

MONTHLY STAFF REPORT

June 3, 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 are on track for an annual total of 2000.

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 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 the Garfield County Fairgrounds in the South Hall.** The Garfield County Fairgrounds are on the west side of Railroad Avenue north of downtown Rifle, and the South Hall is located underneath the grandstand area.

In response to the request at the February meeting, the June meeting will include basic educational sessions about how natural gas wells are drilled and completed, how groundwater is protected with regard to oil and gas development, and the geology and hydrogeology of the local area. The meetings are held in late spring during the Legislative session 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 to submit agenda topics for the next meeting. Attached are newspaper articles of local interest. ("[Gas Drilling](#)", "[Silt-area residents](#)", "[Students fly](#)", "[County: Halt gas leasing](#)", "[Pipe dream](#)")

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

Since the April 2003 hearing, the COGCC has received one new APD for the 20-acre infill area. The Exxon/Mobil PA 41-33 Well is a second well (directional) on an existing well pad. As an onsite inspection was already held for the existing well due to its location within 500 feet of the outer edge of riparian vegetation associated with Cottonwood Creek, no additional inspection or conditions are required.

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

III. NORTHEAST COLORADO

.. Leadership Weld County Presentation

Brian Macke provided a presentation on behalf of the COGCC on current issues regarding oil and gas development in Weld County and Colorado for the May 8, 2003 session on Natural Resources for Leadership Weld County in Greeley. Leadership Weld County is a multi-week annual training program for Weld County business and government leaders, and approximately 30 people receive scholarships to attend the training each year. The group expressed a great deal of interest in the current sustained level of oil and gas activity in Colorado and their area, as well as appreciation for the COGCC outreach effort.

IV. SOUTHEAST COLORADO

® Raton Basin Project

A rough draft of the final report regarding the Raton Project is being reviewed and edited. This report will appear on our website and will also be published in the Oil & Gas Journal.

A presentation of the Raton Basin Project Report will be made to the Commission by Anthony Gorody, the contractor tasked to compile and analyze data for this project. This presentation is tentatively scheduled for the July 2003 hearing.

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 (“WQCC”), Water Quality Control Division (“WQCD”), and COGCC will be held on a semi-annual basis. The last meeting was held February 11, 2003 at the COGCC office. A representative from the Division of Water Resources was present and Commissioner Klish represented our Commission. 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. The next meeting will be scheduled sometime in the summer. Our annual presentation to the WQCC is scheduled for November 10, 2003.

® Oil and Gas Industry Stormwater Discharge Construction Permitting

The EPA issued a final rule (March 10, 2003 Fed. Reg., Volume 68, Number 46, pages 11325-11330) to delay by two years the 1-5 acre construction permitting requirement for oil and gas facilities, based on the EPA having not sufficiently considered the potential economic impact during the original rule-making. The deadline was changed to March 10, 2005. The Colorado Oil & Gas Association and the Colorado Petroleum Association petitioned the WQCC for a revision to the Colorado Discharge Permit System Regulations, Regulation #61 (5CCR 1002-61) to add Section 61.4(3)(a)(xv), reflecting the new federal

deadline. At the April 14, 2003 rule-making hearing, the WQCC voted to incorporate the new federal deadline into the Colorado regulation. The revision will be published in the June 2, 2003 Colorado Register, and will go into effect on June 30, 2003. Shortly before that time, the WQCD will notify the affected permittees of their options regarding existing permit certifications.

To find out more about the Stormwater regulation, to be added to the Phase II mailing list, or for more information about the Stormwater Program, including Phase II, please contact Nathan Moore at (303) 692-3555; email: nathan.moore@state.co.us; or Kathy Dolan at (303) 692-3596; email: kathy.dolan@state.co.us of the WQCD.

VII. ORGANIZATION

® Staff Organization

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

Bill McCaw, the Permit Supervisor, retired on May 21, 2003. Bill had been with the Commission for five years and with the Division of Water Resources for ten years prior to that. The process to fill the position has been started.

VIII. PLANNING/ADMINISTRATION/OTHER

® NGPA Well Determinations

The deadline for filing for well determinations was May 1, 2003. The deadline to file for new tight formation area designations expired on March 1, 2003. Colorado did not receive any filings for new area designations. 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.

Information is available on our website by clicking on "General" then "Natural Gas Category Determination". Included are 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 the status of all applications received. 1090 applications were filed and processed, with 929 sent to FERC recommending approval. For additional information, contact Tricia Beaver at (303) 894-2100 x115 or tricia.beaver@state.co.us.

® 2002 Outstanding Oil & Gas Operations Awards

Staff has received several nominations for the 2002 Outstanding Oil & Gas Operations Awards. These nominations have been reviewed and forwarded to you with staff recommendations. Award presentation will take place on August 5, 2003 at the Colorado Oil and Gas Association's Rocky Mountain Natural Gas Strategy Conference and Investment Forum.

® Penalties Status

[Attached](#) is a revised table showing the status of penalties paid and penalties pending collection.

® July Hearing Docket

A preliminary docket for the July 14-15, 2003 hearing has been [provided](#). Hearing dockets are available 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 our main web page.

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

The COGCC information system, COGIS, is made up of 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 Internet connection was moved to a new network structure which provides a much more secure environment. 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. The annual statistics and the weekly/monthly statistics are available here.

○ 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 staff.

○ Library

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

○ Hearings

- § This page has links to the current and previous hearing schedules, which allow for review of the dockets, agendas, applications and their outcome. It also has information that is useful when considering an application for hearing or finding information about the Commissioners.

○ 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 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 the last 12 months of approved permits and current pending permits; it may be filtered by county.
- Database
 - § This application enable users to query well, production and operator information. These queried databases contain the most current set of data and are updated throughout the day.
- Local Gov
 - § This application provides database searches for local government contact information and oil and gas activity within a selected 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, or to 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; only a few reports are currently 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 ("LAN") connection which provides e-mail and data sharing capabilities. The LAN recently moved behind the Department of Natural Resources firewall which will provide a much more secure environment. The move has caused a delay in releasing new information to the image system and some interruption in e-mail availability. 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 21,000 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 component of the COGIS system. It has yet to be implemented. 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.

IX. **VARIANCES**

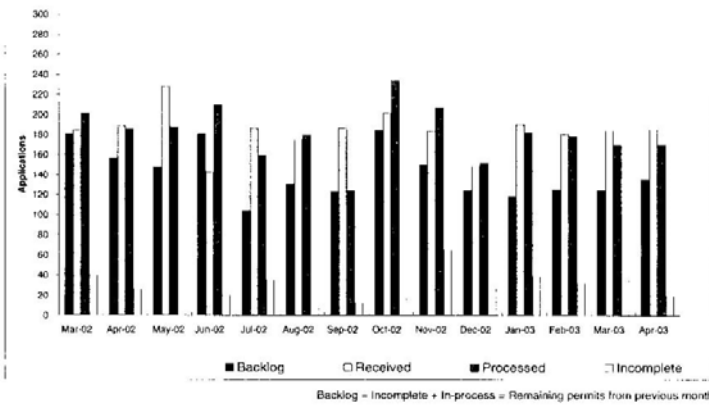
Rosewood Resources, Inc. was granted a Rule 502.b. variance for the Monk #1-7 Well on April 24, 2003. This is a Niobrara test located in Section 7, Township 4 North, Range 46 West, 6th P.M. The variance was based on geological interpretation and places the location greater than 100 feet from the center of the quarter-quarter.

Rosewood Resources, Inc. was granted a Rule 502.b. variance for the Phoebe #4-6 Well on April 24, 2003. This is a Niobrara test located in Section 6, Township 4 North, Range 46 West, 6th P.M. The variance was based on geological interpretation and places the location greater than 100 feet from the center of the quarter-quarter.

Colorado Oil & Gas Conservation Commission
Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
Drilling								
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	99	171	140	0	0	33	96	129
Aug-02	129	167	177	3	0	17	99	116
Sep-02	116	170	117	1	0	10	158	168
Oct-02	168	168	209	3	0	14	130	144
Nov-02	144	148	170	2	0	61	59	120
Dec-02	120	143	144	3	0	37	79	116
Jan-03	116	180	175	1	0	38	82	120
Feb-03	120	163	158	3	0	32	90	122
Mar-03	122	180	166	3	0	35	98	133
Apr-03	133	179	167	1	0	20	124	144
Recompletion								
Mar-02	3	12	8	1	0	2	4	6
Apr-02	6	12	11	2	0	0	5	5
May-02	5	26	15	1	0	2	13	15
Jun-02	15	19	27	1	0	4	2	6
Jul-02	6	16	20	0	0	2	0	2
Aug-02	2	8	3	0	0	5	2	7
Sep-02	7	17	7	0	0	2	15	17
Oct-02	17	14	25	0	0	2	4	6
Nov-02	6	36	37	0	0	4	1	5
Dec-02	5	6	8	0	0	1	2	3
Jan-03	3	11	8	0	0	1	5	6
Feb-03	6	16	21	0	0	0	3	3
Mar-03	3	5	5	0	0	0	3	3
Apr-03	3	7	4	0	0	0	6	6
Total								
Mar-02	181	185	202	7	0	40	117	157
Apr-02	157	199	186	12	0	26	122	148
May-02	148	228	188	7	0	26	155	181
Jun-02	181	143	210	10	0	20	84	104
Jul-02	104	187	160	0	0	35	96	131
Aug-02	131	175	180	3	0	22	101	123
Sep-02	123	187	124	1	0	12	173	185
Oct-02	185	202	234	3	0	16	134	150
Nov-02	150	184	207	2	0	85	60	125
Dec-02	125	149	152	3	0	38	81	119
Jan-03	119	191	183	1	0	39	87	126
Feb-03	126	181	179	3	0	32	93	125
Mar-03	125	185	171	3	0	35	101	136
Apr-03	136	186	171	1	0	20	130	150

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



Colorado Oil Gas Conservation Commission
Monthly Statistics

YEAR	MO	Baker - Hughes rig count	Drilling Apvd	Drilling Rcvd	Recompletion Apvd	Recompletion Rcvd	Injection Apvd	Injection Rcvd	Pits Apvd	Pits Rcvd	Active Wells	Unedited Historic Records	Public Visits Office	Internet Change	Well Oper
2000	Total	1533	1755	155	187	12	21	328	305	8	22240	1264	1844	46136	3105
2001	JAN	26	203	224	49	38	5	2	28	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	268	16	11	1	2	4	5	22714	87	143	6110	686
	MAY	36	241	236	8	8	0	2	0	7	22712	72	157	6893	484
	JUN	35	194	258	12	14	2	3	10	49	22712	65	106	6090	651
	JUL	35	216	178	8	15	4	2	23	43	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	188
	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	22824	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	104824	925	1306	104824	5986
2002	JAN	25	162	178	4	4	2	0	43	27	22873	73	95	11673	1000
	FEB	27	164	210	9	7	2	1	9	25	22911	76	68	13679	207
	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	731
	MAY	33	173	202	15	26	6	7	41	10	23098	64	90	14482	219
	JUN	34	183	124	27	19	0	1	1	5	23156	57	69	13747	494
	JUL	31	140	171	20	16	2	1	7	30	23242	51	105	14801	199
	AUG	30	177	167	3	8	1	1	36	14	23273	50	71	15554	209
	SEP	24	117	170	7	17	2	3	13	37	23352	65	46	15810	189
	OCT	25	209	188	25	14	5	4	12	11	23488	45	59	18423	523
	NOV	24	170	148	37	36	3	0	8	31	23508	63	68	15932	347
	DEC	27	144	143	8	6	2	0	49	2	23711	51	81	15460	243
2002	Total	2008	2051	174	177	30	25	252	229	718	874	175890	874	175890	4546
2003	JAN	31	175	180	8	11	2	2	3	14	23963	82	88	18624	495
	FEB	32	158	163	21	18	1	0	1	0	24118	62	77	19160	186
	MAR	30	166	180	5	4	1	2	15	4	24212	51	55	NA	171
	APR	35	167	179	4	7	0	6	5	24	24363	63	123	NA	148
2003	Total	665	702	38	40	4	10	24	42	256	343	35784	343	35784	1000

Apvd = Approved, Rcvd = Received, Ind = Individual, Brkt = Barrels, Appt = Application for Hearing, NOV = Notice of Alleged Violation, AOC = Administrative Order of Consent, QTY = Crater Feeding Violation, Crptl = Complaint, Comp = Completed

Colorado Oil Gas Conservation Commission
Monthly Statistics

YEAR	MO	Operators		Release		Bonds		Claim		Hearings		Violations		Complt		Spills		Remediation		Field
		New	Inactive	Ind.	Blnt	Replace	Ind.	Blnt	Apps	Order	NOAV	AOC	OFV	Complt	Spills	Spills	Spills	Projects	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	717		
	FEB	6	2	3	1	3	1	0	2	4	9	1	0	10	7	4	7	792		
	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	541		
	MAY	7	4	2	4	6	0	1	1	3	7	0	2	30	17	13	19	761		
	JUN	7	9	0	5	4	0	0	NA	NA	NA	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	760		
	SEP	10	8	7	4	3	0	0	2	NA	40	0	0	14	20	8	10	311		
	OCT	5	6	5	3	9	0	0	5	4	45	0	0	22	17	8	12	717		
	NOV	5	0	0	0	12	0	0	NA	NA	14	NA	NA	20	12	8	6	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	7240		
2002	JAN	7	9	3	3	6	0	0	6	7	19	1	2	16	20	17	0	415		
	FEB	10	4	1	0	5	0	0	6	4	34	0	1	11	29	6	6	449		
	MAR	6	8	3	3	10	0	0	3	2	19	0	2	5	32	8	5	572		
	APR	7	10	8	3	10	1	0	5	4	28	0	0	10	11	9	10	363		
	MAY	5	11	6	14	6	0	0	NA	NA	29	NA	NA	16	19	4	7	805		
	JUN	5	12	3	10	8	0	1	6	4	17	0	1	8	20	5	8	857		
	JUL	2	6	2	7	12	1	0	6	5	26	2	0	23	14	10	3	936		
	AUG	6	11	6	5	8	0	0	5	4	72	1	1	17	13	2	2	654		
	SEP	4	5	8	3	8	0	0	17	16	20	0	14	20	12	5	2	369		
	OCT	3	12	8	6	5	0	0	3	2	10	0	0	14	10	7	7	346		
	NOV	5	3	3	0	15	0	0	NA	NA	1	NA	NA	14	11	4	3	377		
	DEC	3	6	11	4	5	0	0	6	4	5	1	0	12	12	3	5	366		
2002	Total	63	97	62	58	98	2	1	63	52	280	5	21	166	203	80	58	6499		
2003	JAN	8	6	8	3	5	0	0	3	4	25	1	0	3	19	6	1	509		
	FEB	10	7	2	2	10	0	0	4	2	6	1	0	8	14	1	8	547		
	MAR	6	8	5	4	13	0	0	7	3	5	1	0	7	17	3	1	840		
	APR	6	4	9	1	7	0	0	7	5	14	0	1	10	16	0	1	637		
2003	Total	30	25	24	10	35	0	0	21	14	50	3	1	28	66	10	11	2333		

Approved = Approved, Reval = Revalued, Ind = Individual, Blnt = Blnt, Apps = Application for Hearing, NOAV = Notice of Alleged Violation, AOC = Administrative Order of Consent, OFV = Order Finding Violation, Complt = Compliant, Comp = Completed

AROUND THE REGION

GRAND JUNCTION "DAILY SENTINEL" MAY 8, 2003

Gas drilling raises water concerns among some residents south of Silt

By MIKE MCKIBBIN

The Daily Sentinel

RIFLE — Residents of an area targeted for natural-gas development this year south of Silt fear their groundwater will be harmed by plans for 250 wells in the Mamm Creek field.

EnCana Oil and Gas met with more than 100 people from the Divide Creek area Tuesday night and tried to explain why they are sure drinking water wells won't be affected by the 25 gas wells planned for that portion of the field.

"We don't want the water," said Team Leader Joel Fox. "But produced water comes with the hydrocarbons."

Some of the water concerns

stemmed from the recent drilling of about six test wells, which Fox said were drilled to help try to determine if coal-bed methane is commercially feasible. Those wells produced a higher than usual amount of groundwater at a depth of 6,000 to 7,000 feet.

Fox and other EnCana officials tried to assure residents that the water taken from that depth will not cause their underground aquifer at a depth of around 300 feet to percolate down.

"The geology of the area, with the very tight sands and then the shale rock layer and so on, means the water can't get down there," Fox said. "Maybe in a million years it may occur. But if the gas can't escape, and gas is lighter

than water, I can guarantee you the water won't seep down."

Craig Meis, a chemical engineer with Cortillier Compliance Services of Grand Junction, was hired by EnCana to develop water quality and quantity baseline data on area water wells and agreed.

"The deepest water well on the Mamm Creek field is 463 feet," he said. "The area where EnCana is drilling down to is much deeper and the aquifer is much older and the (total dissolved solids) are much higher. That's how we know there isn't any commingling" with the shallower fresh water aquifer above.

Other concerns included the route EnCana plans to use to

route a water pipeline from new wells to an under-construction water treatment and recycling facility in the center of the Mamm Creek field. Many residents want the company to use county road rights-of-way.

"The county has told us it would be difficult to get (county commission) approval to run our pipelines along their rights-of-way," said EnCana representative Doug Jones. "But Doug Denison, the new oil and gas auditor, said he's willing to help us work with the county, so we're hopeful."

Mike McKibbin can be reached via email at mmckibbin@gids.com.

LOCAL

Glenwood Springs Post Independent

May 6, 2003

Silt-area residents vent about drilling impacts

But county notes industry oversight rests with state

BY LYNN BURTON
Post Independent Staff

A roomful of Silt-area residents pleaded for quick relief from the gas drilling industry at Monday's Garfield County commission meeting. They were told not much can be done right now.

"We are limited as to what we can do," Garfield County Commissioner Trési Houpt told the crowd.

"We are taking baby steps," County Commissioner John Martin added. "But we are working with a giant."

Dozens of residents who live south of Silt and do not own the mineral rights under their land have watched drilling rigs search for gas on their property the past few years.

On Monday, 40 to 50 residents told the commissioners about their problems with the natural gas drilling industry. Hermann Staufer kicked off the discussion with a rhetorical call to action. "We have the right to tell them how they can go onto our property to extract minerals," he said.

Beth Jordinsky said she wasn't trying to fuss because drilling

is near her home, but she said the gas industry should respect her and her property.

"We can't lay down and let them run all over us," she said.

Raymond Schoonmaker, who moved to 300 acres on Dry Park Hollow a few years ago, said the noise and light from drilling rigs is a problem 24 hours a day.

"It's like a little city that has moved into the area," Schoonmaker said. "It sounds like a railroad running all the time. It has ruined the area aesthetically."

Ranchers spoke against industry plans for a pipeline across their property, and suggested it be built along county roads instead.

"Let's put their pipeline down the county roads, like utilities," said Jerry Fazzi, who bought his ranch on Divide Creek in 1986.

Don Fulton, a third-generation Silt area rancher, said development, recreation and the oil industry are crowding out agriculture.

"We want laws to protect our industry," Fulton said. "Colorado is still an agricultural state."

At several points in the discussion, residents were told the Colorado Oil and Gas Conservation Commission regulates the oil and gas industry, and there is little the county can do to intercede.

The county is revamping its land use codes, and might be

"It's like a little city that has moved into the area. It sounds like a railroad running all the time. It has ruined the area aesthetically."

Raymond Schoonmaker
Silt-area landowner

"We should put a high priority on helping surface owners, but also on how industry can work with the county."

Trési Houpt
Garfield County commissioner

able to address some problems at that level. That process is expected to take 12 to 15 months, Commissioner Larry McCown said.

Houpt said the county has a responsibility to put oil and gas concerns at the top of its land use review list.

"We should put a high priority on helping surface owners, but also on how industry can work with the county," she said.

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GRAND JUNCTION "DAILY SENTINEL"
APRIL 29, 2003

Students fly over gas wells

Speakers tell both sides of drilling issue

By MIKE MCKIBBIN
The Daily Sentinel

GLENWOOD SPRINGS — Students from high schools between Glenwood Springs and Aspen got a bird's-eye view of natural-gas development Monday in western Garfield County.

EcoFlight, a nonprofit airline that uses flight to help educate people about the environment, flew students from Yampah Valley, a Glenwood Springs alternative school, Aspen and Basalt high schools over the Colorado River and gas wells around Rifle and Rulison.

Before the flights, students listened to several speakers, including Steve Soychak, Parachute district manager for Williams Production, the largest gas operator in the county.

"While there are about 2,000 drilling permits issued annually in Colorado," he said, "there are also 50,000 housing permits issued each year."

Soychak said Williams works with each surface owner to reclaim well sites.

"Some of them don't want

anything done," he said.

Soychak also said Williams reduced flaring of new wells by 85 percent or 90 percent and directionally drilled more than half of their wells last year.

Doug Dennison, oil and gas auditor for Garfield County, explained most conflicts occur between property owners and those who hold mineral rights.

Dennison plans to develop a database of complaints to track trends and how they are resolved, as well as a resource library the public can use to educate themselves on technical and legal issues surrounding drilling.

Steve Bennett, associate field manager of the Bureau of Land Management Glenwood Springs field office, explained his agency's procedures and responsibilities when wells are drilled on public lands.

Larry Jensen, a Crawford rancher who helped form the Grand Mesa Citizens Alliance in response to drilling activity in Delta County, said the system that regulates energy development is not broken, but "it is

messed up and needs to change."

"The laws were written over the last 100 years, but there's a big difference between writing a law and making it work in the field," he said.

EcoFlight founder and president Bruce Gordon told students to "look at the big picture" while he flew them over the well sites.

"You'll be able to see areas with wilderness qualities, and a short distance away there will be drilling rigs," he said. "You can see each well has a road leading to it, too."

The flight was the first time Rodney Long, a 16-year-old junior at Yampah Mountain High, had been on a plane.

"I had no idea there were that many wells up there," he said.

County Commissioner Tresi Houpt also flew over the wells.

"It gives me a greater perspective of the amount of activity people have told me about," she said. "I think it really shows the need for people on both sides to work together. There has to be a good solution for both sides."

Glenwood Springs
Post Independent 5/6/03

County: Halt gas leasing on plateau, for now

Commissioners don't
back Roan wilderness

BY LYNN BURTON
Post Independent Staff

The Garfield County commissioners did not endorse wilderness for the Roan Plateau Monday, but called for the BLM to halt gas leasing for now, prevent drilling scars on the Roan Cliffs and limit gas wells to one per 640 acres.

With input from citizens, the commissioners finalized their comments on Roan Plateau management sought by the U.S. Bureau of Land Management. The federal agency is developing a management plan for the area northwest of Rifle.

Main points of the county's position include:

- The county does not recognize "any compelling need" to lease any further areas on the plateau top for oil and gas exploration "at this time."

- The county is open to the concept of "triggers" that would allow phased oil and gas development when the need is "clearly identified."

- No further visual impacts should be allowed on the cliffs, and no visual degradation of the cliffs shall be allowed in any alternative. That includes "any pipeline, or utility incursion, and no 'stair-stepping' of drilling sites onto the cliffs from the valley floor."

While the town boards in Rifle,

PLATEAU: see page 3

BLM drops wilderness alternative

PLATEAU: from page 1

New Castle and Glenwood Springs endorsed Alternative F, which would set aside 21,400 acres in three wilderness areas, and close 43,254 acres to oil and gas leasing; the commissioners declined to do so.

Environmentalists, including the Wilderness Society, have endorsed Alternative F. In a letter to the county commissioners, Wilderness Society assistant regional director Suzanne Jones said Colorado BLM Director Ron Wenker told her group Alternative F will not be included in the agency's Draft Environmental Impact Statement.

BLM officials in Denver could not be reached for comment.

Rifle Mayor Joe Clugston attended Monday's Garfield County commissioners meeting, and said all the local municipalities favored Alternative F. "And now the BLM says 'We're going to eliminate it,'" Clugston said.

The Roan Plateau sits northwest of Rifle, and was transferred from the Department of Energy to the Bureau of Land Management in 1997. With the transfer, the BLM was instructed to draft a management plan for the 73,600-acre piece of property, which operated as a naval oil shale reserve under the Department of Energy.

Environmentalists have said the plateau is one of the most biologically diverse areas in Colorado, includes some threatened plant and animal species, and should be protected from energy development. They call instead for directional drilling to occur from the plateau's base.

At the urging of former BLM employee Bob Elderkin, the commissioners called for no more than one well pad for every 640 acres.

One advantage to the 640-acre well spacing is it will reduce impacts to wildlife, Elderkin said.

The Denver Post May 1, 2003

Pipe dream becomes real as natural gas prices jump

Firms charge more via line expansion

By Steve Raabe
Denver Post Business Writer

Rocky Mountain natural gas prices soared Wednesday — the eve of the opening of a major pipeline expansion that will send gas from the Rockies to California.

The \$1.3 billion expansion of the Kern River pipeline, scheduled to open today, is expected to significantly increase natural gas prices for energy producers and consumers in Colorado.

"It's virtually impossible that this will not help producer prices in the Rockies," said John Harpole of Littleton-based energy-services broker Mercator Energy LLC.

Cash prices at five Rockies trading locations rose 25 percent

Wednesday to \$4.20 per thousand cubic feet, according to Bloomberg data.

While daily volatility in natural gas prices doesn't show up in monthly utility bills, the prospect of higher prices over the long term was a primary reason for Xcel Energy's recent \$33 million rate increase request to cover higher costs of generating fuel.

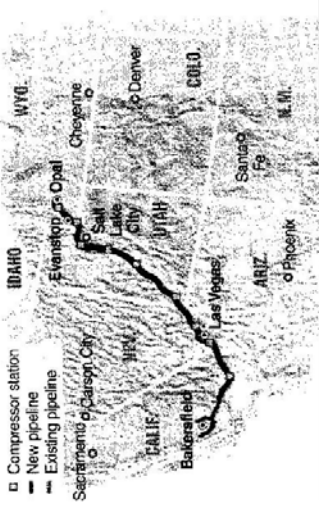
Natural gas is the fastest-growing fuel source for generation of electricity.

The Colorado Public Utilities Commission this week approved the rate hike, which will increase residential electric bills by an average of \$3.35 a month and small-business bills by \$6.79 a month.

Gas producers, however, are pleased with the prospect of higher prices because their revenues have suffered for several years from be-

New natural gas pipeline

A new segment of the Kern River natural gas pipeline will speed the sale of Rocky Mountain gas to other markets, bringing higher prices to producers and possibly higher bills to consumers in the Rockies.



Source: Kern River Gas Transmission Co.

The Denver Post

Brian Macke, deputy director of the Colorado Oil and Gas Conservation Commission.

SEE PIPELINE ON 3C

Natural gas prices finally pipe up

PIPELINE FROM PAGE 1C

Since the coal-bed methane boom that began in the mid-1990s, Rocky Mountain energy producers have been a victim of their own success.

They've drilled more wells and discovered more natural gas than they had pipelines to transport the gas.

The result was a bottleneck that effectively trapped much of the Rocky Mountain gas in Colorado, Wyoming and Utah — keep-

ing regional prices down because of ample supplies.

In April, for example, natural gas from Colorado sold at an average price of \$3.68 per unit, compared with a national average of \$5.44.

The pipeline expansion — one of the biggest ever built in the West — will ship natural gas from a gathering hub in southwestern Wyoming through Utah and Nevada, then into Southern California.

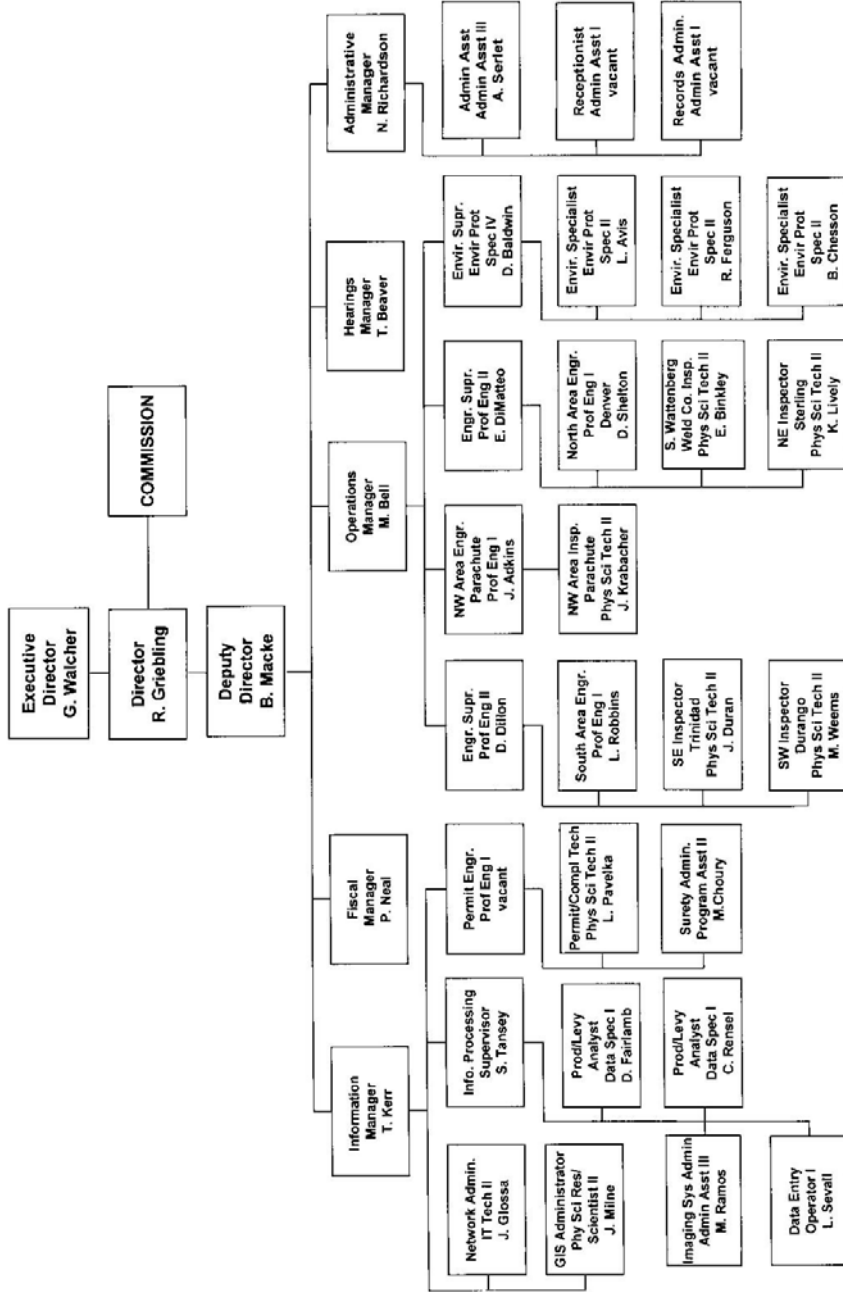
The pipe will have the capacity

to deliver 1.7 billion cubic feet of gas a day — enough to supply the average daily needs of 220,000 Colorado households.

As a result, surplus natural gas that kept prices down in the Rockies instead will be shipped via the new, 717-mile pipeline.

Primary customers will be utilities in Arizona, Nevada and California that will use the gas to fire generators, which will supply electricity for air conditioning, personal computers and other residential and commercial uses.

COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION



Version 66 - 5/23/2003

PENALTY PAYMENT STATUS
05/28/03

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 Uncollectible
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	\$263,608	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	15	\$30,500	0	\$8,000	0	\$0
01-02	10	\$38,000	5	\$23,000	0	\$0	0	\$0
02-03	21	\$40,500	6	\$19,000	0	\$0	0	\$0
Totals	195	\$1,186,475	123	\$622,315	9	\$164,750	2	\$115,105

II. DELINQUENT PENALTIES

Order Number	Date Issued	Violating Entity	Penalty Assessed	Violations	Status	Referred to Collections
1V-59	03/15/93	Gear Drilling Company	\$2,000	Rule 305, 319 a (2)	Work completed per order	Yes
1V-73	08/23/94	Western Oil Company	\$2,300	Rule 317 a 8	Bond forfeited 11/01/95	Yes
1V-82	05/19/95	Joseph V. Dodge	\$14,000	Rules 210 b., 305., 307., 317 b (3), 604 a (4)	\$30,000 bond claimed 11/96/penalty unpaid/No assets	Yes
1V-83	11/21/95	Tips Drilling Co.	\$65,000	Rules 604 a.4., 902 a 8/.	AOC negotiated	Yes
1V-110	05/21/95	Kana Resources, Inc.	\$2,500	Rules 303 a., 306., 317 b.1.	District Court decision entered \$10,000 bond claimed	Yes
1V-114	09/04/95	Mr. Jim Snyder	\$10,000	Rules 308., 317 a., APD		Yes
1V-124	07/01/97	Nordline Company Inc.	\$5,000	Rules 326 b.1., 318 b., 210 b.		Yes
1V-132	11/24/97	Eros, Inc.	\$24,000	Rules 319 b., 326 b	\$30,000 bond claimed 5/98	Yes
1V-167	01/05/99	Pacific Midland Production	\$1,000	Rule 326 b	Bond claimed	Yes
1V-170	03/25/99	Allen Oil & Gas, LLC	\$12,000	Rules 604., 905., 603 g., 905 b (2) & (3), 51	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., 205., 309	McCormick in bankruptcy-Bond claimed	Yes
1V-177	08/19/99	Fair Energy Exploration, Inc.	\$3,500	Rules 308A., 326B., 326 b.	Bond Claimed	Yes
1V-181	02/15/00	Cascade Oil	\$1,000	Rule 326 b (1)	Bond claimed	Yes
1V-202	11/03/00	Robert Zeigler	\$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., 905 b (1), 90	Bond claimed	Yes
1V-211	05/01/01	Serra Production	\$500	Rule 302 a		Yes
1V-212	05/01/01	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	Woodley Oil Company	\$5,000	Rule 326 b		Yes
1V-221	03/25/02	Donnar Oil & Gas, Inc.	\$5,000	Rules 302., 304., 319 b., 705.		Yes
1V-227 - 1V-235	09/21/02	DJ Production Svcs., Inc.	\$14,000	Rule 302., 310A., 319 b (1), 319 b (3), 326 b		Yes
1V-237	09/21/02	DJ Production Svcs., Inc.	\$1,500	Rule 302 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			\$255,600			

HEARING DOCKET:

July, 2003

Page 1

prelim
5/28/2003

No.	Cause	Applicant/Attorney or Representative	Date Rec'd	Field Formation County	Matter	Remarks
0307-SP-04	232 499	CFG Energy, Inc. and Eddy Oil Company/ J. Michael Morgan	5/22/2003	Wattenberg and Codell/Niobrara Spaced Area J Sand, Codell, Niobrara, Dakota Weld	Request for an order to amend the drilling and spacing units in Section 32, Township 5 North, Range 63 West, 6th P.M. by establishing 80-acre drilling and spacing units in the W1/2 SE1/4, SW1/, NE1/4, and NW1/4 and establishing 40-acre drilling and spacing units in the E1/2 SE1/4.	Continued to August