

MONTHLY STAFF REPORT

April 19, 2004

I. STATISTICS

Our monthly statistics report is attached. ([page 1](#), [page 2](#), [page 3](#)) Based on approvals to date, the approved Applications for Permits-to-Drill ("APDs") for calendar year 2004 are projected at an annual total of 2600.

II. NORTHWEST COLORADO

Attached are newspaper articles of local interest. ("[Couple getting gassed out....](#)", "[Garfield County's rising....](#)", "[COGCC seeks nominations....](#)", "[Grant allows Parachute....](#)")

® 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 the Battlement Mesa Activity Center. (Please note – this is a change from the previously announced date of May 20).**

Tentative Agenda items for the next meeting include:

- State, Federal, County, and Industry Updates on NW Colorado Oil and Gas Activity
- 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 Participation in the Club 20 Annual Spring Meeting

The COGCC was invited to participate at the Club 20 Annual Spring Meeting in Grand Junction on March 19-20, 2004 by presenting an exhibit display and by serving on a panel discussion. Brian Macke participated on behalf of the COGCC in the panel discussion about "Balancing the Role of Counties with State Oversight of Oil and Gas Permits" during the "Tapping Colorado's Oil and Gas Potential" session. Other participants on the panel included Garfield County Oil and Gas Auditor Doug Dennison, Bureau of Land Management Glenwood Springs Resource Area Manager Jamie Connell, and Ken Wonstolen with the Colorado Oil and Gas Association. With a record attendance at the meeting, including many leaders from government and industry, the meeting was a very good opportunity for providing information about COGCC activities and oil and gas development in Colorado.

® Mamm Creek Gas Field - West Divide Creek Gas Seep

See [attached](#) West Divide Creek Gas Seep status update.

III. NORTHEAST COLORADO

Environmental Assessment of Pits 2004

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

The EPA had intended to conduct a follow-up to this effort during 2003. However, the project was postponed. The EPA with COGCC cooperation initiated the follow-up aerial reconnaissance on April 6, 2004.

IV. SOUTHWEST COLORADO

Fruitland Coal Water Well Notice

At the last COGCC hearing, there was commission discussion concerning the drilling of water wells in the Fruitland Coal Formation. The Commission and staff were concerned that some homeowners may drill water wells into the Fruitland Coal without adequate knowledge of the safety issues involved with having a Fruitland Coal water well.

On April 7th, COGCC staff met with staff from the Division of Water Resources (“DWR”) to discuss this issue. It was determined that the best way to notify potential Fruitland Coal water well owners was to prepare an educational pamphlet to be distributed by the DWR with water well permits and to water well contractors in La Plata and Archuleta Counties. The pamphlet will be developed with input from the COGCC, DWR, and the counties.

The COGCC staff is working on the first draft of the educational pamphlet. The DWR will try to count the number of wells that could be completed in the Fruitland Coal Formation.

® GORT Meeting

A GORT meeting was held in La Plata County on March 25, 2004. Debbie Baldwin and LT Environmental provided an update on the results to date of environmental monitoring required by COGCC Order Nos. 112-138, 112-156, and 112-157. In addition, Dr. Rusty Riese – BP America, presented the results of his ongoing research on the hydrocarbon system of the Fruitland Formation, which generated a great deal of audience comment. He will be making the same presentation to the COGCC at the May 24, 2004 hearing.

The meeting was very well attended with approximately 40 people including representatives of industry, SUIT, BLM, La Plata County, San Juan Citizens Alliance, Oil and Gas Accountability Project, and other concerned citizens. Thanks to the La Plata County Energy Council for its help in notifying people about this meeting.

V. ENVIRONMENTAL ISSUES

Rule Making by the Water Quality Control Commission (WQCC)

In our ongoing process of resolving discrepancies between the EPA requirements for UIC programs and the WQCC standards and classifications for ground water, Bob Chesson, Debbie Baldwin, and Ed DiMatteo have continued to work with staff from both agencies. New site-specific ground water classifications and standards were adopted on March 9, 2004. The

new rule applies to the Middle Oil Sand zone of the Wasatch Formation at the Hiawatha Field in Moffat County (WQCC Rule 42.7.(53)).

VI. ORGANIZATION

® Staff Organization

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

VII. 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.

® May Hearing Docket

A preliminary docket for the May 24 & 25, 2004 hearing has been [provided](#). The May hearing will be held in Greeley in the Community Room at City Hall, 1000 10th Street. 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 April 8, which was also attended by Brian Macke. The county representative working meetings have been focused on the development of a common list of local government concerns that the local governments would like to have addressed through gathering line

regulation.

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 asked the operators to provide a schedule for mechanical integrity testing for wells that have been shut-in for two (2) years.

COGCC staff has received additional financial assurance from two (2) operators and has received written correspondence from fifteen (15) operators indicating their willingness to comply with the requests in the March 2nd letter. Staff has also discussed the contents of the letter with three (3) other operators who have indicated their willingness to comply with requests in the March 2nd letter.

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

COGCC staff and Commissioners were present to provide a briefing to the Joint House and Senate Agriculture and Natural Resources Committee on March 24, 2004. COGCC Commissioners attending the briefing included Chairman Peter Mueller and Tom Reagan, and staff included Rich Griebeling and Brian Macke. The COGCC provided a presentation on public information, education, and outreach activities that are conducted through educational presentations, brochures, and the COGCC website. The COGCC Commissioners and staff also responded to questions and comments from the Committee members about oil and gas development issues that have been raised by their constituents.

® 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 current office space lease in the Chancery Building will expire on August 31, 2004. The Office of State 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

In its approval of the COGCC request to the OSPB for an exemption to a state Executive Order regarding new office space leases, State Buildings Real Estate Programs made a recommendation that the COGCC utilize the services of CPC to compile competitive lease rate information for a short term lease (not to exceed two years), including a financial analysis of options that considers both re-leasing the current space at the Chancery Building and moving to another facility. COGCC staff is working closely with CPC on a very tight timeline for a solution on a new office space lease. COGCC staff met with the CPC representative on April 8, 2004 to review lease proposals from the Chancery Building as well as several other office space facilities, and tentatively scheduled site visits to the other facilities for either April 15 or 16. CPC is working with COGCC staff with a goal of providing State Buildings and the OSPB with a report of the analysis and a recommendation by the end of April 2004.

® 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 geographic 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 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 seventy five percent (75%) 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 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 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; the deployment was again delayed although significant progress has been made, it is anticipated to be completed in the near future. 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

- New servers have been placed in service to deliver the document images to the Internet. The performance appears to be significantly improved. Please report any problems to the COGCC so they may be corrected.

- 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.

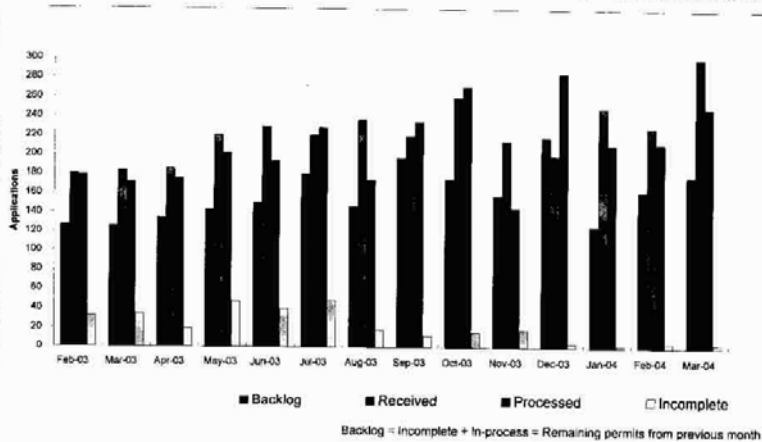
VIII. VARIANCES

A variance was granted to Exxon Mobil Corporation for the Pinto Gulch Federal No. T68 – 18G for Rule 317.i. which states “The operator shall ensure that all cement required under this rule placed behind production casing shall be of adequate quality to achieve a minimum compressive strength of at least three hundred (300) psi after twenty-four (24) hours and eight hundred (800) psi after seventy-two (72) hours measured at ninety-five degrees Fahrenheit (95°F) and at eight hundred (800) psi.” Because of the depth of the well, 14,690’, and the estimated bottom hole circulating temperature of 240 degrees, high temperature retarders used in the slurry design prevent the cement from achieving compressive strength in 72 hours at the lower 95 degrees test temperature required in the rule.

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

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
Drilling								
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	170	1	0	40	119	159
Jul-03	159	200	201	12	0	49	96	145
Aug-03	145	225	185	14	0	18	175	193
Sep-03	193	188	209	6	0	12	154	166
Oct-03	166	228	244	5	0	16	128	144
Nov-03	144	204	142	5	0	18	184	202
Dec-03	202	193	259	5	0	4	118	120
Jan-04	120	240	200	2	0	2	158	160
Feb-04	160	217	206	4	0	6	165	170
Mar-04	170	306	244	5	0	4	223	227
Recompletion								
Feb-03	6	15	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	28	1	0	0	10	10
Oct-03	10	33	28	0	0	0	15	15
Nov-03	15	11	4	5	0	0	17	17
Dec-03	17	17	27	0	0	0	7	7
Jan-04	7	10	12	2	0	0	3	3
Feb-04	3	13	7	0	0	0	9	9
Mar-04	9	22	7	17	0	0	7	7
Total								
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	161	230	194	5	0	40	141	181
Jul-03	181	221	229	25	0	49	98	147
Aug-03	147	235	175	14	0	18	180	198
Sep-03	198	220	235	7	0	12	164	178
Oct-03	176	261	272	6	0	16	143	159
Nov-03	159	215	146	10	0	18	201	219
Dec-03	219	200	288	5	0	4	123	127
Jan-04	127	250	212	4	0	2	181	163
Feb-04	163	230	213	4	0	5	174	170
Mar-04	179	328	251	22	0	4	230	234

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



Colorado Oil Gas Conservation Commission
Monthly Statistics

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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	191	
	MAR	30	167	180	5	4	1	2	15	9	24212		51	55	18922	177	
	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	477	
	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	415	
	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	234	
	OCT	46	244	228	28	34	2	2	5	54	24901		41	38	29413	391	
	NOV	44	141	204	4	10	1	0	6	13	24911		22	38	27961	207	
	DEC	44	259	192	27	17	2	31	115	31	25042		34	50	21631	254	
2003	Total		2245	2328	202	229	18	51	362	381			610	755	261956	3634	
2004	JAN	45	200	242	12	10	0	7	35	7	25283		37	49	31236	350	
	FEB	46	206	220	7	12	3	0	1	0	25423		44	30	31292	224	
	MAR	50	244	306	7	22	2	1	1	2	25561		51	70	32931	116	
2004	Total		650	768	26	44	5	8	37	9			132	149	95459	690	

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, Cmpl = Compliant, Comp = Completed

Colorado Oil Gas Conservation Commission
Monthly Statistics

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YEAR	MO	Operators		Bonds				Claim	Hearings		Violations				Remediation			Field Insp
		New	Inactive	Release	Blankt	Replace	Ind.		Blankt	Apps.	Order	NOAV	AOC	OFV	Cmplt	Spills	Rcvd	
2001	Total	77	57	33	28	104	Ind.	2	1	53	40	259	9	2	217	202	97	98
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	522
	FEB	10	7	2	2	10	0	0	4	2	10	1	0	8	16	3	8	590
	MAR	6	8	5	4	13	0	0	7	3	8	1	0	13	17	4	1	655
	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	6	3	857
	JUN	3	6	2	3	8	3	0	7	4	4	1	0	20	20	5	9	765
	JUL	5	6	3	2	15	0	0	1	0	17	0	0	16	23	3	1	529
	AUG	6	7	4	1	8	0	0	6	7	12	2	0	8	14	5	2	631
	SEP	8	12	10	0	10	0	0	3	2	16	0	0	13	21	4	1	702
	OCT	10	7	6	7	12	0	0	2	2	4	0	1	13	24	13	7	589
	NOV	5	3	2	3	12	0	0	NA	NA	9	NA	NA	8	18	21	8	514
DEC	9	3	5	0	14	0	0	5	2	11	1	0	13	15	2	3	469	
2003	Total	81	72	58	31	124	3	0	45	31	149	7	2	153	222	78	45	7468
2004	JAN	5	10	8	7	5	0	0	9	8	8	4	0	12	21	3	2	545
	FEB	5	4	4	3	11	0	0	7	3	11	2	0	14	22	2	4	633
	MAR	3	7	5	8	7	0	1	16	16	13	13	0	16	17	9	4	616
2004	Total	13	21	17	18	23	0	1	32	27	32	19	0	42	60	14	10	1794

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

2 • Tuesday, April 6, 2004

LOCAL

Glenwood Springs Post Independent

Couple getting gassed out of dream home

Energy drilling drives activists to seek more peaceful pastures

BY CARRIE CLICK
Post Independent Staff

DRY HOLLOW — Peggy Utesch can stand in the middle of her four-acre property, turn in a circle, and point to a gas well in every direction.

Peggy and her husband, Bob Utesch, live up Dry Hollow, about 10 minutes south of downtown Silt.

Dry Hollow is a tucked-away enclave, a bucolic setting full of little hills and valleys. The winding dirt road out to the Utesches' place is almost like a roller coaster, as it follows the natural curves of the land.

"This was my dream," said Peggy, looking around at the commanding views of mountains and sky. "We wanted to move out to the country and live a quiet lifestyle. We wanted a garden."

In 2000, when the Utesches purchased their property, Dry Hollow seemed like the ideal setting.

But now, just four years later, they're putting their house and property up for sale — and those gas wells Peggy can point to in every direction are the reason why.

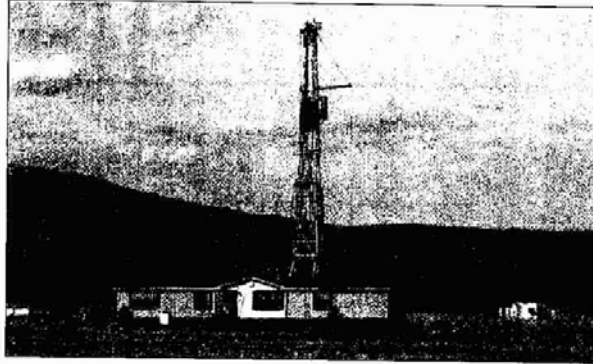
"I understand the gas industry wanting to come in here," Peggy said. "But this is industrial development — and it is not appropriate in an agricultural and residential area."

In the bull's-eye

When the Utesches bought their dream property, they didn't know what a mineral right was. They didn't know that just because they bought four acres with a house, an outbuilding and a wetlands area where birds come to nest, they didn't own the minerals underneath the land.

They do now.

"At the time, there was no such thing as mandatory disclosure," said Bob, of the year-old law requiring property sellers to disclose whether mineral rights are included in a property sale. "We didn't even know to ask."



(Top) A gas well near the Utesch home in Dry Hollow appears to be in their neighbors' backyard. The rig is actually 150 feet from the residence, the minimum distance required by law. (Left) Peggy and Bob Utesch describe how the gas companies have moved in over the past four years, changing the landscape of their once-peaceful property in the Dry Hollow area south of Silt.

Post Independent Photo/KELLEY COX



That's because in 2000, there were no gas wells in sight of the Utesches' land.

"We could see some stuff way off in the distance in the Mammy Creek and Hunter Mesa areas," Peggy said. "But that was five miles away. There was nothing on Dry Hollow."

Bob said two years ago, the couple started seeing gas activity coming closer.

"The tops of the derricks were just coming over the hill," Bob said.

Around the same time, the couple heard from one of their neighbors.

"They wanted him to lease his mineral rights to them," Bob said, "and he was outraged."

With activity decidedly ramping up around them, the Utesches decided to get together with concerned neighbors.

They also became members of the Grand Valley Citizens Alliance, a grassroots organization started in 1997 as a result of the Colorado Gas and Oil Commission's decision to increase the density of gas wells in the Parachute area.

The Utesches were soon shocked at what they learned.

"I remember Randy Udall telling us that our property was right in the middle of one of the richest known pockets of natural gas," said Bob. "He told us, 'You're right in the bull's-eye.'"

Communicating

An old sign with the words "John's Drive" stands at the junction of County Road 331 and three smaller side roads, next to a newer handmade wooden sign with "Nabor's Rig" and an arrow stenciled on it.

The Utesches' place, which includes a little house, a shop, an older outbuilding and a natural wetlands, is just off to the left.

Recently added is a new cedar fence that runs the length of the Utesches' property, along John's Drive.

"EnCana put that up at our request," Peggy said, adding the couple was "getting choked by dust," as well as dealing with privacy issues, too, with drivers sometimes looking into their windows.

Peggy said to EnCana's credit, the company is becoming more open to dealing with conflicts with people affected by the company's gas activity.

"Sher Long is their PR person," Peggy said. "She's helped EnCana come a long way in communicating with us and with others."

Today, water trucks, pickup trucks and big gas industry trucks rumble along John's Drive, to and from two new gas wells within sight of the Utesches. One of the rigs is just 150 feet from a neighbor's house.

"They have to be at least 150 feet away from any existing houses or structures," Peggy said.

"Since the rigs are 120 feet tall, that gives them 30 feet of clearance if they fall over."

Not moving far

The Utesches love this area — they moved to Glenwood Springs in 1986, and they're established here — so they're not moving far.

"We're looking up on Silt Mesa," Bob said.

In the meantime, the Utesches can still look out from their deck and see gas wells, but also the pheasant in their wetlands. They can hear the meadowlarks and bluebirds sing above the groan of diesel engines in the distance.

"We'd still rather live here than on Grand Avenue or anywhere in Denver," said Bob.

They said their place might be the perfect home for a "gas guy," said Peggy.

"We're thinking of putting up a big sign that says, 'If you lived here, you'd be home by now,'" she said with a smile.

Contact Carrie Click: 945-8515, ext. 518
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Garfield County's rising oil and gas taxes aren't really a windfall

Garfield County would like to take this opportunity to address the Post Independent editorial on the oil and gas industry that appeared on Feb. 27. We believe further clarification is required on the flow of funds into public agencies.

It is true that valuations for gas production could increase substantially in 2004 due to the high gas prices that prevailed during 2003. These revenues (which flow primarily into the county as property taxes and result from increased oil and gas property valuations) will not be realized until the year 2005. This is similar to property taxation for your home or business, in that the property taxes due this year are based on the 2003 valuation.

Oil and gas property taxes, like all other property taxes, are distributed to all of the traditional taxing entities. Typically schools receive 50 percent of the funds. Garfield County receives 24 percent. The remaining 26 percent is divided between fire, water, hospital and other special districts, Colorado Mountain College and municipalities.

Overall, property tax assessments were flat in 2003, and this has adversely impacted the 2004 budget.

Flat property-tax revenues have been a direct result of the general economic condition of the Colorado and of the United States as a whole, in the aftermath of Sept. 11, 2001.

The impact of flat property-tax revenues has also been amplified by substantial cuts in both federal and state funding for a variety of services provided through the county. These state and federal cuts are particularly prevalent in the general fund (a \$3 million impact), from which a majority of services are provided to the public.

In the near term, the county will be able to absorb the revenue shortfalls in the general fund based on the fund balances built up over the past five years. However, if the county has another year of diminished state and federal funding in 2005, the general fund balance could be seriously affected.

Should the county (including all entities that rely on these taxes) realize a \$12 million increase in property tax revenue from increased oil and gas activity, the resulting revenues to county government would only amount to approximately \$2.8 million. This amount would not even cover the \$3 million shortfall currently experienced in the general fund.

Of the 24 percent of property taxes that flow to the county, the following distribution is in the 2004 budget: 74.8 percent general fund, 10.2 percent social services, 8.2 percent capital fund, 3.6 percent road

and bridge fund, 2.9 percent retirement fund, and 0.3 percent to the refund and abatements fund.

These percentage distributions can change slightly on an annual basis based on budgetary need. However, the voter-

approved mill levy of 13.655 mills cannot change without the approval of county voters. The county is under another constraint from "TABOR" in that any increase in property tax revenues from one year to the next, in excess of 5.5 percent, can only be spent on capital improvements.



MY SIDE

BY DALE HANCOCK

If the \$12 million in increased revenue were a reality, the resulting \$2.8 million that would accrue to the county would be an increase of 22.2 percent over revenues expected in 2004. This would exceed the 5.5 percent allowed under TABOR and state statute.

The result would be that most of the additional revenue (approximately \$2.1 million) would be restricted to capital expenditures only, and could not be used for maintaining other county services.

The county needs to invest in key infrastructure improvements over the next couple of years.

These include replacing the Taughenbaugh Building in Rifle, remodeling or replacing the state court building in Rifle (the county is required under state statute to provide space to the state court system) and funding the county's portion of the runway-improvement project (10 percent of the total costs) at the Garfield County Airport.

Although the additional property tax revenues would not fully mitigate the general fund shortfall, their assignment to the capital fund would be extremely beneficial to the county at this time.

As you can see, the possible impact of the increased oil and gas activity and resulting property tax revenue increases are necessary to reduce the shortfall in annual operating expenses of the county and to assist in the required capital projects over the next two to five years.

Unfortunately, the potential increase in property tax revenues would not result in an immediate windfall of excess revenues.

— Dale Hancock of Glenwood Springs is the operations director for Garfield County government.

GLENWOOD SPRINGS

BOT/INDEPENDENT

MARCH 25, 2004

COGCC seeks nominations for yearly awards

Telegram Staff Report

Each spring, the Colorado Oil and Gas Conservation Commission (COGCC) places a call for nominations for its yearly Outstanding Operator Awards.

The awards honor members of the oil and gas industry in Colorado for 2003 projects that merit special recognition based on extraordinary achievement in any of the following areas: exploration, water quality protection, production enhancement, surface owner impact mitigation, enhanced recovery, noise impact mitigation, new technology application, visual impact mitigation,

Nominations must be received no later than June 1, 2004, in the COGCC office in Denver.

well completion/simulation, reclamation, horizontal drilling, E&P waste management, optimization and cost reduction, local government coordination, pipeline/gathering system projects, community relations and environmental protection. Any oil and gas operator or other interested stakeholder may nominate a company for an award by submitting to the COGCC a detailed narrative of the qualifying project, including photos, diagrams and other appropriate information. Nomination forms are available at the COGCC Web site at www.oil-gas.state.co.us.

Nominations must be received no later than June 1, 2004, in the COGCC office at 1120 Lincoln St., Suite 801, Denver, CO 80203. COGCC staff will review all nominations, collect relevant data, conduct field inspections as appropriate and present findings to the commission for final recommendation of awardees. Award presentation will take place Aug. 10, 2004 at the Colorado Oil and Gas Association's Rocky Mountain Natural Gas Strategy Conference and Investment Forum.

GLENWOOD SPRINGS "POST-INDEPENDENT"

Friday/Saturday, March 26 - 27, 2004

LOCAL

Grant allows Parachute library to remodel, expand

BY CARRIE CLICK

Post Independent Staff

Parachute Branch Library is ready for its over-haul.

On March 10, the Colorado Department of Local Affairs approved a \$200,000 grant to expand and remodel Parachute's library, at 244 Grand Valley Way in Parachute next to Parachute Town Hall.

Jaci Spuhler, director of the county's library system, said the project will begin in April and is expected to be completed in five months.

Good news

Spuhler is particularly pleased to have secured the DOLA grant in a time of dwindling resources.

"All Colorado libraries took an enormous hit as a result of Gov. Owens' state budget cuts last year," she said.

Because of those cuts, Spuhler was only able to secure \$227,000 in state library funding, even though the library's total construction budget was \$427,000.

That's where the DOLA grant filled in, bringing in the remaining \$200,000.

DOLA's nine-member Energy and Mineral Impact Assistance Advisory Committee recommended approval after Spuhler presented the grant proposal.

The DOLA grant is specifically for communities like Parachute that have been impacted by the energy and mineral industry. Funds come from federal mineral lease proceeds.

"The need for library services by the personnel and families of energy- and mineral-related industries was the impetus for building the Parachute Branch Library 20 years ago," Spuhler said. "With the resurgence of these industries in the last five years, the stress on services offered due to increasing population growth has made a building expansion a necessity."

Doubling the library

Library administrators have retained Chuck Brenner of C.F. Brenner Architecture in Glenwood Springs as the architect for the library's expansion and remodel.

But before breaking ground, Spuhler needs to complete the necessary grant paperwork to obtain the funds. And Brenner and library administrators need to make the final selection of a contractor.

The construction project will double the existing building's square footage from 2,000 to 4,000 square feet, and will involve remodeling the library's interior.

"There will be ergonomic circulation and computer desks, space for readers, a children's section, and a drive-up book drop and service window," Spuhler said.

Spuhler said she is pleased and relieved to secure the grant, especially because of the explosive growth in the Parachute area. Parachute now has 1,300 residents, and Battlement Mesa has 3,500 — all sharing the library.

"The population growth in Parachute and Battlement Mesa has more than doubled since the original library building was completed in 1982," she said. "And we've had a 400 percent increase in children's summer reading programs in the past four years."

Spuhler said she and library board members are aware that all of Garfield County's libraries need renovations.

"You name it, and we've outgrown it," she said of the county libraries located in Parachute, Glenwood Springs, Carbondale, New Castle, Rifle and Silt.

Of all the libraries, however, Spuhler said Parachute's needs were the greatest.

Contact Carrie Click: 945-8515, ext. 518
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Mamm Creek Gas Field - West Divide Creek Gas Seep – April 14, 2004 Update

On March 30, 2004 Jaime Adkins, COGCC Northwest Area Engineer received Sundry Notices from Encana Oil & Gas (USA) Inc. ("Encana") regarding their plans for remedial cementing of two recently drilled gas wells, the Schwartz 2-15B and the Brown 11-2C. These wells are located, respectively, in Sections 2 and 11 of Township 7 South, Range 92 West. Mr. Adkins contacted Encana and inquired why this remedial work was necessary. He was told that Encana was not satisfied with the production casing cement jobs in these two wells. After inquiring about whether bradenhead pressure had been measured in these wells, he was told that high gas pressures had been measured in the bradenhead annular spaces of both wells. The bradenhead pressure in the Brown 11-2C Well was approximately 300 psi, when vented it blew down to atmospheric pressure, but quickly built back up to 300 psi once the bradenhead valve was shut. The bradenhead pressure in the Schwartz 2-15B Well was approximately 500 psi, but it would not blow down. At this point Mr. Adkins told Encana to proceed with the remedial cementing of the Brown 11-2C, but prior to initiating the remedial cement job in the Schwartz 2-15B, he required they run noise and temperature logs to define more closely the zone from which gas was entering the borehole. Remedial cementing of the Schwartz 2-15B was completed on April 5, 2004 and remedial cementing of the Brown 11-2C was completed on April 7, 2004.

On April 1, 2004, Mr. Adkins was notified by concerned citizens that gas was bubbling up in West Divide Creek and in a couple of ponds located in the northwest quarter of Section 12 of Township 7 South, Range 92 West. Mr. Adkins responded immediately by notifying Encana, traveling to the site, meeting with concerned citizens, and inspecting the area. As he had been informed, gas was bubbling vigorously up through the water in the creek and to a lesser degree in the ponds. An Emergency Response Team from the local Fire Department was also on site in response to a notification from the US EPA. After discussion with Mr. Adkins, they agreed that investigation of the cause of this gas seep should be handled by COGCC personnel. In addition, Mr. Adkins discussed the situation with Colorado Division of Wildlife staff who also inspected the site.

Mr. Adkins apprised the COGCC environmental staff of the situation and on April 2, 2004 Bob Chesson, COGCC Environmental Protection Specialist, with adjacent property owners and with Encana and Garfield County personnel, inspected the site and collected gas and water samples from West Divide Creek. In addition, he collected a sample of the production gas from the Twin Creek 1-15B Well and samples of the bradenhead gas from the Schwartz 2-15B Well and the Brown 11-2C Well. The West Divide Creek water sample was submitted to Evergreen Analytical Laboratory for analysis of benzene, toluene, ethylbenzene, and xylenes ("BTEX"), pH, and total dissolved solids ("TDS"). The four gas samples were submitted to Isotech Laboratories, Inc. ("Isotech") for compositional and stable isotopic analysis.

On April 5, 2004, Mr. Adkins collected a bradenhead gas sample from the Morgan 12-14B(N12) Well, which is also located within one mile of the gas seep. This sample was also submitted to Isotech for compositional and stable isotopic analysis.

On April 6, 2004, COGCC staff received the results for the water sample. Benzene, toluene, and m,p xylenes had been detected at concentrations of 99, 100, and 17 micrograms per liter (mg/l), respectively. This indicated that the gas seeping into West Divide Creek probably was not biogenic methane gas (gas made by the decomposition of organic matter by methanotrophic bacteria), but rather thermogenic gas. At this point Debbie Baldwin, COGCC Environmental Supervisor, notified the Colorado Department of Public Health and Environment - Water Quality Control Division ("WQCD") as required by our interagency Memorandum of Agreement and prepared to return to the site. On April 8, 2004, COGCC staff received the results of the gas analyses for the samples collected from West Divide Creek, the Schwartz 2-15B bradenhead, the Brown 11-2C bradenhead, and the Twin Creek 1-15B production gas. Comparison of the analytical results showed that all four gas samples had similar stable isotope ratios and composition. This indicated that the gas in the bradenheads and the gas seeping into West Divide Creek are thermogenic gas from the Williams Fork Formation.

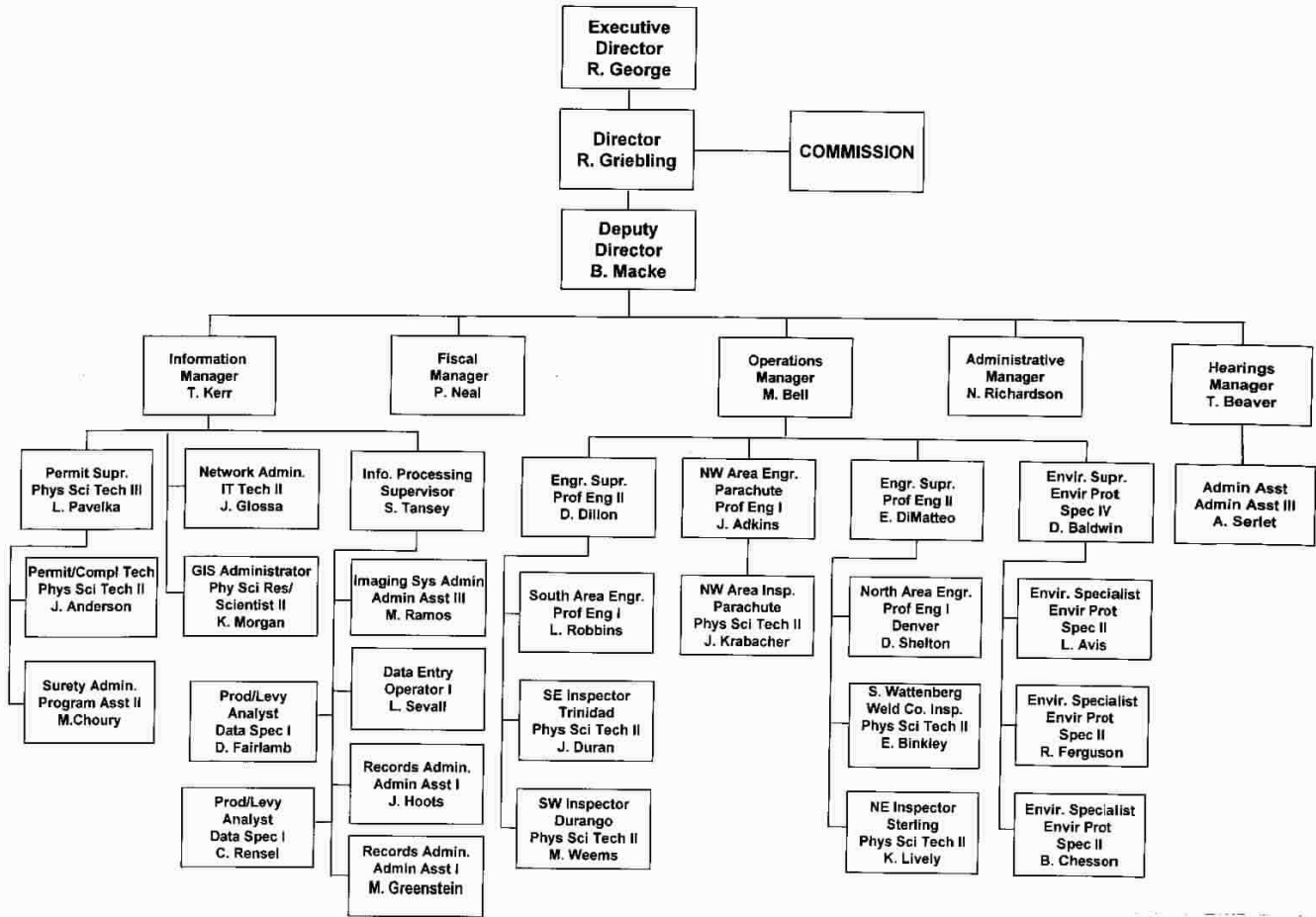
On April 8, 2004, Ms. Baldwin met with Encana personnel and their environmental contractor (Cordilleran Compliance Services, Inc.), along with Garfield County personnel and adjacent property owners. Using a March II GPS she surveyed and mapped approximately 0.5 miles of West Divide Creek from a place approximately 300 feet upstream to an in-channel beaver pond approximately 2,000 feet downstream of the main seeping area. In addition, two stock ponds

(lower and upper Langegger ponds), in which gas bubbles had been observed, were mapped. Ms. Baldwin collected four surface water samples to characterize water quality upstream and downstream of the main gas seep area and in the two stock ponds. These samples were submitted to Evergreen for analysis of BTEX, methane, TDS, major anions and cations, and a number of other parameters. BTEX was not detected in any of these four surface water samples. Methane was detected in all four samples, with the highest concentrations of 0.76 milligrams per liter (mg/l) and 0.1 mg/l detected in the lower and upper Langegger stock ponds, respectively. In addition, Ms. Baldwin collected gas samples from the lower and upper Langegger ponds for stable isotope and compositional analyses. It is anticipated that the analytical results from these two samples and the bradenhead gas sample from the Morgan 12-14B(N12) will be available by April 16, 2004.

On April 9, 2004, Ms. Baldwin collected samples from four water wells, three for landowners who, at that time, did not want Encana's consultant to sample their wells, and one for a landowner whose well was located approximately 2 miles from the seep area. These samples were submitted to Evergreen for analysis of BTEX, methane, TDS, major anions and cations, and a number of other parameters. BTEX was not detected in any of these four water well samples and methane was detected in all four water well samples. Although the methane concentrations are relatively low, an attempt will be made to collect gas samples from two of the water wells for stable isotope and compositional analysis in the near future.

Concurrently, Encana and the COGCC are conducting other activities to protect public health, safety, and welfare and the environment and to understand more completely what subsurface conditions led to this event and how to ensure that something like this does not occur again. Encana has developed and is implementing a Plan of Action to mitigate the impacts of the gas seeping into West Divide Creek, to monitor water wells and natural springs within an approximately 1 mile radius of the gas seep, to supply landowners with drinking water, to prepare a soil gas map that delineates the extent of the seep beyond the boundaries of West Divide Creek, and to survey and sample East Divide Creek. Mr. Adkins is reviewing Encana's records related to the drilling and completion of the four gas wells within a one mile radius of the gas seep.

On April 12, 2004, Brian Macke, COGCC Deputy Director, Mr. Adkins, and Ms. Baldwin briefed the Garfield County Commissioners about the ongoing investigation of this incident and the results to date of the environmental sampling. Later that day they met with Mr. Pepi Langegger, who owns the property on which the seep has occurred, to discuss his concerns and to update him on the COGCC's investigation. On April 13, 2004, at two separate meetings, Messrs. Macke, Adkins and Chesson, and Encana personnel met with the affected landowners and the Grand Valley Citizens Alliance to update all interested parties on the mitigation measures and ongoing environmental monitoring. In addition, COGCC staff is keeping the WQCD apprised of ongoing developments.

COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION

Version 71 - 2/3/2004



COLORADO OIL & GAS CONSERVATION COMMISSION 2003 OUTSTANDING OIL & GAS OPERATIONS AWARDS

CALL FOR NOMINATIONS (Due June 1, 2004)

CATEGORIES:

Exploration	Water Quality Protection
Production Enhancement	Surface Owner Impact Mitigation
Enhanced Recovery	Noise Impact Mitigation
New Technology Application	Visual Impact Mitigation
Well Completion/Stimulation	Reclamation
Horizontal Drilling	E & P Waste Management
Optimization & Cost Reduction	Local Government Coordination
Pipeline/Gathering System Projects	Community Relations
Environmental Protection	

~ Other categories selected by the Commission ~

PROCESS:

Nomination Any oil & gas operator or other interested stakeholder may nominate a 2003 Outstanding Oil & Gas Operation by submitting the below nomination form to: COGCC, Attention: Morris Bell, 1120 Lincoln Street, Suite 801, Denver, CO 80203, no later than June 1, 2004. Some phase of the nominated operation should have occurred in 2003.

Review COGCC staff will review all nominations, collect relevant data, make field inspections as appropriate, and provide comments to the Commission.

Selection The Commission will coordinate selection of award recipients by July 13, 2004.

Presentation Awards will be presented by the Governor or a Governor's Representative.

NOMINATION FORM

COMPANY:	_____
ADDRESS:	_____
CONTACT PERSON:	_____ PHONE: _____
OPERATION LOCATION:	_____
OPERATION DESCRIPTION:	(attach detailed narrative, photo, diagrams, data and other appropriate information)

PENALTY PAYMENT STATUS
04/14/04

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	\$47,608
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	\$65,500	2	\$25,000	n/a	\$2,000
99-00	23	\$110,500	12	\$59,460	0	\$3,000	2	\$11,000
00-01	18	\$85,500	16	\$30,500	0	\$6,000	0	\$0
01-02	10	\$38,000	5	\$23,000	0	\$0	0	\$0
02-03	23	\$47,750	7	\$24,750	0	\$0	0	\$0
03-04	23	\$126,000	18	\$76,000	0	\$0	0	\$0
Totals	220	\$1,328,725	142	\$704,065	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	08/19/95	Joseph V. Dodge	\$14,000	Rules 210.b., 305., 307., 317.b.(3), 604.a.(4)	Bond forfeited 11/01/95	Yes
1V-83	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	Kania 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.j., APD	District Court decision entered/\$10,000 bond claimed	Yes
1V-124	07/01/97	Nerdilhc Company Inc.	\$9,000	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., 906., 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., 205., 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	\$6,000	Rule 326.b.		Yes
1V-221	03/25/02	Domar Oil & Gas, Inc.	\$5,000	Rules 302., 304., 319.b., 709.		Yes
1V-227 - 1V-236	09/21/02	DJ Production Svcs, Inc.	\$14,000	Rule 305., 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			

[illegible]