

MONTHLY STAFF REPORT

March 15, 2004

I. STATISTICS

Our monthly statistics report is attached ([page 1](#), [page 2](#), [page 3](#)). The approved Applications for Permits-to-Drill ("APDs") for calendar year 2004 are projected at an annual total of 2500.

II. NORTHWEST COLORADO

Attached are newspaper articles of local interest. (["Gusher"](#), ["EnCana"](#), ["Surface-rights"](#))

® Northwest Colorado Oil and Gas Forum – **Important Notice of Time Change**

The next meeting of the Northwest Colorado Oil and Gas Forum will be held from **10:00 A.M. until 2:00 P.M. on Thursday, May 27 at a location to be determined. (Please note – this is a change from the previously announced date of May 20).**

The last meeting of the Forum was held on February 9, 2004 in Rifle in conjunction with a COGCC field hearing in Glenwood Springs the following day, and was attended by approximately 185 people. Agenda items at the meeting included:

- Introduction of State of Colorado Oil and Gas Conservation Commissioners
- State, Federal, County, and Industry Updates on NW Colorado Oil and Gas Activity
- Discussion of Federal Unit Contraction
- Open Public Comment/Q&A Period About Issues of Local Concern

The Forum, which is co-chaired by COGCC Deputy Director Brian Macke and Garfield County Commissioner Larry McCown, consists of representatives from federal, state and local government, the oil and gas industry and all interested citizens. The meetings are currently being held four times during the year. The meeting frequency may be increased if changing circumstances create a need to do so.

All parties wishing to be placed on the agenda for presentations need to contact Brian Macke at 303-894-2100 x122 or brian.macke@state.co.us by May 14, 2004.

.. COGCC Presentation at the Glenwood Springs Association of Realtor's Meeting

Brian Macke provided a presentation to the Glenwood Springs Association of Realtors at its February 11, 2004 luncheon meeting. Approximately 65 members of the Association were present at the meeting. The presentation included an update on the current level of oil and gas activity in Garfield County and nearby areas and a discussion of COGCC regulation. Particular emphasis was placed on the importance of awareness by realtors of the areas that have potential for oil and gas development, the current legal and regulatory framework regarding split-estate lands, and the use of the COGCC and its web site as a valuable resource for information. A [letter](#) from the Realtor's Association thanking the COGCC for its attendance is attached.

III. NORTHEAST COLORADO

.. Colorado Oil and Gas Association ("COGA") - Northeast Chapter Meeting

Brian Macke, Ed DiMatteo, Randall Ferguson and Kevin Lively of the COGCC staff and Lynn Shook, COGCC Commissioner attended the COGA chapter meeting on the evening of Tuesday, February 24, 2004. The meeting was held at the Bunker Hill Country Club in Brush, Colorado with approximately 65 people in attendance. Following dinner, various announcements were made by Greg Schnacke, COGA executive vice-president. Brian Macke then gave a presentation on current statewide trends related to the industry and proposed changes to the COGCC Rules and Regulations.

IV. SOUTHWEST COLORADO

.. Next GORT Meeting

The next GORT meeting is scheduled for March 25, 2004. The meeting will be held at the La Plata County Fairgrounds in the Pine Room from 8:30 a.m. to 11:30 a.m. Call Debbie Baldwin at (303) 894-2100 ext. 111 to add agenda topics.

® COGCC Staff Update on Environmental Monitoring in La Plata County

At today's hearing, COGCC staff and LT Environmental will provide an update to the Commissioners on the results to date of environmental monitoring required by COGCC Order Nos. 112-138, 112-156, and 112-157. In addition, the December 2003 3M Monitoring Well Report and the October 2003 Fruitland Outcrop Monitoring Report are available on our website under "Library".

V. SOUTHEAST COLORADO

® Presentation of Raton Basin Study in Las Animas and Huerfano Counties

The Raton Basin Study was finalized last year. The study included collecting and compiling water and gas data from water wells and gas wells, location data for coal mines and coal mine features, and methane seep data from a ground survey. Dr. Anthony Gorody, Universal Science Consulting, evaluated the data and produced a report, which is available on our website under "Library". On February 17 and 18, 2004, Loren Avis and Dr. Gorody presented the results of the study to the Las Animas and Huerfano County Commissioners. The County Commissioners appreciated the COGCC's work in conducting such an extensive study and making the results easily available to them, to the counties' residents, and to other interested parties.

Attached are newspaper articles of local interest. (["Black Diamond"](#), ["Black Diamond Park"](#))

VI. ENVIRONMENTAL ISSUES

® Rulemaking Proposed to the WQCC

In an ongoing program to resolve discrepancies between the EPA requirements for UIC programs and the WQCC standards and classification for ground water, COGCC staff Loren Avis, Debbie Baldwin, Bob Chesson, and Ed DiMatteo continue to work with staff from both agencies. A new ruling has been proposed that applies to the Middle Oil Sand zone of the Wasatch Formation at Hiawatha Field in Moffat County (proposed WQCC Rule

53). The rulemaking hearing is scheduled for 1:00 pm March 9, 2004 at The Florence Sabin Conference Room at the Colorado Department of Public Health and Environment's ("CDPHE") offices in Denver, 4300 Cherry Creek Drive South, Building A.

® WQCC/WQCD/COGCC Meeting

Our next meeting with representatives of the CDPHE Water Quality Control Commission ("WQCC") and Water Quality Control Division ("WQCD") will be held on March 16, 2004 at 10:30 a.m. in the COGCC conference room.

® Front Range Ozone Non-attainment Status Designation (EPA)

As requested by Weld County Commissioner Glen Vaad, COGCC staff Randall Ferguson and Bob Chesson attended the November 21, 2003 presentation on proposed emission control strategies by the Air Pollution Control Division ("APCD"). The APCD is considering various emission control strategies in order to avoid EPA designation of the Denver Metropolitan Area as an ozone "non-attainment" area. The State is required by the EPA to enter into an Early Action Compact ("EAC") with stakeholders in order to delay designation of the non-attainment status. Current signatories of the EAC include the Denver Regional Council of Governments, the Colorado Department of Transportation, the Air Quality Control Commission, the Colorado Department of Public Health and Environment and the EPA. Additional EAC signatories from stakeholders from Weld, Larimer and Morgan counties have been solicited. As part of the EAC, a State Implementation Plan ("SIP") is required which outlines details and a schedule for the implementation of emission controls to reduce ozone concentrations to a level below the EPA's ozone standard.

The APCD studied the Denver Planning Area, which includes all or parts of Larimer, Weld, Morgan, Denver, Douglas, Arapahoe, Adams, Boulder, Jefferson and Broomfield counties. The study found that, based on computer air shed modeling, the entire South Platte River drainage contributes air emissions considered to be precursors for ozone formation in the Denver Planning Area. Computer fate and transport modeling identifies the main ozone precursor in the South Platte River air shed to be non-methane VOC "flashing" emission from oil and gas wells (mainly in the Wattenberg Field). The APCD is proceeding with implementation of emission control requirements for these "stationary" sources which would require engineering controls on individual wells and/or tank batteries. Other source controls are under consideration, such as mandating use of lower volatile gasoline, expanding the Denver Metro area auto emissions control program into the South Platte River drainage air shed, and additional emissions controls on existing industrial facilities. Because of a very tight EAC schedule, a draft SIP was approved for submittal to the EPA by the Regional Air Quality Council on December 4, 2003. A public meeting on the proposed SIP is scheduled for March 11, 2004. The adopted SIP will undergo State Legislative review in early 2004 with the final plan submittal to the EPA by December 31, 2004. Implementation of emission controls is required by December 31, 2005 and success must be demonstrated to the EPA by December 31, 2007 to maintain "attainment" status.

VII. ORGANIZATION

® Staff Organization

We welcome Karen Morgan who transferred from Colorado Geological Survey to serve as our GIS Administrator. She has hit the ground running and she brings extensive experience

that will be very helpful to our Division.

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

VIII. PLANNING/ADMINISTRATION/OTHER

® 2003 Outstanding Oil & Gas Operations Awards

The deadline for nominations for the COGCC 2003 Outstanding Oil and Gas Operations Awards is June 1, 2004. This will be the 8th year of this very successful program that recognizes extraordinary efforts of oil and gas operators in a variety of categories. Award presentation will take place on August 10, 2004 at the Colorado Oil and Gas Association's Rocky Mountain Natural Gas Strategy Conference and Investment Forum. All parties are encouraged to provide nominations by the deadline. We will be submitting a list of nominations to the Commissioners for approval after the nomination deadline. [Attached](#) is the nomination form for the awards.

® Penalties Status

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

® April Hearing Docket

A preliminary docket for the April 19 and 20, 2004 hearing has been [provided](#). Hearing dockets are available on the COGCC website by clicking on "Hearings". 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.

® Joint COGA – CCI Gathering Line Regulation Work Group

A workgroup consisting of representatives from the Colorado Oil and Gas Association and local governments working through Colorado Counties, Inc. has been convened to jointly develop proposed COGCC regulations for gathering lines. The workgroup, which now includes representatives from Garfield, Mesa, Gunnison, La Plata, Delta, Rio Blanco, Las Animas, San Miguel, and Delta counties as well as industry representatives, met most recently on February 5, 2004 to discuss gathering line issues and develop a rulemaking proposal to jointly bring to the COGCC. This model was used successfully last year to bring proposed rulemaking to the COGCC to address local government involvement in COGCC processes. Brian Macke has been included in the meetings to serve solely as a resource and to answer questions about COGCC regulation that arise in the discussions. The county representative portion of the working group held a meeting on March 11, which was also attended by Brian Macke.

.. Inactive Wells Review Update

COGCC staff has compiled a report identifying excess inactive wells as defined by Rule

707.a., which requires an operator to submit additional financial assurance of \$5,000 for each “excess inactive well”. An inactive well is defined as any shut-in well from which no production has been sold for a period of twelve (12) months. When an operator’s inactive well count exceeds the operator’s financial assurance amount divided by \$5,000, these additional wells are considered to be excess inactive wells and an additional \$5,000 in financial assurance is required for each excess inactive well.

On March 2, 2004, COGCC staff sent letters to the thirty (30) operators of inactive wells. The operators are required to verify the accuracy of the inactive well list and supply additional financial assurance or provide a plan to either return to production or plug and abandon these wells. The letter also asks the operators to provide a schedule for mechanical integrity testing for wells that have been shut-in for two (2) years. A copy of the letter to the operators is [attached](#).

® Joint House and Senate Agriculture and Natural Resources Committee COGCC Briefing

COGCC staff and Commissioners were present to provide a briefing to the Joint House and Senate Agriculture and Natural Resources Committee on February 18, 2004. COGCC Commissioners attending included Chairman Peter Mueller, Tom Reagan, and Lynn Shook, and staff included Rich Griebing and Brian Macke. The briefing was conducted by the Committee to discuss issues regarding surface owner conflicts with oil and gas development, particularly on split-estate lands. The COGCC provided a presentation on current development activity and a discussion about legal and regulatory issues with respect to split-estate lands, and discussed the April 2004 COGCC rulemaking.

® Draft Budget Requests

The Joint Budget Committee (“JBC”) met to conduct the Department of Natural Resources “figure setting” on February 26, 2004. During the meeting, the JBC approved the following request for funding from the COGCC:

- The entire \$96,995 change request for FY 04-05 for the completion of the document imaging indexing project.
- A supplemental budget request for FY 04-05 to address increased drilling permit activity and active well workload which includes:
 - \$89,487 in Personal Services including 1.0 FTE for a Permit Technician and 30,000 in temporary services funding for document processing.
 - \$1,759 in operating funds.
 - 1 additional leased vehicle from Fleet Management.

In addition, the JBC took these other actions related to the COGCC:

- \$500,000 will be taken from the Environmental Response Fund balance to replace Severance Tax funding for COGCC programs.
- \$400,000 will be used from the Environmental Response Fund (“ERF”) balance to fund the COGCC ERF projects lines.

The above two actions are not projected to result in the Environmental Response Fund

balance being below its desired \$1 million level.

The COGCC budget requests are now being forwarded to the General Assembly through the Long Bill appropriations process.

® COGCC Leased Space Status

The COGCC's state current lease in the Chancery Building will expire on August 31, 2004. The Office of Planning and Budgeting ("OSPB") has given its approval to State Buildings to begin the process of negotiating a new office space lease. The Department of Personnel and Administration has engaged Corporate Planners and Coordinators, Inc. ("CPC") to perform the following functions on behalf of the COGCC:

- Space Needs Assessment
- Marketplace search
- Lease negotiation

The OSPB is currently placing an official limit on new space leases at two (2) year terms to maintain flexibility for agencies. COGCC staff is working closely with CPC on a very tight timeline for a solution on a new office space lease.

® 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, government agencies and many others.

· Internet

The COGCC determined 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 and related issues in the state. The page also contains phone lists and areas of responsibility for staff. A link to the Utility Notification Center of Colorado's Dig Safely Program has been added.

○ 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 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 shows 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; the application malfunctions. 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 is connected to the Centennial Building at 1313 Sherman Street by a wireless interface; this connection provides access to the Internet and other state services. COGCC staff utilizes the same applications in its 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).
 - § The database cleanup project has been halted, with almost 35,000 historic well records updated. The project was stopped due to funding availability. There are a little less than 28,000 well records that have not been 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 COGCC 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. The deployment of this system was delayed due to some technical database issues; it is anticipated that these issues will be resolved and the deployment will be in March 2004. This system will consist of Internet applications, form processor and other specific tools necessary for field staff to automate data collection and information requirements on a laptop or tablet computer.

Electronic Business

- There are approximately 175 operators reporting production electronically.
- An Internet available production report application that uses an XML data transfer mechanism is being tested by staff and will soon be available to industry. The XML file structure is the same as that in use 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 agencies from several other states have been working together to establish an XML file format for permitting wells and reporting their completions. The group has completed a business case for this project and is anticipating work to begin in March 2004.

Problems

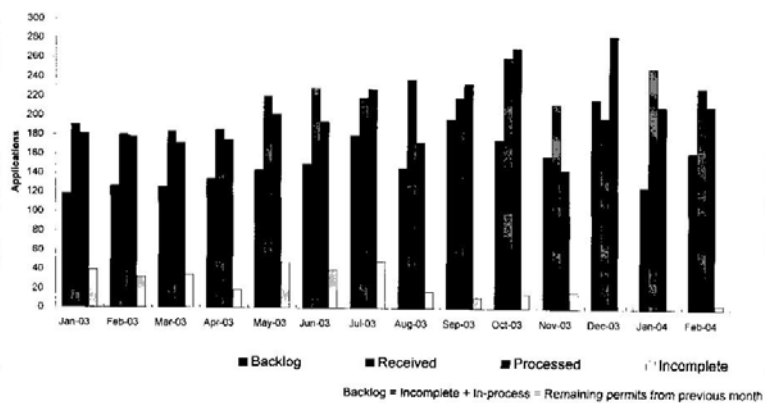
- The equipment used to serve document images on the Internet is antiquated and suffers from failure or slow response from high usage. New servers have been purchased, are currently being configured, and should be online in the near future.
- The report server has been unavailable due to configuration issues with the new security systems. These issues will be resolved and the system will be more functional in the near future.
- The website was moved to the server and has been stable for the last month. If any un-repaired links are discovered please let us know.

Colorado Oil & Gas Conservation Commission

Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
Drilling								
Jan-03	116	160	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	29	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	198	201	12	0	49	96	145
Aug-03	145	227	165	14	0	18	175	193
Sep-03	193	188	209	6	0	12	154	165
Oct-03	168	228	244	6	0	16	128	144
Nov-03	144	204	141	5	0	18	184	202
Dec-03	202	182	259	5	0	4	116	120
Jan-04	120	242	200	2	0	2	158	160
Feb-04	160	220	206	4	0	5	165	170
Recompletion								
Jan-03	3	11	8	0	0	1	5	6
Feb-03	6	16	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	28	13	0	0	2	2
Aug-03	2	12	9	0	0	0	5	5
Sep-03	5	32	26	1	0	0	10	10
Oct-03	10	34	28	0	0	0	16	16
Nov-03	16	10	4	5	0	0	17	17
Dec-03	17	18	27	0	0	0	8	8
Jan-04	8	10	12	2	0	0	4	4
Feb-04	4	12	7	0	0	0	9	9
Total								
Jan-03	119	181	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	196	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	220	229	25	0	49	98	147
Aug-03	147	239	174	14	0	18	180	198
Sep-03	198	220	235	7	0	12	164	175
Oct-03	176	262	272	6	0	16	144	160
Nov-03	160	214	145	10	0	18	201	219
Dec-03	219	200	286	5	0	4	124	128
Jan-04	128	252	212	4	0	2	152	164
Feb-04	164	232	213	4	0	5	174	179

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	Permits										Unedited Historic Records	Public Visits			Well Oper Change
			Drilling		Recompletion		Injection		Pits		Active Wells	Data		Office	Internet		
			Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd							
2001	Total		2271	2301	164	152	22	22	235	246			925	1306	104824	6413	
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	209	
	MAR	25	194	173	8	12	2	3	31	11	22930		58	55	13184	183	
	APR	28	175	177	11	12	3	4	2	26	23040		65	67	12935	737	
	MAY	33	173	202	15	26	6	7	41	10	23098		64	90	14492	207	
	JUN	34	183	124	27	19	0	1	1	5	23156		57	69	13747	499	
	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	184	
	OCT	25	209	188	25	14	5	4	12	11	23488		45	59	18423	539	
	NOV	24	170	148	37	36	3	0	8	31	23608		63	68	15932	348	
	DEC	27	144	143	8	6	2	0	49	2	23711		51	81	15460	241	
2002	Total		2008	2051	174	177	30	25	252	229			718	874	175690	4555	
2003	JAN	31	174	180	8	11	2	2	3	15	23963		82	88	16623	506	
	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	7	5	24	24363		63	123	21679	198	
	MAY	37	184	198	18	23	5	0	29	132	24445		52	99	22307	476	
	JUN	37	171	190	24	40	0	0	32	21	24489		59	65	20883	339	
	JUL	40	201	199	28	21	0	3	136	17	24589		50	48	22779	414	
	AUG	43	165	227	9	12	0	2	2	32	24655		53	43	17900	245	
	SEP	48	209	188	26	32	2	2	13	30	24808		41	31	22718	233	
	OCT	46	244	228	28	34	2	2	5	54	24907		41	38	29413	392	
	NOV	44	141	204	4	10	1	0	6	13	24911		22	38	27961	193	
	DEC	44	259	192	27	17	2	1	115	31	25042		34	50	21631	254	
2003	Total		2245	2328	202	229	18	21	362	381			610	755	261956	3618	
2004	JAN	45	200	242	12	10	0	0	35	7	25283		37	49	31236	346	
	FEB	46	206	220	7	12	2	0	1	0	25423		44	30	31292	74	
2004	Total		406	462	19	22	2	0	36	7			81	79	62528	420	

Apvd = Approved, Rcvd = Received, Ind = Individual, Blnk = Blanket, Apps = Application for Hearing, NOAV = Notice of Alleged Violation, AOC = Administrative Order of Consent, OFV = Order Finding Violation, Crmpt = Complaint, 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.	Blnt	Replace	Ind.	Blnt	Apps.	Order	NOAV	AOC	OFV	Cmplt	Spills	Rcvd	Comp
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	11	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	14	2	2	654
	SEP	4	5	8	3	8	0	0	17	16	20	0	14	21	13	5	2	369
	OCT	3	12	8	6	5	0	0	3	2	10	0	0	17	10	7	7	346
	NOV	5	3	3	0	15	0	0	NA	NA	1	NA	NA	15	12	4	3	377
	DEC	3	6	11	4	5	0	0	6	4	5	1	0	14	12	3	5	366
2002	Total	63	97	62	58	98	2	1	63	52	280	5	21	176	206	80	58	6499
2003	JAN	8	6	8	3	5	0	0	3	4	26	1	0	5	20	6	1	510
	FEB	10	7	2	2	10	0	0	4	2	10	1	0	8	16	3	8	549
	MAR	6	8	5	4	13	0	0	7	3	8	1	0	13	17	4	1	642
	APR	6	4	9	1	7	0	0	7	5	24	0	1	22	17	6	1	645
	MAY	5	3	2	5	10	0	0	NA	NA	8	NA	NA	14	17	5	3	834
	JUN	3	6	2	3	8	3	0	7	4	5	1	0	19	20	5	9	691
	JUL	5	6	3	2	15	0	0	1	0	16	0	0	16	23	3	1	517
	AUG	6	7	4	1	8	0	0	6	7	12	2	0	8	14	5	2	599
	SEP	8	12	10	0	10	0	0	3	2	16	0	0	13	22	4	1	694
	OCT	10	7	6	7	12	0	0	2	2	3	0	1	13	24	13	7	582
	NOV	5	3	2	3	12	0	0	NA	NA	7	NA	NA	7	18	21	8	511
	DEC	9	3	5	0	14	0	0	5	2	11	1	0	12	15	2	3	449
2003	Total	81	72	58	31	124	3	0	45	31	146	7	2	150	223	77	45	7223
2004	JAN	5	10	8	7	5	0	0	9	8	8	4	0	5	21	3	2	423
	FEB	5	4	4	3	11	0	0	7	3	11	2	0	8	21	1	4	469
2004	Total	10	14	12	10	16	0	0	16	11	19	6	0	13	42	4	6	892

Apvd = Approved, Rcvd = Received, Ind = Individual, Blnt = Blanket, Apps = Application for Hearing, NOAV = Notice of Alleged Violation, AOC = Administrative Order of Consent, OFV = Order Finding Violation, Cmplt = Complaint, Comp = Completed

GLENWOOD SPRINGS "POST/INDEPENDENT" FEB 16, 04

County hits a gusher in gas tax revenues

Payments nearly triple over past five years

BY TOM RAGAN

Special to the Post Independent

In the last five years, tax revenues from the natural gas industry have nearly tripled, said Sean McCourt, oil and gas appraiser for Garfield County Assessor's Office.

The growth is due to increased drilling and production and higher natural gas prices.

In 2000, Garfield County took in \$5 million from taxes associated with gas drilling operations.

In 2001, it collected \$10 million.

In 2002, the grand tally was \$12 million.

In 2003, revenues again accounted for \$12 million.

But this year, revenues could reach as much as \$24 million, McCourt said, if natural gas prices stay where they are: high.

Gas is currently selling for \$4.30 per million Btu (British thermal units), up from \$3.86 in 2003 and \$2.29 in 2002.

The 1,669 active wells in the county produced 126.6 billion cubic feet of natural gas in 2003, nearly double the 70 billion cubic feet produced in 2000.

While Bob Utesch, a board member with the Grand Valley Citizens Alliance, can't argue with the economic benefits, he said the long-term effects of drilling can't be repaired, and that drilling cuts into quality of life in the western half of the county.

"These companies are coming in, they're drilling holes all over our fields, and in the end they're going to displace agriculture," he said. "In fact, they already have. They wave big wads of money under the noses of the farmers and ranchers who can't resist the temptation. But in the end they're turning our backyard into one big wasteland."

Steve Soychak, district manager for Williams Petroleum in Parachute, said for many landowners, royalty payments can help buy new farm and ranch equipment.

"We work very hard with landowners to place wells in places that minimize impacts," he said. "In many cases, farming can co-exist with gas production. We're

GUSHER: see page 9

Value of drilling jobs debated

GUSHER: from page 1

very good with farmers and people we deal with out here."

What local residents see, Utesch said, is the truck traffic, mud pits, sediment ponds and new roads built for drilling operations.

Not so, said Soychak.

"We camouflage our equipment, and once a rig is gone, all that's left is a piece of pipe from a well head that's about 10 feet high, and either an above- or below-ground tank," he said.

Utesch said while schools districts and the county government benefit, in terms of jobs, most drilling contractors are from out of state.

Soychak estimates the gas industry in Garfield County employs around 1,000 people. Of those, 40 percent are from the county. The next largest group, he said, is from Mesa County, and workers from out of state account for the rest.

Average salaries hover around \$50,000

— twice as much as Garfield County's average salaries, he said.

"It's industrial work, and it pays well," Soychak said. "We attract a lot of people out of high schools here. We do the county and the town of Parachute a service for providing job opportunities for local young men and women."

Soychak added that all those workers — local or not — end up spending millions of dollars in the county for services while they're here.

Utesch also has concerns over where the natural gas ends up. He said it's shipped out of state as well.

Soychak said 60 percent of the natural gas produced in Colorado goes out of state, equating the export of Colorado's natural gas to the export of Texas oil. He said since many states do not have natural gas resources, the gas has to be distributed to those areas, too, and not just to Colorado consumers.

— Staff writer Carrie Click contributed to this report.

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"DAILY SENTINEL"

FRIDAY, FEBRUARY 20, 2004

Sentinel online: www.gjsentinel.com

EnCana plan calls for 1,200 gas wells

By **MIKE McKIBBIN**
The Daily Sentinel

MEEKER — EnCana Oil and Gas has filed an exploratory natural-gas plan with federal officials in Meeker that could result in more than 1,200 wells drilled in the foreseeable future, company officials said.

Scott Pavey, planning and environmental coordinator in the Bureau of Land Management White River Resource Area office, said the Figure 4 geographic area plan calls for

up to 125 well pads and 1,240 gas wells.

He is preparing an environmental assessment of the plan and hopes to release it for public comment in July.

EnCana officials stress the plan identifies a "maximum possible" number of wells that might be drilled in the BLM's Figure 4 federal unit, a 14,000-acre area about 80 miles northwest of Meeker in Rio Blanco County and a small part of Garfield County.

"This area might have the

potential" for gas production, said spokesman Walt Lowry. "We only have four wells out there now, and the BLM wants to know the maximum possible scenario."

Land Supervisor Doug Jones said the maximum numbers are misleading due to the unknowns of the area.

Geologist Peter Loeffler said it was likely EnCana would not come close to the maximum number of wells.

"We want to proceed well by well and see how things go,"

he said.

Jones said the topography of the unit is rugged, so directional drilling from relatively few well pads will be utilized.

"If the maximum number was drilled, you're talking about 10-acre spacing, and that's a pipe dream," he said.

"There's no spacing identified in the plan because who knows what the amount of gas the reservoir might be able to produce."

Loeffler said less than 5 percent of the total acreage in-

volved would have any surface disturbance.

"There are already a number of roads in place, and we could directionally drill up to 10 wells from each pad," he said.

"But it will be dictated by topography."

White River Area Manager Kent Walter said the plan identifies pipeline routes to transport the gas out of the area.

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

GRAND JUNCTION "DAILY SENTINEL" FEB 27, 2004

AROUND THE REGION

Surface-rights bill to wait until next year, two conservation groups say

By MIKE MCKIBBIN
The Daily Sentinel

RIFLE — A bill that would have tried to reduce or prevent disputes between mineral- and surface-rights owners where natural-gas-well drilling occurs will likely be pursued next year, according to two area conservation groups.

They claim state Rep. Gregg Rippey, R-Glenwood Springs, changed his mind about sponsoring the bill this session.

Rippey said he could not get late-bill status for the legislation.

The Grand Valley Citizens Alliance, formed to monitor gas development in western Garfield County, and Western Colo-

rado Congress met with Rippey in late January to discuss the bill, alliance organizer Peggy Utesch said.

"He said then that it was almost unheard of to get late-bill status from the Speaker of the House," she said.

"We never heard back from him until the Western Colorado Congress lobbying trip in the second week of February."

Utesch said Rippey, one of several Republican candidates for Congress, was "playing election-year games" with the groups.

Deanna Woolston with Western Colorado Congress said the group pursued the bill after hearing many stories of conflicts between landowners and

gas operators.

In Colorado, many landowners do not own the subsurface mineral rights that are given priority in state statutes. That allows gas operators to drill a well on private land without the owner's permission.

Several legal rulings have narrowed that distinction, but some landowners have resorted to legal action to protect their property from drilling-related damage.

Rippey said he asked House Speaker Lola Spradley, R-Beulah, about late-bill status for the legislation, but was told she would not grant such requests this year.

The Colorado Oil and Gas Conservation Commission,

which regulates gas activity in the state, is to consider a request in April to adopt rules and regulations that would let landowners petition for a denial of any drilling permit that does not have a signed surface-use agreement, he said.

Such agreements between landowners and gas operators detail the conditions and location of wells, roads and other needed facilities.

"That's not as good as legislation, but I think it can be a pretty decent first step if it's put together right," Rippey said.

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



RECEIVED

FEB 20 04

COGCC

February 18, 2004

Mr. Brian Macke
Deputy Director
Colorado Oil and Gas Conservation Commission
1120 Lincoln Street #801
Denver, CO 80203

Dear Brian,

On behalf of the Glenwood Springs Association of REALTORS®, I'd like to thank you for speaking at the recent luncheon on the topic of drilling in and around Garfield County and throughout Colorado. Your presentation was of interest and importance to members as evidenced by the large turnout. Your knowledge of the subject and your ability to communicate pertinent information was outstanding.

Fear is often the product of ignorance. By becoming better informed about drilling activity and its effects, both positive and negative, local REALTORS will be in a better position to assess its impact and any possible consequences, thereby allowing them to assist buyers and sellers in a more informed manner.

Best wishes for your continued success.

Sincerely,

A handwritten signature in dark ink, appearing to read "Joe Carpenter".

Joe Carpenter
Program Coordinator
Glenwood Springs Association of REALTORS®

cc: Shannon Kyle -- President, GSAR
Cheryl Burns -- Association Executive - GSAR

1317 Grand Avenue

Suite 200

Glenwood Springs, CO 81601

970-945-2610

Fax 970-945-4784

Black Diamond, 2-1 aye

The Huerfano County Commission Wednesday gave its approval to the final plat for developer Richard McEntee's Black Diamond Park by a 2-1 vote. Commission Chairman Charlie Montoya voted against the final plat, but did not give a reason.

The 161 single family lot subdivision is located just west of Walsenburg.

The plat was approved with conditions as recommended last week by the County Planning Commission. The conditions are an irrevocable letter/letters of credit in the amount of \$902,569 - the estimated cost of all infrastructure - to be given to the county prior to the filing of the plat. The letter/letters of credit will be released as infrastructure is completed.

In addition, final documents will include the signing of the Subdivision Improvements Agreement, subdivision covenants and the final plat for filing.

In response to Montoya's no vote, McEntee, in a letter, said "As we clearly stated at a Huerfano County Commissioners meeting last October, Charlie Montoya is doing everything he can to stop the smart growth that is being proposed with Black Diamond Park and his motion to deny today and previously deny the amendment to the preliminary plan only proves our point.

"We wonder if Mr. Montoya believes that smart growth should occur with more junk years in Huerfano County instead of new housing."

Anthony Gorody, of the

Colorado Oil and Gas Conservation Commission (COGCC) presented a slide presentation on water related issues near coalbed mining and methane wells.

Gorody said the study was done in order to address complaints from residents who claim nearby wells or mines have either contaminated their domestic water wells or have caused the water wells to dry up.

He said the study found 67 gas seeps in the Raton Basin (Las Animas and Huerfano counties), with most being in Las Animas County. While some of the seeps were from mine entrances, other were naturally-occurring. Almost all were in the Purgatoire Valley.

Gorody said there is no direct relation to gas production and methane seeps. The seeps are basically along geological formations.

In regard to methane in water wells, of the 246 samples taken, almost half had some dissolved methane, but few were of a dangerous or high level. He said tests can show the differences in methane from gas wells than in water wells and can determine if the

methane in the water well is natural or from a gas well.

Groundwater is another citizen concern, Gorody said. But, most domestic wells come from groundwater about 100 feet deep, while water from gas wells is about 2,000 feet deep. The two rarely meet unless there is some geological reason. "There is no reason to believe there is a cross flow," he said.

However, Gorody said water wells within 100 vertical feet of methane wells can have a cross flow. The only area found to be affected by this in the Raton Basin is south of Trinidad Reservoir. He said tests also can determine the difference between well water and gas well water, based on sulfates, bicarbonates, heat and other factors.

The Commission also:

---approved a lot consolidation request by Kriss and Jaclyn Spradley, joining a non-conforming .49-acre lot with 191.86 acres in the Cuchara area.

Green light given to Black Diamond Park

by Karin Deneke

The Huerfano County Commission Wednesday morning, as recommended earlier this month by Planning and Zoning, approved the Final Plat for Black Diamond Park. Chairman Charles Montoya stuck to his guns and cast a nay vote but was overruled by Commissioners Don Andreatta and Oress DeHerrera. Last December, Montoya moved for denial of the final amendments to Black Diamond Park's Preliminary Plan, voicing his objections to a proposed change in road surfacing, from asphalt to chip and seal. He was also outvoted then by Andreatta and DeHerrera.

In addition, a lot consolidation request submitted by Kriss and Jaclyn Spradley, to combine a one half-acre parcel on the edge of Cuchara with 191 acres, was approved as recommended by P&Z.

Colorado Oil and Gas Commission staff members Loren Avis and (please see County on page 14)

County

(continued from page 1)

Anthony Gorody introduced Huerfano County Commissioners to the results of a comprehensive COGCC-sponsored Baseline Environmental Data Study of the Raton Basin conducted in the years 2002-2003.

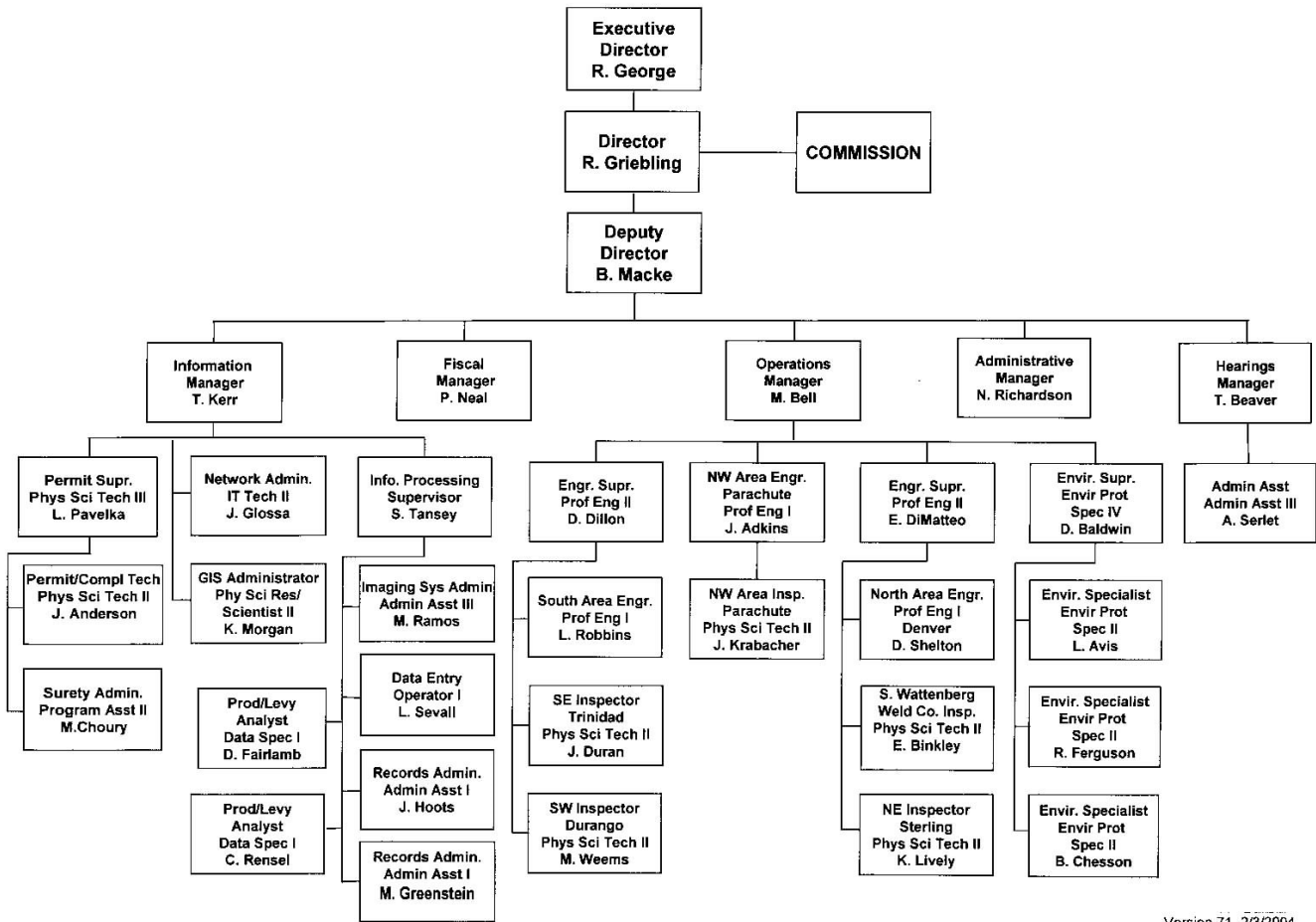
Of the 465 coal mines identified, 328 mine boundaries have been digitized, noted Dr. Gorody. This information can be accessed by the public on the COGCC web site. The report covered Seep and Groundwater Data, recharge of aquifers and produced water, as in CBM mining. Gorody mapped 67 seep occurrences, mostly in the Purgatoire River Valley. He explained that in Huerfano County, very few seeps were detected.

The general public has expressed concern that the produced water from gas exploration in coal beds is impacting availability of groundwater from shallow aquifers, Gorody pointed out. He added that people are unaware that most domestic wells in the Raton Basin are less than 100 feet deep and are above the top perforations of the producing coal, and surface aquifers do

not connect with deeper aquifers. Bacterial contamination in private wells can cause water level and flow reduction, he continued. Bacteria consume oxygen and cause odor and discoloration in well water. Dikes, Gorody said, can act as natural dams, but more often are natural recharge areas.

Also Wednesday morning, John Hurtado gave another update on the proposed Fiesta Park improvement project, which is still in the grant writing stage. He also produced a map of the park and the proposed improvements and recommend they be carried out in four phases. He estimated the total cost of the project may exceed \$40,000, making it ineligible for a mini grant which, according to Hurtado, is easier to obtain. He will return next Wednesday with his cost estimates.

COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION



Version 71 -2/3/2004

PENALTY PAYMENT STATUS
03/05/04

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	\$47,808
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	\$25,500	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	18	\$30,500	0	\$6,000	0	\$0
01-02	10	\$38,000	6	\$23,000	0	\$0	0	\$0
02-03	23	\$47,750	7	\$24,750	0	\$0	0	\$0
03-04	10	\$70,000	8	\$26,000	0	\$0	0	\$0
Totals	207	\$1,273,725	132	\$654,065	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 11/95/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 308., 317 i., APD	District Court decision entered/\$10,000 bond claimed	Yes
1V-124	07/01/97	Nerdline Company Inc.	\$8,000	Rules 326 b.1., 319 b., 210 b.		Yes
1V-132	11/24/97	Eros, Inc.	\$24,000	Rules 319 b., 326 b.	\$30,000 bond claimed 5/98	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, 603 g, 908, 909 b.(2) &(5), 910	Work to be completed by July 1, 1999.	Yes
1V-175	08/19/99	McCormick Oil & Gas Co.	\$18,000	Rules 1004, 319 b.(3), 326 b., 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), 906	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	\$5,000	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	06/02/03	Fredrick Shaffer	\$4,000	Rule 326 b.		Yes
Total Penalties Pending Collection			\$255,800			

UNIVERSITY OF CALIFORNIA		SCHOOL OF BUSINESS		MBA PROGRAM		COURSE INFORMATION	
Course Number	Course Title	Prerequisites	Corequisites	Units	Section Number	Section Title	Instructor
100	Introduction to Business			3	001	Introduction to Business	Dr. John Doe
101	Business Law	100		3	002	Business Law	Dr. Jane Smith
102	Business Ethics	100		3	003	Business Ethics	Dr. Michael Johnson
103	Business Writing	100		3	004	Business Writing	Dr. Sarah Lee
104	Business Statistics	100		3	005	Business Statistics	Dr. David Kim
105	Business Calculus	100		3	006	Business Calculus	Dr. Emily White
106	Business History	100		3	007	Business History	Dr. Robert Brown
107	Business Geography	100		3	008	Business Geography	Dr. Lisa Green
108	Business Economics	100		3	009	Business Economics	Dr. James Black
109	Business Management	100		3	010	Business Management	Dr. Karen Gray
110	Business Marketing	100		3	011	Business Marketing	Dr. Steven Pink
111	Business Finance	100		3	012	Business Finance	Dr. Rachel Blue
112	Business Information Systems	100		3	013	Business Information Systems	Dr. Daniel Purple
113	Business Communication	100		3	014	Business Communication	Dr. Michelle Yellow
114	Business Research	100		3	015	Business Research	Dr. Christopher Red
115	Business Strategy	100		3	016	Business Strategy	Dr. Amanda Green
116	Business Innovation	100		3	017	Business Innovation	Dr. Benjamin Blue
117	Business Sustainability	100		3	018	Business Sustainability	Dr. Victoria Purple
118	Business Globalization	100		3	019	Business Globalization	Dr. Alexander Yellow
119	Business Entrepreneurship	100		3	020	Business Entrepreneurship	Dr. Isabella Red
120	Business Leadership	100		3	021	Business Leadership	Dr. Matthew Green
121	Business Negotiation	100		3	022	Business Negotiation	Dr. Sophia Blue
122	Business Conflict Resolution	100		3	023	Business Conflict Resolution	Dr. Lucas Purple
123	Business Decision Making	100		3	024	Business Decision Making	Dr. Olivia Yellow
124	Business Problem Solving	100		3	025	Business Problem Solving	Dr. Noah Red
125	Business Creativity	100		3	026	Business Creativity	Dr. Emma Green
126	Business Innovation	100		3	027	Business Innovation	Dr. William Blue
127	Business Sustainability	100		3	028	Business Sustainability	Dr. Charlotte Purple
128	Business Globalization	100		3	029	Business Globalization	Dr. Benjamin Yellow
129	Business Entrepreneurship	100		3	030	Business Entrepreneurship	Dr. Victoria Red
130	Business Leadership	100		3	031	Business Leadership	Dr. Alexander Green
131	Business Negotiation	100		3	032	Business Negotiation	Dr. Isabella Blue
132	Business Conflict Resolution	100		3	033	Business Conflict Resolution	Dr. Matthew Purple
133	Business Decision Making	100		3	034	Business Decision Making	Dr. Sophia Yellow
134	Business Problem Solving	100		3	035	Business Problem Solving	Dr. Lucas Red
135	Business Creativity	100		3	036	Business Creativity	Dr. Emma Green
136	Business Innovation	100		3	037	Business Innovation	Dr. William Blue
137	Business Sustainability	100		3	038	Business Sustainability	Dr. Charlotte Purple
138	Business Globalization	100		3	039	Business Globalization	Dr. Benjamin Yellow
139	Business Entrepreneurship	100		3	040	Business Entrepreneurship	Dr. Victoria Red
140	Business Leadership	100		3	041	Business Leadership	Dr. Alexander Green
141	Business Negotiation	100		3	042	Business Negotiation	Dr. Isabella Blue
142	Business Conflict Resolution	100		3	043	Business Conflict Resolution	Dr. Matthew Purple
143	Business Decision Making	100		3	044	Business Decision Making	Dr. Sophia Yellow
144	Business Problem Solving	100		3	045	Business Problem Solving	Dr. Lucas Red
145	Business Creativity	100		3	046	Business Creativity	Dr. Emma Green
146	Business Innovation	100		3	047	Business Innovation	Dr. William Blue
147	Business Sustainability	100		3	048	Business Sustainability	Dr. Charlotte Purple
148	Business Globalization	100		3	049	Business Globalization	Dr. Benjamin Yellow
149	Business Entrepreneurship	100		3	050	Business Entrepreneurship	Dr. Victoria Red
150	Business Leadership	100		3	051	Business Leadership	Dr. Alexander Green
151	Business Negotiation	100		3	052	Business Negotiation	Dr. Isabella Blue
152	Business Conflict Resolution	100		3	053	Business Conflict Resolution	Dr. Matthew Purple
153	Business Decision Making	100		3	054	Business Decision Making	Dr. Sophia Yellow



DEPARTMENT OF NATURAL RESOURCES

Bill Owens, Governor
1120 Lincoln St., Suite 801
Denver, CO 80203
Phone: (303) 894-2100
FAX: (303) 894-2109
www.oil-gas.state.co.us

March 2, 2004

OPERATOR

Dear Ladies and Gentlemen:

At the December 2003 hearing, the Colorado Oil and Gas Conservation Commission (COGCC) presided over an enforcement hearing initiated by the COGCC staff. During the hearing, the COGCC determined that the operator had not submitted sufficient financial assurance to cover the operator's 48 inactive wells. The COGCC issued an order that required the operator to submit additional financial assurance and perform mechanical integrity tests to be in compliance with existing COGCC rules concerning inactive wells. The COGCC also asked the COGCC staff to determine how many other operators were not in compliance with the COGCC rules and to initiate enforcement of the inactive well rules for financial assurance and for mechanical integrity testing. This letter is in response to the COGCC directive.

COGCC Rule 707.a. requires an operator to submit additional financial assurance of \$5,000 for each "excess inactive well". An inactive well is defined as any shut-in well which no production has been sold for a period of twelve (12) months. When an operator's inactive well count exceeds the operator's financial assurance amount divided by \$5,000, these additional wells are considered to be excess inactive wells and an additional \$5,000 in financial assurance is required for each excess inactive well.

Rule 707.a. also provides for an operator to submit a plan for COGCC approval which will reduce the financial assurance requirement if the plan returns wells to production in a timely manner or plugs and abandons wells on an acceptable schedule.

COGCC Rule 326.b. requires a mechanical integrity test for wells which have been shut-in for more than 2 years and every 5 years thereafter. Wells that have been shut-in for more than 2 years may be returned to production, mechanical integrity tested, or plug and abandoned to achieve compliance with this rule.

COGCC records indicate that OPERATOR has \$XXXXXX in plugging and excess inactive well financial assurance with XX inactive wells, resulting in a total of XX excess inactive wells. These inactive wells are shown on the attached list. Please review the inactive well list to determine if our information is correct. If our information is correct, please submit an additional \$XXXXXX in financial assurance or submit a plan for COGCC approval to gain compliance with Rule 707.a. by May 1, 2004. The additional financial assurance submitted for an excess inactive well would not be required if the well is returned to production or plugged and abandoned.

The wells on this list must also pass a mechanical integrity test within 2 years of the shut-in date. Please submit a plan to return to production, pass a mechanical integrity test, or plug and abandon these inactive wells by April 1, 2004. This work should be completed by October 1, 2004.

Please call me at (303) 894-2100 ext. 105 with any questions or comments.

Sincerely,

Morris Bell

enclosure

DEPARTMENT OF NATURAL RESOURCES: Greg E. Wyckher, Executive Director
COGCC COMMISSION: John B. Ashby - Tom Ann Casary - Brian Cree - Michael Klien - Peter Mueller - J. Thomas Reagan - Lynn Shook
COGCC STAFF: Richard T. Griebing, Director - Brian J. Madie, Deputy Director - Morris Bell, Operations Manager
Patricia C. Beaver, Hearings Manager - Thomas J. Kerr, Information Manager