MONTHLY STAFF REPORT
July 12, 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 ("APD's") for calendar year 2004 are projected at an annual total of 2700.

II. NORTHWEST COLORADO

Attached are newspaper articles of local interest. ("10,000 wells...", "Annual Gas Revenues...", "Drilling Efficiency...", "EnCana steps up...", "Energy-Hungry...", "Gas Consumption...", "New directions....", "Nuclear blast site...", "On bucolic mesas....", "Residents Object...")

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

The last meeting of the Northwest Colorado Oil and Gas Forum was held on May 27, 2004 at the Battlement Mesa Activity Center. The meeting was well attended by approximately 130 citizens, industry representatives, and state, federal, and local government representatives. Commissioner John Ashby also attended the meeting. Agenda items for the meeting included:

- A West Divide Creek gas seep update by EnCana representatives and Colorado Oil and Gas Conservation Commission ("COGCC") staff.
- A discussion of natural gas development project plans in the area near the former Project Rulison site by Presco, Inc. representatives.
- A Project Rulison monitoring and study update by U.S. Department of Energy staff.
- An update on Northwest Colorado oil and gas activity by COGCC staff, Bureau of Land Management ("BLM") staff, and industry representatives.
- An update on the BLM Roan Plateau planning process by BLM staff.
- A Garfield County oil and gas update and Garfield County Energy Advisory Board report by Garfield County staff.
- A report on recent COGCC rulemaking by COGCC staff.

Each presentation included a question and answer period, and a general open public comment and question and answer period was also conducted.

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, August 26, 2004 at a location to be determined.** The Forum, which is co-chaired by COGCC Acting 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 adjusted 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.

® Mamm Creek Gas Field - West Divide Creek Gas Seep

COGCC and EnCana's investigations of the gas seep in West Divide Creek continue. Since remedial cementing of the Schwartz 2-15B Well on April 7, 2004, water sampling of the West Divide Creek seep has shown a dramatic decrease in benzene concentrations from the maximum concentration of 99 micrograms per liter (µg/l), which was detected on April 2, 2004, to non-detect on April 26, 2004. BTEX has not been detected in any of the creek samples since late April 2004.

Previous observations by COGCC staff of the diminished aerial extent, volume, and activity of the seep continues to be confirmed by ongoing inspections of the seep area by representatives of the COGCC, Garfield County, and EnCana.

BTEX has not been detected in any of the water samples collected by either EnCana or by the COGCC from approximately 50 water wells, springs, and ponds that are used for drinking or stock watering. Methane gas has been detected in many of these, but this is not unusual or unexpected because the water wells are completed in and the springs issue from the Wasatch Formation, which is known to contain gas bearing rocks. Samples have been collected from the water wells with greater than 2 mg/l methane for isotopic and compositional analysis of the gas. The results of the isotopic analyses indicated that the gas is not from the Williams Fork Formation and its presence appears to be unrelated to the gas that was released from the Schwartz 2-15B Well. Water sampling is now conducted monthly except for three domestic water wells where high concentrations of methane have been observed. These three wells are being sampled on a weekly basis. EnCana continues to supply water to area residences, as requested.

On April 19, 2004, the COGCC staff sampled a small spring discharge located in the eastern bank of West Divide Creek adjacent to the main gas seep. Laboratory analyses showed a concentration of benzene at 199 µg/l, and minor amounts of toluene, ethylbenzene, and xylenes. EnCana immediately reinstated weekly creek water sampling (sample frequency had been reduced from weekly to a monthly sample frequency).

From June 7 through June 14, 2004 EnCana conducted a soil-gas resurvey of the main seep area. EnCana is evaluating the results and preparing maps, which will be submitted to the COGCC soon.

During the weeks of June 28, 2004 through July 9, 2004 EnCana will be undertaking a ground water investigation at the main seep area with the installation of monitoring wells and the use of an "on-site" laboratory. The on-site laboratory will provide rapid analytical testing of ground water samples and help focus monitoring well placement.

On June 29, 2004 and June 30, 2004, COGCC staff conducted additional water and gas sampling from wells and surface water ponds in support of the continuing West Divide Creek seep investigation.

EnCana has contracted with Colorado Mountain College's ("CMC") natural resources staff to conduct a biological study to monitor aquatic life in the West Divide Creek and to measure impacts, if any, to aquatic life from the gas seep. Data collection began on May

10, 2004 and will continue monthly through August 2004. A second round of aquatic study samples were collected on May 31 and June 1, 2004. Several residents in the vicinity of the seep are providing input to the CMC study.

The COGCC has noticed a Hearing on the Alleged Violations of COGCC rules by EnCana with regards to the West Divide Creek Gas seep and the Schwartz 2-15B Well. The Hearing will be held at the Ramada Inn in Glenwood Springs, Colorado on Monday, August 16, 2004. The hearing notice has been provided to the interested parties.

The COGCC staff continues to provide updates regarding the West Divide Creek seep investigation to the Water Quality Control Division ("WQCD") of the Colorado Department of Public Health and Environment ("CDPHE") pursuant to our existing Memorandum of Agreement ("MOA").

EnCana continues to comply with the moratorium on drilling and fracing activities within a 2-mile radius of the seep until COGCC approves resumption of these activities.

A recent update on the chronology of investigation and remediation actions (June 25, 2004) was added to the COGCC webpage (Library – Piceance Basin Studies - Mamm Creek Gas Field - West Divide Creek Gas Seep Updates).

III. SOUTHWEST COLORADO

® Order Nos. 112-156 and 112-157 - Ground Water Quality Evaluation

Since COGCC Order Nos. 112-156 and 112-157 were approved on July 11, 2000, operators in the Ignacio-Blanco Field of the San Juan Basin have been sampling at least two water wells prior to and after the drilling of optional additional coalbed methane ("CBM") wells in the Fruitland Formation. An evaluation of the data submitted by operators over the past four years has been made by Dr. Anthony Gorody, Universal Geoscience Consulting, Inc., Cindy Scott, Consulting Hydrologist and COGCC staff.

The objective of the evaluation was to determine whether drilling optional additional wells has had an impact on ground water resources. In particular, has the concentration of methane in ground water increased? Field data and the results from major ion analyses, gas chromatography, and stable isotope analyses of water, dissolved and produced carbon dioxide, and dissolved and produced methane have been compiled in a COGCC database for all samples collected since 1990. Results show that to date the drilling of optional additional CBM wells has had no detectable impact on the dissolved methane concentrations found in ground water throughout the Colorado portion of the San Juan Basin.

Dr. Gorody and COGCC staff will be presenting the results of their investigation on July 12, 2004 during the COGCC hearing. This presentation will also be made at the next GORT meeting in Durango, which will be scheduled sometime in late summer 2004. In addition, the presentation is available on the COGCC website library.

IV. ORGANIZATION

® Staff Organization

Our current organization chart is attached.

Director Richard Griebling retired on June 30, 2004. Brian Macke has been appointed as Acting Director by Department of Natural Resources Executive Director Russell George. The Department will be initiating a competitive process to fill the vacant Director position in the near future.

Also retiring on June 30, 2004 was Paula Neal, Fiscal Manager.

The Fiscal Manager position has been filled by Wendy Schultz, who began June 22, 2004.

Both Permitting Technician positions have been filled; Elaine Winick began June 15, 2004 and Dennis Ahlstrand began July 1, 2004.

We would like to welcome these new employees and look forward to working with them.

V. PLANNING/ADMINISTRATION/OTHER

® 2003 Outstanding Oil & Gas Operations Awards

COGCC staff has received several nominations for the 2003 Outstanding Oil & Gas Operations Awards. These nominations have been reviewed and forwarded to you with staff recommendations. Award presentation will take place at the Colorado Oil and Gas Association's ("COGA") Rocky Mountain Natural Gas Strategy Conference and Investment Forum. 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.

® Public Outreach Opportunities

Deputy Director Brian Macke provided a presentation on the status of oil and gas development in Colorado on June 10, 2004 at the annual meeting of the Independent Petroleum Association of Mountain States ("IPAMS") in Vail, Colorado. The presentation was part of a panel discussion by the Rocky Mountain States Oil and Gas regulatory agency directors as part of the Western Sates Policy Update portion of the meeting.

® Interstate Oil and Gas Compact Commission ("IOGCC") Appointments

The Governor's Office has appointed COGCC Chair Peter Mueller as the new Colorado alternate representative to the IOGCC, and COGCC Acting Director Brian Macke has been appointed to serve as the new official IOGCC representative.

® U.S. Environmental Protection Agency ("EPA") Releases Hydraulic Fracturing Study Final Report

The EPA has published a final report summarizing a study to evaluate the potential threat to underground sources of drinking water from the injection of hydraulic fracturing fluids into coalbed methane production wells. The report concluded that "...the injection of hydraulic fracturing fluids into CBM wells poses little or no threat to USDWs..." and the agency finds no reason for further study of the issue.

This completed study, which was released last month, culminates at least four years of efforts by the EPA to evaluate the fracturing process and its effect on groundwater

sources. "The EPA also reviewed incidents of drinking water well contamination believed to be associated with hydraulic fracturing and found no confirmed cases that are linked to fracturing fluid injection into CBM wells or subsequent underground movement of fracturing fluids," the report states. Attached (page 1, page 2) is an EPA fact sheet on the final report.

The web site address for the entire study is http://www.epa.gov/safewater/uic/cbmstudy.html. COGCC staff was part of the peer review team.

® Yuma County Comments on Our Website

On July 12, 2004, former COGCC Director Rich Griebling received a complimentary letter from Yuma County Assessor Diana Nyhoff regarding the use of our website information for production verification and other applications.

® Coordination with the Southern Ute Indian Tribe and Red Willow Regarding the Regulation of Oil & Gas Operations

The memo (previously mailed) from Rich Griebling to you of June 25, 2004 on the referenced topic is attached (page 1, page 2) and posted on our website.

® Penalties Status

Attached is a revised table showing the status of penalties paid and penalties pending collection.

® August Hearing Docket

A preliminary docket for the August 16 & 17, 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 COGA and local governments working through Colorado Counties, Inc. (“CCI”) was convened late in 2003 to jointly develop proposed COGCC regulations for gathering lines. The workgroup, which included representatives from Weld, Garfield, Mesa, Gunnison, La Plata, Delta, Rio Blanco, Las Animas, San Miguel, and Delta counties as well as industry representatives, met several times to discuss gathering line issues and develop a rulemaking proposal to jointly bring to the COGCC. COGCC Deputy Director Brian Macke was included in the meetings to serve solely as a resource and to answer questions about COGCC regulation that arose in the discussions. There was initially considerable progress made with the development of an industry proposed working draft that was an expansion of the existing COGCC flowline rules to include gathering lines. After concern arose by the county representatives that the draft rules did not address a number of their concerns, the meetings became less frequent, with the last meeting occurring on February 5, 2004. There has been no notification of any future meetings, and it appears that the effort to craft rules jointly by the industry and the

local governments has ceased.

® Draft Budget Requests

The following COGCC budget requests have been approved by the General Assembly and have been included in the FY 04-05 Long Bill appropriations.

· 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 General Assembly took these other actions related to the COGCC:

· $500,000 was 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.

® 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.

CPC has received a competitive offer by the Chancery Building for the COGCC to re-lease the current office space for a two year term for the same lease rate as is currently being

assessed. The two year term could be extended for an additional year for one dollar per square foot more with a ninety day notice by the COGCC. No build-out allowance would be available under these terms; however, the building management would perform some minor repair as well as carpet cleaning. The COGCC has instructed CPC to recommend to the OSPB that this offer be accepted. CPC has forwarded an information analysis and summary related to marketplace alternatives, which includes the Chancery Building re-lease recommendation, to State Buildings Real Estate Programs for their review and recommendations to OSPB. The COGCC is currently awaiting a response to the recommendation.

® 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.
- Imaging
  - This application provides the capability to convert the paper documents received by the Commission to electronically available documents.
  - A new index cleanup project is being started to cleanup and input the document name in the index information in the hearing document images. This project should be completed in a six month period.
- 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.
o 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 database synchronization problems; three laptops have been deployed to field inspectors. While the application is still buggy, the feedback is that having information available in the field is a tremendous asset. This laptop system consists of Internet applications, form processor and other specific tools necessary for field staff to automate data collection and provide information.

· Electronic Business
o A new application to allow for the filing of digital logs on the Internet is being developed to facilitate the collection of these large files. This application is expected to be available in August.
o There are approximately 175 operators reporting production electronically.
o 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.
o 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 a DOE grant request has been submitted to fund the development.

· Problems
o 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.

VI. VARIANCES

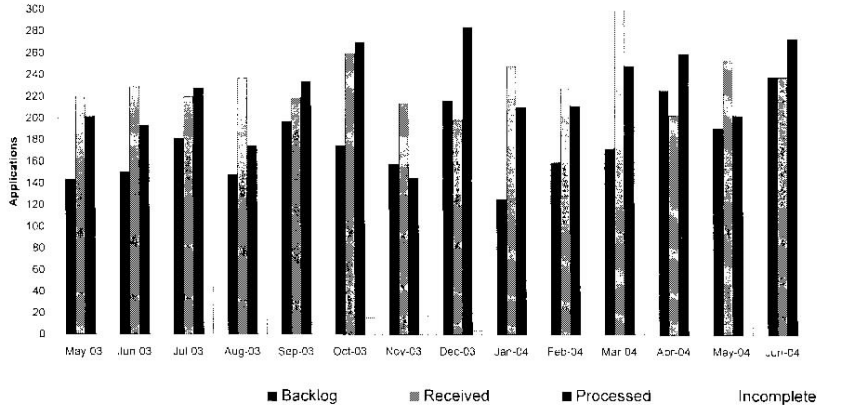
There were no variances this month.

Colorado Oil & Gas Conservation Commission

Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
Drilling								
May-03	139	198	184	12	0	48	93	141
Jun-03	141	190	170	1	0	40	120	160
Jul-03	160	200	201	12	0	49	98	147
Aug-03	147	226	166	14	0	18	175	193
Sep-03	193	188	209	6	0	12	154	166
Oct-03	166	228	244	6	0	16	128	144
Nov-03	144	204	142	5	0	18	183	201
Dec-03	201	183	259	5	0	4	116	120
Jan-04	120	240	200	2	0	2	156	158
Feb-04	158	217	206	4	0	5	160	165
Mar-04	165	302	243	5	0	4	215	219
Apr-04	219	195	254	5	0	4	151	155
May-04	182	239	196	4	0	9	212	221
Jun-04	223	228	259	9	0	10	173	183
Recompletion								
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	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	25	8	17	0	0	9	9
Apr-04	9	10	8	0	0	0	11	11
May-04	11	17	9	1	0	0	18	18
Jun-04	18	13	18	3	0	4	6	10
Total								
May-03	144	221	202	12	0	48	103	151
Jun-03	151	230	194	5	0	40	142	182
Jul-03	182	221	229	25	0	49	100	149
Aug-03	149	238	175	14	0	18	180	198
Sep-03	198	220	235	7	0	12	164	176
Oct-03	176	261	272	6	0	16	143	159
Nov-03	159	215	146	10	0	18	200	218
Dec-03	218	200	286	5	0	4	123	127
Jan-04	127	250	212	4	0	2	159	161
Feb-04	161	230	213	4	0	5	169	174
Mar-04	174	327	251	22	0	4	224	228
Apr-04	228	205	262	5	0	4	162	166
May-04	193	256	205	5	0	9	230	239
Jun-04	241	241	277	12	0	14	179	193

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



Backlog = Incomplete + In-process = Remaining permits from previous month

Colorado Oil Gas Conservation Commission

Monthly Statistics

YEAR	MO	Baker - Hughes rig count	Permits: Drilling Apvd	Drilling Rcvd	Recompletion Apvd	Recompletion Rcvd	Injection Apvd	Injection Rcvd	Pits Apvd	Pits Rcvd	Active Wells	Unedited Historic Records	Public Visits: Data	Office	Internet	Well Oper Change
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	177	183	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	170	190	24	40	0	0	32	21	24489		59	65	20883	339
	JUL	40	201	200	28	21	0	4	136	17	24589		50	48	22779	415
	AUG	43	166	226	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	33	2	2	5	54	24901		41	38	29413	391
	NOV	44	142	204	4	11	1	0	6	13	24911		22	38	27961	208
	DEC	44	259	183	27	17	2	1	115	31	25042		34	50	21631	254
2003	Total		2249	2322	202	229	18	22	362	381			610	755	261956	3635
2004	JAN	45	240	200	12	2	0	1	35	7	25283		37	49	31236	355
	FEB	46	217	206	7	0	4	0	1	0	25423		44	30	31292	236
	MAR	50	302	243	8	17	2	3	1	6	25561		51	70	32931	283
	APR	51	195	254	8	0	5	2	34	35	25666		58	64	33241	202
	MAY	52	239	196	9	1	0	2	3	4	25732		41	56	32273	240
	JUN	51	228	259	18	3	0	2	4	0	25870		38	46	32273	82
2004	Total		1421	1358	62	23	11	10	78	52			269	315	193246	1398

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

Colorado Oil Gas Conservation Commission

Monthly Statistics

YEAR	MO	Operators		Bonds Release			Bonds Claim		Hearings		Violations					Remediation Projects		Field
		New	Inactive	Ind.	Blnkt	Replace	Ind.	Blnkt	Apps.	Order	NOAV	AOC	OFV	Cmplt	Spills	Rcvd	Comp	Insp
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	30	1	0	5	20	6	1	522
	FEB	10	7	2	2	10	0	0	4	2	10	1	0	9	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	5	1	0	20	20	5	9	765
	JUL	5	6	3	2	15	0	0	1	0	17	0	0	17	23	3	1	529
	AUG	6	7	4	1	8	0	0	6	7	12	2	0	9	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	9	0	1	14	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	13	1	0	13	15	3	3	505
2003	Total	81	72	58	31	124	3	0	45	31	161	7	2	157	222	79	45	7504
2004	JAN	5	10	8	7	5	0	0	9	8	10	4	0	15	21	3	2	622
	FEB	5	4	4	3	11	0	0	7	3	17	2	0	18	22	2	4	744
	MAR	3	7	5	8	7	0	1	16	16	15	13	0	19	23	9	4	705
	APR	7	8	7	4	11	0	1	4	4	53	1	0	14	22	2	0	566
	MAY	12	3	0	0	10	0	0	8	7	23	2	0	10	19	5	8	610
	JUN	13	6	0	0	10	0	0	NA	NA	15	NA	NA	11	8	2	11	395
2004	Total	45	38	24	22	54	0	2	44	38	133	22	0	87	115	23	29	3642

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

Post Independent

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GLENWOOD SPRINGS POST / INDEPENDENT 6/15/04

Drilling future: 10,000 wells in 10 years?

Gas industry big, getting bigger in Garfield County

BY DENNIS WEBB
GSPI News Editor

Most people look at the amount of drilling in Garfield County and think it's in the middle of a natural gas boom.

Those closer to the industry see it differently: The boom has just begun.

"It is very, very early," said Randy Udall of [illegible], director of the Community Office for Resource Efficiency, an Aspen-based nonprofit office that promotes renewable energy and energy efficiency.

• PAGE 2: ANNUAL PRODUCTION IN COUNTY NEARS BILLION-DOLLAR MARK

Consider this: For all the drilling that has occurred in the county in the past decade, the county had 1,669 active wells as of January, according to the Colorado Oil and Gas Commission. In the next 10 years, 5,000 to 10,000 new wells could be drilled here.

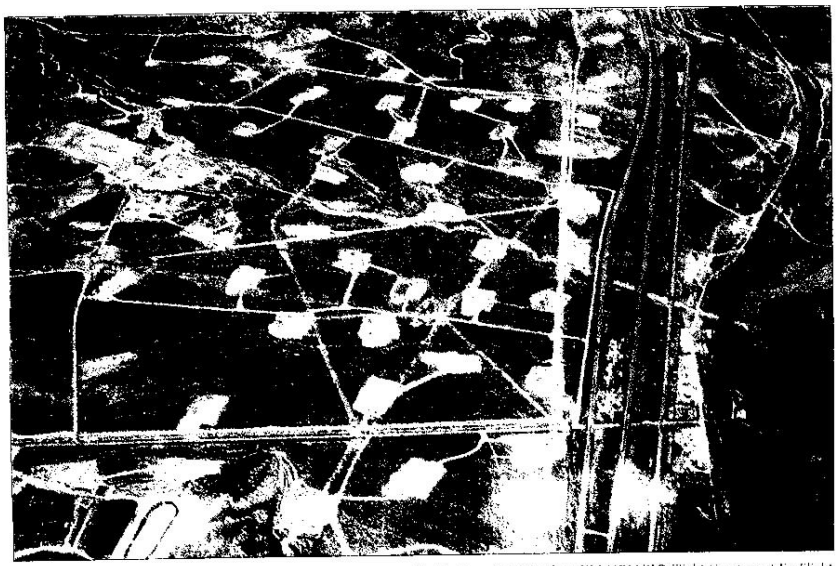
"That's possible, very possible that that could happen," said Steve Soychak, district manager in Parachute for Williams Production, one of the leading gas developers in the county.

"As long as the prices stay high like they are now, I would see that happening," Doug Dennison, Garfield County's oil and gas auditor, agreed.

Brian Macke, deputy director of the Colorado Oil and Gas Conservation Commission, said 5,000 to 10,000 new wells in the next decade is a "pretty safe guestimate." If current demand and price levels hold up, and local drilling continues to prove successful, there's good reason to think the current pace of drilling will stay steady, or even pick up, he said.

Udall points out that gas fields in western Garfield County, in the center of northwest Colorado's Piceance Basin gas field, have yet to produce a trillion cubic feet of gas. That in itself would be enough to heat as many as a half-million homes for 25 years, according to industry estimates.

DRILLING: *see page 2*



Post Independent File Photo JIM NOELKER/*Flight Courtesy of EcoFlight*

Natural gas wells already dot the western Garfield landscape, as shown in this aerial view west of Rifle, at the foot of the Roan Cliffs. Now industry observers are saying another 5,000 to 10,000 wells may be drilled in the county over the next decade.

Hitting a gusher

Drillers striking it rich in Garfield County

Editor's note: With gas drilling having become big in Garfield County, the Post Independent set out to find out just how big. The resulting four-part series looks at the local industry by the numbers, why the boom has occurred, what the future holds, and how the public may respond.

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Publisher
Michael Bennett *(ext. 400)*

Managing Editor
Thomas Martinez *(ext. 517)*

Retail Advertising Manager
David A. Cook *(ext. 506)*

Classified Advertising Manager
Christine Holaday Schriock
(384-5319, ext. 241)

Newsroom
news@postindependent.com
community@postindependent.com
letters@postindependent.com
sports@postindependent.com
(970) 945-8515, ext. 537
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Circulation
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(970) 945-8515, ext. 199
fax: (970) 945-8518

TO CONTACT US:

E-mail addresses for GSPI staff use first initial and last name @postindependent.com. For example, for publisher Mike Bennett: mbennett@postindependent.com

To contact staff by phone, dial (970) 945 8515. Extensions are listed after each name.

Post Independent staff

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CORRECTIONS

The Post Independent strives for accuracy, but we occasionally make mistakes. Please call the editor if you spot a factual error: 945-8515, ext. 517, or send an e-mail to news@postindependent.com. When corrections or clarifications are necessary, they will appear in this location.

Rosi's ownership: John Pataky is the owner of Rosi's Little Bavarian Restaurant, 141 W. 6th St, Glenwood Springs. A story Monday incorrectly reported who the owner of the restaurant is.

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2004 MEMBER

Annual gas revenues near $1 billion

BY DENNIS WEBB
GSPI News Editor

Oil and gas development in Garfield County still may be in its infancy. But judging by the numbers, it's already going gangbusters.

In terms of annual production value, at nearly $1 billion, it's already nearly half the size of the entire Colorado ski industry, and two-thirds the size of the state's hunting and fishing industry.

About half of the nearly 70 drill rigs in the state are drilling here.

Last year, 566 permits were issued for new wells in the county. This year, more than 600 permits could be issued, said Brian Macke, deputy director of the Colorado Oil and Gas Conservation Commission.

As of mid-April, 204 already had been issued, he said. At that pace, the annual total could reach 700.

"I'd say at least 650," Macke said.

"That's a lot, isn't it?" he added.

The amount compares to 362 permits issued in 2002, 353 in 2001 and 213 in 2000. A total of 1,372 permits were issued in the county from 1991 to 2001.

Garfield County oil and gas auditor Doug Dennison agrees this year's permits could reach 700. That compares to just more than 20,000 gas wells drilled nationwide in 2001.

The county trend is in keeping with statewide permit numbers. Last year, 2,245 oil and gas well permits were issued in Colorado, probably about 85 percent for gas, Macke said. This year, the number could hit 2,600.

COGCC records since 1964 show the previous modern-day high was back during another energy boom, in 1981, when 2,378 permits were issued.

"We fully anticipate that it will break that record" this year, Macke said.

Garfield County accounted for a full quarter of all permits issued in the state last year. Weld County, which includes Greeley, led the state, with about a third of all permits — 756.

Garfield County is beginning to rival Weld County in drilling activity. As of early April, 68 rigs were drilling statewide, 33 of them in Garfield County. Only half as many were active in Weld County.

Almost as many rigs are drilling in Garfield County now as were drilling in the entire state as of early 2003.

The results of all that drilling are speaking for themselves. In the year after the county hired Dennison to fill his newly created position, gas production in the county almost doubled, from 280 million cubic feet to about 500 million cubic feet per day, he said.

Post Independent Photo/JIM NOELKER

A crew works a drilling rig in Garfield County, where the value of gas production is nearing $1 billion per year.

Ken Wonstolen, senior vice president of the Colorado Oil & Gas Association, puts the figure closer to 600 million cubic feet per day.

Last year, the county produced 145 billion cubic feet of gas — enough to heat at least 1.13 million homes for a year, according to industry estimates. If 20 trillion cubic feet were ever recovered in the Piceance Basin, as the state Geological Survey says might be possible, it would be enough to heat 155 million homes for a year, and perhaps as many as 250 million homes.

The county produced about $254 million worth of oil and gas in 2002, with almost all of that consisting of gas, according to the state.

But gas production in the county and state have soared since then, in volume and value.

In 2002 the state's annual oil and gas production was worth about $2.74 billion, with 83 percent of that consisting of gas production. Thanks to more drilling and rising natural gas costs, the state's gas production is now worth $5 billion, "which is twice the size of the entire ski industry," Wonstolen said.

"That's huge, that's huge."

Colorado's ski industry generates revenues of about $2 billion a year, according to Colorado Ski Country USA. The state Division of Wildlife estimates that hunting, fishing and wildlife-watching generates $1.5 billion in direct and indirect revenues each year.

Colorado's gas production is the sixth-highest in the country. Garfield County is playing a large part in the state's natural gas boom. Its production value is now pushing close to $1 billion a year, said Randy Udall of Carbondale, director of the Community Office for Resource Efficiency, an Aspen-based nonprofit office that promotes renewable energy and energy efficiency.

That's bigger than had been forecast for the oil shale industry during its boom, he said. That industry had been expected to produce $550 million in oil per year, said Udall.

He cites an Oil & Gas Journal article that indicates the richest parts of the Rulison gas field, part of the Piceance Basin, may yield $500 million per square mile, or almost a million dollars per acre.

In terms of production, Udall said, the Piceance Basin gas field is now about the 10th largest in the entire nation.

Over the next half century, Udall estimates, gas companies are likely to produce $50 billion worth of gas in Garfield County.

That would be 100 times what it cost, in early 1990s dollars, to build the Glenwood Canyon Interstate 70 project.

Contact Dennis Webb: 945-8515, ext. 516
dwebb@postindependent.com

Piceance Basin gas field becoming industry giant

DRILLING: *from page 1*

The Colorado Geological Survey has estimated as much as 20 trillion cubic feet — or a little more than the nation's total annual natural gas production in recent years, and close to its annual gas consumption — eventually could be recovered from these fields.

"There's some people that say it could be as much as 100 trillion" cubic feet of recoverable reserves in the Piceance Basin, Soychak said.

In fact, the industry estimates of total reserves for the Piceance Basin run as high as 300 tcf, although Soychak still considers 100 tcf a good upper limit in discussions about how much might be recovered.

"There's probably some undiscovered areas out here between northwest Colorado and northeast Utah," Soychak said.

"I think there will be more areas discovered in Garfield County that will be developed."

Just developing existing reserves could take five to seven years, Soychak said.

"But I'm sure there's probably another 7-10 years beyond that," he said.

And a typical well will continue to produce for 20 or 30 years, Macke said.

Meanwhile, the issue of the Roan Plateau continues to loom over discussions of the future of drilling in the Piceance Basin. The plateau is home to an estimated 5 trillion cubic feet of reserves. That could be worth $25 billion, based on recent prices.

The Bureau of Land Management is working on a management plan that will dictate how much drilling occurs in and around the plateau in coming decades. Environmentalists and local communities have called for no drilling to be allowed on top of the plateau.

By most any measure, the Piceance Basin gas field is becoming an industry giant. The story of why is multifold, having to do with soaring natural gas prices due to increased demand, and the application of improved technology to what was once a difficult field to develop.

Over coming days, the Post Independent will further explore these aspects of the natural gas boom, and its implications for a county already feeling the impacts of drilling and natural gas production.

Glenwood residents react to arrest of rape suspect

Drilling efficiency increases with technological advances

BY DENNIS WEBB
GSPI News Editor

Even critics of the natural gas industry in Garfield County seem willing to concede the point.

However one feels about drilling, energy developers are doing a remarkable job of tapping the vast gas resource lying beneath us.

Developers are incorporating a variety of technological advances to produce gas locally.

"It's a pretty adept process, getting gas out of the ground," said Randy Udall. A Carbondale resident and director of the Community Office for Resource Efficiency, an Aspen-based nonprofit office that promotes renewable energy and energy efficiency, Udall has been a vocal critic of the industry in other regards.

Brian Macke, deputy director of the Colorado Oil and Gas Conservation Commission, credits strong natural gas prices and improved technology as the factors behind the county's gas boom.

"Those two conditions combined have very much increased the level of activity out in Garfield County," he said.

In everything from directional drilling to drill bits, the industry has been taking advantage of technological advances to improve local drilling performance.

These advances have been important because the Piceance Basin is a nontraditional, unconventional gas field. Early attempts to produce gas locally, back in the 1950s, weren't productive. The gas is trapped in what are called tight sands — essentially, sandstone, with gas trapped between individual grains of sand.

The Williams Fork/Mesaverde geological formation that contains this sandstone is visible aboveground in places such as Cameo near Grand Junction, and the Grand Hogback in Garfield County. But elsewhere in the county, the sandstone is thousands of feet deep, the overlying earth having trapped the gas until drills have brought it to the surface.

But the sandstone doesn't give up the gas easily, and this is where technology has come into play, aided by gas prices high enough to make it worth the investment.

Much of the technology that has unlocked local gas reserves was described in December in an Oil & Gas Journal article by Vello Kuuskraa, president of Advanced Resources International — a gas and oil consulting firm that has worked in Garfield County — and Gregory Bank, a geologist with ARI.

Among the factors they outlined were:

• Improving exploration technology to identify more highly permeable sandstones with natural fractures that allow gas to flow.

• Working to drive down well-drilling and completion costs.

• Applying intensive resource development, through such means as "fracing," or using fracturing techniques, and drilling more wells per acre.

Rulison R&D paid off

ARI was involved in some of the early research and development in the Piceance Basin that produced results being put to use there. So was the U.S. Department of Energy, along with Barrett, which was later acquired by Williams Production, a leading gas producer in the county today.

The R&D focused on wells in the Rulison area, in the late 1980s and early 1990s. One effort made use of basin analysis, three-dimensional seismic testing and other means to identify clusters of natural fractures underground — permeability "sweet spots," as ARI refers to them.

Seismic testing involves creating vibrations in the earth through use of dynamite, so-called "thumper trucks" or other means, then taking seismic readings.

Wells drilled in these sweet spots were found to yield two or more times as much gas as nearby wells.

Macke said the DOE's testing in Rulison also proved fruitful in advancing fracing technology aimed at opening up more passages for natural gas flow. Experiments were conducted on different hydraulic fracturing techniques, and the tests showed that local gas fields could be developed far more productively and efficiently than had been thought.

Fracturing involves injecting fluids and sands down the drill hole to prop open formations so gas can be released. Fracing technology continues to improve, as do the fluids used in the process. Today's fluids cause less damage to the formations being drilled and do a better job of increasing gas production.

Improved fracturing and other technological advances have vastly improved gas recovery per well.

Steve Soychak, district manager in Parachute for Williams Production, said one well advancement has involved installing solar-powered, radio-based remote controls that let the company track production, and any abnormal trends, from the office.

ARI found that area wells were averaging 0.79 billion cubic feet in estimated ultimate production before 1995, while average production is now about 2 bcf per well.

"At the same time, the dry hole rate has declined from 9 percent for the pre-1995 wells to essentially zero," ARI's Kuuskraa and Bank wrote in their Oil & Gas Journal article.

The denser, the better?

Macke said energy developers also discovered during the 1990s the value of increasing drilling density to tap reserves more fully. Soychak said the DOE experiments contributed to Williams' decision to drill more densely.

The gas-producing sandstone bodies being drilled are often described as lenticular, or lens-like, because of their shape. They are stacked vertically for hundreds of feet, but don't extend very far horizontally, and don't connect with other sandstones.

As a result, drilling density was increased to access these individual lenses better.

"I think it's being shown that there's a lot of places where 10-acre density is necessary," said Macke.

One well per 10 acres is the densest drilling in the world. But the math has borne it out. Producers have found that as they increase density, successive wells are about as productive as the early ones.

For example, said Macke, in the Parachute field, one well every 160 acres was found to drain about 5 percent of the gas in place. One every 80 acres recovers 10 percent; one every 40 acres, 20 percent; one every 20 acres, 40 percent; and one every 10 acres, 80 percent.

Forty-acre spacing results in 16 wells per square mile; 20-acre spacing, 32 wells; and 10-acre spacing, 64 wells.

Any denser, said Macke, and wells start to "communicate with each other." That means they're draining the same sand lenses — which makes additional drilling unnecessary.

But Udall, of CORE, said he's being told by the industry that communication isn't necessarily occurring between wells drilled at 10-acre density, "which suggests to me that 5-acre spacing may not be out of the question."

Ken Wonstolen of the Colorado Oil & Gas Association said it wouldn't surprise him if 5-acre spacing is eventually pursued. Some sandstone lenses are perhaps the size of a football field, or about one acre, so they can be missed with 10-acre drilling, he said.

Diamonds a driller's best friend

Drilling also is being improved by the advent of diamond-based drilling bits, said Soychak. These can cost $40,000 to $45,000 each, but drill faster than bits made of carbon steel.

They also do better at boring through the abrasive sands encountered by local drilling operators.

Most local drilling rigs are using the diamond-based drill bits, and wells that used to take 30 days to drill now take half the time, said Soychak.

That's important, with only 1,350 drilling rigs available to search for gas in North America. Soychak said there's a shortage of not just rigs but manpower — the dozens of people needed to haul water, oversee directional drilling, handle the drill bits, run the mud systems involved in drilling, serve as consultants, and otherwise service a rig.

Typically it can cost $1 million to $1.5 million to drill a well. Soychak said increasing steel prices are adding to the cost of well casing, and energy producers also are facing rising costs for the specialized sand used in the fracing process.

But the payoff is a well that over its lifetime could produce gas worth $10 million.

Contact Dennis Webb: 945-8515, ext. 516
dwebb@postindependent.com

AP File Photo/DAVID ZALUBOWSKI

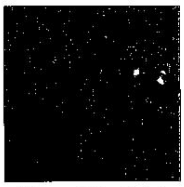
Steve Soychak, district manager of Williams Production, points out natural gas wells near Parachute last winter. Soychak is among those who cite technological advances as a contributor to the drilling boom in Garfield County.

Drilling is being improved by the advent of diamond-based drilling bits. Most local drilling rigs are using these bits, and wells that used to take 30 days to drill now take half the time.

Post Independent Photo/JIM NOELKER

This is a close-up view of the teeth on a diamond-based drill bit being used on a rig in the Mamm Creek area south of Rifle. These can cost $40,000 to $45,000 each, but drill faster than bits made of carbon steel.

Hitting a gusher



Drillers striking it rich in Garfield County

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• Friday: As drilling further threatens quality of life, the outcry by residents is likely to intensify.

JUNE 17, 2004 RIFLE, CO THE CITIZEN TELEGRAM

EnCana steps up with $10,000 for water pipeline for Tepee Bible Camp

By Ryan Graff
Telegram Staff Writer

Tepee Bible Camp was looking for $10,000 when it walked up to their door.

The camp, located on West Mamm Creek Road about seven miles south of Garfield County Airport, was looking for ways to pay for 800 feet of water pipe and labor to connect to a new water source.

"Our project was supposed to cost $10,000," said Tepee's co-director Marie Stover. But last month an EnCana Oil and Gas Co. employee who worked at a gas well across the street stopped by to offer wire for an intercom system.

The camp doesn't use or want an intercom system, Stover told the employee, who requested that Stover not reveal his name.

"If there's anything you ever need," responded the employee, "let me know."

Stover told the employee that the camp needed 800 feet of 4-inch water line, and a track hoe and operator to dig the ditch.

On June 1, the pipe was delivered, and on June, 5 a track hoe and operator from Flint Energy showed up.

"It was a real blessing," said Stover.

"I think they've gotten a bad rep," she said of EnCana. "They've just been very, very good to us."

EnCana and Flint's donations didn't pay for the whole project but they certainly made a considerable dent.

"I think we're going to end up paying about $1,000, maybe $1,500, out of $10,000," said Stover.

Tepee is a bible camp for lower income kids, and charges $70 a week per child.

All of their funding comes through donations.

"They have been so good," Stover said of EnCana. "EnCana's helped us help those kids."

Contact Ryan Graff: 625-3245, rgraff@citizen-telegram.com.

Photo courtesy Tepee Bible Camp

Workers install a new waterline at Tepee Bible Camp in Rifle. EnCana stepped up with a $10,000 donation.

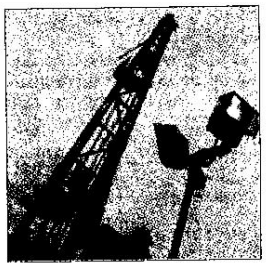
DROUGHT: *see page A2*

BABY THIS IS NICE. One-year-old Saige Curro and her mom spend the afternoon soaking up the sun while keeping cool in the Hot Springs Pool Monday.

GLENWOOD SPRINGS POST / INDEPENDENT JUNE 16, 2004

Energy-hungry nation behind boom

Hitting a gusher



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Soaring natural gas consumption driving Garfield County drilling

BY DENNIS WEBB
GSPI News Editor

The Piceance Basin is turning into a giant of a natural gas field in the United States.

But it's still a mere pipsqueak of a supplier to a country with an insatiable demand for gas.

Skyrocketing consumption contributes in large part to the county's gas drilling boom. Demand increases gas prices and makes investment in local gas production worthwhile where it once wasn't.

Put another way, if you're looking for a reason why drilling rigs dot Garfield County's landscape, look in the mirror.

"Clearly it's consumer demand that's driving natural gas production," said Pete Kolbenschlag, Western Slope field coordinator for the Colorado Environmental Coalition.

Even Americans whose homes natural gas doesn't supply still may contribute to the demand. People who turn on a swamp cooler or a computer rely on electrical power that's increasingly being generated by natural gas.

"Most everybody uses natural gas. It is a clean-burning fuel," said Steve Soychak, district manager in Parachute for Williams Production, one of the leading gas developers in the county.

"I think if you look at 20 years ago, there was a move away from coal and nuclear power and more of an emphasis on natural gas because of the cleanliness and the abundance."

But natural gas isn't as abundant as it once was. Randy Udall of Carbondale, director of the Community Office for Resource Efficiency, an Aspen-based nonprofit office that promotes renewable energy and energy efficiency, said some estimates hold that over half the gas that ever will be produced in this country already has been burned.

Much of that half was the easiest gas to produce. Now energy companies are turning their attention to more technically challenging gas fields such as the Piceance Basin.

When natural gas was yielding only around $2 per thousand cubic feet (mcf) until about the end of the past decade, it wasn't worth it for energy developers to do much drilling in Garfield County. But as those who heat their home with natural gas know, prices have risen substantially. Today, gas costs as much as $5/mcf.

"At two bucks these gas guys never

BOOM: *see page A2*

"At two bucks (per thousand cubic feet) these gas guys never made much money. Now they are coining in bullion."

Randy Udall
Community Office for Resource Efficiency

SPORTS

TITLE FOR PISTONS, MVP FOR BILLUPS

The Detroit Pistons humiliated the Los Angeles Lakers 100-87 Tuesday night in Game 5 of the NBA Finals for their first title in 14 years.
PAGE A21

BREAKFAST SERIAL BACK

Ever since Nick got ahold of The Guinness Book of Records, he's been obsessed with notions of being the best at something. That's why he and his friend, Clay, concoct a scheme to establish a record of their own. Check out the Breakfast Serial "The Best in the World.
PAGE A11

TODAY'S FORECAST
76°/44°

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ıg Manager
(ext. 506)

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Gas consumption grows; production doesn't

BOOM: *from page A1*

made much money. Now they are coining in bullion," Udall said.

Putting it in slightly different terms, Brian Macke, deputy director of the Colorado Oil and Gas Conservation Commission, said higher gas prices have "made projects for getting gas in the Piceance Basin very economically attractive."

'Extravagant appetite'

The outlook for continued high gas prices, and a continued local drilling boom, is the result of a trend toward increased demand and decreased supply that shows no sign of reversing.

The demand reflects a nation with a growing population, and an economy that is making increased use of computers and other electronic equipment, and generating more gas use in the commercial sector. Americans also are doing more cooling of houses in the summertime, particularly in Sun Belt states.

As a result, a fuel that used to see mostly winter demand for home heating is now consumed heavily all year round.

"The nation has an extravagant appetite for natural gas," said Udall.

"Each year, 280 million Americans use as much natural gas as 3 billion people in Europe and Asia," he wrote in "Methane Madness: A Natural Gas Primer," a CORE publication prepared with the assistance of Denver energy analyst Steve Andrews.

Natural gas consumption in the United States has increased 36 percent since 1986.

The United States consumes more than a quarter of the gas being produced around the world. But unlike the situation with oil, it has not had to rely heavily on imports to meet supply. Rather, it produces 85 percent of the gas it needs, and imports most of the rest from Canada, according to CORE.

But domestic production has "flatlined" for 15 years, Udall said. Production is actually down almost 5 percent so far this year, despite heavy drilling activity being encouraged by the Bush administration's pro-energy policies.

Brian Macke, deputy director of the Colorado Oil and Gas Conservation Commission, said higher gas prices have "made projects for getting gas in the Piceance Basin very economically attractive."

Post Independent File Photo

Randy Udall of Carbondale is director of the Community Office for Resource Efficiency, an Aspen-based nonprofit office that promotes renewable energy and energy efficiency. He has penned a CORE publication, "Methane Madness: A Natural Gas Primer," which details how the nation's natural gas demand has skyrocketed even as gas has become harder for the industry to produce.

Meanwhile, Canada is losing its enthusiasm for exporting gas to the United States. After all, Canadians are also paying more for gas, the country is dealing with the impacts of its own drilling boom, and it is facing its own prospects for production declines.

Yet Udall notes that the U.S. Energy Information Administration forecasts that the United States' gas demand could increase 50 percent by 2015.

These reasons combined put an increased focus on boosting domestic production in places like Garfield County, and create an expectation for a continued drilling boom here.

The county alone probably produces about enough gas to heat every home in Colorado, Udall said. Colorado, which ranks sixth nationally in gas production, exports more gas than it consumes. Those exports have increased 20-fold in the last 15 years, said Udall.

On a national scale, though, the Piceance Basin produces only about 1 percent of the approximately 60 billion cubic feet per day being consumed in the United States.

Yet the area has much potential. Some parts of the Piceance Basin are estimated to contain 60 billion cubic feet per square mile — enough to meet a day's domestic demand. Some industry experts say reserves could run as high as 100 bcf per square mile in the so-called "sweet spots" of local gas fields.

That, according to Ken Wonstolen of the Colorado Oil & Gas Association, is why the basin is considered "one of the crown jewels on the whole continent."

If the state Geological Survey is correct in estimating that 20 trillion cubic feet could be recovered from Garfield County gas fields, that would be worth $100 billion, Udall notes.

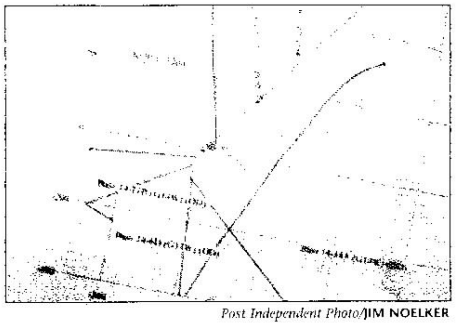
If it turns out that 100 tcf is recovered, as some in the industry say is possible?

Well, as Udall has been wont to say in reference to energy producers' local gas bonanza, "You do the math."

Contact Dennis Webb: 945-8515, ext. 516
dwebb@postindependent.com

Much of region in moderate state of drought

GLENWOOD SPRINGS "POST INDEPENDENT"
Thursday, June 17, 2004



*Post Independent Photo/*JIM NOELKER

A map charts directional drilling at a drilling site south of Rifle. Technological advances have improved the ability to measure and pinpoint drilling direction from the surface.

New directions in drilling

BY DENNIS WEBB
GSPI News Editor

Although the density of wells has increased immensely in Garfield County, underground drilling density is not always equivalent to surface density.

No 10-acre surface drilling density has been approved in the county, notes Brian Macke of the Colorado Oil and Gas Conservation Commission. Rather, companies are using directional drilling from existing pads to tap gas reserves more fully.

EnCana, for example, is drilling from surface wells of one per 160 acres to obtain 10-acre downhole density south of Silt.

"The directional technology has helped a lot. ... It's much more successful than it used to be," said Steve Soychak of Williams Production, another big energy producer in the county.

The technology has been around since the 1920s, with some of its first applications taking place off the California coast, said Charles Brister, a directional drilling specialist who has worked in Garfield County's gas fields.

Nudging the drill bit in different directions from above is no great challenge — it's as easy as inserting a wedge down the drill hole so the bit is diverted at an angle. But the challenge is determining where the drill is heading.

> "Directional drilling is without doubt the future of oil and gas development for the foreseeable future."
>
> Charles Brister
> directional drilling specialist

Brister said directional drillers originally made use of bubble levels and a time-operated camera to record the angle of the well bore. Then Elmer Sperry, who developed the navigational gyroscope for airplanes and ships, used gyro technology for taking drilling measurements in the late 1920s.

In the late 1970s, directional drillers began to use mud pulse telemetry. Vibrations of mud in the drill hole correlate to drilling direction, and a computer decodes measures of mud pulses at the surface.

This is still the primary technology used, but another one has shown to be successful in the Piceance Basin. Brister said a method making use of electromagnetic tools first was developed for directional boring, to run fiber-optic cables beneath rivers. But it proved to be useful in oil and gas development.

"These tools essentially transmit the data using radio waves similar to the wireless networking systems, except that the transmission is through the earth," Brister said.

The method can be limited by depth and by absorption by rock formations, Brister said. But it has proven useful in local drilling because of a tendency of conventional mud-based surveying systems to plug up in geological formations here.

Brister said drilling a directional well may be more expensive, but the overall cost of the well can end up being the same.

"This is because of the reduction of infrastructure cost, such as location building, roads, pipelines, etc., that are reduced by having multiple wells per pad," he said.

The primary reason for directional drilling is to cut down on surface impacts, and it's the responsible approach, Brister believes.

"This will become increasingly important for all U.S. land drilling. Directional drilling is without doubt the future of oil and gas development for the foreseeable future."

Soychak considers the technology "phenomenal," in that measuring techniques are enabling drillers to drill a mile deep and hit a target perhaps 25 feet wide.

Contact Dennis Webb: 945-8515, ext. 516
dwebb@postindependent.com

DENVER POST
6/4/04

Nuclear blast site raising new fears

Residents: Gas wells may become tainted

But government officials say there's no danger of contamination from the 1969 underground atomic blast set off in western Garfield County.

By Nancy Lofholm
Denver Post Staff Writer

A nuclear explosion deep under the scrubby expanses of western Garfield County 35 years ago is causing another kind of shock wave today. Residents are fearful that gas wells edging closer to the site could tap into radioactive contamination.

Officials with a number of government agencies that oversee drilling and monitor the former blast site 8 miles southeast of Parachute say the new wells in the vicinity of the explosion — called Project Rulison — will be safe.

They say the federal government's unsuccessful attempt to use a 40-kiloton nuclear device to free natural gas from the area's tight sandstone formations in 1969 should not result in contamination now outside a 40-acre off-limits zone around the blast site.

But some area residents who have been dealing with other unrelated gas-well problems, including a recent gas seep into a

> See **WELLS** on 4B

4B THE DENVER POST ★★ DENVER & THE WEST FRIDAY, JUNE 4, 2004

WELLS: Garfield residents fear contamination from 1969 atomic blast

< CONTINUED FROM 1B

creek, say assurances that the chance of contamination at Rulison is minuscule are not reassuring at all.

Not enough study has been done to dispel their fears about drilling near the site, and not enough monitoring is being planned to satisfy them, they said.

"We really don't understand what's underground out there," said Peggy Utesch, secretary of the grassroots Grand Valley Citizens Alliance. "And there is a high level of mistrust here."

Brian Macke, deputy director of the Colorado Oil and Gas Conservation Commission, said testing and monitoring of water and existing gas wells within miles of the site have not measured any contamination beyond naturally occurring levels.

The U.S. Department of Energy has prohibited excavation deeper than 6,000 feet in the 40 acres immediately around the explosion site. That is too shallow for oil and gas wells. The commission has set a half-mile radius around the blast site where wells can't be drilled without a hearing before the commission. And drilling within a 3-mile radius triggers notification to the Energy Department.

Kevin Rohrer, spokesman for the Energy Department in the agency's Nevada office, said government regulators know where the core of radioactive contamination is contained and where groundwater is in the area. He acknowledged they do not know where every crack and fissure lie underground.

"We don't know in detail what is underneath there, but we do know in general," he said.

Rohrer said plans are being developed to conduct a thorough computer modeling study of the underground hydrology and geography of the area.

The area has been controversial since the Department of Energy set off the explosion as part of the Plowshares program, designed to find peaceful uses for nuclear explosives.

The Rulison explosion triggered at about 8,400 feet below ground created a supersonic shock wave and vaporized, melted and cracked rock. But it didn't release enough gas to be economically feasible.

Nowadays, hydraulic fracturing of underground rock formations is allowing gas producers to access the natural gas that a nuclear device couldn't.

That is why gas and oil companies are seeking new permits to drill there. Nine wells have been drilled within a 3-mile radius of the project. The closest so far is within 1½ miles of the blast site.

Presco Inc. of The Woodlands, Texas, drilled that well last fall. The company set off the current upset when it applied for a permit to place wells on every 40 acres rather than the 640-acre limit that was on its land close to the project. That application was approved in February on Presco's mineral leases that encompass about 8,000 acres near Project Rulison.

Kim Bennetts, vice president for exploration and production at Presco, said his company has no plans to drill within a half-mile radius of the site. But that could change depending on how profitable the company's other wells are in the area.

"We're going to make sure to do everything to make sure citizens are safe and we're safe," Bennetts said. "We don't want anyone to be unsafe. The risk is infinitesimally small."

Silt-area resident Oni Butterfly, who holds a master's degree in environmental science and once worked as a groundwater section chief for the Environmental Protection Agency, said there is no guarantee the risk is that low.

She said residents were assured by another gas company, EnCana, that there would be no gas leaks into surface water sources on West Divide Creek south of Silt.

But several months ago, improper concrete work in a new well allowed gas to seep out and bubble up in the creek. Now EnCana is facing a stiff fine from the oil and gas commission, and residents in the area still use drinking and stock water trucked in by EnCana.

Some residents are linking that event to the potential for problems with Presco wells in the Rulison area.

"We're coming at it from the perspective that if industry wants to make these blanket statements that it could never happen, that is wrong," Butterfly said. "We have seen it happen."

Staff writer Nancy Lofholm can be reached at 970-256-1957 or nlofholm@denverpost.com.

On bucolic mesas, a bustling gas industry drills away

BY DONNA GRAY
Rifle Correspondent

From the top of Grass Mesa it looks as if the whole world is spread out below. There's the Colorado River running like a ribbon through the valley. The Grand Hogback stretches its rocky spine towards Meeker and the Bookcliffs soar skyward on the horizon.

But what is most arresting about this scene is the extent of EnCana's South Piceance natural gas field that covers Hunter and Grass mesas. Here are the skeletal drilling rigs, the huge metal boxes filled with fracing fluid and the monstrous Schlumberger fracing trucks on the completed wells and the odd assemblage of tanks and valves and holding ponds of the producing wells.

All told, there are about 900 natural gas wells in various stages of production in the South Piceance field.

Despite the almost ant-like activity in this field just south of the river from Rifle, nature is at peace.

"There's upwards of 500 elk here," said EnCana Production coordinator Jim Martinez.

They aren't bothered with all the truck traffic and the drilling rigs. The only time they're agitated is during hunting season, he said.

While elk may be at home here, it's a struggle for some homeowners on the mesas who have to live check by jowl with all the activity. By law, drilling is allowed within 200 feet of a house.

On a recent media tour of the gas field, we saw a couple homes dwarfed by drilling rigs almost in their backyards that pounded away at the Mesa Verde sandstone, searching for natural gas.

EnCana has gone to great lengths to buffer those folks from the din of the drilling. It erects huge earthen berms between the homes and the rigs. The berms are also clothed in "blankets" of geotextile that retard dust.

> "People get upset because they think the life of a field is 30 to 40 years, but there won't be this level of activity."
>
> Sher Long
> EnCana spokesperson

Some rigs are now powered by quiet electrical generators rather than diesel fuel. At the electric rigs we saw, the lack of noise was almost deafening after the noise of the diesels.

EnCana bills itself as one of the world's largest independent oil and gas companies, and the largest independent natural gas producer in North America with the largest gas storage network.

The company, which is headquartered in Calgary, Alberta, was created a few years ago by the merger of two Canadian companies, Alberta Energy Co. and PanCanadian Energy.

It came into the Rifle area in 2001 when it acquired Ballard Petroleum, then one of the county's largest gas producers. Since then it has pushed its production with 300 wells drilled last year and is projecting to drill about 250 wells in 2004, Martinez said.

The South Piceance field is a rich resource.

"I've been here eight years and we've had only two dry holes," Martinez said. "That's pretty good."

It also takes a huge investment of money to move that much gas to consumers. EnCana estimates it pays out between $1 million and $1.5 million per well to bring it into production. That includes the drilling, completion and production, including trucks and the miles of roads, gas and water pipes it has to build.

Last year the company built a $400,000, two-mile long, crowned road up the side of Grass Mesa to redirect truck traffic from county and private roads that serve 50 homes in the area.

"Last year, one of our major complaints was traffic," said Sher Long, EnCana's industry and community liaison.

The investment of manpower is also huge. Martinez estimated the company has about 600 workers in the field in a given day, the vast majority of whom are private contractors.

"We only have about 11 EnCana employees; the rest are contract," he said.

EnCana's investment has paid off handsomely. Each of the 900 wells in the South Piceance field produces an average of 75 million cubic feet of natural gas a day.

But that output will not last forever, Martinez said. While the field itself is expected to have a life span of between 20 and 40 years, EnCana will pull out when production drops off, in three to five years.

"People get upset because they think the life of a field is 30 to 40 years, but there won't be this level of activity," Long said.

GRAND JUNCTION "DAILY SENTINEL" MAY 28, 2004

Residents object to gas drilling plan near Project Rulison site

By MIKE McKIBBIN
The Daily Sentinel

BATTLEMENT MESA — A permit will be sought in the next few weeks to allow a Texas energy company to drill a natural-gas well in the vicinity of the 1969 Project Rulison underground nuclear explosion later this year.

Officials with Presco Inc. told a crowd of more than 100 people at Thursday's quarterly Northwest Colorado Oil and Gas Forum in Battlement Mesa that strict precautions and state restrictions will be followed.

Project Rulison was a 8,426-foot deep underground explosion of a 43-kiloton nuclear bomb meant to free gas reserves. It did not achieve that result.

The Department of Energy is notified and can impose conditions whenever a well is proposed within a three-mile radius of Project Rulison.

The explosion site has a half-mile-radius restricted area around "ground zero," and Presco Vice President of Exploration and Production Kim Bennetts said the proposed well would be up to 3,000 feet away from that radius.

Bennetts said Presco will work with the DOE, which is still studying the groundwater and gas at the site, located on private land about six miles southeast of Battlement Mesa and Parachute.

"They've found little or no dangerous radioactivity remaining since the 1971 burning of about 150 million cubic feet of gas" from the site, Bennetts said. "We feel that if there is any (radioactivity) still down there, it's in (different sandstone formations) and can't migrate more than a few hundred feet."

If tests show the gas is contaminated, Presco will permanently plug the well without removing any gas, he said.

DOE Project Manager Pete Sanders said only background radioactivity had been found during 30 years of testing surrounding water sources.

Residents were not convinced by the company and agency comments.

"If you accidentally drill into a crack that has some of that gas and it's released into the air, that would be hell for this whole valley," said Harold Graves of Battlement Mesa.

Sanders said if such a release occurred, it would be very small and "not a concern for the rest of the valley."

W. Michael Smith lives south of Silt, an area where a gas seep occurred in West Divide Creek last month; the seep is believed to have been caused by a nearby problem gas well.

"We were told that something like that could never happen," Smith said. "Now you want to drill around a nuclear site and you're telling us the same thing."

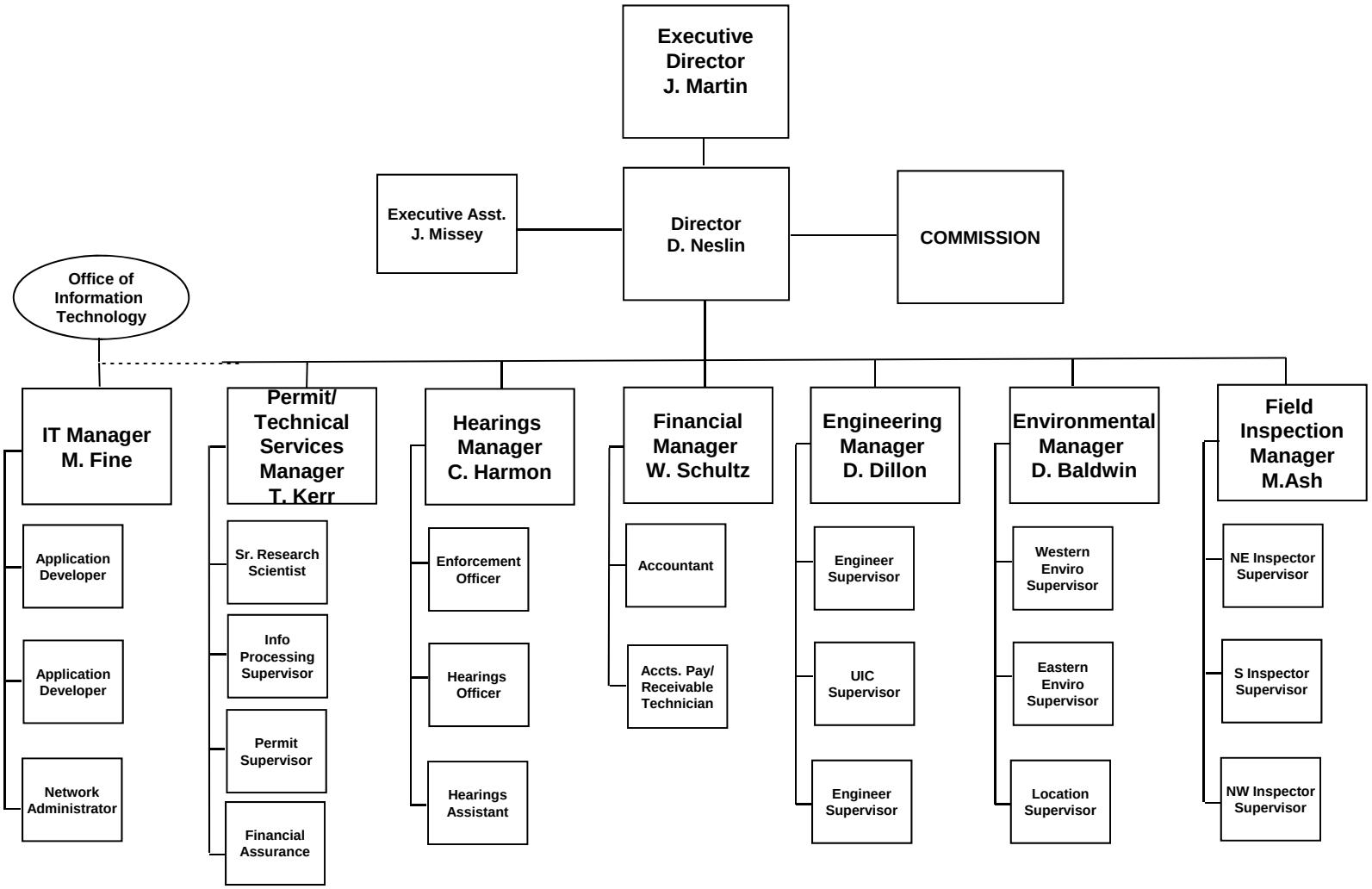
Presco President David Wheeler said his company realized its responsibility.

"If we don't do things the right way, you can make our lives miserable," he said.

Wheeler said the company would likely apply for a permit from the Colorado Oil and Gas Conservation Commission within a few weeks. If it is approved, he said the well could be drilled in late August or early September.

"We don't have billions of dollars to throw at this, so we're going to do it right," Wheeler said. "We're telling you what we're going to do; now we're going to do it right."

COLORADO OIL & GAS CONSERVATION COMMISSION



See the next two pages for details

December 2009

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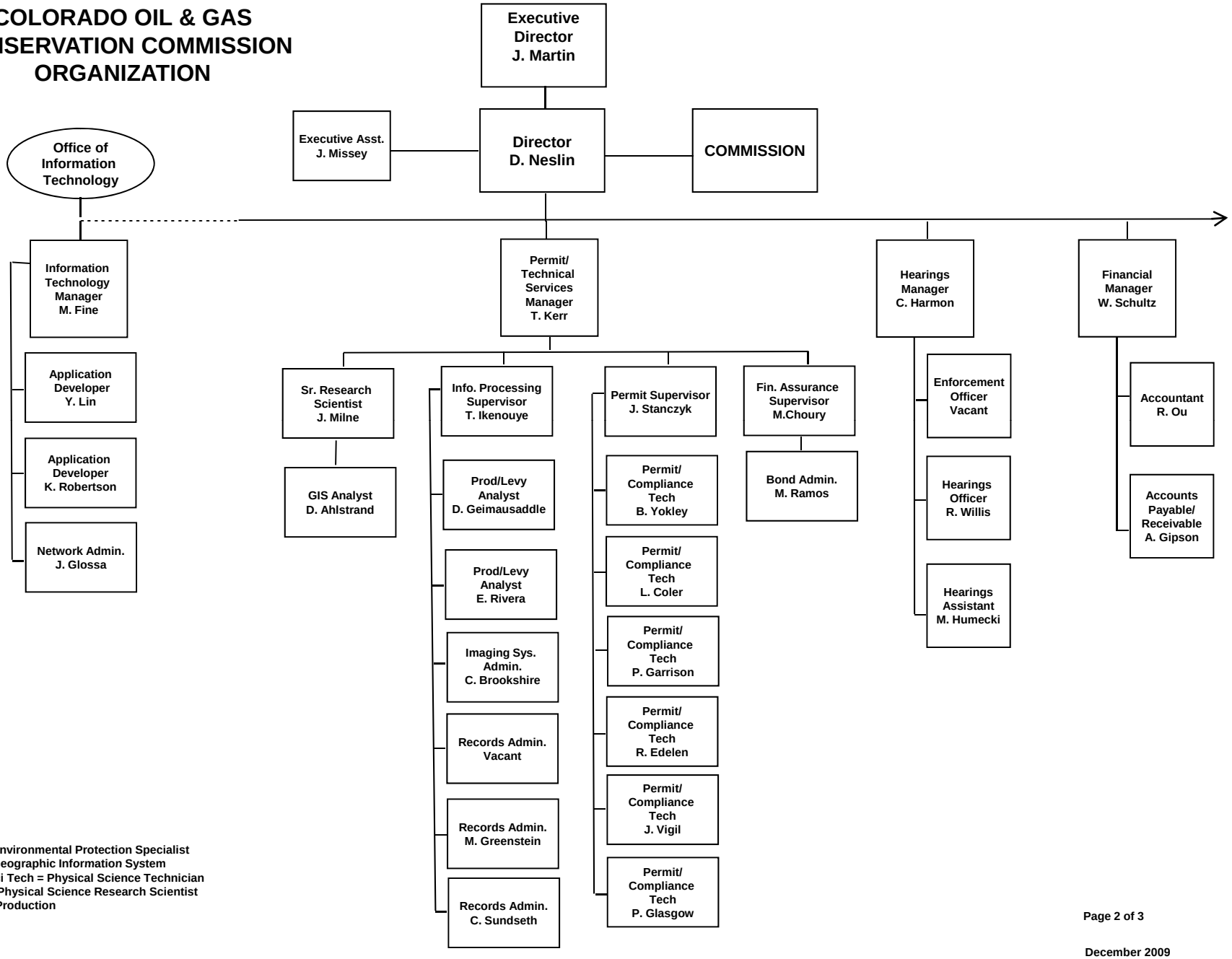
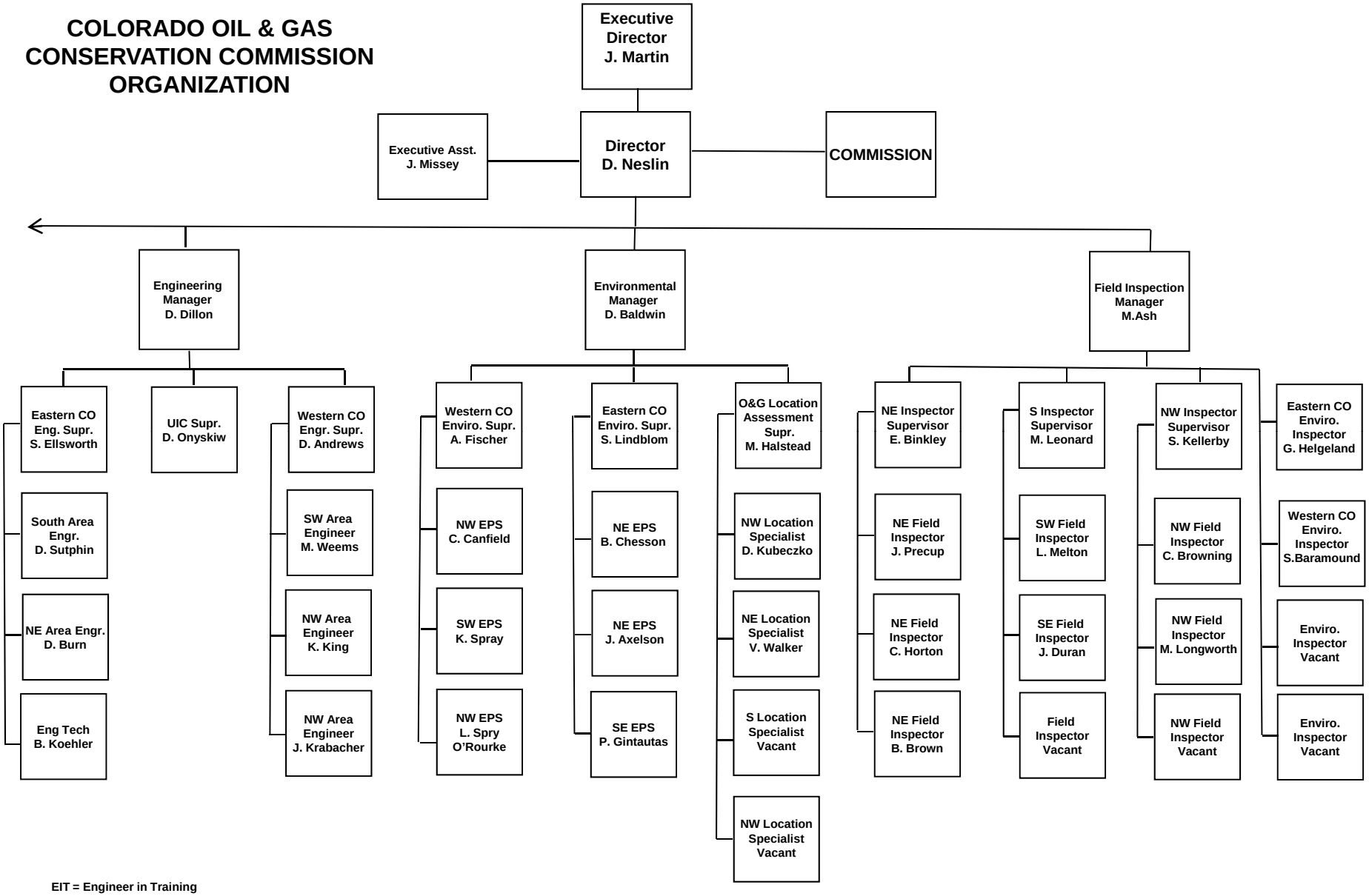


EPS = Environmental Protection Specialist
GIS = Geographic Information System
Phys/Sci Tech = Physical Science Technician
PSRS= Physical Science Research Scientist
Prod = Production

December 2009

COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION



EIT = Engineer in Training
EPS = Environmental Protection Specialist
OGLA = Oil & Gas Location Assessment
Phys Sci Tech = Physical Science Technician
UIC = Underground Injection Control

December 2009

EPA
United States
Environmental Protection
Agency

Evaluation of Impacts to Underground Sources of Drinking Water by Hydraulic Fracturing of Coalbed Methane Reservoirs; National Study Final Report

Summary

EPA has published a final report summarizing a study to evaluate the potential threat to underground sources of drinking water (USDWs) from the injection of hydraulic fracturing fluids into coalbed methane (CBM) production wells. As in its August 2002 draft report, EPA has concluded that additional or further study is not warranted at this time. In making this decision, EPA reviewed more than 200 peer-reviewed publications, other research, and public comments. The Agency has concluded that the injection of hydraulic fracturing fluids into CBM wells poses minimal threat to USDWs.

In its review of incidents of drinking water well contamination believed to be associated with hydraulic fracturing, EPA found no confirmed cases that are linked to fracturing fluid injection into CBM wells or subsequent underground movement of fracturing fluids. Further, although thousands of CBM wells are fractured annually, EPA did not find confirmed evidence that drinking water wells have been contaminated by hydraulic fracturing fluid injection into CBM wells. Where fluids are injected, EPA believes that groundwater production, combined with mitigating effects of dilution and dispersion, adsorption, and biodegradation, minimize the possibility that chemicals included in fracturing fluids would adversely affect USDWs.

In the course of conducting the study, EPA found that diesel fuel, which may pose some environmental concerns, was sometimes used in fluids for hydraulic fracturing within USDWs. To address any environmental concerns, EPA worked with the three service companies that perform 95% of the hydraulic fracturing projects in the U.S. to voluntarily remove diesel fuel from CBM fracturing fluids injected into USDWs. The three companies agreed and signed a Memorandum of Agreement (MOA) to that effect in December 2003.

Background

Coalbed methane is a gas contained in varying quantities within all coal. Hydraulic fracturing of production wells is technology that has been used for more than 50 years in conventional oil and gas production to enhance recovery by enlarging fractures through which oil and gas, including CBM, can be drawn to a well and pumped to the surface. Water-based fluids have become the predominant type of CBM fracturing fluids; although fluids can also be based on oil, methanol, or a combination of water and methanol. After fluids are injected to expand fractures within a coal seam, large quantities of ground water and some of the injecting fracturing fluids are pumped out of the well to facilitate the production of CBM. Additional technical information on the practice of hydraulic fracturing can be found in the final report.

In 1997, in *LEAF v. EPA*, the Eleventh Circuit Court ruled that, because hydraulic fracturing of coalbeds to produce methane gas is a form of underground injection, Alabama's EPA-approved underground injection control (UIC) program must effectively regulate this practice. In response to the Eleventh Circuit's decision, citizen complaints, and Congressional interest, EPA made the determination to investigate the potential for hydraulic fracturing of CBM wells to contaminate USDWs.

In addition to reviewing more than 200 peer-reviewed publications, EPA also interviewed 50 employees from state or local government agencies and communicated with approximately 40 citizens who were concerned that CBM production impacted their drinking water wells. EPA made a draft of the report available for a 60-day public comment period in August 2002. Comments received from more than 100 commentors, including private citizens, environmental and citizen groups, government agencies, oil and gas companies, and trade associations, have been summarized in a Response to Comments document that is available on the EPA website.

For More Information

The final report and a Response to Comments document can be found on the EPA website at http://www.epa.gov/safewater/uic/cbmstudy.html. The Memorandum of Agreement to remove diesel fuel from hydraulic fracturing fluids and general information about the UIC program are available at http://www.epa.gov/safewater/uic.html.

Environmental and Public Health Benefits

This notice does not impose any new regulations, information collection, or record-keeping burden on the public or other entities. The publication of the final report will not change the environmental or public health benefits of the UIC program.

Office of Water (4606M) **EPA 816-F-04-017** June 2004 www.epa.gov/safewater

STATE OF COLORADO
OIL & GAS
CONSERVATION COMMISSION

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

MEMORANDUM

TO: **COGCC Commissioners**

FROM: **Rich Griebling** Rich

DATE: **June 25, 2004**

SUBJECT: **Coordination with the Southern Ute Indian Tribe and Red Willow Regarding the Regulation of Oil and Gas Operations**

The purpose of this memo is to summarize the coordination between the COGCC and the Southern Ute Indian Tribe (SUIT) and Red Willow with respect to the regulation of oil and gas operations in Colorado.

The SUIT status as a sovereign nation and the sometimes complex and often diverse ownership of surface and mineral property rights necessitate coordination in order to promote the responsible development of oil and gas resources within the exterior boundary of the Southern Ute Indian Reservation. When Red Willow acts as an operator outside of the Southern Ute Reservation (e.g. in Weld or Routt Counties) they function as other oil and gas operators with respect to COGCC regulation.

The annual value of Colorado oil and gas production is estimated to exceed $5 Billion. Over 80% of that is from natural gas. About one half of the State's gas production comes from La Plata County.

As you know, the Southern Ute Indian Reservation is located in La Plata and Archuleta Counties and occupies most of the Colorado portion of the San Juan sedimentary basin that is being developed for natural gas production. Based on statistics for 2002 operated Colorado gas production, Red Willow ranked seventh. Data for non-operated production is not reported. A rough estimate is that if non-operated production were included, Red Willow would rank second.

The following provide examples of coordination with respect to oil and gas development on the Southern Ute Indian Reservation:

- Regulation: The Bureau of Land Management (BLM) generally regulates oil and gas operations on Tribal Lands and performs many of the functions that

the COGCC does elsewhere. The BLM regulates oil and gas operations on the SUIT lands. The COGCC staff and the BLM staff communicate as appropriate.

- Access: When it is necessary to cross Tribal Lands in order to access oil and gas operations within our jurisdiction, the COGCC staff seeks permission from, and is benefiting from cooperation with, the SUIT.
- Spacing: Significant portions of the Southern Ute Indian Reservation lands have been spaced for gas development. As spacing has been established and modified, the SUIT has coordinated without jeopardizing its status as a sovereign nation. Red Willow has made significant contributions of its technical information and evaluation available for the spacing process.
- Data Reporting: Red Willow is cooperating in providing production data from operated wells on the Southern Ute Indian Reservation. Because of the significant portion of Colorado production operated by Red Willow, this data is essential to the State's records.
- Gas and Oil Regulatory Team (GORT): Several years ago the La Plata County Gas and Oil Regulatory Team was established including the COGCC, the SUIT, the BLM, La Plata County, and operator representation. The GORT has facilitated cooperation in addressing gas development issues in the Colorado portion of the San Juan sedimentary basin. The SUIT has actively participated in the GORT, and Red Willow voluntarily shares its considerable expertise with respect to many aspects of gas development.
- Fruitland Formation Outcrop Project ("3M Project"): COGCC has spent over $1 million toward this Mapping, Modeling, and Monitoring of the Fruitland formation outcrop project. In many respects this project is unequalled in the world. A significant portion of the Fruitland formation outcrop falls within the Southern Ute Indian Reservation. The considerable technical expertise, other resources, and access provided by the SUIT and Red Willow have been critical to establishing this project and are essential to its ongoing implementation.
- Addressing the Impacts to Neighbors from Operations on Tribal Lands: Because of the complex mixture of property rights ownership within the exterior boundary of the Southern Ute Indian Reservation, gas development operations have the potential to impact diverse property owners. Red Willow is cooperating in addressing the impacts to neighbors from their operations on Tribal Lands.

The coordination summarized above that the SUIT and Red Willow are exercizing furthers the promotion of responsible development in Colorado.

PENALTY PAYMENT STATUS

07/06/04

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	$83,817	4	$21,805	4	$139,000	n/a	$0
95-96	29	$238,250	19	$154,000	3	$20,750	n/a	$0
96-97	13	$79,500	8	$29,500	0	$0	n/a	$32,750
97-98	30	$140,500	22	$74,750	0	$1,000	n/a	$2,000
98-99	19	$74,000	18	$66,500	2	$25,000	n/a	$2,000
99-00	23	$110,500	12	$59,460	0	$3,000	2	$11,000
00-01	18	$85,500	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	26	$129,000	24	$85,000	0	$0	0	$0
Totals	223	$1,332,725	148	$713,065	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 11/96/penalty unpaid/No assets.	Yes
1V-110	05/21/96	Kana Resources, Inc.	$3,500	Rules 303.a., 306., 317.b.1	AOC negotiated	Yes
1V-114	09/04/96	Mr. Jim Snyder	$10,000	Rules 308., 317.i., APD	District Court decision entered/$10,000 bond claimed	Yes
1V-124	07/01/97	Nerdlihc 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 carned	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., 206., 309.	McCormick in bankruptcy-Bond claimed	Yes
1V-177	08/19/99	Farth 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	$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			

HEARING DOCKET: August, 2004

Click on Docket Number for the notice
Click on Applicant/Attorney for the hearing application

No.	Cause	Applicant/Attorney or Representative	Date Rec'd	Field Formation County	Matter	Remarks
0502-UP-01	112	Richard K. Watson	05/07/2004	Ignacio Blanco Fruitland Coal La Plata	Request to respond to the pending motions to dismiss the previously filed pooling application and discovery requests.	continued to September continued to October
0407-EX-03	1	Chevron USA Inc./ William A. Keefe	05/18/2004	Hiawatha West Fort Union-Lance-Lewis Moffat	Request for an order allowing an exception to the permitted location for the Duncan #8-11 Well to be located at a proposed location of 1532' FNL and 1167' FEL in Section 20, Township 12 North, Range 100 West, 6th P.M.	continued from July continued to September Withdrawn
0407-AW-06	112	Red Willow Prod. Co./ Michael J. Wozniak	05/24/2004	Ignacio Blanco Fruitland Coal La Plata	Request for an order allowing a second well to be completed in the 320-acre drilling and spacing units consisting of the W/2 of Sections 6 and 7, Township 33 North, Range 6 West, N.M.P.M. at the discretion of the operator, with the permitted well to be located in the center of the quarter section with a tolerance of 200 feet in any direction.	continued from July order 112-176
0407-EX-05	334	Tom Brown, Inc./ Carleton L. Ekberg	05/27/2004	Great Divide Middle Lewis Moffat	Request for an order allowing an exception to the permitted location for the Meyers 14-32 Well to be located at a proposed location of 995' FSL and 453' FWL in Section 32, Township 10 North, Range 93 West, 6th P.M.	continued from July Withdrawn
0408-SA-05	1	City of Westminster/ Randall J. Feuerstein	06/28/2004	Wattenberg J Sand Adams	Request for an order requiring Patina Oil & Gas Corporation to plug and abandon the Huron "H" Unit No. 1 Well, located in the SW/4 SW/4 of Section 16, Township 1 South, Range 68 West, 6th P.M.	continued to September
0408-AW-06	105	Thomas L. Sprong/ James F. Marquis	06/28/2004	McClave Morrow McClave Sand Bent	Request for an order to allow an additional well to be drilled and completed in the 640-acre drilling and spacing unit consisting of Section 11, Township 21 South, Range 48 West, 6th P.M.	order 105-62
0408-AW-07	429	[illegible] [illegible]	06/30/2004	Brush Creek Mesaverde Mesa	Request for an order to allow up to three additional wells to be drilled and completed in the 160-acre drilling and spacing units in certain sections of Township 9 South, Range 94 West, 6th P.M.	order 429-4
0408-OV-03	1V	Staff Recommendation	06/30/2004	Williams Fork Garfield	OFV - Rules 208., 301., 317.i., 324A., 327., and 906.b.(3), failure by EnCana Oil & Gas (USA) Inc. to prevent the contamination of fresh water by gas, failure to notify the director when public health or safety is in jeopardy, failure to pump cement 200' above the top of the shallowest producing horizon, impacts to water quality, loss of well control and allowing an underground blowout, and failure to report a release to the Director for the Schwartz 2-15B Well, located in the SW/4 SE/4 of Section 2, Township 7 South, Range 92 West, 6th P.M.	order 1V-276
0408-OV-04	1V	Staff Recommendation	06/16/2004	Williams Fork Garfield	AOC - Rule 303.b., failure by EnCana Oil and Gas (USA) Inc. to have an approved Application for Permit to Recomplete the Sheffield No. 6205 Well located in the NE/4 SW/4 of Section 17, Township 6 South, Range 90 West, 6th P.M. to the Williams Fork Formation.	order 1V-277
0408-OV-05	1V	Staff Recommendation	06/28/2004	Williams Fork Garfield	AOC - Rule 303.b., failure by EnCana Oil and Gas (USA) Inc. to have an approved Application for Permit to Recomplete the Sheffer No. 12-6B (F12) Well located in the SE/4 NW/4 of Section 12, Township 7 South, Range 93 West, 6th P.M. to the Williams Fork Formation.	order 1V-278
0408-OV-06	1V	Staff Recommendation	06/28/2004	Williams Fork Garfield	AOC - Rule 303.a., failure by EnCana Oil and Gas (USA) Inc. to obtain an Approved Application for Permit-to-Drill prior to commencement of operations with heavy equipment for the Kelly 34-13C (NW/NE) Well and the Kelly 34-11C (NW/NE) Well, both located in the SW/4 SW/4 of Section 34, Township 6 South, Range 92 West, 6th P.M.	order 1V-279