

## MONTHLY STAFF REPORT

### March 17, 2003

#### I. STATISTICS

Our monthly statistics report is attached ([page 1](#), [page 2](#), [page 3](#)). The approved Applications for Permit-to-Drill ("APDs") for calendar year 2003 is on track for an annual total of 2000.

#### I. NORTHWEST COLORADO

##### ® Northwest Colorado Oil and Gas Forum

The last meeting of the Forum was held in Rifle on February 20. Attendance at the meeting was much greater than in recent years, with approximately 110 people in attendance. Agenda items included updates on Northwest Colorado oil and gas activity by representatives from the COGCC, the BLM and the industry, a presentation by Williams Production Company about their ten acre density application in Garfield County, a presentation by Colorado School of Mines representatives about their upcoming Rulison 3D Seismic Project, a discussion of the recent COGA/CCI Permit Process COGCC Rulemaking, a discussion of Federal Units by a representative of the BLM, and a discussion about compressor noise complaints by a surface owner in Garfield County. The meeting provided a good opportunity for representatives from EnCana Oil and Gas to answer numerous questions from the public about their increasing level of activity in the federal units in the area south of Silt.

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 scheduled for **Thursday, June 19, 2003 (*which is a change of date from what was discussed at the February 20 meeting*)** from 10:00 a.m. until approximately 2:00 p.m. in Rifle at a location to be determined. The meetings are held in the spring during the Legislative session, in late spring/early summer, and in the fall. Co-chairs Brian Macke and Larry McCown have 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 the February 20 meeting and about topics of local concern ("[Citizens](#)", "[Forum in Rifle](#)", "[Earthshaking](#)", "[Firm Files](#)").

##### ® Club 20 Spring Meeting and Energy Program

The Club 20 2003 Spring Meeting, which was held on March 7-8 in Grand Junction, included a day of discussion titled "Energy for Tomorrow: Opportunities & Challenges". Club 20 assembled eighteen experts from a variety of perspectives to answer questions on the future of energy development, coalbed methane development, state and local regulation, severed estate issues, and renewable energy opportunities. Assistant Attorney General Carol Harmon participated in a panel discussion titled "State Regulation & Local Oversight" and Brian Macke participated in panel discussions titled "Tomorrow's Energy Picture" and "Severed Estates Issues". The COGCC provided its informational exhibit

display for the Club 20 meeting. Attached is a newspaper article about the meeting ([page 1, page 2](#)).

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

Since the February 2003 hearing, the COGCC has received two APDs for the 20-acre infill area. Both APDs are located north of the Colorado River and east of the Town of Parachute in Section 33, Township 6 South, Range 95 West. Both of the new APDs are for directional wells off new wellsite pads. The proposed wellsite for the Exxon/Mobil PA 341-33 is located within 500 feet of the outer edge of riparian vegetation and will require an onsite prior to approval. The date for the onsite has not been set at this time.

COGCC staff continues to work closely with Williams permitting staff and Garfield County to ensure that the requirements of the 20-acre density order adopted during the October 2000 hearing are met in an efficient manner. To date, the COGCC has received and reviewed 132 APDs submitted by Williams for the increased well density area.

**III. NORTHEAST COLORADO**

® CSU Extension "Getting to Know Rural Properties" Seminar

On February 11, 2003 the CSU Extension office provided a continuing real estate education seminar in Ft. Collins titled "Water, Land and Dreams: Getting to Know Rural Properties". Approximately 160 real estate professionals attended the seminar. Brian Macke provided a presentation on oil and gas development in northeast Colorado, with an emphasis on the Larimer, Boulder, Weld, and Adams county areas, and an overview of how oil and gas is regulated in Colorado. COGCC Weld County field inspector Ed Binkley was introduced to the group and provided a discussion of how the COGCC rules are enforced in the field.

.. Environmental Assessment of Pits 2003

In 1997 the U.S. Environmental Protection Agency ("EPA"), the U.S. Fish & Wildlife Service ("FWS"), and the COGCC worked together on a project that investigated oil and gas operations along the routes of migratory birds in the Rocky Mountain Region. In particular, large produced water pits with oil on the surface were identified by using aerial reconnaissance. Subsequently, EPA, FWS, and COGCC personnel inspected selected sites and issued Notices of Alleged Violation ("NOAVs") where applicable.

The EPA will be conducting a follow-up to the 1997 effort. Another aerial reconnaissance of oil and gas operations in northeast Colorado will be undertaken during the next several months. This will be coordinated by the EPA Region 8 Oil and Gas Environmental Team and assisted by other applicable regulatory agencies.

Operations that are identified as "problem sites" will be subsequently inspected by COGCC staff for potential violations of COGCC rules including oil on pits, unpermitted discharges of produced water, and other operations that are not protective of public health, safety and welfare or that would cause significant adverse environmental impacts.

**IV. SOUTHEAST COLORADO**

® Raton Basin Project

Water analysis data is being compiled and sent to Tony Gorody at Universal Geoscience Consulting, Inc. Mr. Gorody will evaluate the data, form conclusions and identify areas that need further study and changes in sampling protocol. A meeting will be held with Mr. Gorody March 24, 2003 to review the data and his conclusions. Following this meeting a final report will be published and presented to industry and the Commission.

## **V. SOUTHWEST COLORADO**

### **® 3M Project**

The Monitoring Well Construction Report and the January 2003 Monthly Monitoring Report are now available on the COGCC website. To access these reports click Library on the website navigation bar, then Studies in the San Juan Basin – 3M Project Reports.

## **VI. ENVIRONMENTAL ISSUES**

### **® Semi-Annual 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 meeting was held February 11, 2003 at the COGCC office. The new WQCD Director is Mark Pifher, an attorney who has been involved in numerous water quality and water rights matters. Martha Rudolf is the current WQCC Commissioner Representative. A representative from the Division of Water Resources was present and Commissioner Klish represented our Commission.

### **® CDPHE\_WQCD Ground Water Quality Coordinator**

CDPHE is in the process of filling the Ground Water Quality Coordinator position for the WQCD. The duties of this position include coordinating the Ground Water Protection Council, of which the COGCC is a member, and supporting the state agencies that implement Colorado's Ground Water Quality Standards. On March 4, 2003, Debbie Baldwin, COGCC Environmental Supervisor, served on the Oral Examination Board for this position.

## **VII. ORGANIZATION**

### **® Staff Organization**

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

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

### **® NGPA Well Determinations**

The deadline for filing for well determinations is May 1, 2003. The deadline to file for new tight formation area designations expired on March 1, 2003. These deadlines were established due to the expiration of the tax credits on December 31, 2002. Congress did not vote on the Energy Bill prior to the expiration so the tax credits have not been extended and all paperwork must be submitted to the FERC no later than June 30, 2003.

Operators must submit FERC Form 121 and the COGCC Form along with the required materials to the COGCC for processing for well determinations. The COGCC form and a listing of other required materials are 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, a list of all previously approved well determinations provided by the FERC and a regularly updated listing of all applications received and their status. To date, 588 applications have been filed and processed, with 511 sent to FERC recommending approval. 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.

® April Hearing Docket

A preliminary docket for the April 21, 2003 hearing has been [provided](#). The April hearing will be held in Arvada at the City Council Chambers. Hearing dockets are updated on the COGCC website by clicking on "Hearings", then "2003 Hearing Schedules, Dockets, Agendas and Minutes". Links to the hearing applications and notices are available from the Docket by clicking on the Applicant and the Docket Number, respectively.

To sign up for e-mail notification of hearing notices and applications please see the announcement and instructions on the COGCC main web page under "Sign-Up for Monthly E-Mail Notification."

® Colorado Oil and Gas Information System ("COGIS")

The COGCC information system, COGIS, is made up by many different components that are used by the Commission, staff, industry, other government agencies and many others.

· Internet

The COGCC determined that it was most cost effective to develop applications and information in an Internet available format. This allows for the same tools to be utilized in different environments thus eliminating the re-creation of applications. The following are tabs on the Internet menu bar.

○ General

- This page has links to basic information concerning the Commission, its function, and oil and gas development in Colorado.

○ Contacts

- § This page has links to people and agencies that are involved with oil and gas regulation in the state. It also contains phone lists and areas of responsibility for the COGCC Staff.

○ Library

- § This page contains links to documents resulting from Commission studies, activity reports, and statistical downloads.

○ Rules

- § This page contains links to the Commission statute, Rules and Regulations, and policies.

○ Orders

- § This application provides searchable capability to the Commission's orders. The search by location is still under construction as we create the map layer for all of the spacing orders.
- Forms
  - § These are Adobe Acrobat documents that can be downloaded, completed, printed and mailed. Some example and instruction documents are viewable. Eventually, online forms will be available here, but the exact time frame is unknown.
- Staff Report
  - § Current and previous staff reports with attachments are viewable here.
- Permits
  - § This application will show last year's approved permits and current pending permits. It may be filtered by county.
- Database
  - § This application has pages that enable users to query well, production and operator information. These applications link to the most current set of data and are updated throughout the day.
- Local Gov
  - § This application provides searchable information for local government contact information and oil and gas activity within an area.
- Images
  - § This application is an interface to the COGCC's historical paper files. All well files, logs and hearing files have been scanned. This application is not user friendly and the preferred method is to use the database queries and click on the "docs" icon for wells and other facilities, and for Commission hearings use the orders application.
- Maps
  - § This interactive map application allows the user to zoom, pan and select types of information to display. This application will also display the database information for wells by selection tools or double clicking on a single item. There are also tools to allow annotations and to save reusable map files.
- Reports
  - § This area is still in development; there are currently only a few reports available. The application does malfunction from time to time. The goal is to have selectable data sets and statistical queries.
- Local Area Network
  - The COGCC staff is connected to services by a Local Area Network connection. This provides e-mail and data sharing capabilities. Staff utilizes the same applications in their work as Internet users, in addition to others outlined below.
  - Database
    - § The COGCC maintains a comprehensive database of regulated facilities (wells, pits, injection sites), incidents (inspections, complaints, spills), and affiliations (companies, contacts, staff).
    - § A database cleanup project is currently underway, with more than 12,000 historic well records updated.
  - Form Processor
    - § This set of applications allows users to input, route, edit, and update regulatory reports submitted by oil and gas operators.
  - Geographic Information Systems (GIS)

- § These applications provide the COGCC capability to create custom maps, convert survey calls to geographic coordinates, and convert and utilize geographic positioning system (GPS) data.
- § The GIS Administrator creates daily updates for the Internet map application.
- COGIS Tools
  - § This set of applications allows the staff to correct data in the database in addition to performing specialized workflow administration.

- Remote Users

This is the final implementation for the COGIS system. This system will consist of Internet applications, form processor and other specific tools necessary for the field personnel to automate their data collection and information requirements running on a laptop or tablet computer. This project continues to receive high marks in the budget process but has been delayed due to budget constraints.

## VIII. VARIANCES

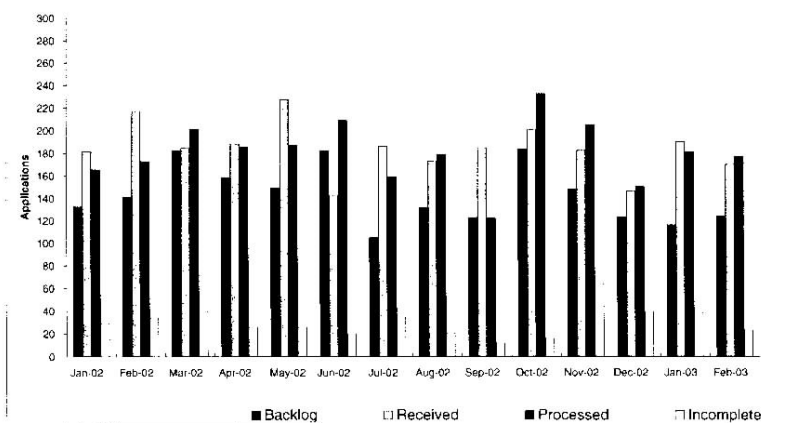
BP America Production Company was granted a variance to the conditions of approval for the drilling permit for the Neva Dove A No. 2 Well located in the SE $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 1, Township 34 North, Range 7 West in La Plata County. BP will be allowed to gravel the access road and the location within the anchor patterns so that a rig may be safely moved in and operated during an upcoming workover.

## Colorado Oil & Gas Conservation Commission

### Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
<b>Drilling</b>								
Jan-02	126	178	162	7	0	26	109	135
Feb-02	135	210	164	3	0	32	144	178
Mar-02	178	173	194	6	0	38	113	151
Apr-02	151	177	175	10	0	26	117	143
May-02	143	202	173	6	0	24	142	166
Jun-02	166	124	183	9	0	16	82	98
Jul-02	98	171	140	0	0	33	96	129
Aug-02	129	166	177	3	0	16	99	115
Sep-02	115	169	117	1	0	10	156	166
Oct-02	166	188	209	3	0	14	128	142
Nov-02	142	148	170	2	0	61	57	118
Dec-02	118	142	144	3	0	37	76	113
Jan-03	113	180	175	1	0	38	79	117
Feb-03	117	154	158	3	0	23	87	110
<b>Recompletion</b>								
Jan-02	7	4	4	0	0	3	4	7
Feb-02	7	7	9	0	0	2	3	5
Mar-02	5	12	8	1	0	2	6	8
Apr-02	8	12	11	2	0	0	7	7
May-02	7	26	15	1	0	2	15	17
Jun-02	17	19	27	1	0	4	4	8
Jul-02	8	16	20	0	0	2	2	4
Aug-02	4	8	3	0	0	5	4	9
Sep-02	9	17	7	0	0	2	17	19
Oct-02	19	14	25	0	0	2	6	8
Nov-02	8	36	37	0	0	4	3	7
Dec-02	7	6	8	0	0	3	2	5
Jan-03	5	12	8	0	0	1	8	9
Feb-03	9	18	21	0	0	1	5	6
<b>Total</b>								
Jan-02	133	182	166	7	0	29	113	142
Feb-02	142	217	173	3	0	34	147	183
Mar-02	183	185	202	7	0	40	119	159
Apr-02	159	189	186	12	0	26	124	150
May-02	150	228	188	7	0	26	157	183
Jun-02	183	143	210	10	0	20	86	106
Jul-02	106	187	160	0	0	35	98	133
Aug-02	133	174	180	3	0	21	103	124
Sep-02	124	186	124	1	0	12	173	185
Oct-02	185	202	234	3	0	16	134	150
Nov-02	150	184	207	2	0	65	60	125
Dec-02	125	148	152	3	0	40	78	118
Jan-03	118	192	183	1	0	39	87	126
Feb-03	126	172	179	3	0	24	92	116

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



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

Colorado Oil Gas Conservation Commission  
Monthly Statistics

YEAR	MO	Baker - Hughes rig count	Drilling Apvd Rcvd	Recompletion Apvd Rcvd	Permits Apvd Rcvd	Injection Apvd Rcvd	Pits Apvd Rcvd	Active Wells	Unedited Historic Records	Public Visits Office	Internet Change	Well Oper
2000	Total		1533 1755	155 187	187 38	12 5	21 2	328 305	1264	1844	46136	3105
2001	JAN	26	203 224	49 38	5 8	22240	89	136	6974	275		
	FEB	29	193 196	5 7	0 0	16 18	22225	75	113	4900	502	
	MAR	26	192 136	10 12	0 2	3 41	22487	78	107	6448	204	
	APR	32	242 269	16 11	1 2	4 5	22714	87	143	6110	686	
	MAY	36	241 236	8 8	0 2	0 7	22712	72	157	6693	484	
	JUN	36	194 256	12 14	2 3	10 49	22712	65	106	6090	651	
	JUL	35	216 178	8 15	4 2	23 3	22742	81	116	10473	793	
	AUG	37	176 152	22 12	3 4	25 18	22795	67	75	12727	1640	
	SEP	38	109 173	6 15	3 0	83 27	22795	60	69	10416	168	
	OCT	36	202 142	8 8	3 3	2 3	22824	84	105	11943	211	
	NOV	33	122 154	16 8	0 0	18 24	22879	63	78	11542	170	
	DEC	24	181 185	4 4	1 2	25 43	22879	104	101	10508	202	
2001	Total		2271 2301	164 152	22 22	235 246	925	1306	104824	5986		
2002	JAN	25	162 178	4 4	2 2	0 43	27 22873	73	95	11673	1004	
	FEB	27	164 210	9 7	2 1	9 25	22911	76	68	13679	201	
	MAR	25	194 173	8 12	2 3	31 11	22930	58	55	13184	185	
	APR	28	175 177	11 12	3 4	2 26	23040	65	67	12935	729	
	MAY	33	173 202	15 26	6 7	41 10	23098	64	90	14492	219	
	JUN	34	183 124	27 19	0 1	1 4	23156	57	69	13747	148	
	JUL	31	140 171	20 16	2 1	7 30	23242	51	105	14801	203	
	AUG	30	177 166	3 8	1 1	36 14	23273	50	71	15554	209	
	SEP	24	117 169	7 17	2 3	13 37	23352	65	46	15810	189	
	OCT	25	209 188	25 14	4 4	12 11	23488	45	59	18423	195	
	NOV	24	170 148	37 36	3 0	8 31	23608	63	68	15932	329	
	DEC	27	144 142	8 6	2 2	49 2	23711	51	81	15460	241	
2002	Total		2008 2048	174 177	29 25	252 228	718	874	175690	3852		
2003	JAN	31	175 180	8 12	2 2	3 14	23963	82	88	16624	492	
	FEB	32	158 154	21 18	1 0	1 0	24118	62	77	19160	120	
2003	Total		333 334	29 30	3 2	4 14	144	165	35784	612		

Apvd = Approved, Rcvd = Received, Ind = Individual, BHMT = Blanket, Apps = Application for Hearing, NDAP = Notice of Alleged Violation, AOC = Administrative Order of Consent, OPV = Order Finding Violation, Cmppl = Complaint, Comp = Completed



Colorado Oil Gas Conservation Commission  
Monthly Statistics

YEAR	MO	Operators		Release		Bonds		Claim		Hearings		Violations		Complt		Spills		Remediation		Field Insp
		New	Inactive	Ind.	Blkt.	Replace	Ind.	Blkt.	Apps.	Order	NOAV	AOC	OFV	Complt	Spills	Rcvd	Comp			
2000	Total	76	89	65	45	55	2	0	47	35	254	13	7	246	283	145	140	7700		
2001	JAN	7	8	6	3	10	0	0	12	8	14	1	0	10	35	17	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	3	7	7	0	2	30	17	13	19	761		
	JUN	7	9	0	5	4	0	0	NA	NA	9	NA	NA	17	17	8	6	414		
	JUL	5	2	1	2	14	0	0	9	7	18	4	0	13	16	8	10	578		
	AUG	4	6	1	3	10	0	0	4	3	25	0	0	45	20	4	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	45	0	0	22	17	8	11	717		
	NOV	5	0	0	0	12	0	0	NA	NA	14	NA	NA	20	12	8	7	410		
	DEC	8	2	0	3	10	1	0	7	1	17	0	0	13	16	3	8	385		
2001	Total	77	57	33	28	104	2	1	53	40	259	9	2	217	202	97	98	7242		
2002	JAN	7	9	3	3	6	0	0	6	7	19	1	2	16	20	17	0	409		
	FEB	10	4	1	0	5	0	0	6	4	34	0	1	11	29	6	6	445		
	MAR	6	8	3	3	10	0	0	3	2	19	0	2	5	31	10	5	571		
	APR	7	10	8	3	10	1	0	5	4	28	0	0	10	11	9	10	352		
	MAY	5	11	6	14	6	0	0	NA	NA	29	NA	NA	16	19	4	7	746		
	JUN	5	12	3	10	8	0	1	6	4	17	0	1	8	20	5	8	781		
	JUL	2	6	2	7	12	1	0	6	5	25	2	0	23	14	9	3	855		
	AUG	6	11	6	5	8	0	0	5	4	73	1	1	16	13	2	2	612		
	SEP	4	5	8	3	8	0	0	17	16	17	0	14	20	12	3	2	330		
	OCT	3	12	8	6	5	0	0	3	2	10	0	0	14	10	0	7	317		
	NOV	5	3	3	0	15	0	0	NA	NA	1	NA	NA	14	10	0	3	316		
	DEC	3	6	11	4	5	0	0	6	4	5	1	0	12	12	0	5	295		
2002	Total	63	97	62	58	98	2	1	63	52	277	5	21	165	201	65	58	6029		
2003	JAN	8	6	8	3	5	0	0	3	4	22	1	0	3	15	0	1	422		
	FEB	10	7	2	2	10	0	0	4	2	6	1	0	4	13	0	8	412		
2003	Total	18	13	10	5	15	0	0	7	6	28	2	0	7	28	0	9	834		

Apvd = Approved, Rcvd = Received, Ind = Individual, Blkt = Blanked, Apps = Application for Hearing, NOAV = Notice of Alleged Violation, AOC = Administrative Order of Consent, OFV = Order Finding Violation, Cmpmt = Compliant, Comp = Completed

GLENWOOD SPRINGS "POST-INDEPENDENT" FEB 21-22, 2003 PAGE 1

## Citizens let it all out at gas forum

BY CARRIE CLICK  
Post Independent Staff

RIFLE — Angry Grass Mesa landowners packed a public forum Thursday, complaining about devalued property, ruined scenery, noise and foul odors from natural gas drilling in western Garfield County.

The standing-room-only crowd of landowners, gas industry workers and government representatives packed Rifle City Hall for the quarterly Northwest Colorado Oil and Gas Forum. Topics included well permitting, drilling activities, and new rules affecting local government input on oil and gas well permits.

Garfield County Commissioner Larry McCown, co-host of the forum with Colorado Oil and Gas Conservation Commission deputy

director Brian Macke, said the meeting drew three times as many people as other Oil and Gas Forums held in Rifle in the past.

People expressed concern about oil and gas companies taking water from local homeowners and landowners.

That led to a discussion regarding the difference between fresh water — surface water and river water — and produced water — water drilling companies draw from water tables thousands of feet underground.

"It's not potable water," said Steve Soychak, the district manager for Williams Production in Parachute. "It's unusable to the general public."

Discussion of water quality and use led to a bigger discussion of the frustrations landowners feel

"I've got livestock up there, and you're impacting my horses. ... What's your obligation to the community?"

John Terry,  
Grass Mesa  
landowner

about gas and oil drilling.

"I've got a well less than a mile from my front door," said Grass Mesa landowner John Terry. "I've got another one less than a half-mile, and another less than 1,900 feet from my front door. I just got my property appraised and it's not worth s---t, excuse my language."

"I've invested more than \$400,000 in my land, and it's no good. I've got livestock up there, and you're impacting my horses. You've encircled me with this. You don't live up there. What's your obligation to the community?" Terry asked.

Other landowners expressed frustration about drilling and truck noise and the unsightliness of drilling operations.

GAS: see page A6

## Williams discusses proposed drilling

GAS: from page A1

Macke asked the landowners if they knew who owned the mineral rights before buying their property. One landowner said he was aware, but said Realtors and developers encouraged him to believe there was no way gas drilling would take place nearby.

Soychak briefed the audience on Williams' proposed well production on 11,000 acres north of the Colorado River between Rulison and Parachute. Williams wants to use directional drilling to double the downhole density of wells, using pads that are already planned or in place. The 10-acre spacing proposal, which is sought for 11,000 acres of private land north of the Colorado River, would mean an additional 554 new wells drilled over five to 10 years.

Soychak told the audience he estimates the new wells combined with existing wells would bring an additional \$124 million in tax revenues to Garfield County over the next 20 years.

"We're currently the largest

taxpayer in the county," he said. Williams' Garfield County tax bill was \$1.8 million for 2002.

Williams must first receive approval for the 10-acre spacing from COGCC. A hearing is set for April.

Macke also provided an update on regional oil and gas activity. Statewide, 2,006 permits were approved in 2002, and 290 permits have been approved so far in 2003.

Macke said the state agency approved 353 well permits in Garfield County in 2001 and 362 in 2002. So far in 2003, the oil and gas commission has granted 86 permits.

Weld County, long the state's most intensely drilled county, continued with the highest number of permits: 702 in 2001, 760 in 2002, and so far, 107 in 2003.

Macke said northwest Colorado, which he identified as the Grand Valley area, Rifle, Rulison, Mesa County, Piceance Creek, and portions of Moffat County, accounts for 28 percent of all gas drilling permits in the state.

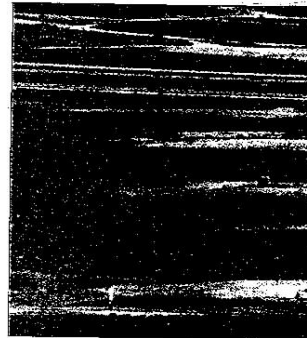
Tom Davis, a geophysics pro-

fessor at Colorado School of Mines, discussed a seismic project he wants to implement this fall on Williams' land to lessen the impacts of drilling.

The forum also included discussion of complaints of compressor noise, new permit processing guidelines, and a briefing by Rick Ryan of the U.S. Bureau of Land Management Colorado state office.

The next forum meeting is scheduled for 10 a.m. to 2 p.m. on June 12 at Rifle City Hall.

Contact Carrie Click: 945-8515, ext. 518  
click@postindependent.com



The field north of Interstate 70 just west of drilling well pads.

GRAND JUNCTION "DAILY SENTINEL"

## AROUND THE REGION

FEB 21, 2003

# Forum in Rifle draws many coal-bed methane questions

By MIKE McKIBBIN  
The Daily Sentinel

**RIFLE** — At Thursday's Northwest Colorado Oil and Gas Forum in Rifle, residents from outside Rifle and Silt peppered officials of EnCana Oil and Gas with questions about the company's plans to drill 200 wells this year.

More than 100 people overflowed Rifle City Council chambers to listen and ask questions of the natural-gas developer. EnCana plans to drill the wells in the Mamm Creek Field, which includes the Grass Mesa subdivision southeast of Rifle and the Dry Hollow area south of Silt.

About 180 of the wells are planned to be drilled directionally off about 70 well pads. The process disturbs much less surface area than new vertical wells.

Many questions concerned whether EnCana is trying to develop coal-bed methane instead of the conventional natural-gas wells they and other operators drill in Garfield County.

Coal-bed methane is a gas trapped in underground coal seams by ground water.

"We believe we are probably already producing gas from coal seams we drill through to reach the Williams Fork Formation," EnCana's Doug Jones said. "But the gas in those seams is not worth pursuing as coal-bed methane, and we don't know if it's viable to produce methane that's even deeper than where we get the conventional gas."

However, Jones added that if the opportunity is found to produce gases from coal seams, "we would follow up on that."

Over the last decade or so, several area operators have tested for coal-bed methane but have never found it to be economically recoverable.

Steve Soyachak, Parachute district manager for Williams Production, said test wells it drilled between 1989 and 1992 found very little ground water discharge but not enough methane to justify commercial development.

Gary Osier of the White River

National Forest said 10 wells drilled in upper Mamm Creek in the 1990s had the same results.

Grass Mesa resident Garland Anderson urged EnCana to use berms around well pads and other methods to lessen the aesthetic concerns.

"We all moved out there for the peace and quiet and the view and we don't feel our concerns are being addressed," he said. "Most of us bought out there knowing the mineral rights could be developed, but we were led to believe by realtors and the developer that that wouldn't happen. We understand the right to develop, but what about consideration of others?"

Another resident suggested EnCana hide the completed wells by "putting a structure like little red barns over them." The metal structures could be lifted off if maintenance is needed, she said.

Mike McKibbin can be reached via e-mail at [mmckibbin@gjds.com](mailto:mmckibbin@gjds.com).

GLENWOOD SPRINGS "POST INDEPENDENT" FEB 24, 2003

# Earthshaking experiment planned near Rulison

Seismic imaging  
could improve  
natural gas location

BY CARRIE CLICK  
Post Independent Staff

RIFLE — A deserted patch of land north of Rulison could be the focus of a cutting-edge natural gas exploration experiment by the Colorado School of Mines this fall.

Tom Davis, Ph.D., a professor in the geophysics department at the School of Mines in Golden, was at Rifle City Hall Thursday addressing the Northwest Colorado Oil and Gas Forum.

At the meeting, Davis explained to

attendees his proposal to identify underground natural gas locations using seismic imaging.

"Using this technology, we hope to minimize the number of wells since we'll be able to better locate natural gas locations," he said.

The School of Mines project is being sponsored by 24 oil and gas international companies around the world in hopes of using a more efficient method of locating gas.

One of the sponsors, Williams Production, is a Tulsa-based energy company that conducts natural gas drilling in Western Colorado.

"Williams is one of the 24 sponsors," said Davis. "We at the School of Mines put out calls for projects to the (mining) industry. We have received a lot of inter-

"Using this technology, we hope to minimize the number of wells since we'll be able to better locate natural gas locations."

Tom Davis,  
Colorado School of Mines

est in developing a more efficient kind of technology for locating natural gas. This is a true example of education and industry working together."

EARTHSHAKING: see page 3

## Method would lessen environmental impacts

EARTHSHAKING: from page 1

Steve Soychak, Williams' district manager, explained Williams' interest in the School of Mines' project.

"We are looking to lessen the impact of gas drilling on the environment and on people," he said.

Davis said in addition to lessening environmental impacts, the project directly benefits the oil and gas industry.

"Our sponsors are looking for ways to drill wells more productively," Davis said. "They want to drill in the right locations so they don't have to drill here, there and everywhere. Plus, it's much more economical to drill where there are richer sources of natural gas."

Williams currently holds mineral leasing rights on 11,000 acres in Western Garfield County north of the Colorado River and west of Rifle. If approved, the School of Mines' experiment will use School of Mines' new method of seismic imaging on five square miles within

Williams' leased land.

Davis plans to use a vehicle called a thumper truck to roll through the designated experiment area, sending low frequency, low decibel pulses into the ground.

"The truck's pulses shake the ground both upwards and side-to-side," Davis explained, "which allows us to find cracks in the ground."

Those cracks are where natural gas is typically found.

Davis said the new method has less impacts on the environment than the standard method which is to drill holes deep into the ground and pack dynamite into the holes. Cracks are formed when the dynamite is detonated.

"We're only using one vehicle, which causes lower impacts over the terrain," he said. "And we'll have a team of about 20 people on foot who will implant receivers into the ground to take readings. We'll likely take 1,500 readings within this five-square mile site."

A team using the standard method can employ as many as

"Our sponsors are looking for ways to drill wells more productively. They want to drill in the right locations so they don't have to drill here, there and everywhere. Plus, it's much more economical to drill where there are richer sources of natural gas."

Tom Davis,  
Colorado School of Mines

40 people, and use trucks, explosives and drilling equipment to drill the area, detonate dynamite and take readings.

When an audience member at Thursday's meeting asked about the effects of the technique on wildlife, Davis said they're minimal. Once the truck drives through, and readings are taken,

he said, the only thing left behind are tire tracks and footprints.

"This is a much more efficient approach," Davis said. "There's no noise, far fewer people and vehicles, and less distress on the environment. We plan to stay in the low country. We won't do any of this work on the high mesas in the region. Plus it's more effective in helping us locate natural gas."

Davis said he plans to take a week to 10 days to complete the experiment. If the experiment goes well, he said the new seismic imaging method will be used internationally.

"This is a technique of the future," Davis said.

The School of Mines needs to receive approval from the Colorado Oil and Gas Conservation Commission before proceeding with the experiment this fall. The commission has 30 days to review the proposal once it is submitted.

Contact Carrie Click: 945-8515, ext. 518  
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GRAND JUNCTION "DAILY JEWEL" FEB 27, 2003

# Firm files for closer spacing of gas wells

By MIKE McKEOWN  
The Daily Sentinel

**RIFLE** — More than 550 natural-gas wells will be drilled during the next two decades in western Garfield County, if an application for 10-acre downhole spacing is approved by state regulators.

Downhole spacing would not mean wells would be drilled every 10 acres within the 11,000-acre application area.

Williams Production wants to drill the wells directionally from existing or future 40- and 20-acre well pads on private lands north of the Colorado River and Interstate 70 in the Rulison and Parachute areas, said District Manager Steve Soychak.

"We will be able to minimize surface impacts by being able to drill 10-acre density wells at the same time as the 20-acre and 40-acre density wells," Soychak said. "By

**Directional drilling makes the difference.**  
**See page 5B.**

drilling all the additional wells directionally, we will not require new roads and we will be able to consolidate equipment in central locations and utilize the existing pipeline infrastructure."

Williams reached surface use agree-

ments with all property owners in the application area before filing its request with the Colorado Oil and Gas Conservation Commission. A hearing is scheduled for the commission's April 21-22 meeting. If approved, Soychak said Williams hopes to begin drilling the 10-acre wells in the fourth quarter of this year.

See **WELLS**, page 5B

## WELLS: Tight sands a hurdle

Continued from page 1B

The company took the step based on results from a 10-acre pilot project in 2001. It found 10-acre spacing could recover up to 80 percent of the natural gas. With 20-acre well density, only 40 to 45 percent of the gas is recovered.

Soychak said about eight wells were drilled on each of the two 10-acre plots and estimated those wells have produced about 4 million cubic feet of gas a day.

Oil and Gas Commission Director Rich Griebing said he was not aware of any other location in Colorado where the tight sands and geography pose such a hurdle to natural-gas production.

"There's really nothing else like it in Colorado and because it's so tight, you need to punch a straw down in several locations to reach the gas," Griebing said.

While the 10-acre spacing would be the closest for natural-gas in Colorado, Griebing and Soychak pointed out oil wells, such as those drilled in the Rangely oil field, are as close or closer.

The 10-acre spacing application comes while Williams, the largest gas producer in the county for many years, plans only 82 total wells this year. Last year, Williams set a record with more than 140 wells.

"We have a cash crunch with (parent company The Williams Cos.) that's keeping us down to one or two rigs until the fourth quarter," Soychak said.

The Williams Cos. lost nearly \$100 million through financial ties to the Enron Corp. and is restructuring in the wake of Enron's collapse.

If all 554 wells are drilled under the 10-acre plan, 650 billion cubic feet of gas could be recovered, enough to heat 300,000 homes for 20 years, Soychak said. Williams has drilled some 750 wells in the Parachute, Rulison and Grand Valley fields.

The new wells are to generate about \$124 million in property tax revenue to county, school and special districts.

The company also plans to install condensers on all 10-acre wells to reduce air pollution and will gravel the main access roads to help reduce dust, Soychak said. Conservation easements will also be secured to protect wildlife in the application area.

Along with the 10-acre program, Williams will work with the Colorado School of Mines on a three-dimensional seismic mapping program to help identify underground "sweet spots" to target when the wells are drilled.

"This is akin to the medical imaging a doctor does of a patient with things like X-rays and CAT scans," said geophysicist Tom Davis of Colorado School of Mines. "We get a three-dimensional picture that shows us how the gas moves, especially with (fracturing)."

Fracturing is the process of injecting water and sand under high pressure into a well bore to crack the rock.

Davis said "thumper trucks," which use hydraulics to "shake" the ground, will create graphs producers use to help decide where to drill.

"We need to aggressively develop our coal-bed gas reserves," her statement said, if people want to continue to have the lifestyle they've become accustomed to and secure the nation's energy supply.

"There's a great deal of optimism in Colorado about oil and gas development," Macke said. He said although there has been a lot of controversy surrounding development lately, the state has addressed regulation of the industry with a heavier hand than some other states.

Jim Lightner, of Tom Brown Inc., said Colorado has to deal with its own energy demands and respond to the nation's energy demands at some point — and face the facts.

According to the Colorado Oil & Gas Conservation Commission, 2,000 drilling permits were issued in the state in 2000. In the same year, 50,000 housing permits were issued in the state.

"We have to power that in some way," Lightner said.

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## 03.09.03 Officials: Natural gas a big role in future

By ERIN McINTYRE The Daily Sentinel

Federal and state officials touted the production of natural gas and said the resource will play a big part in the nation's future at a Club 20 meeting Saturday.

Not only will natural gas be a big part of the nation's future, but it also will play a leading role in Colorado's future.

Colorado is home to some of the biggest estimated natural-gas reserves in the world — in the San Juan, Piceance and Green River basins. More than 150 trillion cubic feet of untapped natural gas is waiting to be pulled to the surface of those basins alone, according to Brian Macke of the Colorado Oil and Gas Conservation Commission.

With energy consumption expected to grow more than 30 percent across the nation by 2020, and international instability that may affect the nation's energy supplies, energy companies and federal officials are eyeing those reserves, said Ron Wenker, Colorado Bureau of Land Management director.

Wenker read a statement from Rebecca Watson, the assistant secretary for land and minerals management of the U.S. Department of Interior, at the meeting.

"Energy is the Achilles' heel for all of us," Watson's statement said. "Our future energy is precarious unless we take appropriate steps." Wenker referred to unrest in the Middle East and Venezuela as part of that uncertain foreign energy supply.

(M6 "Today we realize that with our present consumption independence is not possible," Watson's statement said.

Officials are looking to rich natural-gas reserves to boost domestic energy supplies and loosen the dependence on foreign energy sources — mainly oil.

With an estimated 59 trillion cubic feet of natural gas beneath the Rocky Mountains alone, Colorado will be key to that development, Watson's statement said.

Watson also labeled the controversial coal-bed methane issue as an essential piece of the puzzle in maintaining supply for increasing demand and for stabilizing the energy supply by drawing on a diverse energy supply.



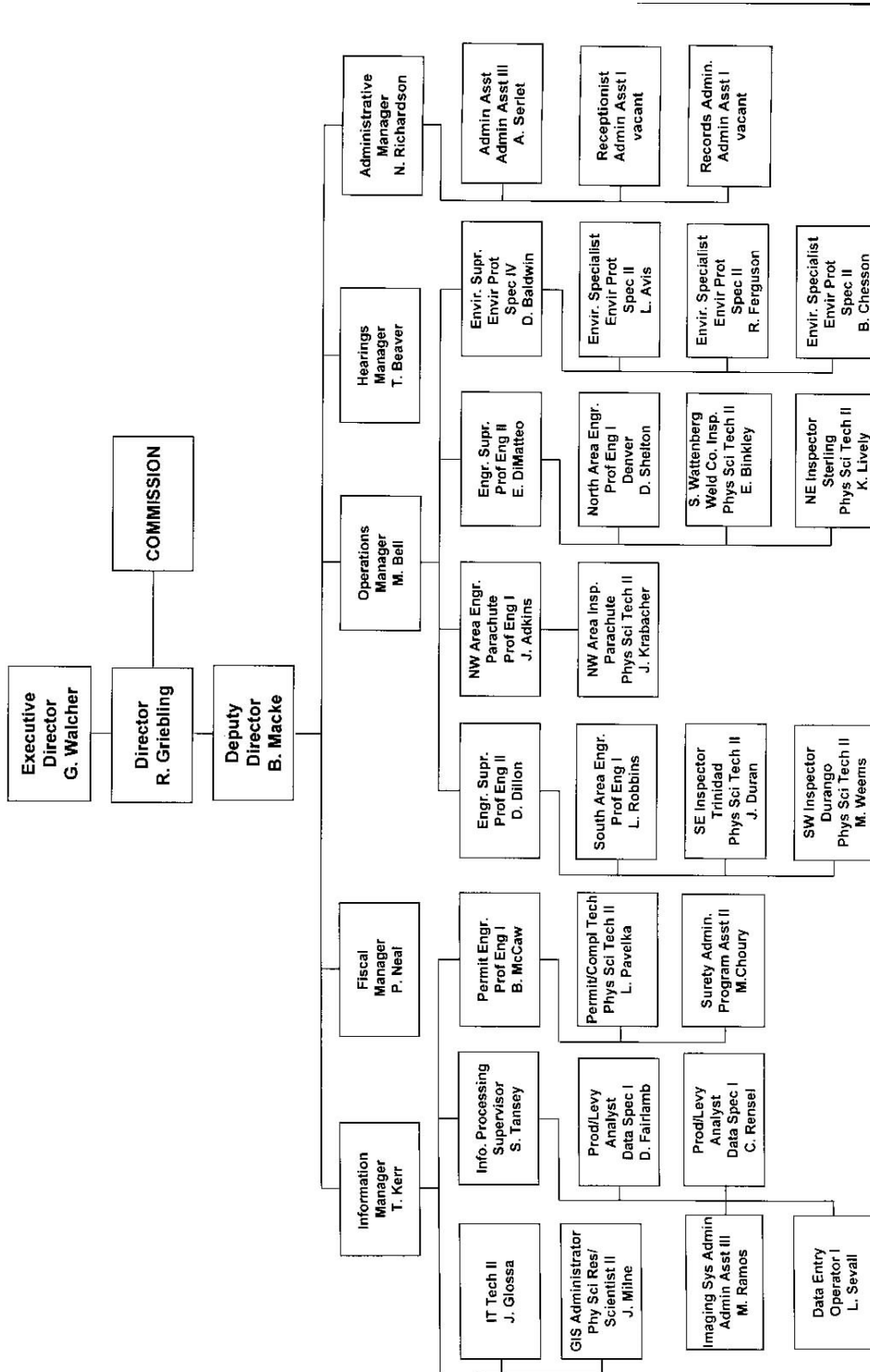
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# COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION



Version 62 - 9/18/2002



## PENALTY PAYMENT STATUS

03/10/03

## I. PENALTIES ASSESSED/PAID

Fiscal Year	# of Orders Issued	\$ Amount Assessed	# of Orders Paid	\$ Amount Paid	# of Orders Waived	\$ Amount of Orders Waived	# of Orders Paid through Collections	\$ Amount of Assessed Penalties Later Uncollectable
90-91	4	\$32,300	4	\$32,300	0	\$0	n/a	\$0
91-92	0	\$0	0	\$0	0	\$0	n/a	\$1,500
92-93	6	\$10,000	2	\$6,500	0	\$0	n/a	\$47,608
93-94	12	\$263,808	7	\$105,000	0	\$0	n/a	\$18,247
94-95	10	\$83,817	4	\$21,805	4	\$139,000	n/a	\$0
95-96	29	\$238,250	19	\$154,000	3	\$20,750	n/a	\$0
96-97	13	\$79,500	8	\$29,500	0	\$0	n/a	\$32,750
97-98	30	\$140,500	22	\$74,750	0	\$1,000	n/a	\$2,000
98-99	19	\$74,000	18	\$66,500	2	\$25,000	n/a	\$2,000
99-00	23	\$110,500	12	\$59,460	0	\$3,000	2	\$11,000
00-01	18	\$85,500	16	\$30,500	0	\$6,000	0	\$0
01-02	10	\$38,000	5	\$23,000	0	\$0	0	\$0
02-03	20	\$40,250	8	\$19,750	0	\$0	0	\$0
Totals	194	\$1,196,225	125	\$623,065	9	\$194,750	2	\$115,105

## II. DELINQUENT PENALTIES

Order Number	Date Issued	Violating Entity	Penalty Assessed	Violations	Status	Referred to Collections
1V-56	03/15/93	Gear Drilling Company	\$2,000	Rule 305, 319 a (2)	Work completed per order	Yes
1V-73	06/23/94	Western Oil Company	\$2,300	Rule 317 a 8	Bond forfeited 11/01/95	Yes
1V-82	06/19/95	Joseph V. Dodge	\$14,000	Rules 210 b., 305., 307., 317 b (3), 604 a (4)	\$30,000 bond claimed 11/95/penalty unpaid/No assets	Yes
1V-93	11/21/95	Tipps Drilling Co	\$60,000	Rules 604 a 4., 902 e.&f	AOC negotiated	Yes
1V-110	05/21/96	Kana Resources, Inc.	\$3,500	Rules 303 a., 306., 317 b 1.	District Court decision entered/\$10,000 bond claimed	Yes
1V-114	09/04/96	Mr. Jim Snyder	\$10,000	Rules 308., 317 i., APD	Bond claimed	Yes
1V-124	07/01/97	Nerdilnc Company Inc	\$9,000	Rules 326 b 1., 319 b., 210 b.	\$30,000 bond claimed 5/98	Yes
1V-132	11/24/97	Eros, Inc.	\$24,000	Rules 319 b., 326 b.	Bond claimed	Yes
1V-167	01/05/99	Pacific Midland Production	\$1,000	Rule 326 b	Work to be completed by July 1, 1999	Yes
1V-170	03/25/99	Allen Oil & Gas, LLC	\$12,000	Rules 904, 905, 603 g, 906, 909 b (2) & (5), 91	McCormick in bankruptcy-Bond claimed	Yes
1V-175	08/19/99	McCormick Oil & Gas Co	\$18,000	Rules 1004, 319 b (3), 326 b., 206., 309	Bond Claimed	Yes
1V-177	08/19/99	Faith Energy Exploration, Inc.	\$3,500	Rules 308A., 308B., 326 b.	Bond claimed	Yes
1V-191	03/15/00	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), 90	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-218	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	Woosley Oil Company	\$6,000	Rule 326 b.		Yes
1V-221	03/25/02	Dornier Oil & Gas, Inc.	\$6,000	Rules 302., 304., 319 b., 709.		Yes
1V-227 - 1V-23	09/21/02	DJ Production Svcs, Inc	\$14,000	Rule 309., 310A., 319 b (1), 319 b (3), 326 b		Yes
1V-237	09/21/02	DJ Production Svcs, Inc.	\$1,500	Rule 326 b		Yes
1V-239	09/21/02	DJ Production Svcs, Inc.	\$500	Rule 309		Yes
1V-240	09/21/02	DJ Production Svcs, Inc.	\$1,500	Rule 324A a., 907 a., 910 a.		Yes
Total Penalties Pending Collection			\$255,800			

**HEARING DOCKET: April, 2003**prelim  
3/10/2003  
Page 1

No.	Cause	Applicant/Attorney or Representative	Date Rec'd	Field Formation County	Matter	Remarks
0304-AW-03	139 440 479 495 510	Williams Production RMT Co./ William A. Keefe	2/14/2003	Parachute/Grand Valley Williams Fork Garfield	Request for an order to allow additional wells to be drilled on ten (10) acre density directionally from 40-acre well sites or previously approved 20-acre well sites for certain lands in Township 6 South, Ranges 94 - 96 West, 6th P.M., and Township 7 South, Ranges 95 and 96 West, 6th P.M.	
0303-OV-04	1V	Staff Recommendation	2/18/2003	McClave Kiowa	CFV - Rule 326 b.(1); failure by Frederick I. Schaffer Jr. to either perform a Mechanical Integrity Test, produce, or plug and abandon the State-Pyle #1 Well located in the NW1/4 SE1/4 of Section 6, Township 20 South, Range 49 West, 6th P.M. and the State-Pyles-Calvert #1 Well located in the SW1/4 NE1/4 of Section 11, Township 20 South, Range 49 West, 6th P.M.	
0304-GA-02	146	Public Service Company/ James D. Albright and G. Donohue Kane	3/3/2003	Jefferson	Request for an order authorizing the closure of the Leyden Underground Natural Gas Storage Facility in the caverns of the abandoned Leyden Coal Mine.	
0304-SP-03	191	Capine Natural Gas Company/ Stephen J. Sullivan	3/3/2003	Mam Creek Mesaverde Garfield	Request to vacate the 640-acre drilling and spacing unit consisting of Section 35, Township 6 South, Range 92 West, 6th P.M.	
0304-AW-04	133	Wexpro Company/ William A. Keefe	3/4/2003	Hiawatha West Wasatch, Fort Union, Lance, Lewis, Mesaverde Moffat	Request for an order allowing up to five (5) wells to be drilled in existing 320-acre drilling units established in Section 30, Township 12 North, Range 100 West and Section 25, Township 12 North, Range 101 West.	
0304-AW-03	133	Ensign Operating Co./ Michael J. Wozniak	3/3/2003	Hiawatha West Wasatch, Fort Union-Lance-Lewis Moffat	Request for an order allowing up to four (4) wells to be drilled and completed at the option of the operator on 320-acre drilling and spacing units in Section 26 and the N1/2 of Section 36, Township 12 North, Range 101 West, 6th P.M.	
0304-GA-03	1	Rocky's Autos, Inc./ Gary M. Clexton	3/7/2003	Wattenberg Weld	Request for a stay and an order concerning permit issuance by the Director for Rocky 16-34A, Rocky 11-34A and Rocky 8-3A Wells to be drilled by Kerr-McGee Rocky Mountain Corporation.	
0302-GA-01	517	Evergreen Operating Corp./ Dennis Carlton	12/26/2002	Purgatoire River Vermejo Coal Las Animas	Request for a variance to allow the Kildare 42-20 Well to be located closer than 150 feet from the surface owner's property	continued from February