

MONTHLY STAFF REPORT

August 18, 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

Attached are newspaper articles of local interest ("[Gas Drilling...](#)").

® 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, October 16, 2003 from 10:00 a.m. until approximately 2:00 p.m. at a location to be determined. The meetings are generally held three times during the year, including a winter and late spring meeting during the Legislative session and a meeting 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.

.. Williams Production Company Federal Land 10-Acre Increased Density Application

Williams Production Company has filed an application for 10-acre downhole increased well density on approximately 16,000 acres of federal land north of the Colorado River and Interstate 70 in the Rulison, Parachute, and Grand Valley fields in Garfield County. The lands are adjacent to the approximately 11,000 acres of private land that was approved for 10-acre downhole increased well density during the April 2003 hearing. The application specifies that the increased density wells would be directionally drilled from existing 20 and 40-acre well pads. Because there were no protests, the application was heard during an Administrative Hearing on August 7, and has been placed on the consent agenda for the August 2003 COGCC hearing.

.. EnCana Garfield County Energy Expo

EnCana Oil and Gas sponsored the Energy Expo held at the Garfield County fairgrounds in Rifle on the afternoon and evening of July 30, 2003. The event was extremely successful, with an estimated 500 people in attendance. The Energy Expo, which was the first of its kind in the area, was designed to educate the public about the oil and gas industry in the area and to provide direct contact with staff from EnCana, representatives from various drilling, logging, fracing, production equipment, remote control, pipeline and environmental contractors, staff from local, state, and federal agencies involved in oil and gas regulation, and representatives from oil and gas trade associations. COGCC staff Brian Macke, Bob Chesson, Jaime Adkins, and Jay Krabacher participated in the Expo and used the COGCC exhibit display to show educational material about oil and gas regulation. We would like to

commend EnCana for providing this excellent education and outreach effort in a region where the growing natural gas industry will play an important role in the community for many years. [Attached](#) are newspaper articles about the Energy Expo.

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

Since the July 2003 hearing, the COGCC has received no new APDs for the 20-acre infill area. The COGCC has received 13 APDs of the 10-acre downhole density order area (north of the Colorado River). Because the majority of the non-federal lands under lease by Williams, which were formerly under the 20-acre density order, are now under the 10-acre density order (all new 10-acre wells will be directional) Commission staff is proposing that a separate monthly accounting of APD activity for those lands (as was conducted for the previous 20-acre order) not be conducted, due to the non-protested nature of the 10-acre order. An end-of-year summary to the Commissioners would replace the monthly accounting in the staff report that would itemize any outstanding well site issues. The remaining 20-acre activity (mostly south of the Colorado River) and any onsites conducted would continue to be reported monthly in the staff report.

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 and the 10-acre density order adopted during the April 2003 hearing are met. To date, the COGCC has received and reviewed 133 APDs submitted by Williams for the 20-acre well density area.

III. SOUTHEAST COLORADO

® Raton Basin Project

A draft of the final report regarding the Raton Project is being reviewed and edited. This report will appear on our website.

A power point presentation of the Raton Basin Project Report was made at last month's hearing to the Commission by Anthony Gorody, the contractor tasked to compile and analyze data for this project.

IV. SOUTHWEST COLORADO

® La Plata County Officials Tour

On July 11, 2003, BP provided a tour of their field operations for La Plata County officials. On the tour were Sheryl Ayers, County Commissioner; Steve Clay, Local Governmental Designee; Nancy Lauro, County Planner; Christi Zeller, La Plata County Energy Council; and David Dillon and Mark Weems, COGCC Staff.

The tour included drilling well sites, producing well sites, and an injection well. After the tour a question and answer session was held at the BP office with County officials asking questions about directional drilling and noxious weeds.

BP did an excellent job in providing a general overview of their operations in La Plata County.

V. ORGANIZATION

® Staff Organization

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

Monday July 7th marked the deadline for application submittal for our two vacant Administrative Assistant I positions. Interviews are being scheduled and it is anticipated that these positions will be filled within the next month.

Congratulations to Linda Pavelka, who applied for and was appointed to the Permit Supervisor position. It is anticipated that the now vacant Permit Technician position will be approved for filling in the next several weeks.

® 2002 COGCC Outstanding Operations Awards

The 2002 Outstanding Operations Awards were presented on August 5th at COGA's Rocky Mountain Natural Gas Strategy Conference & Investment Forum. This is the 7th year of this very successful program that recognizes extraordinary efforts of oil and gas operators in a variety of categories. The awards were presented by DNR Executive Director Greg Walcher to the following six companies.

Williams Production RMT Company for Environmental Protection

BP America Production Company for Community Relations, Surface Owner Impact Mitigation and New Technology

Red Willow Production for Exploration
WesternGeco for Exploration

Kerr-McGee for Well Stimulation

Evergreen Resources for Community Relations

Attached is a description of the award-winning operations ([page 1](#), [page 2](#)).

VI. PLANNING/ADMINISTRATION/OTHER

® Penalties Status

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

® September Hearing Docket

A preliminary docket for the September 22nd and 23rd, 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 enables 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.
 - § The spacing orders are being evaluated and posted on the maps, with approximately one third of the state having been reviewed.
- 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 25,000 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.

Electronic Business

- There are approximately 175 operators reporting electronically.
- At the end of next month it is expected that there will be an Internet available production report application that uses an XML data transfer mechanism. The XML file structure is the same one that is being used by Montana, Utah, Nebraska, New York and Pennsylvania. This application was funded by the Groundwater Protection Council (GWPC) using a Department of Energy (DOE) grant.
- COGCC, GWPC, BLM, MMS, API and several other states have been working together to establish an XML file format for permitting wells and reporting their completions.

VII. VARIANCES

Variances to Rule 1004.a. and 1004.c.(2) have been granted for H&R Well Services Inc. with regard to the Damstedt #'s 1, 2 and 4 Wells located in the SW $\frac{1}{4}$ of Section 21, Township 1 South, Range 67 West in Adams County. Based on the waiver granted by surface owner Quadrant Quebec Partners, LLC, it appears that the proposed alternate land use (residential subdivision development) will not be in conflict with the basic intent of the Oil & Gas Conservation Act.

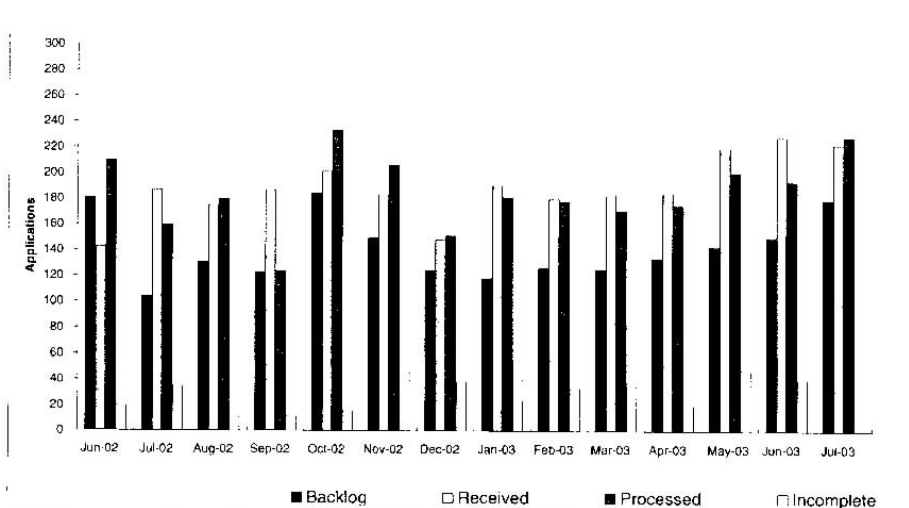
A variance was granted to the schedule for the annual report on outcrop monitoring required by COGCC Order No. 112-161 (ChevronTexaco was granted approval to drill the Wheeler #12U-4 Well within one and one-half miles of the outcrop contact between the Fruitland and Pictured Cliffs Formations). ChevronTexaco will be allowed to incorporate their annual report into the annual report prepared by a third party contractor for the operators subject to the requirements of COGCC Order No. 112-156. This unified approach to monitoring and reporting on gas seeps and other environmental indicators along the outcrop of the Fruitland Formation makes good sense and will facilitate COGCC staff's review.

Colorado Oil & Gas Conservation Commission

Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
Drilling								
Jun-02	166	124	183	9	0	16	82	98
Jul-02	98	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	188	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	174	1	0	39	82	121
Feb-03	121	163	158	3	0	33	90	123
Mar-03	123	180	167	3	0	35	98	133
Apr-03	133	179	172	1	0	20	119	139
May-03	139	198	184	12	0	48	93	141
Jun-03	141	190	171	1	0	40	119	159
Jul-03	159	203	202	12	0	49	99	148
Recompletion								
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	18	21	0	0	0	3	3
Mar-03	3	4	5	0	0	0	2	2
Apr-03	2	7	4	0	0	0	5	5
May-03	5	23	18	0	0	0	10	10
Jun-03	10	40	24	4	0	0	22	22
Jul-03	22	21	26	13	0	0	2	2
Total								
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	65	60	125
Dec-02	125	149	152	3	0	38	81	119
Jan-03	119	191	182	1	0	40	87	127
Feb-03	127	181	179	3	0	33	93	126
Mar-03	126	184	172	3	0	35	100	135
Apr-03	135	186	176	1	0	20	124	144
May-03	144	221	202	12	0	48	103	151
Jun-03	151	230	195	5	0	40	141	181
Jul-03	181	224	230	25	0	49	101	150

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				Recompletion				Permits				Injection				Pits				Active Wells				Unedited Historic Records				Public Visits		Well Oper Change
			Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Office	Internet					
2000	Total		1533	1755	155	187	12	21	328	305	8	22240	89	136	6974	275	3105																
2001	JAN	26	203	224	49	38	5	2	26	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	22742	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	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	335	246		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	14492	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	23608	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	175690	4546																		
2003	JAN	31	174	180	8	11	2	2	3	15	23963	82	88	16623	497																		
	FEB	32	158	163	21	18	1	0	1	3	24118	62	77	19140	190																		
	MAR	30	167	180	5	4	1	2	15	9	24212	51	55	18922	176																		
	APR	35	172	179	4	7	0	6	5	24	24363	63	123	21679	195																		
	MAY	37	184	198	18	23	2	0	28	18	24445	52	99	22307	449																		
	JUN	37	171	190	24	40	0	0	32	132	24489	59	65	20883	334																		
	JUL	40	202	203	28	21	0	0	134	23	24589	50	48	22779	304																		
2003	Total		1228	1293	108	124	6	10	218	224		419	555	142333	2145																		

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

Colorado Oil Gas Conservation Commission
Monthly Statistics

YEAR	MO	Operators		Release		Bonds		Claim		Hearings		Violations		Remediation				Field Insp
		New	Inactive	Ind.	Blankt	Replace	Ind.	Blankt	Apps.	Order	NOAV	AOC	OFV	Complt	Spills	Rcvd	Comp	
2000	Total	76	89	65	45	55	2	0	42	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	8	0	1	1	3	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	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	353
	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	5	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	641
	APR	6	4	9	1	7	0	0	7	5	16	0	1	11	17	0	1	641
	MAY	5	3	2	5	10	0	0	NA	NA	6	NA	NA	11	16	0	3	571
	JUN	3	6	2	3	8	3	0	7	4	2	1	0	10	17	0	9	652
	JUL	5	6	3	2	15	0	0	1	0	11	0	0	5	14	0	1	296
2003	Total	43	40	31	20	68	3	0	29	18	71	4	1	57	114	10	24	3857

Appd = Approved, Rcvd = Received, Ind = Individual, Blankt = Blanket, Apps = Application for Hearing, NOAV = Notice of Alleged Violation, AOC = Administrative Order of Consent, OFV = Order Finding Violation, Complt = Compliant, Comp = Completed

GLENWOOD 8/4/03
SPRINGS
POST INDEPENDENT
OPINION

Gas drilling is here to stay

EnCana Energy USA hosted a free feed and Energy Expo last Wednesday in the sun-baked North Hall of the Garfield County Fairgrounds.

It was a positive gesture by a company that has taken its lumps for a variety of mishaps and mistakes while expanding its play in western Garfield County.

This week, EnCana's booths will be replaced with baked and canned goods, sewing and crafts projects and 4-H displays from the county's farming and ranching community.

The juxtaposition of gas drilling technology and the bounty of our land and people partly illustrates the changing nature of Garfield County's economy.

Over the past decade, gas drilling has gradually grown to become the county's second-largest single source of tax revenues. Only residential properties count for more, according to Garfield County Assessor Shannon Hurst.

The taxable value of oil and gas properties is \$245 million this year, 27 percent of the county's total assessed value. It towers over the taxable value of commercial properties, at \$176 million, industrial properties at \$19 million and farm and ranch properties at \$18 million.

Gas drilling has become what oil shale was supposed to be — a long-lasting source of fuel — but without the huge influx of workers. It's an extractive industry that chose Garfield County, not one lured in by economic development efforts.

Western Garfield County is where the gas is, and drilling is here to stay.

EnCana's Expo offered residents a friendly handshake and an open line of communication in an effort to smooth out what's been a prickly relationship with western Garfield County residents.

Let's hope it foretells cooperation as the shape of things to come.

Friday/Saturday, August 1 - 2, 2003

LOC

Glenwood Springs Post Independent • A3
August 1-2, 2003

EnCana energy expo draws a crowd

BY LYNN BURTON
Post Independent Staff

Less than an hour into EnCana's "Energy Expo 2003," the Garfield County Fairgrounds north and south exhibit halls were crowded, and Sher Long was trying to announce the day's first raffle winner over the noise.

"The winner gets a \$75 gift certificate to Sammy's," shouted Long, the local EnCana Oil & Gas (USA) spokesperson. "The winner is two ... five ... eight, four ... nine ... eight."

A few feet away, Grass Mesa resident Fred Schultz looked at his ticket, stopped an animated conversation in mid-sentence, then leaned over a railing and shouted to Long, "Can you go up seven?"

"Stick around," Long told Schultz, as she dispatched an assistant to spread the word of the winning ticket's number. "The next winner gets a \$75 gift certificate to the Elk Creek Mining Co.," Long said as she returned her attention to the distracted crowd.

EnCana, Garfield County's

EXPO: see page 7

most active drilling company in 2003, invited its contractors to bring equipment and displays, and to meet with the hundreds of property owners who are being affected by the heavy truck traffic, drilling noise, odors and other impacts the energy boom is bringing to western Garfield County.

Inside the fairgrounds exhibition halls, representatives from international companies such as Halliburton and Schlumberger eagerly explained directional drilling, fracturing, logging, pipelines and the other operations it takes to suck natural gas out of the ground and propel it to market.

Outside the halls, rank and file gas industry workers like Doug Kidd, 28, fielded questions about how his Slurry King cement truck works, and how he spends his spare time.

"I've got a wife and two kids I like to spend time with," said Kidd, a North Carolina native who lives in Grand Junction. "I try to keep my wife from shopping."

Turnout better than anticipated

EXPO: from page 3

Kidd said he was working in Vernal, Utah, when he first hooked up with Schlumberger, and has been working the Mammoth Creek field south of Silt since April. "It's prettier here," he said.

Free grub and drinks

The Expo was scheduled to run from 3-8 p.m. Wednesday. A pair of free-standing, industrial fans hummed and kept the air below the hot grandstands moving.

EnCana hired Cowboy and Rose Catering to serve up 32-ounce glasses of Pepsi and quarter-pound hamburgers. By 4:30 p.m., the benches between the two exhibition halls were full of older residents in cowboy hats or plain dresses who had taken EnCana up on its culinary offer.

Fred Schultz, who has lived south of Silt on Grass Mesa for six years, came dressed for the occasion in cut-offs and T-shirt. He said EnCana's predecessors were "bullies" in dealing with Grass Mesa residents, but EnCana is doing a better job.

"It's been nice," he said. Schultz said it's ironic that some of the same contractors and employees who worked for EnCana's predecessors are still on the job, but policies have changed for the better, and so have some attitudes.

"It shows that EnCana is trying to work with the public," Schultz said.

Support the community

Leslie Robinson cruised the exhibition halls with a bag full of gas industry handouts. As the executive director of Garfield County United Way, Robinson attended the Expo to introduce herself and to ask the companies to support United Way. Its fundraising efforts support more than a dozen human services non-profits in the county.

"I'm asking them to support the com-

munity through United Way," said Robinson, who has lived in Garfield County since the 1970s. "They are having an impact on the county, so donating to United Way is a way to mitigate those impacts."

Robinson saw the oil shale boom and bust of the early 1980s, and said the natural gas boom is growing more gradually than oil shale. She is concerned about the environment after the natural gas fields play out.

"I'm afraid we'll be left holding the bag," she said.

Robinson is also concerned about gas development on the Roan Plateau, northwest of Rifle. "I hope the industry can do what they promise," she said.

Directional drilling the hot topic

Doug Dennison, Garfield County's oil and gas auditor, staffed the county's booth with county manager Ed Green. Unlike other booths, with their professional maps and displays, Dennison's table basically featured himself.

"It looks like we've had a good turnout, a lot more than I anticipated," Dennison said as he stood and surveyed the crowd, which included Grand Valley Citizens Alliance members Bob and Peggy Utesch, other "south of Silt" residents and Randy Udall, director of the Aspen-based Community Office of Resource Efficiency.

Dennison said he heard positive comments about the Expo.

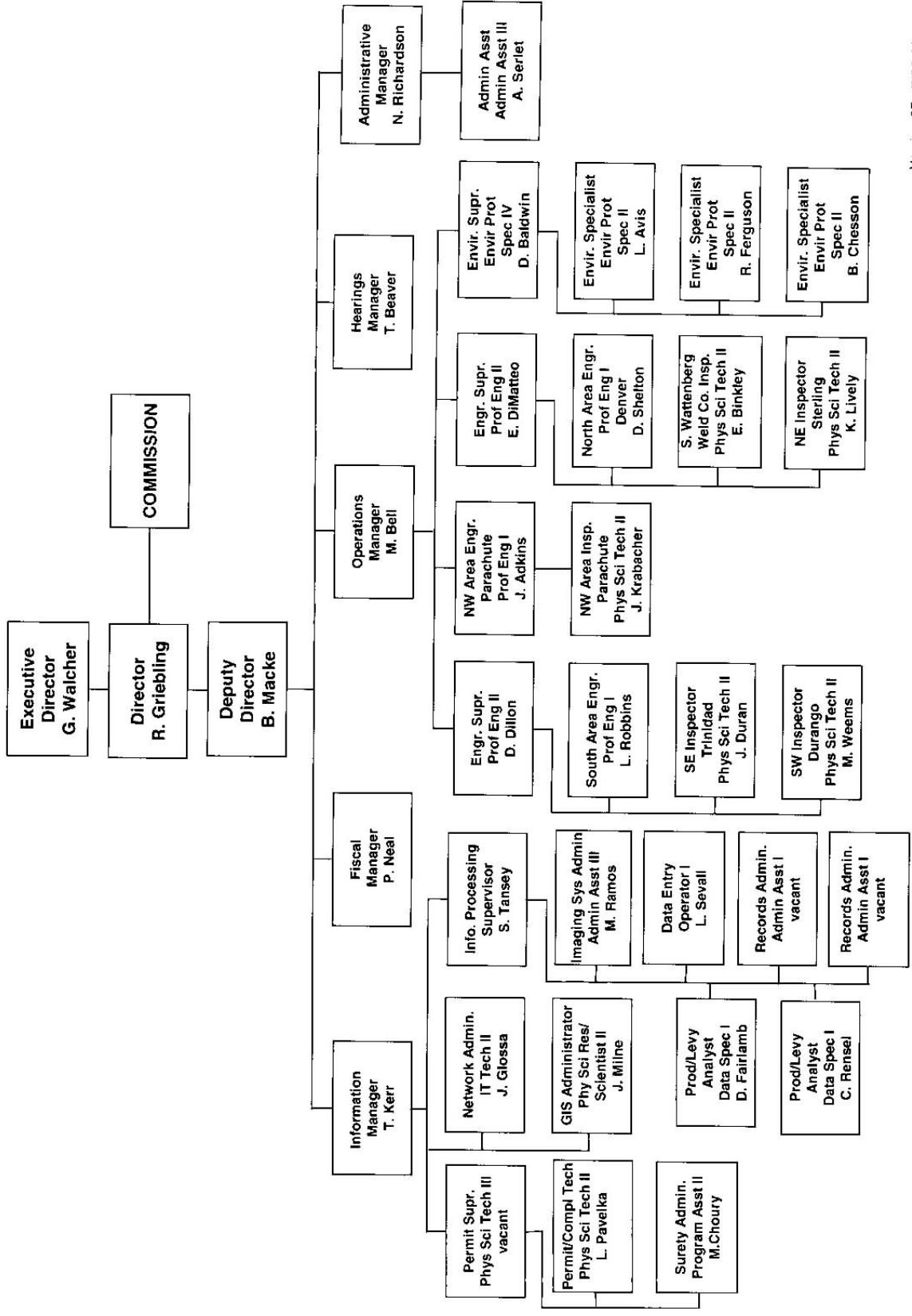
The most frequently asked questions concerned directional drilling.

"That's a big one," Dennison said.

While Dennison was talking about directional drilling in the south exhibit hall, EnCana representative John Moran was doing the same thing in the north hall.

The directional drilling method accommodates multiple wells on the same surface well pad, so drilling rigs and wells are clustered in one area.

COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION



Version 67 - 7/08/2003

2002 COLORADO OIL AND GAS CONSERVATION COMMISSION OUTSTANDING OIL AND GAS OPERATIONS AWARDS

WILLIAMS PRODUCTION RMT COMPANY

Category: Environmental Protection

Garfield County Short Term Ambient Air Screening Study

- To address the concerns of local residents, Williams worked with the EPA, State of Colorado Air Pollution Control Division and the OGCC to conduct an air sampling program around gas wells in Garfield County.
- The study concluded that there were no significant health risks to area residents. The cooperation among the groups was positive and added credibility to the findings, providing Garfield County citizens with a scientific basis to alleviate health hazard concerns.

Heavy Duty Hydraulic Fracture Flowback Unit

- To eliminate flares due to the fire ban in the summer of 2002, Williams' personnel designed a heavy duty flowback unit that could handle the abrasive sand and high volume of water recovered from a well after it is fraced. This unit allowed Williams to reduce flaring of gas wells by 85-95%. This new technology not only allows more gas to be sold, it also substantially reduces emissions.
- This operation received two nominations with one of the nominations from a local citizen.

BP AMERICA PRODUCTION COMPANY

Category: Community Relations, Surface Owner Impact Mitigation and New Technology

La Plata County Missionary Ridge Fire Support

- In 2002, La Plata County was the scene of some of the worst fires ever in Colorado. To help support the fire fighting efforts, BP was able to obtain regulatory approval to donate thousands of gallons of produced water to make fire fighting slurry. BP also donated a holding tank to assist in the slurry operations and hired trucking companies to haul produced water to the slurry mixing and staging area.
- Other contributions included BP's donation of \$100,000 to the Red Cross of Colorado, donations of \$5,000 to each of five rural fire fighting districts involved in fighting the fire, and the donation of a surplus 4-wheel drive utility vehicle to La Plata County Search & Rescue.

Surface Owner Mitigation and Community Relations – Heartwood Ranch Playground

- BP has been very proactive in working with surface owners when drilling wells on their property.
- BP negotiated a surface use agreement in a densely wooded subdivision. The agreement allowed the residents to transplant small trees and cut and mill larger trees into playground equipment for the Heartwood Ranch Playground. BP also donated funds to help construct the playground.

Use of Low Visual Impact Chamber Lift for Coalbed Methane Wells

- BP tested the technical and economic viability of using a chamber lift plunger system to dewater low pressure Fruitland coalbed methane wells. The benefits of this operation include increased gas production and elimination of surface pumping units. The results of this test have been very encouraging.

RED WILLOW PRODUCTION, LLC**Category: Exploration****3D Seismic Survey in the Canyons of the Ancients National Monument**

- The Canyons of the Ancients area was designated a National Monument in June of 2000. The 164,000 acre Monument contains the highest known density of archeological sites in the nation; portions of the Monument have more than 100 cultural sites per square mile.
- Energy development has been taking place on Monument lands for several decades. Prior to drilling any wells, Red Willow made a significant financial investment in a 3D seismic survey in order to more reliably identify productive reservoirs. 3D seismic information dramatically increases drilling success rates to about 75%. Thus, 3D seismic will minimize the drilling of dry holes and reduce environmental impacts in the Monument.
- Prior to the seismic survey, Red Willow completed a comprehensive archeological field study to identify and document all archeological sites. Red Willow then modified the seismic survey to avoid and protect all cultural sites.
- The seismic survey has been successfully completed. After interpreting the 3D seismic survey, Red Willow and partners plan to start drilling operations in the near future.

WESTERNGECO**Category: Exploration****3D Seismic Survey in the Canyons of the Ancients National Monument**

- WesternGeco was the seismic contractor for Red Willow for the 3D Survey in the Canyons of the Ancients National Monument. WesternGeco utilized careful planning along with several mitigation measures and safeguards to insure that the natural resources of the Monument were protected.
- Through WesternGeco's outstanding efforts, the 3D seismic survey was completed, the cultural resources in the survey area were avoided and protected, and impacts to wildlife and soils were minimized.

KERR-MCGEE ROCKY MOUNTAIN CORPORATION**Category: Well Stimulation****Wattenberg J-Sand Stimulations**

- Fracture stimulation is necessary to produce commercial gas volumes from the tight formations in the Wattenberg Field, however, in 2001, "J" Sand Formation stimulation costs had risen more than 35%. In 2002, Kerr-McGee initiated a pilot program to lower these costs and expand the number of future economic drilling opportunities in the field.
- This program has saved over \$7 Million. By modifying stimulation techniques for "J" Sand Formation wells, Kerr-McGee will save a total of \$13 Million in stimulation costs. The savings will be utilized to conduct additional field exploitation activities. By lowering the completion costs of a "J" Sand Formation well, many additional wells will be drilled that otherwise would not be economic.

EVERGREEN RESOURCES, INC.**Category: Community Relations****Community Service and Support**

- Evergreen has contributed more than \$73,000 to various organizations in Las Animas County. These organizations include schools, the Red Cross, local fire departments, and many others.
- Evergreen also received the Employer Support Guard Reserves Award from the National Defense Department. This award was for continued support of an Evergreen employee while he was called to duty with the National Guard.

PENALTY PAYMENT STATUS

08/11/03

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	\$263,608	7	\$105,000	0	\$0	n/a	\$18,247
94-95	10	\$63,817	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	\$68,500	2	\$25,000	n/a	\$2,000
99-00	23	\$110,500	12	\$59,460	0	\$3,000	2	\$11,000
00-01	18	\$65,500	16	\$30,500	0	\$6,000	0	\$0
01-02	10	\$38,000	5	\$23,000	0	\$0	0	\$0
02-03	21	\$40,500	8	\$19,000	0	\$0	0	\$0
Totals	195	\$1,196,475	123	\$622,315	9	\$194,750	2	\$115,105

II. DELINQUENT PENALTIES

Order Number	Date Issued	Violating Entity	Penalty Assessed	Violations	Status	Referred to 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	Tipps Drilling Co.	\$60,000	Rules 604 a.4., 902 e.&f.	\$30,000 bond claimed 11/96/penalty unpaid/No assets.	Yes
1V-110	05/21/96	Kana Resources, Inc.	\$3,500	Rules 303 a., 306., 317 b.1.	AOC negotiated	Yes
1V-114	09/04/96	Mr. Jim Snyder	\$10,000	Rules 306., 317.1., APD	District Court decision entered	Yes
1V-124	07/01/97	Nerdilinc Company, Inc.	\$9,000	Rules 326 b.1., 319 b., 210 b.	\$10,000 bond claimed	Yes
1V-132	11/24/97	Eros, Inc.	\$24,000	Rules 319 b., 326 b.	\$30,000 bond claimed 5/98	Yes
1V-167	01/05/99	Pacific Midland Production	\$1,000	Rule 326 b.	Bond claimed	Yes
1V-170	03/25/99	Allen Oil & Gas, LLC	\$12,000	Rules 904, 905, 903 g, 906, 909 b.(2) &(5), 91	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., 206., 309.	McCormick in bankruptcy-Bond claimed	Yes
1V-177	08/19/99	Faith Energy Exploration, Inc.	\$3,500	Rules 308A., 308B., 326 b.	Bond Claimed	Yes
1V-191	02/15/00	Cascade Oil	\$1,000	Rule 326 b.(1)	Bond claimed	Yes
1V-202	11/30/00	Robert Ziegler	\$2,000	Rule 326 b.	Bond claimed	Yes
1V-204	12/19/00	Allen Oil & Gas, LLC	\$60,000	Rule 326 b., 324A a., 904., 905., 906 b.(1), 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	Domar Oil & Gas, Inc.	\$6,000	Rules 302., 304., 319 b., 709.		Yes
1V-227 - 1V-236	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
1V-245	09/02/03	Fredrick Shaffer	\$4,000	Rule 328 b.		Yes
Total Penalties Pending Collection			\$255,800			Yes

HEARING DOCKET: September, 2003

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prelim
8/8/2003

No.	Cause	Applicant/Attorney or Representative	Date Rec'd	Field Formation County	Matter	Remarks
0309-SP-06	325	Burlington Resources Oil & Gas Co. LP/ John F. Zent	8/1/2003	Barker Dome Dakota La Plata	Request to vacate Order No. 325-1, which approved a project for storage of natural gas in an underground reservoir in certain lands in Township 32 North, Ranges 13 1/2 and 14 West, N.M.P.M.	
0309-AW-11	112	Red Willow Production Co./ Michael J. Wozniak	8/4/2003	Ignacio-Blanco Fruitland Coal La Plata	Request for an order to permit a second well to be drilled in the existing 320-acre drilling and spacing units in certain sections in Township 33 North, Range 11 West, N.M.P.M.	
0309-AW-12	311	EnCana Oil & Gas (USA) Inc./ Carleton L. Ekberg	8/6/2003	Douglas Creek-South Mancos "B" Rio Blanco	Request for an order to permit two wells to be drilled in the existing 160-acre drilling and spacing units in certain sections in Township 4 South, Ranges 101 and 102 West, 6th P.M.	Withdrawn