

MONTHLY STAFF REPORT

September 22, 2003

I. STATISTICS

Our monthly statistics report is attached ([page 1](#), [page 2](#)). The approved Applications for Permits-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 (["High Hopes..."](#), ["Williams..."](#), ["exploratory drilling..."](#), ["Editorial"](#)).

® Northwest Colorado Oil and Gas Forum – *Important Change of Date To October 9, 2003*

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 9, 2003 (which is a change of date from what was discussed at the June 19 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.

The meetings are generally held three times during the year, including winter and late spring meetings 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 ("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 for 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) COGCC staff is proposing that a separate monthly accounting of APD activity for those lands not be conducted, due to the non-protested nature of the 10-acre order. An end-of-year summary to the Commission would replace the monthly accounting in the staff report and would itemize any outstanding wellsite issues. The remaining 20-acre activity, mostly south of the Colorado River, and any onsite inspections 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**

Three Raton basin reports are available on our website; the overview of the Raton Basin Study given at the July Commission hearing; the coal mine inventory, and the ground survey for methane seeps. The overview is a compilation of hundreds of samples taken over the years and analyzed by Anthony Gorody.

The raw data for the project and the ESN Rocky Mountain and Seacrest Group reports of the most recent data from gas wells and water wells will be available next week.

IV. **ORGANIZATION**

® **Staff Organization**

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

We welcome new staff members Jennifer Hoots and Marsha Greenstein. They began work September 8th in our two Administrative Assistant I positions.

The application submittal period for the vacant permitting Technician position has closed. Accepted applicants will be tested and the final three names will be received for interview scheduling by the end of September.

V. **PLANNING/ADMINISTRATION/OTHER**

® **Penalties Status**

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

® **October Hearing Docket**

A preliminary docket for the October 27th, 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 utilize 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 27,000 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

- Ground Water Protection Council using a Department of Energy 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.

VI. VARIANCES

A variance was granted to Williams Production Company on the 20-Acre Order Nos. 479-7, 440-19, 139-34, and 510-1, releasing Williams from conducting further high intensity soil surveys ("HISS") on new wellsite locations in lands subject to the Order. Because of a large database, over 100 wellsites, of HISS already collected in the Order lands and the required yearly Reclamation Success Monitoring, the COGCC staff feel that further HISS are redundant and are not necessary for Williams to maintain a successful track record of reclamation success.

Colorado Oil Gas Conservation Commission
Monthly Statistics

YEAR	MO	Baker - Hughes rig count	Drilling Apvd	Drilling Rcvd	Recompletion Apvd	Recompletion Rcvd	Permits Injection Apvd	Permits Injection Rcvd	Pits Apvd	Pits Rcvd	Active Wells	Unedited Historic Records	Public Visits Data	Office	Internet	Well Oper Change
2000	Total		1533	1755	155	187	12	21	328	305			1264	1844	46136	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	196	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			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			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			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	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	7	8	1	1	36	14	23273		50	71	15554	209
	SEP	24	117	170	3	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	178
	APR	35	172	179	4	7	2	6	5	24	24363		63	123	21679	196
	MAY	37	184	198	18	23	2	0	28	132	24445		52	99	22307	454
	JUN	37	171	190	24	40	0	0	32	21	24489		59	65	20983	336
	JUL	40	202	203	28	21	0	0	135	17	24589		50	48	22779	408
	AUG	43	166	227	9	12	0	1	2	3	24655		53	43	17900	88
2003	Total		1394	1520	117	136	8	11	221	224			472	598	160233	2347

Apvd = Approved, Rcvd = Received, Ind = Individual, Bknt = Blanket, Apps = Application for Hearing, NOAV = Notice of Alleged Violation, AOC = Administrative Order of Consent, Or-V = Order Finding Violation, Cmpli = Compliant, Comp = Completed

Colorado Oil Gas Conservation Commission Monthly Statistics

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YEAR	MO	Operators		Bonds				Claim		Hearings		Violations		Remediation		Field			
		New	Inactive	Release Ind.	Blinkt Replace	Ind.	Blinkt	Apps. Order	NOAV	AOC	OFV	Cmpt	Spills	Rev'd Comp	Insp				
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	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	0	14	20	8	10	311
	OCT	5	6	5	3	3	9	0	0	5	4	45	0	0	22	17	8	12	717
	NOV	5	0	0	0	0	12	0	0	NA	NA	14	NA	NA	20	12	8	6	410
	DEC	8	2	0	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	5	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	0	14	20	12	5	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	26	1	0	5	19	6	1	509	
	FEB	10	7	2	2	10	0	0	4	2	8	1	0	8	14	1	8	547	
	MAR	6	8	5	4	13	0	0	7	3	6	1	0	7	17	3	1	641	
	APR	6	4	9	1	7	0	0	7	5	22	0	1	12	17	0	1	641	
	MAY	5	3	2	5	10	0	0	NA	NA	7	NA	NA	11	17	0	3	716	
	JUN	3	6	2	3	8	3	0	7	4	2	1	0	0	18	0	9	654	
	JUL	5	6	3	3	15	0	0	1	0	13	0	0	6	23	0	1	452	
	AUG	6	7	4	1	8	0	0	6	7	9	2	0	7	11	0	2	467	
2003	Total	49	47	35	21	76	3	0	35	25	93	6	1	67	136	10	26	4627	

Appd = Approved, Revd = Reviewed, Ind = Individual, Blmt = Blumenthal, Apps = Application for Hearing, NOAV = Notice of Alleged Violation, AOC = Administrative Order of Consent, OFV = Order Finding Violation, Cmpt = Completed

GRAND JCT. DAILY SENTINEL
AUG. 24, 2003

High hopes riding on new natural gas pipeline

By **MIKE McKIBBIN**
The Daily Sentinel

RIFLE — Crews using a boring rig completed a 4,400-foot-long hole under Interstate 70, the Colorado River and railroad tracks, then up a steep slope of a mesa in West Rifle last week.

Jeff Reale, field superintendent for EnCana Gathering Services, said the bore hole will allow a 24-inch pipeline to run from the company's Pumba compressor station on Hunter Mesa to a West Rifle treating facility. It will replace a 12-inch pipeline and carry gas from the Mamm Creek gas field south of Rifle and Silt to transportation pipelines that deliver the gas to market.

EnCana plans to drill up to 275 wells in the area this year. Most of the pipeline's route over Hunter and Grass mesas is on Bureau of Land Management property.

In West Rifle, crews from Southeast Directional Drilling of Casa Grande, Ariz., began boring as much as 126 feet under the river, I-70 and railroad tracks in early August.

Jimmy Smith is field operations manager for Project Development Inc. of Lakewood, the contract engineering firm overseeing the project for EnCana. He said the boring rig can drill up to 90 feet an hour with good soil conditions.

"You don't want to hit those cobble rocks you find everywhere along rivers, because they move the drill bit all around," Smith said. "This is going to be the second-longest drilling project for a bore of this size in the country."

Once the boring rig reaches the exit point on top of Taugenbaugh Mesa on the north side of the river, railroad tracks and highway, the hole will be widened and 120,000 pounds of pipeline pulled down from the mesa, Smith said.

The bore rig enters the ground at a 12-degree angle and exits at a 9-degree angle, he said. The process is guided by a navigator, who sits before computer screens, gauges, knobs and levers. Dan Reynolds with Southeast Drilling said it's kind of like a "big Nintendo game."

"It's a really precise operation," he said. "We can usually guide the drilling to within about two feet of a survey point" along the route.

A mud mix is also injected into the hole to carry the drill cuttings out and coat the inside of the hole to protect the pipeline from harm as it is pulled through, Reynolds said.

Reale said the new pipeline will have a capacity of 300 million cubic feet a day. EnCana plans to transport 220 million cubic feet a day by the end of the year. The pipeline is scheduled for service before the end of September.

"We think this pipeline will be in service for 20 or 30 years, about the projected life of the (underground gas) reservoir," Reale said.

The 12-inch pipeline will be decommissioned and could be used as a low-pressure gas line or to move water up to the mesas, he said.

GLENWOOD SPRINGS POST/INDEPENDENT

4 • Thursday, August 14, 2003

TOP NEWS

Williams plans to boost gas drilling in Colorado, Wyoming

RIFLE (AP) — An Oklahoma company plans to increase natural gas production by 60 percent as it focuses on reserves in northwestern Colorado and northeastern Wyoming over the next two years.

Both areas are among those under scrutiny by the Bush administration, which wants to remove obstacles to oil and gas development in the Rockies.

Williams Cos. of Tulsa, Okla., told analysts Tuesday that it will boost its production in the Piceance Basin near Rifle and in Wyoming's Powder River Basin.

The company has about 2.4 trillion cubic feet of natural gas reserves.

"The Piceance area continues to provide an abundant resource, and it's an area we've been in for 18 years," company spokeswoman Susie Hereden said.

A recent U.S. Geological Survey assessment estimated 21 trillion cubic feet of natural gas may lie underneath the Uinta-Piceance Basin, which stretches from northwestern Colorado to northeastern Utah.

Williams, Garfield County's largest taxpayer, plans to drill about 70 wells in the area this year and 200 next year.

The Colorado Oil & Gas Conservation Commission has approved the company's plan to drill an additional 550 wells over the next decade.

The Bush administration last week directed federal land managers to streamline the approval process for oil and gas drilling to increase development of

"The Piceance area continues to provide an abundant resource, and it's an area we've been in for 18 years."

Susie Hereden,
Williams Co. spokeswoman

domestic energy sources. Bureau of Land Management oversees much of the land where gas is found in the West.

Some Garfield County residents said they are already seeing the effects of increased development.

"It looks like a plate of spaghetti out here with all the roads and pipelines," said Janey Hines-Broderick, president of the Grand Valley Citizens Alliance, which opposes more drilling.

Hines-Broderick said the state has allowed companies to advance from drilling one well every 40 acres to one every 10 acres.

"It (drilling) will continue and it will get worse, especially with the announcements from the Bush administration last week," she said.

Pete Morton, a research economist with The Wilderness Society, questioned whether the gas in the Piceance Basin will remain economically viable to drill if gas prices drop. Drilling in the basin is difficult because of the tight rock formations.

GRAND JUNCTION "DAILY SENTINEL" SEPTEMBER 7, 2003

Both sides watching carefully as exploratory drilling advances

By AARON PORTER
The Daily Sentinel

DELTA — The furor over gas exploration has, at the surface, dwindled to a simmer.

"In some ways, it's been kind of quiet in terms of what we've been dealing with from Gunnison Energy directly," said Jeremy Puckett, spokesman for the Western Slope Environmental Resource Council.

Gunnison Energy Corp. is preparing to bore its third well in the first phase of exploration for coal-bed methane and natural gas.

It's too early to tell, based on data from the first well, if gas production is feasible on the south flank of Grand Mesa, said Tony Gale, company vice president.

"I think that's why we need these additional exploration wells. We don't really know the answer to that," he said.

Gunnison Energy is living up to commitments to act as a good corporate neighbor, said Bruce Bertram, a county employee charged with overseeing gas development.

"I think they've taken the extra step here. If this thing evolves after the exploration phase, I would like to think they would continue that because it would make for a

very responsible operator," Bertram said.

Critics scoffed at those commitments last year when Gunnison Energy outlined plans to explore for gas on more than 90,000 acres.

The firm is drilling four wells this year in the first phase of exploration to determine if gas is available at sufficient quantities to justify production. It projected up to 600 production wells if exploration is successful.

Angry residents crowded public meetings last year, demanding a ban on all gas production. They feared it would irreparably harm the county's quality of life and damage the environment.

Water resources on Grand Mesa topped the list of worries. Critics feared exploration activities would harm ground and surface water.

Bertram has witnessed no harm to the county's water resources, he said.

The former oil-industry worker routinely checks the exploration sites, observing housekeeping, safety and drilling activities. He also monitors how Gunnison Energy responds to incidents at each site.

"All in all I really had no question about how they were

physically doing the job," he said.

Heavy rainfall made drilling considerably more difficult, Bertram said. But runoff water never entered the drill pad, avoiding potential contamination with water Gunnison Energy used to bore the wells, he said.

Gunnison Energy took extra steps to limit its impacts, Bertram said. It applied magnesium chloride to 3100 Road in a cost-sharing deal with the county, under terms of its development agreement. The gravel road treatment shored up the truck route to its drill pad at Dever Creek, Bertram said.

It also performed some early reclamation work, Bertram said. Where roads were expanded for drill rigs and equipment traffic, Gunnison Energy chopped the brush it removed and laid mulch on the bare shoulders, he said.

Bertram is also not aware of any violations under Gunnison Energy's permits with the Colorado Oil and Gas Conservation Commission.

Drilling has not gone without notice, Puckett said. Residents in the Stevens Gulch area reported loud noise during drilling activities and higher than normal traffic, he said.

The environmental group is

more worried, however, about the potential long-term effects of gas development.

"The long-term impacts are going to be something that's very difficult to gauge and it's far too early to determine what those impacts may or may not be," Puckett said.

It has prompted the Paonia-based group to challenge a drilling permit granted to Gunnison Energy on Grand Mesa National Forest. A permit to rework Leon Lake Well 2 was based on inadequate environmental analysis, the group said.


The group also criticized Forest Service approval of six new exploration wells on Grand Mesa last month.

The Environmental Resource Council remains wary about Gunnison Energy's drilling activities this year.

"Until we can actually visit the well sites and get a better sense of what's taking place at these operations and how much they adhere to their plans, it's going to be very difficult for us to see if they're a good neighbor or not," Puckett said.

Aaron Porter can be reached via e-mail at aporter@gjds.com.

2B The Daily Sentinel • Sunday, September 7, 2003

THE  DAILY
SENTINEL A Cox Newspaper
 Founded in 1893
George Orbanek, Editor and Publisher
Dennis M. Herzog, Managing Editor **Bud Winslow**, Operations Director
Bob Silbernagel, Editorial Page Editor
Dave Haynes, City Editor

Editorials

New directions for the Roan Plateau

The Bureau of Land Management is set to release draft alternatives for the Roan Plateau later this month. But the Colorado Department of Natural Resources has jumped into the fray early, offering its own proposals for management of the area northwest of Rifle.

The heart of the area is the roughly 44,000 acres on top of the plateau, where abundant deer and elk mix with grazing cattle and deep canyons and streams provide habitat for one of the purest strains of Colorado River cutthroat trout in the state.

Last year, all of the municipalities in Garfield County endorsed a preliminary BLM alternative that would have kept the top of the plateau entirely off-limits to natural-gas drilling. But expectations are that the draft alternatives now being considered will all include some level of gas drilling on top of the plateau. The reason is obvious from the state's proposal.

The state document estimates there are 5½ *trillion* cubic feet of recoverable natural gas in one formation alone beneath the 44,000 acres atop the Roan Plateau. And that gas is worth an estimate \$22 billion, the state report says.

"One of our concerns is that we understand the BLM is under fairly strong pressure from Washington to make this area available to gas drilling," Greg Walcher, the executive director of the Colorado Department of Natural Resources told this corner on Friday.

Furthermore, he said there is no requirement in any of the BLM alternatives that gas companies use directional drilling, as they are now doing on the valley floor, to minimize the number of drill sites.

The state proposal recommends that the BLM require directional drilling on the top of the plateau, on drilling pads of no less than 160 acres each.

That's still a good deal more drilling than many people would like on top of the plateau. It would yield a total of 275 drilling pads. At current drilling rates for this area, the state suggests there would be no more than 11 drill rigs operating on top of the Roan Plateau at any one time.

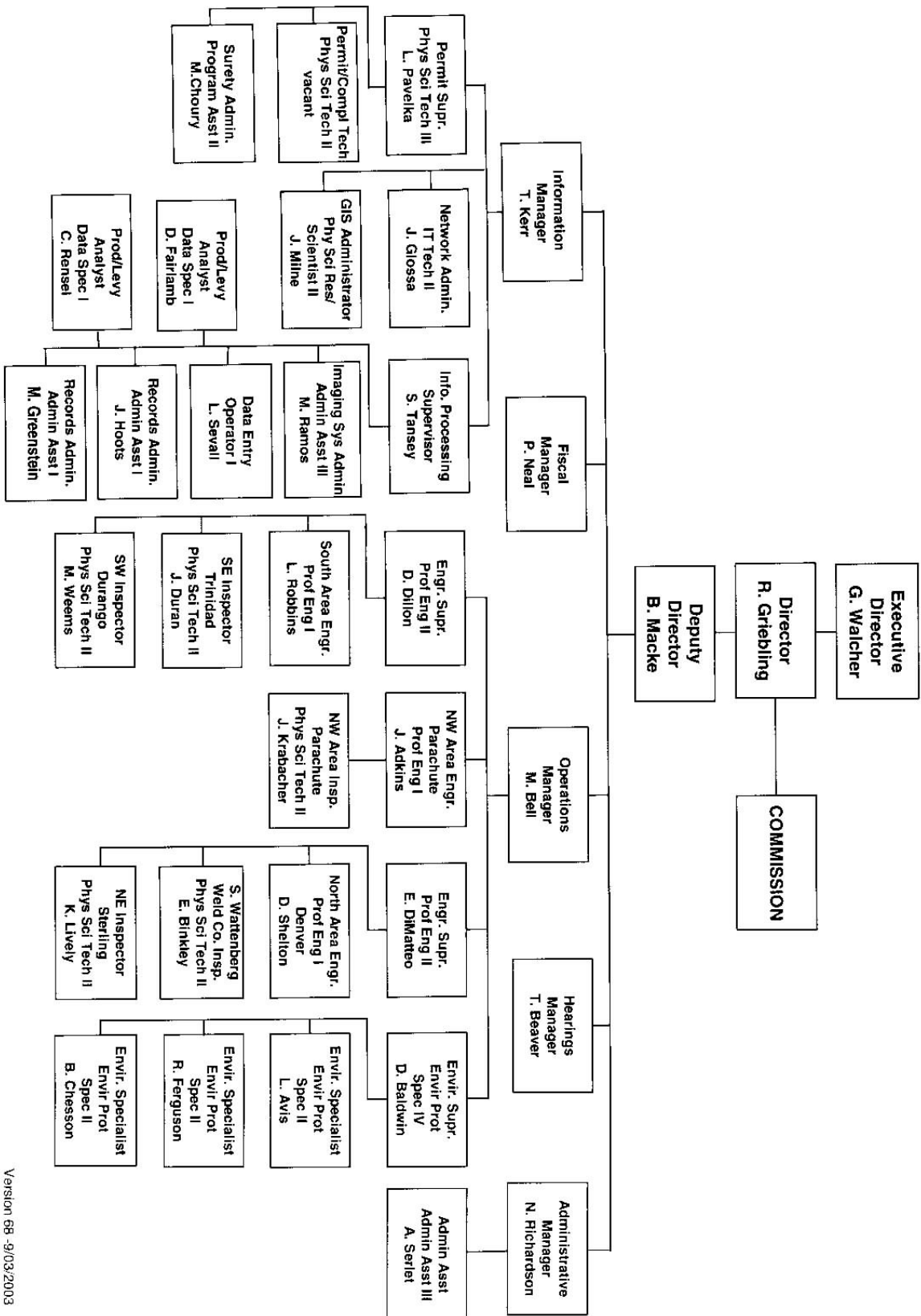
Furthermore, the state wants the BLM to keep drill rigs entirely out of some critical wildlife locations such as near streams where cutthroat trout live, and only allow seasonal drilling in big-game calving areas.

BLM officials said they were aware of the state proposal, but had not yet reviewed the specifics.

Greg Goodenow, a planning specialist with the BLM in Glenwood Springs, acknowledged that the BLM alternatives don't mandate directional drilling. "But we do encourage companies to use it," he said. "In some cases we limit the amount of surface area they can occupy, so companies use directional drilling to recover their gas."

That may not be adequate for a unique bit of Western Colorado high country. With thousands of acres surrounding the plateau already available for gas drilling, it's far from clear that drilling on the plateau is necessary to meet U.S. natural gas needs. However, if drilling is to occur, the BLM ought to accept the state's recommendations to mandate directional drilling and minimize land disturbances and impacts on the area's wildlife.

COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION



PENALTY PAYMENT STATUS

09/12/03

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	\$4,760
93-94	12	\$263,608	7	\$105,000	0	\$0	n/a	\$18,247
94-95	10	\$83,817	4	\$21,805	3	\$139,000	n/a	\$0
95-96	29	\$238,250	19	\$154,000	4	\$20,750	n/a	\$0
96-97	13	\$75,500	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	\$11,000
99-00	23	\$110,500	12	\$59,460	0	\$3,000	2	\$0
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	25	\$59,250	8	\$34,750	0	\$0	0	\$0
Totals	199	\$1,215,225	125	\$638,065	9	\$194,750	2	\$115,105

II. DELINQUENT PENALTIES

Order Number	Date Issued	Violating Entry	Penalty Assessed	Violations	Status	Referred to Collections
1V-58	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, b	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	Tripps Drilling Co.	\$60,000	Rules 604 a, 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 l, APD		Yes
1V-124	07/01/97	Nerdline 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, 903 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.		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	\$80,000	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	Demar 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	06/02/03	Fredrick Shaffer	\$4,000	Rule 326 b		Yes
Total Penalties Pending Collection			\$255,800			

