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## 9; MONTHLY STAFF REPORT

9; August 16, 2004

### I. STATISTICS

Our monthly statistics report is attached ([Page 1](#), [Page 2](#), [Page 3](#)). Based on approvals to date, the approved Applications for Permits-to-Drill ("APDs") for calendar year 2004 are projected at an annual total of 2,700.

### II. NORTHWEST COLORADO

Attached are newspaper articles of local interest ([BLM Roan Plateau](#), [Well Spacing Video](#)).

#### ® Northwest Colorado Oil and Gas Forum

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 the Garfield County Fairgrounds in the South Hall, which is located under the grandstands.**

Tentative agenda items for the meeting include:

State, Federal, County, and Industry Updates on Northwest Colorado Oil and Gas Activity

Update on the Divide Creek Natural Gas Seep

Open Public Comment/Q&A Period About Issues of Local Concern

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](mailto:brian.macke@state.co.us).***

Mamm Creek Gas Field - West Divide Creek Gas Seep Investigation Update

COGCC and EnCana's investigation of the gas seep in West Divide Creek continues. Since

remedial cementing of the Schwartz 2-15B Well on April 5, 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 (mg/l), which was detected in the sample collected by COGCC staff on April 2, 2004, to non-detect on April 26, 2004 in samples collected by EnCana. Since late April, 2004, benzene, toluene, ethylbenzene, and xylenes (BTEX) have not been detected in any of the samples collected at EnCana's six surface water monitoring locations.

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

Twenty-nine domestic water wells, 4 irrigation wells, 11 ponds, and 4 springs have been sampled by EnCana and/or the COGCC as part of this investigation. BTEX has not been detected in any of the water samples collected from these features. EnCana now is collecting water samples from these sites on a monthly basis, except for 3 domestic water wells where high concentrations of biogenic methane have been observed, which are being sampled on a weekly basis. EnCana continues to supply water to area residences, as requested.

In late June, 2004 COGCC received complaints from various landowners, Garfield County, and WCC alleging that gas bubbles in 3 stock ponds and 1 beaver pond were a result of the release of gas from the Schwartz 2-15B Well or some other gas well(s) in the area. In response to these allegations the COGCC collected water and gas samples for chemical and stable isotope analysis. The analytical results clearly showed that the gas in all of these is biogenic. Biogenic gas is formed by the microbial process of acetate fermentation which typically occurs in shallow, fresh water environments like ponds, bogs, and swamps.

In response to a complaint from a landowner alleging impacts to livestock from oil and gas activities in the West Divide Creek seep area, COGCC staff visited the site and conducted extensive soil and ground water sampling on June 30, 2004. Analytical results currently are being evaluated, but on a preliminary basis no correlation can be found.

During the August 16, 2004 hearing, EnCana will be presenting the results of the West Divide Creek Biological Monitoring and Assessment, air quality testing, and soil gas sampling around residences in the West Divide Creek seep area.

In late June, 2004 EnCana initiated the first phase of the subsurface investigation of the impacts to ground water in the shallow alluvial aquifer in the immediate vicinity of the West Divide Creek seep. Twelve test holes were drilled; 9 of these were converted to monitoring wells, and water samples were collected and analyzed both in an on-site laboratory and in a fixed location laboratory. On July 22, 2004 samples were collected from the 9 monitoring wells and submitted to Evergreen Analytical Laboratories for analysis. Benzene was detected at concentrations

exceeding the ground water standard (5 mg/l) in samples collected from 6 of the 9 monitoring wells. The benzene concentrations ranged from 65 mg/l to 240 mg/l. COGCC staff have required EnCana to prepare and to submit for approval a Site Investigation Remediation Workplan, Form 27 to address additional assessment of the aerial extent, monitoring, and mitigation of the impacted ground water.

### **III. SOUTHWEST COLORADO**

#### **Methane in Ground Water, San Juan Basin, La Plata County Colorado: Analysis of Data Submitted in Response to COGCC Orders 112-156 and 112-157**

The above-named report is now available on our website by clicking "Library" then "Studies in the San Juan Basin".

### **IV. ORGANIZATION**

#### **Staff Organization ([Org Chart](#))**

Our current organization chart is attached.

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.

The Administrative Assistant position was vacated effective July 30, 2004 when Audra Serlet transferred to another state agency. The position will be filled effective August 18, 2004 by Mary Werth. We would like to welcome Mary and look forward to working with her.

The Office Manager position was vacated effective August 13, 2004 when Nicole Richardson left to return to school.

### **V. PLANNING/ADMINISTRATION/OTHER**

#### **2003 Outstanding Oil & Gas Operations Awards**

The 2003 Outstanding Operations Awards were presented on August 11<sup>th</sup> at COGA's Rocky Mountain Natural Gas Strategy Conference & Investment Forum. This is the 8<sup>th</sup> year of this very successful program that recognizes extraordinary efforts of oil and gas operators in a variety of categories. The COGCC would like to thank Morris Bell for doing a great job organizing this year's Outstanding Operations Awards. The awards were presented by Commission Chair Peter Mueller and Acting Director Brian Macke. The awardees are:

- Williams Production RMT Company for Noise Impact Mitigation
- BP America Production Company for Well Completion/Stimulation and Community Relations
- Evergreen Resources for Visual and Noise Impact Mitigation

- ChevronTexaco for Application of New Technology
- Gunnison Energy Corporation for Exploration, Water Quality Protection, Community Relations and Local Government Coordination

Attached is a description of the award-winning operations. ([Page1](#), [Page2](#))

#### Public Outreach Opportunities

The COGCC participated in the Colorado Oil and Gas Association Rocky Mountain Natural Gas Strategy Conference & Investment Forum/Rocky Mountain Section AAPG Meeting. The COGCC provided a staffed exhibit display, which highlighted current Colorado oil and gas development statistics and information about the Internet available COGCC computer system, in the Exhibit Hall which was visited by numerous conference attendees.

The COGCC will participate, along with other Department of Natural Resources agencies, in providing and staffing a Colorado oil and gas exhibit display in the DNR building at the Colorado State Fair in Pueblo which is open from August 21, 2004 through September 5, 2004.

Brian Macke will provide and update about oil and gas development and COGCC activities in Colorado as part of participation in a seminar panel at the National Association of Royalty Owners 2004 National Convention that will be held at the Marriott Denver City Center on September 16-18, 2004.

#### ® Penalties Status

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

#### ® September Hearing Docket

A [preliminary docket](#) for the September 2004 hearing has been provided. Hearing dockets are available on our 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.

#### 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 amend the current office space for an additional 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 repairs as well as carpet cleaning. The COGCC has instructed CPC to recommend to the State Buildings Real Estate Programs and the OSPB that this offer be accepted; and their approval of this offer has been given. A First Amendment to Lease has been executed by the Chancery management, and is currently being processed through the State's execution process.

#### ® COGCC Forms Changes

In an effort to meet requirements due to rule changes and to streamline COGCC staff and operator processes, the Application for Permit-to-Drill, Form 2, the Sundry Notice, Form 4 and the Certificate of Clearance and/or Change of Operator, Form 10 have been revised. The new versions of the forms are available as Adobe™ PDF file downloads from the COGCC website (<http://cogcc.state.co.us>) on the forms page. Forms will be mailed upon request, (303) 894-2100 extension 100.

#### ® 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 COGCC 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 has been 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. Currently, processes are being worked out to insure a streamlined operation before the project is fully staffed.

## Form Processor

§ This set of applications allows users to input, route, edit, and update regulatory reports submitted by oil and gas operators.

## Geographic Information Systems ("GIS")

§ These applications provide the capability to create custom maps, convert survey calls to geographic coordinates, and convert and utilize geographic positioning system ("GPS") data.

§ The GIS Administrator creates daily updates for the Internet map application.

## COGIS Tools

§ This set of applications allows staff to correct data in the database in addition to performing specialized workflow administration.

## Remote Users

This is the final component of the COGIS system. The deployment of this system was delayed due to database synchronization problems; laptops have been deployed to field inspectors and environmental staff. 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, and other specific tools necessary for field staff to facilitate data collection and provide information.



## Electronic Business

- 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 September.
- There are approximately 175 operators reporting production electronically.
- An Internet available production report application that uses an XML data transfer mechanism is being tested by staff and will soon be available to industry. The XML file structure is the same as that in use by Montana, Utah, Nebraska, New York and Pennsylvania. This application was funded by the Ground Water Protection Council using a Department of Energy grant.
- COGCC, GWPC, BLM, MMS, API and agencies from several other states have been working together to establish an XML file format for permitting wells and reporting their completions. The group has completed a business case for this project and a DOE grant request has been submitted to fund the development.

## Problems

- 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**

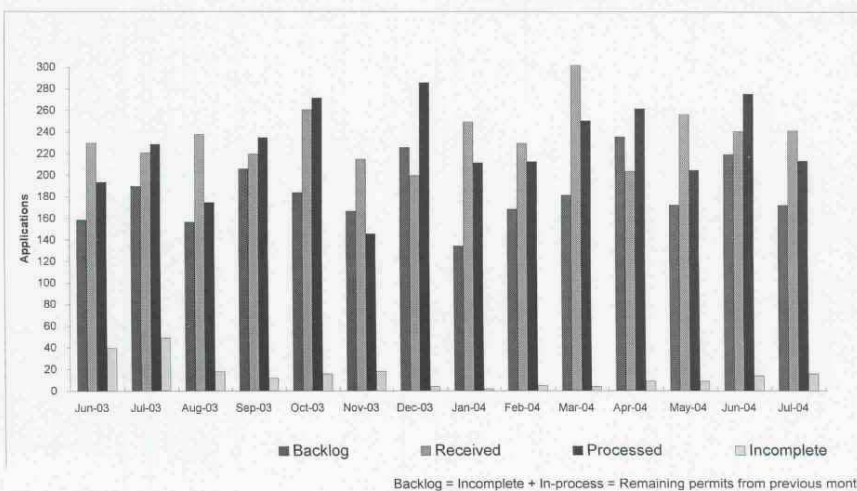
A 502.b. variance was granted to Tom Brown, Inc. for the Myers 14-32 Well located in the SW¼ SW¼ of Section 32, Township 10 North, Range 93 West, 6<sup>th</sup> P.M. The wellsite is located 450' from the drilling unit instead of 600' as prescribed in Order No. 334-4.

A 502.b variance was granted to Patina Oil & Gas Corporation for the Freeway L 30-10Ji Well located in the NW¼ SE¼ of Section 30, Township 3 North, Range 66 West, 6<sup>th</sup> P.M. The wellsite is located 148' west of the drilling window prescribed in Rule 318A.a.(1).

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

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
<b>Drilling</b>								
Jun-03	149	190	170	1	0	40	128	168
Jul-03	188	200	201	12	0	49	106	155
Aug-03	155	226	166	14	0	18	183	201
Sep-03	201	188	209	6	0	12	162	174
Oct-03	174	228	244	6	0	16	136	152
Nov-03	152	204	142	5	0	18	191	209
Dec-03	209	183	259	5	0	4	124	128
Jan-04	128	240	200	2	0	2	164	166
Feb-04	166	217	206	4	0	5	168	173
Mar-04	173	302	243	5	0	4	223	227
Apr-04	227	194	254	5	0	4	158	162
May-04	162	240	196	4	0	9	193	202
Jun-04	202	228	258	9	0	10	153	163
Jul-04	163	238	209	8	0	12	172	184
<b>Recompletion</b>								
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	5	6	11
May-04	11	17	9	1	0	0	18	18
Jun-04	18	13	18	3	0	4	6	10
Jul-04	10	4	5	0	0	4	5	9
<b>Total</b>								
Jun-03	159	230	194	5	0	40	150	190
Jul-03	190	221	229	25	0	49	108	157
Aug-03	157	238	175	14	0	18	188	206
Sep-03	206	220	235	7	0	12	172	184
Oct-03	184	261	272	6	0	16	151	167
Nov-03	167	215	146	10	0	18	208	226
Dec-03	226	200	286	5	0	4	131	135
Jan-04	135	250	212	4	0	2	167	169
Feb-04	169	230	213	4	0	5	177	182
Mar-04	182	327	251	22	0	4	232	236
Apr-04	236	204	262	5	0	9	164	173
May-04	173	257	205	5	0	9	211	220
Jun-04	220	241	276	12	0	14	159	173
Jul-04	173	242	214	8	0	16	177	193

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



Colorado Oil Gas Conservation Commission  
Monthly Statistics

Page 1 of 2

YEAR	MO	Baker - Hughes rig count	Permits									Active Wells	Unedited Historic Records	Public Visits			Well Oper Change
			Drilling		Recompletion		Injection		Pits		Data			Office	Internet		
			Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd							
2001	Total		2271	2301	164	152	22	22	235	246			925	1306	104824	6413	
2002	JAN	25	162	178	4	4	2	0	43	27	22873		73	95	11673	1000	
	FEB	27	164	210	9	7	2	1	9	25	22911		76	68	13679	209	
	MAR	25	194	173	8	12	2	3	31	11	22930		58	55	13184	183	
	APR	28	175	177	11	12	3	4	2	26	23040		65	67	12935	737	
	MAY	33	173	202	15	26	6	7	41	10	23098		64	90	14492	207	
	JUN	34	183	124	27	19	0	1	1	5	23156		57	69	13747	499	
	JUL	31	140	171	20	16	2	1	7	30	23242		51	105	14801	199	
	AUG	30	177	167	3	8	1	1	36	14	23273		50	71	15554	209	
	SEP	24	117	170	7	17	2	3	13	37	23352		65	46	15810	184	
	OCT	25	209	188	25	14	5	4	12	11	23488		45	59	18423	539	
	NOV	24	170	148	37	36	3	0	8	31	23608		63	68	15932	348	
	DEC	27	144	143	8	6	2	0	49	2	23711		51	81	15460	241	
2002	Total		2008	2051	174	177	30	25	252	229			718	874	175690	4555	
2003	JAN	31	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	417	
	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	389	
	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	256	
2003	Total		2249	2322	202	229	18	22	362	381			610	755	261956	3637	
2004	JAN	45	200	240	12	10	0	1	35	7	25283		37	49	31236	355	
	FEB	46	206	217	7	13	4	0	1	0	25423		44	30	31292	238	
	MAR	50	243	302	8	25	2	3	1	6	25561		51	70	32931	284	
	APR	51	254	194	8	10	5	2	34	35	25666		58	64	33241	214	
	MAY	52	196	240	9	17	0	2	3	6	25732		41	56	31958	248	
	JUN	51	258	228	18	13	0	2	6	4	25870		38	46	32273	220	
	JUL	52	209	238	5	4	0	0	7	0	26017		40	43	30939	99	
2004	Total		1566	1659	67	92	11	10	87	58			309	358	223870	1658	

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

Colorado Oil Gas Conservation Commission  
Monthly Statistics

Page 2 of 2

YEAR	MO	Bonds																	Remediation		
		Operators		Release		Replace	Claim		Hearings		Violations			Cmplt	Spills	Projects		Field Insp			
		New	Inactive	Ind.	Blnt		Ind.	Blnt	Apps.	Order	NOAV	AOC	OFV			Rcvd	Comp				
2001	Total	77	57	33	28	104			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	2	3	2	622			
	FEB	5	4	4	3	11	0	0	7	3	17	2	0	18	22	3	4	744			
	MAR	3	7	5	8	7	0	1	16	16	15	13	0	20	24	9	4	706			
	APR	7	8	7	4	11	0	1	4	4	53	1	0	14	22	3	0	566			
	MAY	12	3	0	0	10	0	0	8	7	26	2	0	10	20	8	8	672			
	JUN	13	6	0	0	10	0	0	NA	NA	15	NA	NA	14	16	8	9	548			
	JUL	8	2	4	2	12	0	0	9	4	4	4	0	1	12	12	1	357			
2004	Total	53	40	28	24	66	0	2	53	42	140	26	0	92	118	46	28	4215			

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



GLENWOOD SPRINGS  
POST / INDEPENDENT  
Friday/Saturday, July 23 - 24, 2004

## BLM: Energy development a likely part of Roan draft

~ ASPEN (AP) — A Bureau of Land Management official who toured western Colorado's Roan Plateau this week said the government will probably call for additional natural gas development in the area prized by environmental and recreation groups.

"We're trying to have a balance of development in a responsible manner as well as trying to protect the environment," said Ron Wenker, state director of the BLM.

Wenker spoke after touring the area with Rebecca Watson, assistant secretary for land and minerals development for the Interior Department. BLM Director Kathleen Clarke toured the area last year.

A draft environmental impact statement from the BLM is expected in September. It is expected to address how the plateau may be used, including how much energy development is preferred.

Watson said the document was delayed so officials could work more closely with local governments.

"I'm telling them what's important is balanced development and listening to what local communities want and trying to address the national needs for natural gas, and at the same time balance the long-term sustainability of the area," Watson said.

Industry representatives say the plateau sits above up to 5 trillion cubic feet of natural gas, enough to fuel the nation for two months.

Environmentalists want to block drilling in some areas, saying the 40,000 acres atop the plateau is home to deer, elk, bears, plants found nowhere else and one of the purest strains of native cutthroat trout in Colorado.

Watson said she wanted to urge BLM officials here to seek "best management practices" that call for such things as drilling multiple wells from one pad, sharing roads among wells and masking roads from communities like Rifle.

"I think this administration, one of the things we emphasize is listening to local communities and working with them," she said. "Contrary to what you read in the press, it's not oil and gas over everything."

# Video seeks sway on gas-well spacing

By MIKE McKIBBIN  
The Daily Sentinel

RIFLE — Environmental groups opposed to natural-gas development on the top and cliffs of the 73,000-acre Roan Plateau west of Rifle will have approached each Garfield County municipality by the end of the month with their latest tool to support their stance.

A five-and-a-half-minute, computer-generated, three-dimensional video simulates a flight over the plateau as it now looks; then with roads and gas wells every 160 acres, the recommendation by state officials; then with wells every 40 acres, the current surface spacing at the plateau's foot.

"There is just no density

of drilling that will not disrupt and damage the wildlife, scenery and recreation that so many people enjoy on the plateau," said Steve Smith of Glenwood Springs, assistant regional director for The Wilderness Society. "We've watched how consistently spacing has increased pretty quickly in Garfield County, so we think

we'll likely end up with the 40-acre red dots."

Smith said directional drilling, where several wells are drilled from a single pad, could be used at the base of the plateau to reach the gas underneath.

Industry officials dispute the effectiveness of that method because of the long distances

involved. Smith said as technology improves, it will become more cost-effective.

The Bureau of Land Management's Glenwood Springs Field Office is writing a draft-management plan and environmental-impact statement

See VIDEO, page 9B ➤

## VIDEO: Town governments from Parachute to Carbondale have urged against developments

➤ Continued from page 1B

that will identify how much of the plateau could be open to gas drilling. That plan is expected to be released by the end of August or later, said Associate Manager Steve Bennett.

Town governments from Parachute to Carbondale have written letters to the BLM that urged against gas development on the top and slopes of the plateau.

Industry representatives point out the plateau was set

aside for energy development and is a key part of the nation's untapped gas reserves. Up to five trillion cubic feet of economically recoverable gas may lie thousands of feet below. That could be enough to heat every home in Colorado for 25 years, said Colorado Oil and Gas Association Senior Vice President Ken Wonstolen.

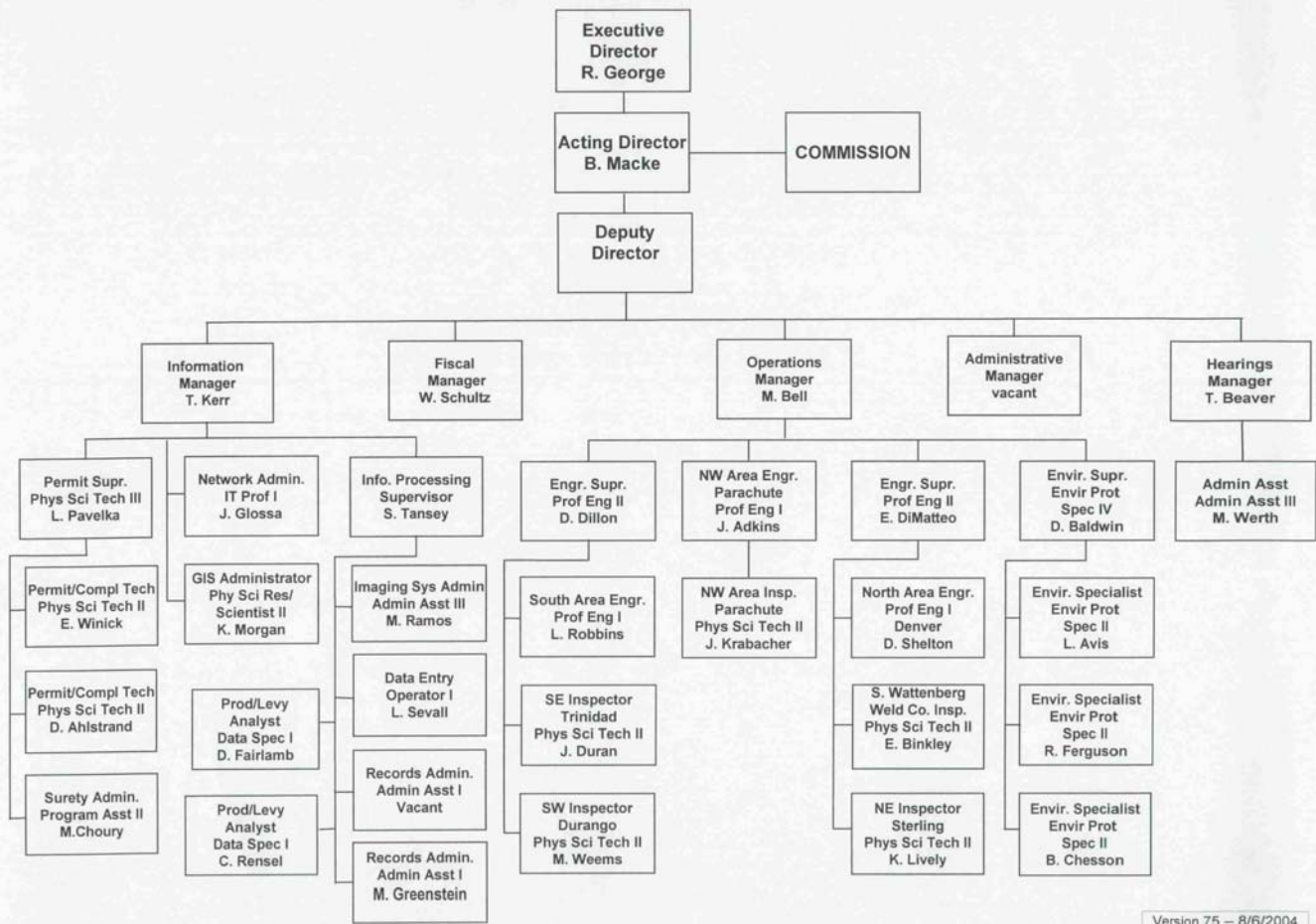
"I'm sure it gives a visual sense of what they're talking about," he said of the video simulation. "I guess our visual

aid would be a utility bill with rising gas prices" if drilling is too restricted.

The arguments against drilling on the plateau are the same ones made in many other states, Wonstolen said.

"If we don't drill anywhere, our economy will suffer, and those on fixed incomes will suffer the most," he said. "No one on our side will say there won't be some impacts from drilling. But there are trade-offs to any decision."

## COLORADO OIL &amp; GAS CONSERVATION COMMISSION ORGANIZATION





## THE COLORADO OIL AND GAS CONSERVATION COMMISSION'S 2003 OUTSTANDING OIL AND GAS OPERATIONS AWARDS

Early each year, the COGCC places a call for nominations for the awards, which are presented annually and are intended to recognize the extraordinary achievements of the oil and gas industry in Colorado in several operational, environmental and community involvement categories. These awards honor year 2003 projects that merit special recognition. Five Colorado operators were honored this year. The honorees are:

### **BP America Production Company**

For developing effective stimulations for directionally drilled CBM wells and supporting the United Way of Southwest Colorado, BP is receiving an Outstanding Operations Award for Well Completion/Stimulation and Community Relations.

*Well Completion/Stimulation:* Each year BP is drilling more and higher-angle directional wells as part of their coalbed methane infill drilling program in the San Juan Basin. The directional wells are utilized to access gas resources from acceptable drilling locations due to topographical and cultural surface constraints. In 2003, BP was experiencing a significantly higher occurrence of premature screen-outs on the fracture stimulations of their high-angle directional wells. These premature screen-outs resulted in additional costs to clean out the wells and to re-stimulate, and usually resulted in poor well performance. Concern over the high failure rate of fracture stimulations in high-angle wells cast doubt over the ability to utilize directional drilling as a means of reaching challenging infill locations. A mid-2003 redesign of these high-angle stimulations decreased premature screen-outs from 50% down to 0%. With the success of this stimulation redesign, high-angle wells can be effectively stimulated. This stimulation success will allow more challenging infill locations to be drilled and effectively stimulated.

*Community Relations:* For more than a decade, BP has supported the United Way of Southwest Colorado. In 2003, BP led all companies with total donations of \$24,000, including the donation of surplus tubing for the annual United Way auction. BP employees volunteer many hours of their time to United Way. One BP employee chairs the United Way board of directors and another is on the Community Investment Committee helping determine which charities receive United Way funding. According to the President of the United Way of Southwest Colorado, "our local nonprofit community is very lucky to have such a community-oriented business in our midst".

### **ChevronTexaco**

For its efforts in addressing surface owners' concerns with the installation of existing lift technology with new computer controls, ChevronTexaco is receiving an Outstanding Operations Award for Application of New Technology.

*Application of New Technology:* The Dynapump, a computerized hydraulic-driven sucker rod pump, offers many operational benefits over conventional beam pumping units. The use of this lift system reduces the visual and noise impacts associated with beam lift equipment. Additionally, the Dynapump has a much smaller footprint and possesses a lower profile than a conventional unit having similar lifting capacities, and is quieter due to the operational efficiency that allows for prime movers many times smaller than what would be required by a conventional unit. ChevronTexaco, concerned about the potential public impact of its operation south of Durango, installed the Dynapump to address many of these concerns.



#### **Evergreen Resources, Inc.**

For going beyond COGCC rules to address landowner concerns, Evergreen is receiving an Outstanding Operations Award for Noise and Visual Impact Mitigation.

*Noise and Visual Mitigations:* In 2003, Evergreen expanded two compressor stations to avoid construction of additional stations in agricultural/residential areas. Evergreen moved the compressor sites from the top of a ridge line, built berms around the station, and enclosed the compressors with buildings designed with state-of-the-art acoustic dampening materials. Acoustic models and studies, and subsequent acoustic measurements confirmed that five compressors with modifications created less noise than the previous three compressors. Evergreen conducted these activities at two stations which it acquired from other operators.

#### **Gunnison Energy Corporation**

For exploring in a relatively undrilled county, addressing water resource concerns, holding several public meetings to explain its drilling program, and developing a working relationship with Delta County government officials, Gunnison Energy is receiving an Outstanding Operations Award for Exploration, Water Quality Protection, Community Relations, and Local Government Coordination.

*Exploration, Water Quality Protection, Community Relations and Local Government Coordination:* Historically, there has been very little oil and gas exploration in Delta County. Additionally, the citizens of the county were concerned about oil and gas drilling impacts to fresh water sources. To address these concerns, Gunnison Energy contracted with an engineering company to conduct an exhaustive study examining fresh water resources in the area. This study indicated that as long as good engineering practices were in place during drilling and completion, there would be no adverse impacts to water resources. Gunnison Energy conducted several public meetings to explain its program and receive public comment. Delta County Commissioners initially rejected Gunnison Energy's special use permits but after active community outreach programs, the county reversed its position and approved the permits. Gunnison Energy's relations with Delta County government officials have drastically improved; they continue to enjoy working in a close relationship.

#### **Williams Production RMT Company**

For going beyond COGCC rules to address a landowner's concerns, Williams is receiving an Outstanding Operations Award for Noise Impact Mitigation for the modification of two compression facilities.

*Noise Impact Mitigation:* When additional compression was added to two existing facilities northwest of Parachute, a landowner residing approximately 0.8 miles away from the nearest compressor engines expressed his concerns regarding the sound emanating from compressor engines. Sound survey measurements recorded at the affected landowner's property line were within the limits allowed by COGCC Rules and Regulations. However, in response to the landowner's concerns, Williams erected sound walls outside of the building directly in front of the engine cooling fans. When the landowner remained unsatisfied with the sound levels, Williams purchased and installed six cooler inlet silencers. Post-installation sound readings measured at the property line of the concerned landowner were 39.8 dBA, a reduction of 7 dBA.

**PENALTY PAYMENT STATUS**  
08/11/04

**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
04-05	4	\$65,000	3	\$55,000	0	\$0	0	\$0
<b>Totals</b>	<b>227</b>	<b>\$1,397,725</b>	<b>151</b>	<b>\$768,065</b>	<b>9</b>	<b>\$194,750</b>	<b>2</b>	<b>\$115,105</b>

**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 claimed	Yes
1V-170	03/25/99	Allen Oil & Gas, LLC	\$12,000	Rules 904, 905, 603.g., 906, 909.b.(2) &(5), 91	Work to be completed by July 1, 1999.	Yes
1V-175	08/19/99	McCormick Oil & Gas Co.	\$18,000	Rules 1004, 319.b.(3), 326.b., 206., 309.	McCormick in bankruptcy-Bond claimed	Yes
1V-177	08/19/99	Faith Energy Exploration, Inc.	\$3,500	Rules 308A., 308B., 326.b.	Bond Claimed	Yes
1V-191	02/15/00	Cascade Oil	\$1,000	Rule 326.b.(1)	Bond claimed	Yes
1V-202	11/30/00	Robert Ziegler	\$2,000	Rule 326.b.	Bond claimed	Yes
1V-204	12/19/00	Allen Oil & Gas, LLC	\$60,000	Rule 326.b., 324A.a., 904., 905., 906.b.(1), 90	Bond claimed	Yes
1V-211	05/31/01	Sierra Production	\$500	Rule 302.a.		Yes
1V-212	05/31/01	Caprice Oil & Gas Co.	\$500	Rule 302.a.		Yes
1V-218	01/11/02	Rocky Mtn. Operating Co.	\$2,000	Rule 326.b.(1)		Yes
1V-219	01/11/02	Rocky Mtn. Operating Co.	\$1,000	Rule 326.b.(1)		Yes
1V-220	02/25/02	Woosley Oil Company	\$6,000	Rule 326.b.		Yes
1V-221	03/25/02	Domar Oil & Gas, Inc.	\$6,000	Rules 302., 304., 319.b., 709.		Yes
1V-227 - 1V-236	09/21/02	DJ Production Svcs, Inc.	\$14,000	Rule 309., 310A., 319.b.(1), 319.b.(3), 326.b.		Yes
1V-237	09/21/02	DJ Production Svcs, Inc.	\$1,500	Rule 326.b.		Yes
1V-239	09/21/02	DJ Production Svcs, Inc.	\$500	Rule 309.		Yes
1V-240	09/21/02	DJ Production Svcs, Inc.	\$1,500	Rule 324A.a., 907.a., 910.a.		Yes
1V-245	06/02/03	Fredrick Shaffer	\$4,000	Rule 326.b.		Yes
<b>Total Penalties Pending Collection</b>			<b>\$255,800</b>			

**HEARING DOCKET: September, 2004**

Page 1

prelim  
8/9/2004

No.	Cause	Applicant/Attorney or Representative	Date Rec'd	Field Formation County	Matter	Remarks
0409-SP-12	232 and 499	Blue Chip Oil, Inc./Keith Crouch	8/6/2004	Wattenberg Gas Spaced Area "J" Sand/Dakota Weld	Request to segregate the 320-acre drilling and spacing unit consisting of the N1/2 of Section 22, Township 5 North, Range 67 West, 6th P.M. into two 160-acre drilling and spacing units consisting of the NW1/4 and the NE1/4	
0409-RM-02	1R	Rosewood Resources. et al/ Michael J. Wozniak	7/12/2004	Numerous Fields Niobrara Yuma and Phillips	Request to add new Rule 318B. to provide a special well location rule allowing 4 wells to be drilled in any quarter section, 1 well per quarter quarter section, located at least 560 feet from the outer boundary of said quarter section for certain lands in Townships 1-6 North and 1-4 South, Ranges 44-48 West, 6th P.M.	
0409-QV-31	1V	Staff Recommendation	8/6/2004	Ignacio-Bianco Fruitland Coal La Plata	AOC - Rule 1004., failure by Richmond Petroleum to reclaim the surface location at the Gosney 33-7 No. 1 Well located in the SW1/4 SW1/4 of Section 10, Township 33 North, Range 7 West, N.M.P.M.	