible way."

Macke said oftentimes what can happen in this situation is a "race" between the surface developer and

the mineral developer to stake their claims. Because the minerals are currently unleased, the surface development could have prohibited the wells to be drilled in the future.

"We've replaced the race with reason," Macke said. "This is important because the minerals are not leased out — there is not currently an oil and gas operator there. There are very few wells drilled in that area, relative to nearby areas. But there was concern that the (surface plan) would prohibit having the minerals leased."

While this type of plan has not been seen before by the commission, Macke said it will not set a precedent.

"If this situation was to come up in other places in the state, the surface owners and mineral owners could oppose the plan," he said. "This will not set a precedent — it was just very unique circumstances which happened to work out in this case."

# County challenges state's authority over gas drilling

7/23/02

DENVER (AP) — Delta County commissioners voted Monday to challenge the Oil and Gas Conservation Commission's power to issue permits to drill four exploratory coal bed methane wells, saying they need to protect water supplies.

"The Colorado Oil and Gas Commission did not properly protect the health, safety, welfare and environment," the three-member commission said in a resolution.

The decision to reject four of five land use change applications could set a precedent for other counties and is expected to be challenged in court.

The staff of the Oil and Gas Conservation Commission is in charge of issuing permits for oil and natural gas wells, and issued four drilling permits to Gunnison Energy Corp. in Delta County in early July.

County Commissioner Jim Ventrello said the Oil and Gas Conservation Commission can control well sites, but has no power over county land use policies.

The commission voted 3-0 to deny change of use applications to four projects. It allowed a fifth project on the northeast edge of the county to go ahead because it is close to existing wells in nearby Gunnison County.

"These proposals were in the middle of our watershed. The Oil and Gas Conservation Commission may have authority for a well hole, but offsite impacts are our authority," Ventrello said.

Gunnison Energy officials said they were disappointed with the county's decision. President Bud Cherry said his company will review the decision before deciding whether to take further action.

During the past year, Gunnison purchased more than 90,000 acres of oil and gas mineral rights in the North Fork Valley. Company officials wanted to use the results from the five wells to determine the best way to develop the area.

"Gunnison remains committed to the orderly development of the natural gas potential of Delta County in making significant contributions to the economic vitality and quality of life in the community," Cherry said.

Tricia Beaver, spokeswoman for the staff of the Oil and Gas Conservation Commission, which issues the permits, said

***Delta County's decision to reject four of five land use change applications could set a precedent for other counties and is expected to be challenged in court.***

her agency does not see the vote as a challenge to its authority.

"The county has its own process independent of our process. We will continue to issue drilling permits under state authority. As far as we're concerned, the company can go in and drill a well now because it has a permit," she said.

Coalbed methane occurs naturally in coal seams and is held in place underground by water pressure. To extract the gas, the water must be pumped to the surface.

The costs of exploration are lower than for other forms of energy because geologists know where the coal is and that gas occurs with it.

Opponents of drilling fear that Gunnison Energy will eventually drill 600 to 2,400 wells that would destroy the county's farmlands and scenic beauty.

"Despite the (oil) industry's assertions to the contrary, coalbed methane development has destroyed the environment and quality of life in communities throughout the West," said Tara Thomas, director of the Western Slope Environmental Resource Council and a co-founder of the citizens group.

Kathy Welt, environmental supervisor at nearby Oxbow Mining, a coal-producing business also owned by the Oxbow Group, said environmentalists are exaggerating the potential effects.

"There is a public review process ahead of us and nothing else can happen without that," she said. "I do permitting and environmental compliance, so I know these coals and these lands very well. It has disturbed me from the beginning when people started flailing erroneous information around."



# Delta says 'no' to wells

## County bucks state on drilling

By Nancy Lofholm  
Denver Post Western Slope Bureau

DELTA — A Western Slope coal-mining and fruit-growing county made history Monday when it bucked the state's oil and gas commission by refusing to allow the drilling of four of five state-approved gas test wells on the south slopes of Grand Mesa.

The Delta County Commissioners' long-awaited decision unleashed cheers and whistles, and also boos and catcalls, from a crowd of more than 200. The issue of drilling into and fracturing coal seams has rocked this mostly rural county since last winter when plans for the test drilling were announced. It also has made a topsy-turvy mix of the normal alliances and enmities among ranchers, environmentalists, Realtors and government leaders.

Sitting at a folding table behind the courthouse because the crowd couldn't fit inside, the commissioners voted 3-2 to deny four of five permits for methane coal-bed test wells proposed by the Denver-based Gunnison Energy company. Under original plans, those five test wells could have grown into 600 wells. The commissioners cited the potential impact of the drilling on water as the main reason for denial. They also said they didn't feel the Colorado Oil and Gas Conservation Commission had done enough study or asked for enough mitigation in its permit approvals.

Commissioners Ted Hayden and Wayne Wolfe voted through shouts of "No, no don't do it," to approve one test well on the unpopulated eastern edge of the county. They added 33 conditions to the drilling of that well, conditions they say go far beyond requirements placed by the oil and gas commission.

It was the first time a Colorado county used local land-use regulations as a basis for denying permits that had been approved by the oil and gas commission, according to the West Slope Environmental Resource Council. Other counties have commonly quibbled over mitigation measures, said resource council Director Tara Thomas, but most counties assume the oil and gas commission has pre-emptive powers over counties.

"This has not happened before. They (the commissioners) took a bold step. They can be proud of it and we can be proud of it," said Hotchkiss attorney Michael McCarthy, a member of the Grand Mesa Citizens Alliance, a grassroots group opposed to the drilling.

McCarthy predicted there will be legal appeals to the commissioners' actions — most likely from Gunnison Energy and possibly from the alliance.

Bud Cherry, president of Gunnison Energy, wrote in a prepared statement that "obviously, we are disappointed by today's actions." He would not comment further until he can review the commissioners' decision.

Cherry's disappointment was matched by that of coal-bed methane opponents who didn't want even one well approved.

"We do look at this like letting the fox have the first chicken," said Bob Pennetta, Delta County Board of Realtors chairman.

Some opponents had come ready for action. One man held a neon orange sign proclaiming "Gas wells in; You're voted out." As soon as the decision was announced, Delta County resident Matt Quest was collecting signatures on recall petitions. By the time the meeting dispersed, he had had more than 100 signatures to recall Hayden and Wolfe.

The Western Slope Environmental Resource Council sent a letter to the U.S. Forest Service and the Bureau of Land Management asking the agencies not to allow any coal-bed methane drilling on public lands until an extensive environmental analysis can be conducted.

Delta County also will analyze possible coal-bed methane impacts during the rest of a nine-month county moratorium on drilling that runs until February.

And the commissioners and opponents of coal-bed methane development are calling for reform in the oil and gas commission.

"We don't like that the oil and gas commission really didn't listen to us," Commissioner Jim Ventrello said.

Rich Griebing, spokesman for the oil and gas commission, said the panel did listen but made the decision to approve the wells because they meet all the legal criteria, are exploratory in nature and are on private property.

"The elected officials are responding to the electorate. They are not bound by law," Griebing said. "Or they think they aren't."



# One well gets OK

By ERIN MCINTYRE  
The Daily Sentinel

More than 100 people hollered and booed at the Delta County Commission on Monday after it approved one of five proposed coal-bed methane test wells.

The commission voted 2-1 to approve Gunnison Energy's application for the Lone Pine Exploratory well near the Delta-Gunnison County Line.

Although commissioners disagreed on whether to approve this well, they all agreed that because of water contamination concerns, they could not approve the four other wells, including those designated as Spaulding Peak, Dever Creek, Stevens Gulch and Keep & Sons Cattle Co.

"There is a potential risk to harm domestic water wells," Commission Chairman Wayne Wolf said.

"We cannot compromise our water," Commissioner Jim Ventrello said. "How much uncertainty can you take? And in my opinion, there's too much uncertainty."

The commission only asked County Attorney Brad Kohlman to draft two resolutions — one approving Lone Pine with 33 conditions attached, and one denying approval for all five proposed test wells.

After Kohlman presented the drafts, Ventrello made a motion to vote on denying approval for all the wells. The crowd

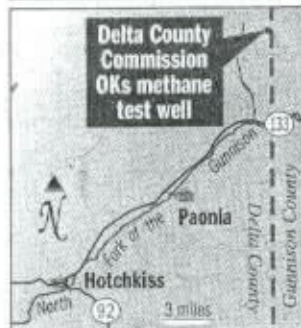
## State panel says back off

By ERIN MCINTYRE  
The Daily Sentinel

The Colorado Oil and Gas Conservation Commission is asking Delta County to back off of oil and gas development regulations.

See WELL, page 5A ➤

See BACK OFF, page 5A ➤



ROBERT GARCIA/The Daily Sentinel

## BACK OFF: Commissioners plan to meet with Oil and Gas

➤ Continued from Page One

The Oil and Gas Commission, in a letter dated July 18, asked the Delta County Commission to lift the moratorium it placed on oil and gas land permits and to stop delaying oil and gas development in Delta County.

Delta county commissioners issued the nine-month moratorium in May after critics of coal-bed methane exploration cited impacts to other Colorado communities, including domestic water wells that dried up, methane that migrated from wells into neighboring homes, noise and landscape destruction.

"We are concerned about potential future impacts of the moratorium and local regulations that you might be contemplating, which could hamper our ability to regulate oil and gas operations in accordance with applicable law," the Oil and Gas Commission wrote.

The Oil and Gas Commission said its duty is not only to regulate the oil and gas industry, but also to promote the development and production of oil and gas in Colorado.

"The General Assembly has declared that it is in the public interest to promote, foster and encourage development of oil and

gas," the letter said. "It has delegated the authority for regulating oil and gas operations statewide to us under the Oil and Gas Conservation Act."

"I don't believe they're correct," Delta County Commission Chairman Wayne Wolf said. "We have land-use authority. Just because the Legislature instructed the Oil and Gas Commission to give consideration to the health, safety and welfare to the people of Colorado doesn't give them jurisdiction," he said. "To some extent we have a joint responsibility."

"We believe that the Legislature charged the Colorado Oil and Gas Commission with protecting the health, safety and welfare of our joint constituents, and that charge should be taken seriously and not be used as an excuse to keep local governments from performing their duties," Wolf said.

The Oil and Gas Commission also said Delta County's moratorium may hinder its ability to market oil and gas production in the area.

"We are concerned that the moratorium or other local permitting delays might discourage oil and gas operators from exploring for and assessing the potential for oil and gas in Delta County," the letter said.

Lastly, the Oil and Gas

Commission said Delta County's process of reviewing oil and gas development requests is impeding its ability to issue its own permits.

"In addition, we have concerns about our ability to issue meaningful drilling permits if there are lengthy delays in the local permitting process," the Oil and Gas Commission wrote.

"I think that our commission feels like their mission is going to be thwarted by this moratorium," spokeswoman Tricia Beaver said.

Beaver said a similar letter was sent to Gunnison County as well "because of the fact that both counties have enacted a nine-month moratorium on permits. It's something that concerns our commission."

Wolf said found it encouraging that the Oil and Gas Commission requested a meeting with Delta County commissioners in the letter. "In the past what they have done with counties and cities that disagreed with what they have done is they have come out in full-force to put the local governments in their place," he said.

Delta County commissioners drafted a letter in reply accepting the invitation for the meeting.

Erin McIntyre can be reached via e-mail at [emcintyre@gjds.com](mailto:emcintyre@gjds.com).



# Williams grows in GarCo

## 2 units of company accomplish milestones

By MIKE MCKIBBIN  
The Daily Sentinel

PARACHUTE — While financial troubles plague the nation's second-largest natural-gas pipeline company, two smaller units of the Williams Cos. reached production milestones in Garfield County.

Williams, one of the largest energy traders, plans to sell \$3 billion in assets to bolster its finances and maintain investment-grade credit after the collapse of Enron Corp.

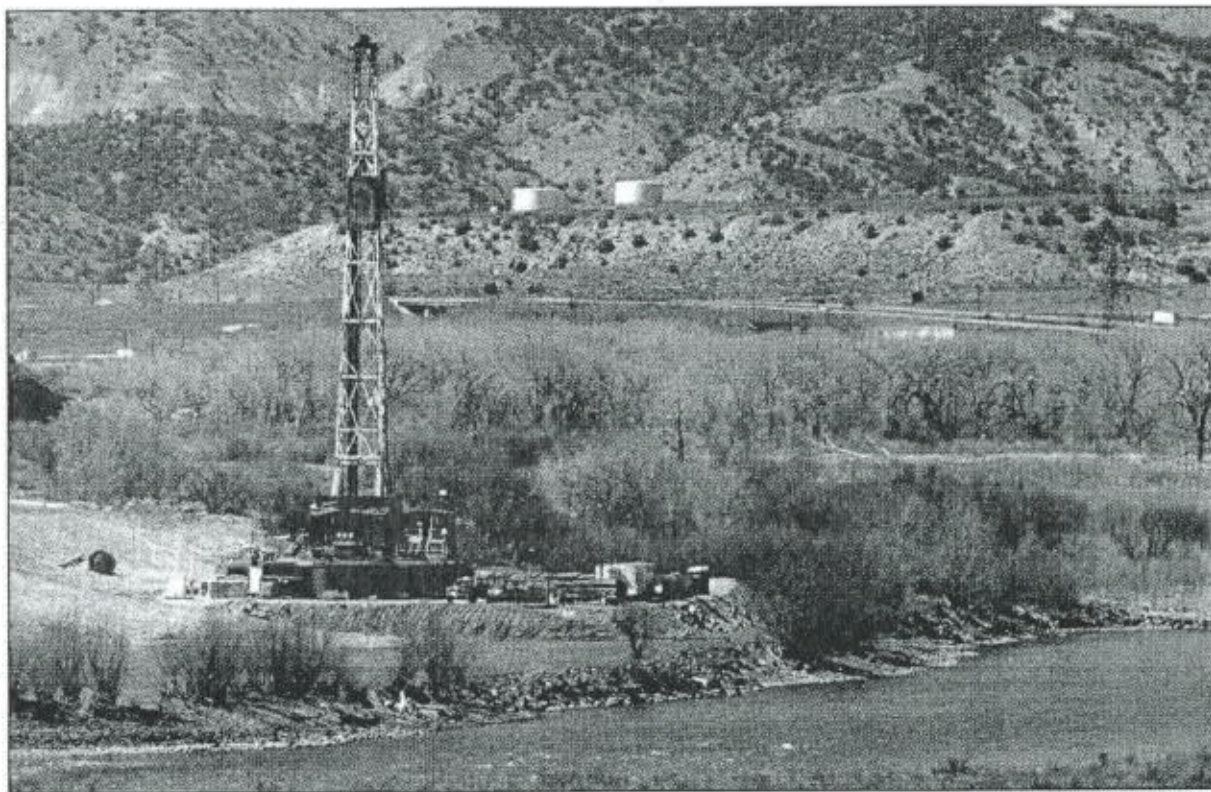
Tulsa-based Williams bought Denver-based Barrett Resources Corp. in 2001, the largest natural-gas producer in the county. It recently reached a production milestone of more than 207 million cubic feet of gas a day from 670 wells, said Williams Production Parachute District Manager Steve Soychak.

In terms of use, 200 million cubic feet of natural gas heats some 600,000 homes for a year.

"This is something we expected, but it came earlier than we anticipated," Soychak said. "Last year at this time we were at 154 million cubic feet a day."

Three years ago, the company was producing 95 million cubic feet per day in Garfield County, he said. Next year, Soychak said, the company hopes to reach 250 million cubic feet per day.

Brian Macke, deputy director of the Colorado Oil and Gas Conservation Commission, said Williams reached an important milestone.



CHRISTOPHER TOMLINSON/The Daily Sentinel

**THE WILLIAMS COS. BOUGHT** Barrett Resources Corp., the largest natural-gas producer in Garfield County, last year. Williams recently reached a production milestone of more than 207 million cubic feet of gas a day from 670 wells.

"They're realizing the fruits of their labor and bringing a significant economic benefit to the county," he said.

Soychak said the record production level helped Williams increase its full-time work force to 40 people, with another 400 people employed by contractors.

Williams Production is the county's single largest taxpayer. It will pay nearly \$3.8 million in property taxes this year.

Williams produces 9 percent of all natural gas in Colorado, Macke said.

Meanwhile, another Williams-related local company, American Soda, also reached a production milestone, said President Kurt Nielsen.

American Soda produces soda ash and soda bicarbonate, or baking soda, using a solution mining process. It began operations at the end of November 2001. The plant can produce up to 1 million tons of soda ash and 150,000 tons of baking soda a year. Soda ash is primarily used to manufacture glass.

With last year's expansion of adjacent railroad tracks by the Burlington Northern Railroad at Parachute, Nielsen said the company last week loaded just under 100 rail cars with soda ash bound for Texas to be shipped to Argentina and Brazil.

"They used six engines to pull over 10,500 tons in one movement," Nielsen said. "It was really something to see."

Nielsen said the usual number of rail cars per shipment is between 30 to 40, but he expects the company to continue shipping the higher number of cars.

In March, as part of Williams' economic restructuring, its majority ownership in American Soda was put up for sale. Nielsen said that process continues and the local operation has not been affected.

"Once it happens, we will have a change in ownership on the majority side, but we've had continued steady progress," Nielsen said. "It's been sad to see our partner company just hit from every side."

Recently, Williams Cos. slashed its dividend by 95 percent after an energy-trading

slump led to a second-quarter loss.

Its stock reached a 20-year low of \$2.01 and the quarterly dividend went from 20 cents to a penny.

Williams' senior unsecured debt rating was cut to BB+, the highest junk rating.

The company canceled a pipeline project in Colorado and Wyoming and another from Chicago to the East Coast. Williams' 26,450 miles of interstate natural-gas pipelines are second only to El Paso Corp.

Williams also expects to see refineries in Alaska and Tennessee this quarter.

Mike McKibbin can be reached via e-mail at mmckibbin@gjds.com.



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719-544-0800

TO: 7197383996

PAGE: 002/003

## STATE OF COLORADO

## WATER DIVISION 2

## OFFICE OF THE STATE ENGINEER

Security Services Building, 300 East Arkansas, Suite B

Pueblo, CO 81002

Phone (719) 542-8566

FAX (719) 544-0900



Bill Owens,  
Governor  
Greg Walker,  
Executive Director  
Hal Singson,  
State Engineer  
Steven J. White, P.E.,  
Division Engineer

To: Board of County Commissioners

July 30, 2002

Huerfano County, Colorado

C/o Oress J. DeHerrera, Chairman

From: Steve White, Division Engineer - Division 2

This is written at your request to recap my position regarding the use of water produced from Coal Bed Methane wells under the current drought circumstances as communicated to Rep. Ken Kester and Commissioner DeHerrera through recent telephone conversations.

I was first contacted on July 29, 2002 by Rep. Ken Kester who called from Huerfano County Commissioner Andreatta's home describing a "crisis" associated with the water supply for the Willis Subdivision. As he described the situation to me, the county is willing to haul water from Petroglyph's evaporative disposal pit for use by the 52 homes for non-potable sanitary and hygienic purposes due to the failure of their primary water source. I told him that for the time being I will not take any action to prevent or stop this use of CBM produced water. I then communicated this decision to certain members of my staff, including Water Commissioner Doug Brgoch.

Following receipt of information from Mr. Brgoch who indicated his concern that my intentions were being misconstrued, I contacted Commissioner DeHerrera.

The key points of this discussion were as follows:

- The source of water for which I have given consent is Coal Bed Methane produced water that would otherwise be totally consumed by evaporation from an evaporative disposal pit.
- Any CBM water being discharged to a public stream following detention in a holding pond must be allowed to continue to do so because it is subject to delivery pursuant to the priority system of water right administration.
- The extent of my consent is limited to the period of time during which the current drought precipitated water supply crisis in Huerfano County continues to prevent the resumption of domestic uses from normal water supply sources. Only non-potable sanitary and hygienic purposes were contemplated. Stockwatering, lawn irrigation, car washing, and other miscellaneous uses are beyond the scope of domestic needs in this crisis situation in my estimation.



JUL-31-02 07:25 FROM:DIV 2 DWR

719-544-0300

TO: 7197382996

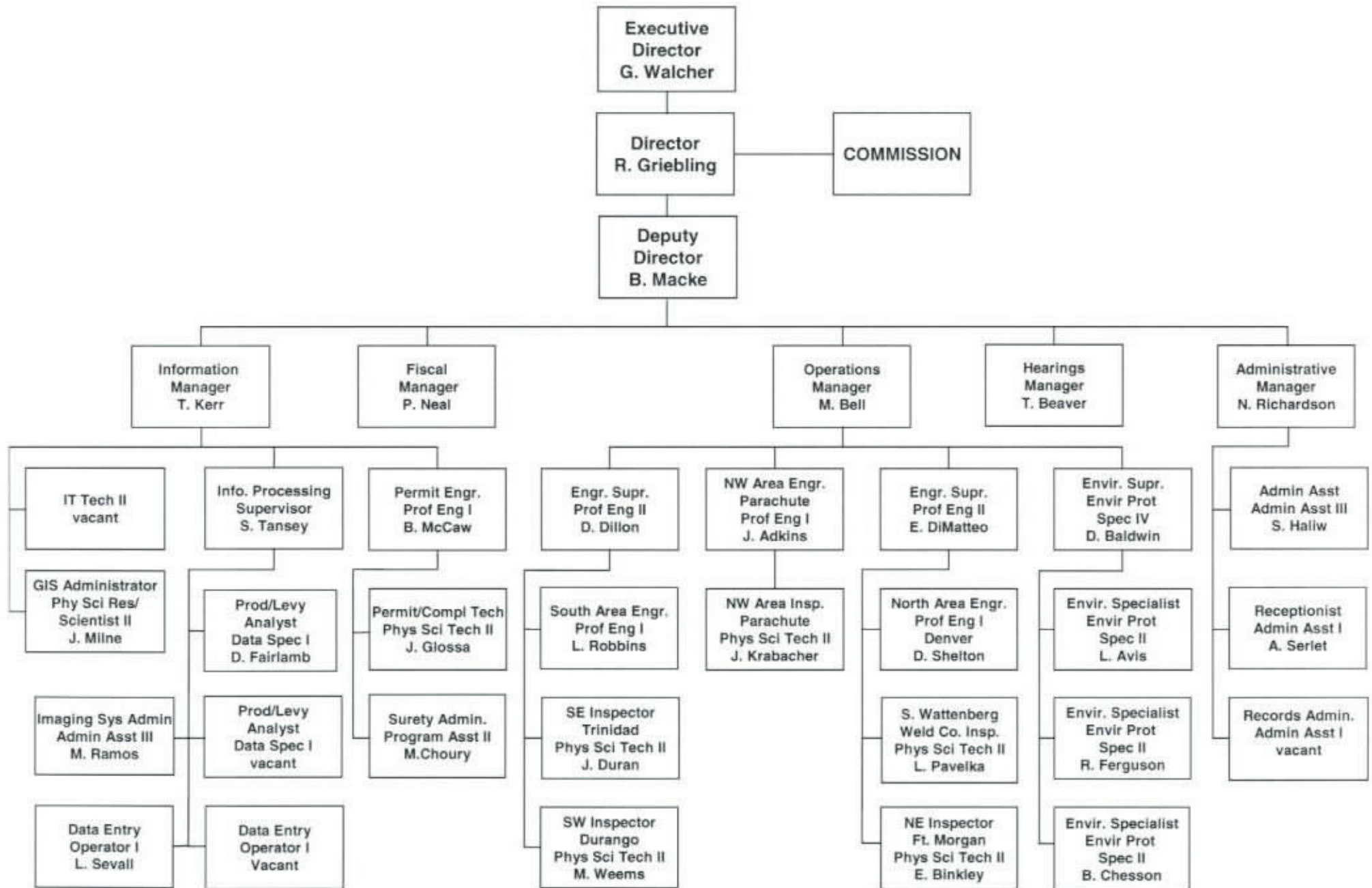
PAGE: 003/003

- Although only one subdivision was considered initially, other drought affected users may also take of advantage of this allowance, under similar circumstances
- Although I did not specifically mention this in either phone conversation because my understanding was that the County would deliver water as a service, I can not condone distribution of CBM water on a "for profit" basis.

I believe that these guidelines are generally consistent with the provisions of the existing Rules and Regulations of the Colorado Oil and Gas Commission which control the disposition of CBM produced water. However, under ordinary circumstances any beneficial usage of CBM produced water is to be accomplished pursuant to applicable state statutes and regulations governing the use and administration of water which would include the necessity of obtaining a tributary or non-tributary water right.

If you have questions please feel free to call me.

# COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION





# Oversupply of natural gas burns up producers' profits

By Steve Raabe  
Denver Post Business Writer

Too much Rocky Mountain natural gas and not enough demand has created an unexpected sharp drop in prices.

The oversupply of gas and resulting price decline is a boon for consumers, but a bust for producers.

Customers of Xcel Energy, Colorado's largest utility, should expect to see at least a modest decrease in their bills this fall and winter, Xcel officials said.

Xcel won't know until later this year exactly how much its ratepayers will save from lower gas prices. By state law, Xcel is required to pass changes in gas prices directly to customers, whether the prices go up or down.

"Customers will enjoy lower prices," said Kurt Haeger, director for Xcel.

The impact may be modest, he said, because Coloradans use relatively little natural gas in the summer. They use much more in the winter, when higher demand is likely to push prices back up.

However, energy producers are watching prices free-fall to levels that make drilling for natural gas a non-profit venture.

"This is having a major impact on the Rocky Mountain market," said Bob Reid, a Colorado Springs-based energy consultant with Barnett, Reid, Sims and Harpole LLC. "Producers . . . are getting hurt."

Low prices, as well as inadequate pipeline transportation, are particularly worrisome to exploration and production companies in northwestern Colorado, southern Wyoming and eastern Utah, because those regions are the nation's fastest-growing source of natural gas.

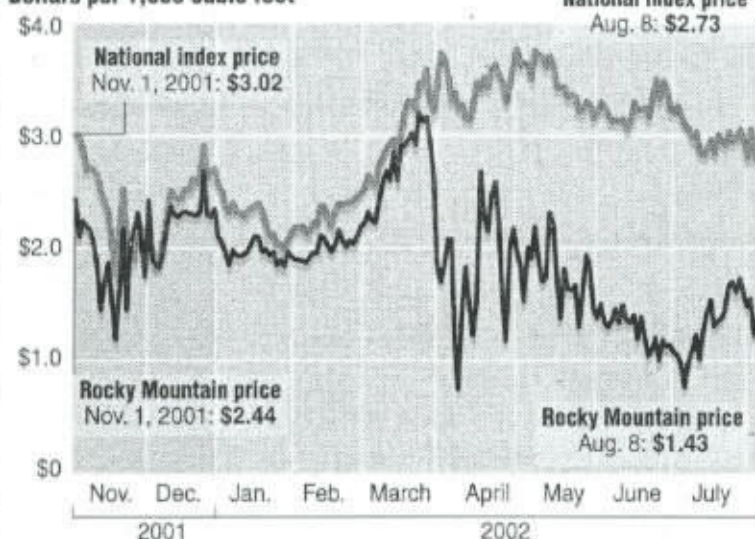
Falling prices could cause energy companies to cut back on production at a time when national reliance on Rocky Mountain gas is increasing.

The sharp price decline in Rocky Mountain natural gas is occurring even as national prices remain relatively stable or fall at a lesser rate.

## Cheaper natural gas

Consumers in the Rocky Mountain region are paying less for natural gas, and producers are making less, because a pipeline gridlock is flooding the market with too much gas.

Dollars per 1,000 cubic feet



Source: Burnett, Reid, Sims & Harpole, LLC

The Denver Post

Energy experts refer to the spread between regional and national prices as "basis differential."

Normally, Rocky Mountain gas producers receive marginally lower prices than national averages because pipeline operators must cover the cost of transporting the gas hundreds of miles from the Rockies to large customers in the Midwest and on the West Coast.

The price differential between Western gas and national indexes historically has been 30 cents to 50 cents per thousand cubic feet of gas.

Through March of this year, the spread was normal. Rocky Mountain natural gas, priced at a major pipeline distribution center in Opal, Wyo., was about \$3 per thousand cubic feet.

Gas at the widely followed Henry Hub, a Louisiana transportation center that reflects a national

benchmark price, was running near \$3.30 per unit at the end of March.

But starting in April, the spread became dramatically greater than normal.

By late June, Rocky Mountain natural gas had fallen to as low as \$1.04, while Henry Hub prices held steady at \$3.20.

Energy experts say the sharp decline resulted from a series of market factors:

■ Western temperatures in April were higher than normal, reducing natural gas demand for home heating.

■ A mild winter nationwide left gas storage at historically high levels, reducing the need for newly produced natural gas.

■ Several Rocky Mountain gas pipelines closed temporarily this spring for maintenance or expansion, allowing regional supplies to build on top of the national oversupply.

■ Ample moisture in the Pacific Northwest has filled dams and brought hydroelectric generation back to near-normal levels after two years of drought.

As a result, power-hungry California is buying cheaper hydro generation instead of more expensive gas-fired power.

■ Energy traders such as Dynergy, Williams, Aquila and bankrupt Enron have scaled back or discontinued gas trading because of financial losses and heightened scrutiny by regulators.

■ Perhaps most importantly, natural-gas production in the Rockies is growing at a rate of 8-10 percent a year, while construction of new pipelines to move the gas has been stagnant.

The result is too much gas with too little demand from customers.

"If you look at everything together, you have a lot of gas trying to find a home with no place to go," said Mike Farina, a senior energy consultant with Boulder-based RDI Consulting, a business unit of research firm Platts.

Gas producers that didn't hedge, a technique of selling gas at pre-arranged prices, have been hurt by the price drop, Farina said.

"To the extent they are unhedged, they're getting killed," he said.

Equilibrium could return to the gas market by next year, Reid said, because Kern River Gas Transmission Co., a major transporter of gas to California, is spending \$1.4 billion this year and next year to expand its pipeline system, which runs from southwestern Wyoming to the West Coast.

The expansion will help move the backlog of natural gas from the Rocky Mountain's fast-growing coalbed methane fields.

"In the short term, the Kern River project will bring the market back closer to normal," Reid said. "But in the longer term, gas production in the Rockies will keep growing, and we'll continue to see volatility in pricing."



**COLORADO OIL AND GAS CONSERVATION COMMISSION  
2001 OUTSTANDING OIL AND GAS OPERATIONS AWARDS**

- **Tom Brown, Inc. - Environmental Protection and Reclamation**

The BLM office in Durango has nominated Tom Brown, Inc. for a Outstanding Operations Award due to their willingness to take extra precautions and actions to protect critical habitats for wintering big game populations, bald eagle winter concentration areas and crucial habitat for the Gunnison sage grouse. These actions have required lease timing restrictions and special conditions of approval to mitigate these high profile resource concerns.

- **BP America Production Company – Community Relations/Visual Impact Mitigation/New Technology Application**

Community Relations

In several U.S. locations BP America Production Company ("BP") has experienced a successful track record of receiving and initiating community dialogue through Community Advisory Panels (CAP). In October 2001, BP began the process of establishing a La Plata County CAP. Its purpose was simple: "In order to improve communications with residents of the La Plata County area and to develop a more thorough understanding of the local community, BP has set out to partner with the local community through its CAP to discuss issues of mutual concern."

Initially, 21 members from a broad range of stakeholder classifications were invited to participate. Membership categories include local residents and civic and community leaders who reside in the La Plata county area and represent constituency categories identified as relevant to the interaction process. Their broad constituency classifications includes: Near Neighbor, Environmental, Volunteer, Clergy, Business/Professional, Homemaker, Education, Healthcare, Government Service, Emergency Response, Senior Citizen, Recreation/Outdoors, Legal, Student, Rancher/Farmer, and Southern Ute Tribe.

The panel meets monthly with company management and other experts to review and discuss the company's operations, environmental performance, safety, emergency preparedness, community involvement, and any other issues the panel may decide are relevant. Some of the specific topics addressed thus far include water and air quality and production site visual mitigation. Many more issues have been identified, and a professional facilitator works with both panelists and company representatives to ensure thorough dialogue.

Successful community relations are vital to successful production of natural gas, and the Community Advisory Panel is an integral tool in bridging differences and creating mutual respect and trust.

### Community Relations/Visual Impact Mitigation

BP has worked closely with Bayfield High School to paint a nearby well and production facility with its school colors. The Bayfield High School art department held a contest to design the color scheme for the well. BP then painted the well accordingly and also recognized the winning artist with a \$100 award. BP has received only positive comments on the paint scheme for the well and the Ignacio School Superintendent has recently asked BP to paint a well near Ignacio with their school colors.

BP has also experimented with a camouflage painting of wells and production equipment. The idea is not to try to hide the wells, but to have them blend in more with their surroundings. Several landowners have responded favorably to the experiment.

### New Technology Application

BP has initiated a program to use newly developed single-phase electrical power equipment to operate artificial lift equipment on well sites in La Plata County. Most of the available electricity is in the form of single-phase power. Since oil and gas operations typically require three-phase power, they have not been able to utilize commonly available single-phase power sources.

The benefits of the program include more efficient operations associated with pump off control, on/off cycles, automatic restarts and fewer visits by field personnel. Operations are quieter and routine engine maintenance is eliminated.

This program has been continued into 2002 with another eleven wells slated for electrical use.

## **• J. M. Huber Corporation – Noise Impact Mitigation/Community Relations**

### Noise Impact Mitigation

In La Plata County, J. M. Huber completed its Durango Compressor Station Expansion in 2001 by adding additional compression capacity. J. M. Huber has added an additional 200% horsepower and has reduced sound emissions from the facility from 43 dBA to 42 dBA. The reduction in sound emissions in conjunction with the large increase in compression capacity was a result of up-front sound modeling, noise abatement measures and sound insulating products. These mitigation measures are very expensive and were not required because the facility was well under State mandated noise limits, but kept in line with J. M. Huber's policy of being a "Good Corporate Neighbor".



## Community Relations

J. M. Huber is an excellent example of an involved corporate citizen in Colorado's oil and gas industry. One of J. M. Huber's employees, with support from J. M. Huber, serves as a Director for the Big Brothers/Big Sisters of La Plata County. J. M. Huber also supports other charitable causes that benefit children such as the Bowl for Kids Sake Fundraiser and the Dos Mascaras Fly-Fishing Tournament. J. M. Huber is also a major contributor to the Durango Nature Studies and the Colorado Chapter of the Nature Conservancy.

J. M. Huber also partnered with the Southwest Forum for Teaching Technology and the La Plata County Economic Development Action Partnership to sponsor/host the La Plata County Technology Camp. Created to help develop a technology-savvy work force in Colorado, J. M. Huber presented a hands-on program called "Everyday Experience in the Oil and Gas Industry. Based on the success of this Technology Camp, J. M. Huber was asked to conduct a similar camp experience for a group of Colorado science and social studies teachers.

J. M. Huber has produced an informational video, *Straight Talk about Coalbed Methane Natural Gas*, to educate local landowners and inform the community about coalbed natural gas development. The video has been widely distributed to landowners, community groups and state and local lawmakers. To date, the videotape has won four industry awards for effectiveness in reaching its audience and for its quality.

- **Evergreen Resources, Inc. - Visual Impact Mitigation and New Technology Application Well Completion/Stimulation**

### Visual Impact Mitigation

Evergreen has utilized ideas from landowners to enhance the visual appeal of its wells in Las Animas County. They hold regular public meetings with local landowners and invite them to comment in an open forum. Evergreen has taken some of these ideas such as creative use of landscaping and decreasing the footprint of the location and has used them to mitigate the visual impacts of their wells.

### New Technology Application/Well Completion/Stimulation

Evergreen has developed a large diameter 2 7/8" coiled tubing unit to effectively stimulate thin coal zones with nitrogen energized fluids. Utilizing state of the art friction/fatigue and proprietary data monitoring systems, Evergreen has completed over 600 individual stages in the Raton Basin CBM development area, completing up to 10 individual coal seams per well in a single day.



- **El Paso Energy Raton, L.L.C. – Visual Impact Mitigation/Reclamation**

#### Visual Impact Mitigation

The Vermejo Park Ranch Coalbed Methane Project is located in the Raton Basin in southern Colorado and northern New Mexico. This project is a world-class example of a large project that has achieved a true balance between the development of mineral resources and protection of the environment through a team approach with the surface owners and the Colorado Oil and Gas Conservation Commission. El Paso works very closely with the Vermejo Park Ranch representatives in the planning, supervision, and reclamation phases.

The method of working with the Vermejo Park Ranch involves submitting the proposed locations for the next year's program to Vermejo Park Ranch with sufficient time for them to review the proposals, and to provide their input. Well location, road, and production facility sites are then inspected in the field by a team consisting of El Paso and Vermejo Park Ranch representatives. The final sites are chosen (where possible) to minimize the visual impact that might affect the ranch or their guest. This task is even more challenging when you consider the scope and size of the Vermejo Park Ranch, and the fact that El Paso does 12 months of work in 9 months in order to minimize impact during the hunting seasons.

#### Reclamation

The reclamation work involves the same team approach, planning and a close working relationship with the Vermejo Park Ranch. The drilling pits are dewatered, backfilled and re-contoured back to their original state. The soil is then tilled to prepare it for hydro-seeding. The sides of all new road construction areas and easements for the gathering systems are treated in the same way.

El Paso uses a weed free seed mix consisting of native grasses that include grammas, fescues and a combination of wheat grasses. The wheat grass mix provides quick growth to assist in erosion control and soil stability. El Paso will spend in excess of \$1,200,000 on this year's reclamation with approximately \$444,000 spent in the Colorado project area.

## PENALTY PAYMENT STATUS

UPDATED:

08/02/02

### 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	8	\$10,000	2	\$8,500	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	\$0,000	0
01-02	10	\$38,000	5	\$23,000	0	\$0	0
02-03	2	\$7,750	2	\$7,750	0	\$0	0
Totals	176	\$1,163,725	119	\$611,065	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	\$2,300	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	Tips Drilling Co.	\$60,000	Rules 604 a 4, 902 a & f	\$30,000 bond claimed 11/06/95/penalty unpaid/No assets	Yes
1V-110	05/21/96	Kans 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 L, APD	District Court decision entered/\$10,000 bond claimed 12/96/	Yes
1V-124	07/01/97	Nardiho 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 5/99	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-175	08/19/99	McCormick Oil & Gas Co.	\$18,000	Rules 1004, 319 b (3), 326 b, 306, 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-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	\$50,000	Rule 326 b, 324A a, 904, 905, 906 b (1), 906 a	Bond claimed	Yes
1V-211	05/31/01	Sierra Production	\$500	Rule 302 a		Yes
1V-212	05/31/01	Caprice Oil & Gas Co.	\$500	Rule 302 a		Yes
1V-216	01/11/02	Rocky Mtn. Operating Co.	\$2,000	Rule 326 b (1)		Yes
1V-219	01/11/02	Rocky Mtn. Operating Co.	\$1,000	Rule 326 b (1)		Yes
1V-220	02/25/02	Woolley Oil Company	\$5,000	Rule 326 b		Yes
1V-221	03/25/02	Dorner Oil & Gas, Inc.	\$6,000	Rules 302, 304, 319 b, 709		Yes
Total penalties pending collection			\$238,300			

### 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 1-188
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	10/18/98	11/19/98	Black Thunder Marketing, Inc.	\$2,000	Rule 326 b	Bond claim underway. State Central Collections recommends write-off
1V-173	07/12/99	02/28/02	J. Magness, Inc.	\$9,000	Rules 207 b, and 326 b	Bond claimed. State Central Collections recommends write-off
1V-183	12/02/99	12/25/01	Gopher Drilling Company	\$2,000	Order No. 1C-3	Bond claimed. State Central Collections recommends write-off
Total uncollectable penalties				\$115,105		

# HEARING DOCKET:     September, 2002

Page 1  
Prelim  
8/12/2002

No.	Cause	Applicant/Attorney or Representative	Date Rec'd	Field Formation County	Matter	Remarks
0209-RM-02	1R	Commission Motion	7/5/2002	Statewide	Rulemaking to increase the charge imposed by the Conservation Mill Levy to \$0.0010 (one tenth) per dollar value and amendments to Rules 303.a. and 1003.a.	
0209-UP-06	112	Chevron USA, Inc. / William Keefe	8/1/2002	Ignacio-Blanco Fruitland Coal La Plata	Request for an order to pool all non-consenting owners in the S½ of Section 8U, Township 34 North, Range 9 West, N.M.P.M. for the drilling of the Koshak A-3 Well	
0209-SP-12	499 232 407	CFG Energy, Inc. / Michael Morgan	8/7/2002	Wattenberg Dakota, "J" Sand, Codell, Niobrara Weld	Request for an order to establish a 160-acre drilling and spacing unit consisting of the NW¼ of Section 3, Township 4 North, Range 63 West, 6th P.M. and to pool all nonconsenting owners.	