



DEPARTMENT OF NATURAL RESOURCES

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MONTHLY STAFF REPORT

I. STATISTICS

- ◆ Our monthly statistics report is attached. Based on data available to date, 1,186 Applications for Permits-to-Drill ("APDs") were approved as of April 7, for 2006. At that pace, it is estimated that approximately 4,462 APDs will be approved in calendar year 2006. This represents an increase from the previous record high of 4,363 APDs approved in 2005, which was nearly 50% higher than the 2,917 APDs approved in 2004.
- ◆ The 2006 drilling permit totals for the top six counties as of April 7th are:

County	2006 (% of Total)	2005	2004
Garfield	368 (31%)	1508	796
Weld	287 (24%)	901	832
Yuma	111(9%)	782	237
Las Animas	89 (7%)	413	332
Rio Blanco	85 (7%)	161	154
Mesa	64 (5%)	136	54

- ◆ The following table shows a summary of oil and gas well permits requiring new well locations that have been approved by the COGCC from 2000 through 2006 year to date. The summary shows the number of permits that have been granted where the surface owner owns mineral rights, where the surface ownership has been severed from the mineral ownership, where surface use agreements have been executed on severed lands, and where surface damage bonds have been posted on severed lands.

Calendar Year	Permits For New Oil And Gas Wells	Surface Owner Party To A Mineral Lease	Surface Owner Is Not Party To A Mineral Lease	Surface Use Agreements	Total Permitted Under A Surface Use Bond	\$25,000 Blanket Surface Damage Bond	\$2,000 Individual Surface Damage Bond For Non-Irrigated Land	\$5,000 Individual Surface Damage Bond for Irrigated Land
2005	4,314	2,923 (68%)	1,391 (32%)	745 (17%)	646 (15%)	637 (15%)	7 (<1%)	2 (<1%)
2006 as of 4/7/06	1,174	839 (71%)	335 (29%)	206 (18%)	129 (11%)	129 (11%)	0 (0%)	0 (0%)

II. NORTHWEST COLORADO

Attached are newspaper articles of local interest.

- ◆ Northwest Colorado Oil and Gas Forum

The next meeting of the Northwest Colorado Oil and Gas Forum has been scheduled for Thursday, June 15, 2006 from 10:00 a.m. until 2:00 p.m. at the Garfield County fairgrounds in Rifle. All parties wishing to be placed on the meeting agenda should contact Jaime Adkins at 970-285-9000 or via email to: jaime.adkins@state.co.us .

- ◆ Mamm Creek Gas Field - West Divide Creek Gas Seep Investigation Update - Garfield County

EnCana continues to sample 28 domestic water wells, 2 irrigation wells, 4 ponds, 3 springs, 3 creeks, and 27 ground water monitoring wells (along West Divide Creek) as part of this investigation. With the exception of the ground water monitoring wells along the creek, none of the sampled features have had detections of benzene, ethylbenzene, or xylenes (BTEX). EnCana continues to supply water to area residences. Bubbling is still observed, however, the volume and rate of bubbling remains at approximately 1 to 2 percent of the activity that was originally observed at the time of the initial gas release from the Schwartz 2-15B Well.

◆ Phase IV Piceance Basin Baseline Water Quality Study – Garfield County

As part of a FY 2006 budgetary request, the COGCC received funding to conduct a water quality investigation in Garfield County. The Piceance Basin Phase IV Baseline Water Quality Study will sample water wells in a portion of Garfield County between the towns of New Castle and Rifle, north of the Colorado River that has historically had little previous drilling activity and no producing oil and gas wells. Future oil and gas activity is anticipated in this portion of Garfield County.

The project includes the sampling of approximately 70 domestic water wells in portions of Township 6 South, Ranges 91 through 93 West, and Township 5 South, Ranges 91 and 92 West, for general water quality and the presence of gas and benzene, toluene, ethylbenzene, and xylenes (BTEX) compounds. This is the fourth in a series of baseline water quality sampling projects the COGCC staff have conducted in the Piceance Basin of Colorado.

Seventeen proposals were received and the COGCC staff, in conjunction with the Department of Natural Resources Purchasing Office, completed the evaluation of these proposals. S.S. Papadopoulos & Associates of Boulder, Colorado has been selected to conduct the project. The COGCC staff anticipates starting this project in May with a completion date in December 2006.

◆ Local Project Status Update

URS Corporation (URS) has completed the Phase I Hydrogeological Characterization Project in Garfield County south of Rifle and Silt. The report is available on the COGCC website (www.oil-gas.state.co.us, Library, Piceance Basin). Garfield County and COGCC staffs are in the process of evaluating the recommendations for Phase II.

◆ Lone Pine Field Surface Water Spill – Jackson County

A crude oil spill impacting surface water was reported to the COGCC on March 13, 2006 at the Lone Pine Field, in Section 28, Township 9 North, Range 81 West, in Jackson County. Fluid, mainly crude oil, appears to have been released from a possible abandoned flowline from the Spaulding #1 wellsite (A.P.I. No. 05-057-06009). The release is into the stream bed of Hell Creek, which flows into the North Platte River approximately 4½ miles downstream of the release. Although the spill appears to be minor in volume (5 bbls or less), significant oiling of the stream banks and vegetation is present for approximately 2 miles downstream of the release. There is no evidence that oil from the spill has reached the North Platte River.

The COGCC staff is working closely with the operator, Lone Pine Gas, the CDPHE Water Quality Control Division, and impacted local area landowners on this spill investigation and clean-up. The USEPA has visited the spill location at the request of an adjacent landowner.

SOUTHWEST COLORADO

◆ **Coalbed Methane (“CBM”) Stream Depletion Assessment Study**

The final report for this study is now available on the Division of Water Resources website (www.water.state.co.us) and a link to the report is also posted on the COGCC website homepage (www.oil-gas.state.co.us). Written comments about the report should be sent to Dick Wolfe, Assistant State Engineer via email (dick.wolfe@state.co.us) or via surface mail to Office of the State Engineer, 1313 Sherman St. Suite 818, Denver, CO 80203. Written comments will be evaluated by DWR, CGS, COGCC staffs and our consultant. A public presentation on the results of the project is being planned for June 27, 2006 in Durango. This event will be noticed in a local newspaper and additional information will be published in the June 2006 COGCC staff report. A presentation will be made to the Commission after comments have been compiled and reviewed, and responses have been written.

◆ **2005 Fruitland Outcrop Monitoring Report - La Plata County**

The report on the results of the Fruitland Formation outcrop monitoring is available on the COGCC website (www.oil-gas.state.co.us, Library, San Juan Basin). The 2005 detailed mapping event was performed from June 8, 2005 through June 17, 2005. The Pine River subdivision was added to the outcrop monitoring this year. The detailed seep mapping generally showed that methane concentrations in historically active seep areas are higher than previously detected. The higher methane concentrations were most evident at the historical seep areas in the Florida River, Texas Creek, and the upland areas of Carbon Junction. In general, the methane concentrations and/or seep extent at other locations across the study area appear to be relatively consistent with previous years. A presentation to the Commission of the results of the outcrop monitoring is tentatively scheduled for the July 2006 hearing.

◆ **Ongoing Investigation, Reclamation, and Mitigation of Explosion in Bondad, Colorado Area**

The most recent soil gas survey was conducted on January 30, 2006. The report has been posted on the website Library, “Studies in the San Juan Basin.” We are continuing to review possible plugging procedures for the Bryce 1X Well in La Plata County. Due to safety concerns expressed by Aztec Well Service, we are investigating drilling and setting surface casing using another contractor. Aztec Well Service would then be used to drill out from under surface casing to clean out the Bryce 1X well bore. We are continuing discussions with Aztec regarding proper well control equipment and the risk of shallow natural gas.

◆ **Gas and Oil Regulatory Team (GORT) Meeting**

The next GORT meeting is scheduled for September 7, 2006 at 8:30 a.m. at the La Plata County Fairgrounds.

V. NORTHEAST COLORADO

◆ Greater Wattenberg Area Baseline Study

As part of a FY 2006 budgetary request, the COGCC received funding to conduct a gas and water quality investigation in the Greater Wattenberg Area (GWA) of the D-J Basin. The GWA Baseline Study will sample gas wells and water wells in selected areas of the GWA, primarily in Weld County. Because of recently amended Rule 318A., increased oil and gas activity is anticipated in this portion of the D-J Basin.

The project will sample seventy-eight (78) gas wells and eleven (11) Laramie/Fox Hills water wells in selected townships within the GWA. The contract for this project will be a competitive bid and open to all interested parties. COGCC staff anticipates publication of the official request for proposal (RFP) in late April 2006, with an anticipated project completion in November 2006. The RFP announcement will be posted on the Colorado Department of Personnel and Administration, Division of Finance and Procurement: State Purchasing Office's web page. An announcement concerning the project and web page link to the Purchasing Office web page will also be placed on the COGCC home page.

◆ Wellington Field Water Treatment Project – Larimer County

Wellington Operating and Mr. Richard Sewell (Wellington Water Works or W3) notified the COGCC staff in early April that the facility is operational and has commenced treating and discharging produced water from the Wellington Field. Initial treatment volumes have ranged between 60 to 80 gallons per minute and the W3 facility is operational 4 to 6 hours per day. Maximum treatment capacity for the W3 facility is 100 gallons per minute. COGCC staff will be conducting an inspection visit to the facility in early April and will report on the results of the inspection in the June 2006 Staff Report.

See newspaper article on page 13.

◆ Greater Wattenberg Area – Bradenhead Retest Program

Between 1995-1997 an extensive bradenhead test program was conducted by COGCC field staff of randomly selected wells within the Greater Wattenberg Area (GWA). Recently COGCC staff reviewed over 600 of these tests in a selected area that encompassed Townships 1 to 6 North and Ranges 65 to 68 West. There were a total of 112 wells that either exhibited bradenhead pressures greater than 100 psi, or the bradenhead was open at the time of the test, and/or the bradenhead was hooked to the flowline.

A total of 110 wells were re-tested by COGCC staff as part of Phase 1 of the Bradenhead Retest Program. Final results indicated that 19 wells still measured a bradenhead pressure greater than 100 psi. This represents approximately 17% of the 110 wells re-tested. Other wells were also tested for bradenhead pressures as a result of complaint investigations or random inspections. An additional 7 wells measured bradenhead pressures greater than 100 psi.

On March 18, 1985, the Commission issued Order No. A-1-3 which established requirements for drilling and completion practices of oil and gas wells for an area in a portion of the Denver

Basin Front Range Corridor in order to protect the environment and prevent pollution. Bradenhead monitoring was required for those wells located from Townships 4 to 7 North and Ranges 64 to E½ 68 West. On March 16, 1994, the Commission issued Order No. A-1-3A which modified those rules.

Subsequently, on May 27, 1996, and June 25, 1996, the Commission held a hearing to consider the adoption of rules pertaining to safety, blowout prevention, and plugging and abandonment. These rule changes resulted in Order Nos A-1-3 and A-1-3A, rescinded on June 25, 1996, and replaced with Order No. A-1-3B.

As a result of the aforementioned Orders, between 1991 and 1994 operators submitted bradenhead monitoring reports on approximately 1,380 wells. A review of these reports by COGCC staff indicated 30 wells with bradenhead pressures greater than 100 psi and 154 wells with the bradenhead reported as open. Phase 2 of the Bradenhead Retest Program will require operators to conduct bradenhead tests on these 184 wells and report the results to the COGCC by June 30, 2006.

VI. ORGANIZATION

◆ Staff Organization

Our current organizational chart is attached.

Larry Robbins announced that he will retire from the COGCC effective June 30, 2006. Larry has worked for the COGCC for twenty-three years in a variety of positions including permitting technician, field inspector, Underground Injection Control inspector, and Professional Engineer. We all wish Larry the best in his future endeavors.

VII. PLANNING/ADMINISTRATION/OTHER

◆ Public Outreach Opportunities

The COGCC plans to provide an educational exhibit display and staff members at the 2006 EnCana Energy Expo, which will be held on Wednesday, May 3, 2006 at the Garfield County Fairgrounds in Rifle. The annual Energy Expo, which is now in its fourth year, has become an extremely successful way to provide education and outreach to the citizens in an area that is currently experiencing a heightened level of oil and gas development activity. The Energy Expo features exhibit displays and presentations by oil and gas operators, various service companies and contractors, and government agencies. The morning session, which runs from 8:30 a.m. until 10:30 p.m., will be open to local students who include an expected 75 high school students. The general public session will run from 12:00 noon until 6:00 p.m. Attendance at the Energy Expo has grown dramatically each year, with approximately 1,200 members of the public last year and even more expected this year. Additional information about the Energy Expo is attached on pages 19 & 20.

◆ Notice to Operators – Setting Conductor Pipe

On April 6, 2006, the COGCC released a Notice to Operators concerning the setting of conductor pipe. The Notice clarifies and prescribes the procedures operators are to use when

setting conductor pipe prior to moving in and rigging up to drill a well. During the past year there have been an increasing number of requests for the requirements to set conductor pipe for wells planned on a common pad prior to the approval of a drilling permit. The Notice explains the documents necessary to gain approval for setting the conductor pipe, the safety procedures that are required to be in place after the conductor pipe is set, and the ongoing performance and reporting requirements. The Notice is listed in the Announcements section on the homepage of the COGCC website and the link takes the user directly to the document. The Notice can also be accessed from the “Rules” button within the navigation pane on the left side of the COGCC website. In the “Rules” section, the Notice is listed under “Policies” on the right side of the page. The conductor pipe Notice to Operators is attached on page 27.

◆ Produced Water Workshop

A two-day workshop sponsored by various groups was held on April 4-5, 2006, in Fort Collins, Colorado. The goal of the workshop was to enhance understanding of the opportunities and challenges involved in converting produced waters to beneficial use. COGCC staff in attendance included Brian Macke, Randall Ferguson, Margaret Ash, and Steve Lindblom.

◆ Noise Data Project

All COGCC field inspectors have been directed to measure noise levels at representative well sites and compressor stations throughout the state. The field inspectors will gather data for four months and should provide the COGCC with approximately 400 data points. COGCC field inspectors have performed approximately 55 site surveys to date. The analyzing and correlating of the noise level data will be performed by Denver office staff.

◆ Senate Bill 06-142

On March 31, 2006, the Governor signed SB 06-142, which increases the cap on the 2-year average of the unobligated portion of the Oil and Gas Conservation and Environmental Response Fund from \$2 million to \$4 million. The ability to maintain a higher fund balance will ensure adequate reserves in the event of multiple oil and gas related emergencies in one year.

◆ 2005 Outstanding Oil and Gas Operations Awards

The deadline for the COGCC 2005 Outstanding Operations Award is June 1, 2006. We would like to encourage all parties to begin submitting nominations for the ten-year anniversary COGCC 2005 Outstanding Operations Awards, which will be presented in the summer of 2006. These nominations should be for oil and gas operations that occurred during calendar year 2005. The nomination form for the awards is available on the COGCC web site http://oil-gas.state.co.us/Library/OperationsAwardsForm_2005.pdf.

◆ Environmental Response Fund (ERF) Project Status

Attached on page 26 is an Excel spreadsheet listing both completed and pending ERF projects for Fiscal Year '05 – '06. Pending projects only show funds appropriated or spent to date.

◆ Onsite Inspection Policy

Under the Policy For Onsite Inspections On Lands Where The Surface Owner Is Not A Party To A Surface Use Agreement, which was effective for Applications for Permits-to-Drill ("APD") submitted after February 15, 2005, the COGCC has received to date a total of forty (40) requests for onsite inspections. Eleven (11) onsite inspections have been conducted, seventeen (17) requests for inspections have been withdrawn, and twelve (12) onsite inspections are pending and will be scheduled, if necessary, after the APD is received, or after issues related to local governmental designee consultation, location change, or surface use agreements are resolved.

Of the forty requests for Onsite Inspection, twenty-three (23) were for locations in Weld County, eight (8) for Las Animas County, two (2) for Garfield County, three (3) for Yuma County, two (2) for La Plata County and one (1) each for Archuleta and Boulder Counties.

◆ June 2006 Hearing Docket

A preliminary docket for the June 2006 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 Forms Changes

To meet the requirements of the new Survey Rules and other requested changes, the Application for Permit-to-Drill, Form 2, the Sundry Notice, Form 4, the Drilling Completion Report, Form 5, the Completed Interval Report, Form 5A, and the Well Abandonment Report, Form 6, have been or will be modified. The new versions of the forms are available as Adobe™ PDF files and Excel spreadsheets, and are downloadable from the COGCC website (<http://www.oil-gas.state.co.us>) on the forms page. Forms will be mailed upon request by calling (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 filing 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
 - All are available as Adobe Acrobat documents that can be downloaded, completed, printed and mailed; some are available as Excel and Word documents. 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 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.
 - A statewide water wells map layer was added to the Internet on August 5, 2005. Many thanks to the Division of Water Resources for allowing us to display its data.
- 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 and contacts).
- Imaging
 - This application provides the capability to convert the paper documents received by the Commission to electronically available documents.
- 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 data downloads.
- 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 COGCC 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 report tools necessary for COGCC field staff to facilitate data collection and provide information.

- Electronic Business
 - There are approximately 200 operators reporting production electronically.

◆ COGIS Projects, Updates and Changes

Helpful Applications on the WEB

Two applications are available on the COGCC website to help operators enter data relating to locations. The first is a Footage calculator. The calculator will take the latitude and longitude as measured in NAD 83 and calculate new footages based on the original permit information. The second application converts Latitude and Longitude as measured in degrees, minutes, and seconds into decimal degrees. The decimal degree format is what COGIS is expecting on all forms requiring lat/long coordinates. Both of these applications can be found in the Help area of the website.

Mapping Directional Wellbores Project

This is an industry-sponsored project to make the directional wellbores visible on the Internet map. The project is underway with the application development nearing completion for the COGCC GIS and database applications. COGCC will start working to establish a format for electronic submission of directional survey data. Included in this process, COGCC will be surveying the logging companies with proposed formats for their review. Once a format is established, an application will be created to submit the directional surveys electronically. Many thanks to Mr. Dewey Gerdorf of Petroleum Development Corporation for his insight regarding the need for such a data set.

Data Management of Bradenhead and Bottom Hole Pressure Systems

Development of the data entry functions for the Bradenhead test reports has been completed and implemented. The backlog of test reports are being entered into the COGIS system. The next phase of the project will be the requirements gathering and design of the Bottom Hole Pressure data system. This phase will incorporate the current form, Bottom Hole Pressure, Form 13, for operators to use when reporting test results to the COGCC. The test results will then be entered into the new tables within the COGIS system. The existing data that has already been collected will be converted to the new system as part of the project.

Survey Rules Implementation Project

The forms used by operators to submit information on location of wells and completion reports have been modified to accept latitude and longitude data. The form processor applications and database tables have been updated to handle these changes to the forms. The online maps and GIS download files have been updated to switch the datum used to NAD 83.

Hearing and Environmental File Indexing Project

Indexing of the hearing files has been completed and the files have been archived. The indexing of the environmental files continues. The reclamation project files have been scanned and indexed. The spill and complaint reports along with the pit data are 100% complete.

LAS File Upload

This project provides operators with a technique to submit digital well logs to the COGCC over the Internet. The application is available from the “Forms” page on the COGCC website <http://www.oil-gas.state.co.us>. To utilize the system, operators will need to submit a Designation of Agent Form, Form 1a. COGCC staff is working with operators and logging companies to gain compliance with the digital log submission requirement. The digital logs are starting to show up on the web; the type of file precedes the log type in the document name. In addition to LAS files, there are PDS and PDF files which provide an easy-to-view graphical representation of the logs; these graphical files do not eliminate the LAS file requirement.

Delinquent Operations Report

The project created an internal application for the COGCC staff to identify forms/reports that may be required and are missing from the COGCC database. The Information Technology staff is working to develop the automated settings in the database to review data on a monthly basis and reevaluate when well data is modified. The data cleanup that is part of this process is underway and is expected to take several months to complete. Oil and gas operators are being asked to review a list of forms/reports that have not been submitted and either provide the form/report, or provide information substantiating why it is not required.

US Standard XML Reporting Project

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 well completions. The group has completed a business case for this project and a DOE grant request has been submitted to fund the development. A similar project is currently being tested in California with a prototype standard, and is in the review process prior to becoming part of the national standard.

Reports Online Project

This project will be moving forward now that all of the security issues have been resolved. Within the next few months a number of new reports will be available on the Internet.

Database Cleanup Project

The database cleanup project updated almost 35,000 historic well records before funding was exhausted. There remain fewer than 28,000 well records left to be updated once additional funding is approved.

Spacing Orders Project

The spacing orders are being evaluated and posted on the maps, with over seventy-five percent (75%) of the state having been reviewed. The Wattenberg Field in northeast Colorado is the only area remaining to be completed.

VIII. VARIANCES

A variance was granted to Orders 1V-297 and 1V-298, which were acceptances of Administrative Orders on Consent (AOCs) that were approved by the Commission at the March 16, 2006 hearing. The orders found violations of COGCC regulations by EnCana and imposed fines pursuant to those violations. The AOCs contained specific provisions allowing approval of a public project proposed by Garfield County in lieu of the imposed fine which were required to be proposed to the COGCC staff within thirty days of the adoption of the orders.

Garfield County has requested an additional thirty days within which to complete the development of the public project proposals. The reason for the request is that one of the public projects that Garfield County is planning to propose is Phase II of the Hydrological Characterization study, which would be partially funded by the fine that was imposed on EnCana for the West Divide Creek gas seep in 2004 and partially funded by the recent fine. The request was made to provide adequate time for the study contractor to develop a scope of work that would be appropriate for the remaining fine revenue.

A variance was granted for Williams Production RMT Company for the RWF 314-17 Well for setback requirements established under applicable Commission orders. The well was spud on May 1, 2001, and it was subsequently determined by gyroscopic survey that the perforated/producing intervals lie within the required setback distance from the spacing unit boundary. Williams shut the well in on September 1, 2004 and it has remained shut in since that time. Williams has made a proposal to all affected interest owners for allocation of production between the two spacing units. All owners have elected not to object to the proposal.

A variance was granted for Williams Production RMT Company for the GTM 206-28 Well for setback requirements established under applicable Commission orders. The well was spud on October 6, 2003, and it was subsequently determined by gyroscopic survey that the perforated/producing intervals lie within the required setback distance from the spacing unit boundary. Williams shut the well in on September 1, 2004 and it has remained shut in since that time. Williams has made a proposal to all affected interest owners for allocation of production between the two spacing units. All owners have elected not to object to the proposal.

MIXING OIL AND WATER

April 2, 2006
By Bill Jackson
Greeley Tribune

WELLINGTON -- Through the years, farmers and oil field operators haven't exactly seen eye to eye.

That was the case between Richard Seaworth, whose family has farmed north of town for more than 60 years on land adjacent to the Wellington Oil Field, and Brad Pomeroy, president of Wellington Operating Co., which operates the oil field that was opened in 1923.

Now, though, the two are seeing dual dollar signs in a combined project to treat water that normally is extracted from oil wells and put it to beneficial use, an idea which, oddly, has been alien until now.

The two have formed Wellington Water Works LLC -- 3W -- which could have a profound effect throughout the West by creating a new source of water.

The path to the new business has been a little rocky.

"First off, he talks acre-feet and I talk barrels," Pomeroy said of his new business partner. "It took about a year before we got used to one another, and there were a couple of times we walked away from each other."

But once that path was paved, they got down to some serious work -- and serious investment, such as a \$1.4 million enclosed treatment plant to filter the oil from water that would normally be pumped back into the ground near the well it came from.

With 3W, Seaworth wants to take the water from the oil field -- and there is an amazing amount of it available -- and use it to replace the water from his irrigation wells, thus freeing those wells for municipal use. That would allow for another housing development near Wellington, a few miles south of his farm. Wellington, like every other community along the Front Range, has seen tremendous growth in the past few years, growth that will continue, and which will need water.

Hydraulic studies, Seaworth said, indicate there is a minimum of 162,000 acre-feet of nontributary water -- there are no streams or rivers involved -- in the Wellington Oil Field. Since the water is contained in one area, and there are no rivers or streams that feed it, the water is low in salt, another advantage.

"Since it's nontributary, it can be used to extinction; it's not restricted by historic 'first use' tributary or river system water rights. If we get just 161 acre-feet a year for 100 years, that would support 6,000 homes," Seaworth said.

And that's from a small oil field.

Pomeroy said since 1923 the oil field, 6 miles long and a mile and a half wide, has produced 8.5 million barrels of oil from about 5,000 feet down. It is estimated there is 100 million barrels remaining. That pales in comparison to the Wattenburg Field, which covers much of Weld County and is the seventh largest field in the country in oil and natural gas production.

For Tom Cech, director of the Central Colorado Water Conservancy District, the project presents some interesting possibilities. The water district has had to shut down several hundred irrigation wells along the South Platte River due to the recent drought and a Colorado Supreme Court ruling and is involved in finding replacement water for those wells that can be returned to the river.

"This would help a great deal if the water is useable. It's a wonderful opportunity if that water would be affordable. Treatment cost would be a big factor, but the potential is tremendous," Cech said, adding he has heard only bits and parts of what 3W is attempting to accomplish.

Pomeroy and Seaworth are confident about the possibilities in the Wellington Oil Field.

"There are 35 wells on the field, but I can only operate 16 of them because I can't handle the water they produce. That's the bottleneck I'm facing," he said.

Pomeroy said all oil fields in the West have one thing in common: They all contain natural gas, oil and water. Through the years, as the natural gas is vented, it is replaced by the oil and water. As oil wells age, they become what is known as stripper wells, which produce more water than oil.

Current recovery of the Wellington Oil Field is 98 percent water and 2 percent oil, he explained. In the past, that water has been pumped back into the producing formation. Pomeroy said the latest figures, about six years old, indicate that 250 billion barrels of water are produced annually from oil wells throughout the U.S. and the cost to oil companies to pump that water back into the ground amounts to \$1 a barrel.

"That was in 2000. Who knows what that cost may be now," he said.

Since 2004, when 3W was founded, Seaworth and Pomeroy have jumped through several hoops,

including obtaining surface water rights from land owners in the region, and convincing the State Engineer, Colorado Oil and Gas Commission and the Colorado Department of Health and Environment's Water Quality Control Division that the water from the wells would equal the quality of groundwater in the area.

They also obtained a patent on the water treatment system.

It took eight months to obtain a permit for use of the water from the wells "for industrial, municipal, irrigation, commercial and augmentation purposes" from the State Engineer. Seaworth and Pomeroy believe it is the first permit of its kind anywhere in the U.S. granted to an oil field. The process of using the water for those purposes is moving through the water court in Greeley.

The process, they said, may be applicable to many oil and gas fields in Colorado, Wyoming, Texas and even California. And, depending on geologic and hydraulic conditions, it could be adapted for water produced from coal-bed methane operations and other water systems. Sites in Rifle and Durango have water recovery programs in place.

An added benefit under consideration is the heat of the water coming from the oil wells. When it reaches the surface, it is 130 degrees or hotter. So the water treatment facility has filters made of porcelain, covered by stainless steel, to handle the heat.

Seaworth said they will allow the water to cool naturally -- it will be at 110 degrees by the time it moves through the plant -- but its natural heat could be used as a heat sources for the homes he plans to build. Homes only use about 5 percent of the water; the rest is returned to the water basin after passing through a municipal wastewater treatment facility.

"I think we're only scratching the surface on the possibilities this might bring," Seaworth said. "All we can do now is move ahead."

Colorado State University will host a Produced Waters Workshop April 4-5 at the Marriott Hotel in Fort Collins. The event aims to stimulate dialogue about the opportunities and challenges that revolve around produced water in the West and the possibility of converting water produced during oil and gas extraction to beneficial use.

Produced water is water brought to the surface during energy extraction and is often not suitable for irrigation, drinking or other beneficial use. The water is re-injected back into the subsurface at a cost to energy companies.

Record in making

Oil and gas drilling permits on pace to surpass 2005 high

April 18, 2006

By Gargi Chakrabarty,
Rocky Mountain News

Colorado's rambling oil and gas industry isn't slowing down, and by the end of the year it likely will notch another record.

The state issued 1,327 permits to drill oil and gas wells from Jan. 1 through April 14 this year, according to the Colorado Oil and Gas Conservation Commission.

At that rate, Colorado is projected to issue a record 4,650 permits by year's end, said Brian Macke, the commission's director.

That would be a 6.5 percent jump from the record of 4,363 permits approved in 2005. And last year was nearly 50 percent higher than the 2,917 permits approved in 2004.

The only potential roadblock is that the drilling is coming in conflict with the state's growing population.

More permits, of course, mean more oil and gas.

Based on year-to-date reports, the commission estimates that Colorado will produce a record 3.37 billion cubic feet of natural gas per day by the end of this year - 6 percent higher than a year ago.

"We expect this high level of oil and natural gas activity to persist because of continuing high energy prices," Macke said. "Colorado's very rich natural gas resource has made it a state that oil and gas operators are very interested in, regarding their exploration and development activities."

The construction of new pipelines in the region is encouraging operators to drill more, Macke said. Operators now can ship oil and natural gas to other areas - mainly the energy-hungry Midwest and East Coast - where the commodities fetch higher prices.

For example, Houston-based Kinder Morgan Energy Partners LP and Sempra Pipelines & Storage, a unit of San Diego-based Sempra Energy, are planning to build a \$3 billion pipeline to carry natural gas from Weld County to the Midwest and East.

The 1,350-mile pipeline would begin partial service by late 2007 and full service by 2009. The pipeline already has secured commitments from several companies to use it for energy shipment.

Two other Texas companies, El Paso Corp. and Kinder Morgan Inc., also are building pipelines in the Rockies.

Greg Schnacke of the Colorado Oil and Gas Association said Colorado has potential for higher energy production but operators are stymied by various challenges.

Top-producing counties such as Weld and Garfield are experiencing population growth, leading the energy industry to lock horns with the housing industry over land use.

Schnacke referred to the recent case before the oil and gas commission regarding expanded drilling in the Wattenberg Field, near the Denver International Airport. Three energy companies - Kerr-McGee,

EnCana Oil & Gas, and Noble Energy Inc. - want to drill 60 percent more wells in the field, despite concerns from residents.

Although the companies got the nod from the commission, some residents have taken the case to the courts.

"Colorado has attempted to address those challenges," Schnacke said. "The problem is, on one hand the public opinion is to have more domestic production of energy but nobody wants drilling near where they live."

The oil and gas industry often has pointed out that higher production means more royalties and severance tax, and ultimately more revenues for local and state governments.

In fiscal year 2005, the state land board received \$41.7 million, up from \$25.8 million in fiscal 2003, from mineral royalties and rentals on state-owned land. The state owns more than 4 million acres of mineral land, and the revenues from these lands are distributed to the state's school districts.

The highest jump, nearly 70 percent, was in property taxes collected by local governments from minerals properties. Counties collected \$227 million in property taxes from mineral properties in 2005, compared with \$134 million in 2004 and \$153 million in 2003.

Questions persist about the energy boom's impact on the environment. Activists have criticized leasing federal lands for oil and gas drilling, often in environmentally and ecologically sensitive areas.

"Hunting, fishing, recreation and retirement income are more important to our economy than the oil and gas industry which accounts for less than 1 percent of the total personal income in Colorado," said Pete Morton, an economist with the Wilderness Society. "As the fast pace and large scale of the oil and gas drilling increases, so do the risks to Colorado's clean air and water, our wildlife and our economy."

Rig manufacturers scramble to keep up with energy boom

April 9, 2006

By Sandy Shore

AP Business Writer

Grand Junction Daily Sentinel

STERLING — On the prairie of northeast Colorado, Roger Stumpff stands in a muddy lot and looks at the pieces of a giant blue-and-white drilling rig that have become the heart of his business.

Decades ago, Stumpff's Industrial Welding & Supply spent most of its time building parts for the surrounding farming community; today, it's nearly all oil-and-gas work, as much as the small company can handle.

Stumpff has nearly doubled his work force to 77 employees, and crews work long hours piling up overtime building mud tanks and other parts for drilling contractor Ensign USA. Still, he says, "We're not nearly big enough to do everything."

The energy business is booming, particularly in the Rockies, but there is a shortage of rigs. Companies are looking abroad and contractors are scrambling to build new rigs by salvaging parts from scrapped, aging equipment. And for the first time in decades, they are building new rigs to bore deep into the earth.

It is a gamble for those who can invest upward of \$20 million in a single rig, keeping an eye on natural gas prices as they work to line up multiyear leases. Many recall the oil bust of the 1980s when their useless rigs were stacked across the country.

"For most of the '80s and all of the '90s and the first part of 2000s, the industry economically could not afford to make this type of investment," said Richard Mason, publisher of The Land Rig Newsletter in Lubbock, Texas. "We've entered a new era here. This is the first major retooling effort in 30 years."

In Gillette, Wyo., Patrick Hladky of Cyclone Drilling Inc. said he can't keep up with the demand for his 25 rigs, fielding calls from as many as seven different companies in one day.

"It doesn't matter where you're at, they need rigs," he said. "Everywhere there's a drilling rig standing, there's one that's needed."

With its fortunes tied to the energy price roller-coaster, the U.S. rig manufacturing industry long dominated the global market after World War II. It reached a U.S. high of 4,530 rigs in service in December 1981 during the height of a boom, according to Houston-based Baker Hughes, an oil field services company that has kept track of the count since 1944.

When prices fell and production plummeted, demand dried up and left contractors with thousands of rigs that were stored or sold for parts or scrap as many companies went bankrupt. The U.S. rig count dropped to its lowest point of 488 on April 23, 1999, Baker Hughes said.

"Lots of people went out of business, rigs got cut up, consolidation took place," said Tom Schledwitz, operations director for Ensign USA in Denver, a subsidiary of Ensign Energy Services Inc. in Calgary, Canada, one of the largest drilling contractors in North America.

"It was a bust and a lot of people lost their jobs, lost their houses and all those kinds of things," Schledwitz said.

The bust began a 25-year downturn from which the industry just recently has begun to emerge. It finds itself in short supply not only of parts for rigs but of experienced crews to operate them.

Rigs are made up of components built by different manufacturers to create a self-contained portable system that generates its own power and can be easily moved in rugged locations. Typically, a contractor leases a rig to a producer and supplies a crew to operate it, moving it from field to field as needed.

Many newer rigs are being used to tap so-called nontraditional resources such as coal-bed methane or shale, where producers hunt across a broad expanse of land and then fracture the rock to free up oil or gas. Newer versions are being adapted with more power to pump pressure in the ground and to have the capacity to drill both vertically and horizontally, Mason said.

On site, a rig is staffed 24 hours a day with a five-person crew working 12 hours on and 12 hours off.

"It's hard work," says Jim Wildemann of SST Energy Corp. in Denver and Casper, Wyo., which has 13 rigs in the Rockies. "It could be snowing at midnight and you could be out working in it."

The rigs are expensive: They can cost anywhere from \$8 million to a high-tech device that will be more than \$20 million, take as much as 12 to 14 months to build and take three years to recoup the investment, contractors said.

From 1987 to 2005, rig counts in the Rockies have nearly tripled from 134 to 312 led by New Mexico, Wyoming, Utah and Colorado, Baker Hughes said.

Today, there are only a handful of companies that build drilling rigs, prompting some producers to look for equipment from China, Canada, Italy and possibly Russia.

"We are having to scramble to catch up," Mason said. "This is a demand-driven scenario, and that's the first time in the last 100 years ultimately that we've had to face this type of situation."

Mason expects 400 rigs — about half refurbished and about half newly built — to be added to the market by the end of 2007.

The short supply also means producers pay more to lease the rigs. Mason said a ballpark national average is about \$13,500 a day, nearly triple the \$5,000 a day in 1995.

Meantime, the contractors are just trying to keep up as they watch the fluctuating energy prices and try to guess how long this boom will last.

"Too many of us have been through the downturn so consequently we're saying that if this takes another downward spiral and we're left with large debt, where are we going to be?" said Wildemann of SST Energy. "We're cautiously optimistic."

EnCana to host the 2006 Energy Expo

April 12, 2006
Staff Report
Post Independent

For the fourth consecutive year, EnCana Oil & Gas (USA) Inc. is bringing its Energy Expo to Rifle. The expo serves as an opportunity for the community to learn more about the oil and gas industry. This industrywide event returns to the Garfield County Fairgrounds on Wednesday, May 3, from noon to 6 p.m.

EnCana, together with a variety of industry representatives, will be on hand to answer questions from the community. Attendees will be able to discuss innovations in technology, educate themselves about mineral rights, surface use and view educational presentations.

Many exhibitors will have interactive displays, including examples of some of the equipment used in the natural gas drilling process.

"It's vitally important that we continue to educate the community about our industry," said Doug Hock, director of community and public relations for EnCana. "This forum brings all aspects of the natural gas development process together under one roof. It's a great opportunity to ask questions and get answers."

More than 1,100 people attended the Energy Expo in 2005, and this year's event is on track to attract similar numbers. A complete list of activities and programs will be announced soon.

For more information, contact EnCana at 285-2600.

2006 ENERGY EXPO



**Come
experience
the excitement**

of the 4th Annual Energy Expo, courtesy of your community's energy industry and EnCana. This is a great opportunity to visit with industry representatives and experts. Learn about the process of drilling for natural gas through educational and interactive exhibits.

For more information: 970.285.2600



LEARN ABOUT MODERN TRENDS AND TECHNOLOGY IN THE AREAS OF:

- Health, safety, and the environment
- Drilling, logging and fracing
- Mineral and surface rights
- Air and water quality
- Production and pipelines

TALK WITH REPRESENTATIVES FROM:

Airgas Intermountain, American Petroleum Institute, Antero Resources, Applied Control Equipment, Baker Hughes, Bill Barrett Corp, BJ Services, Black Warrior Wireline, BRANDT/NOV, Bureau of Land Management, Buys and Associates, Calfrac Well Services, Cameron, Champion Technologies, Club 20, Coastal Chemical, Colorado Division of Water Resources, Colorado Mountain College, Colorado Oil & Gas Association, Colorado Oil & Gas Conservation Commission, Colorado Workforce Center, Cordilleran Compliance Services, Cudd Pressure Control, DV8 Technologies, Emerson Process Management, EnCana, Enginuity, Ensign United States Drilling, Essential Safety Products, Flint Energy Services, Forerunner Corp, Garfield County, Halliburton, Hoerbiger Compression, HW Process Technologies, Intra-West Company, IPAMS, Knight Oil Tools, Mayo Industries, Mi Swaco, Multi Products Company, National Association of Royalty Owners, NATCO, OXY, Petrogulf, Post Independent, Power Service of Colorado, Questar Energy - Applied Technology Services, Rain for Rent, Schlumberger, Smith International, Soli-Bond, Sound and Cellular, Speedy Heavy Hauling, SST Energy, Sterling Construction, US Dept of Labor/OSHA, Utility Notification Center of Colorado, Wagon Wheel Consulting, Water Remediation, Weatherford International, Williams Production, Wood Group ESP



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- Colorado Mountain College
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- Various exhibitors

EDUCATIONAL EXHIBITS • FOOD • PRIZE DRAWINGS

Energy boom good news for gravel companies

By Donna Gray

Glenwood Springs Post Independent

GLENWOOD SPRINGS – On a late winter day along the Colorado River there is a breath of spring in the air. A great blue heron stands sentinel in the shallows, motionless. A short distance upstream, a pair of bald eagles are tending a nest in an ancient cottonwood tree.

This unspoiled stretch of river, just east of Rifle, is the first thing people see when they're coming off of Interstate 70 into town. City Councilman Alan Lambert wants to keep it that way. But that pristine entryway is in danger of being wiped out.

Farther up the river from Rifle, a

series of gravel pits have long supplied local contractors with aggregate for concrete. But demand for gravel is rising, as are concrete and asphalt needs, and existing pits are being mined out.

Much of the current demand is fueled by oil and gas developers building new well pads and roads. In the last few months Garfield County has seen three applications for special-use permits for expansions of existing operations and a brand new pit just outside Silt.

Nancy Limbach has taken in injured and abandoned wildlife on her land south of Silt for 25 years. Now

See Gravel, 5C

Continued from 4C

she faces the prospect of a gravel pit a few hundred yards away. This winter, Limbach has about 25 bears in hibernation on her land, injured or orphaned bears brought to her by the Colorado Division of Wildlife to be nurtured back to health.

With a gravel pit close by, trucks will add to the daily run of oil and gas traffic.

"I worry about the animals," she said.

She also worries about what she sees as continuous gravel mining between Silt and Rifle.

Gravel has become both a blessing and a curse on this stretch of the Colorado. Deposited by the river over millennia, the gravels are up to 25 feet deep on either side of the river.

Mining is relatively straightforward. Pit owners bring in heavy equipment to scoop out

the gravel and set up concrete and asphalt plants right on site.

Glenwood Springs attorney Scott Balcomb, who owns the property near Limbach, said oil and gas development, in part, is driving the need for gravel.

"There is no question the gravel market is enhanced by the energy business. Overall the gravel business is very good right now," he said.

The three pit applications before the county include Glen's Pit, which will be operated by Old Castle SW Group doing business as United Companies of Mesa County. The pit would be north of the Colorado River and one mile east of Rifle. United also operates the nearby Chambers Pit, which is mined out and slated for reclamation this spring.

In its application for a special-use permit filed with Garfield County in November, the company said the 35-acre

pit is expected to be played out in about three years.

United is also looking to expand its gravel operation to land it owns south of the Colorado River. The 93-acre Scott Pit would be a half-mile east of Rifle, north of I-70 and west of a large gravel pit operated by LaFarge.

It is the Scott Pit that would extend along the south bank of the river to within a half-mile of the entrance ramp off I-70 at Rifle.

The Scott Pit is expected to have a mining life of a little more than 10 years, according to the special-use application filed with Garfield County in December.

The county planning and zoning commission will review Glen's Pit. The Scott Pit comes before the planning commission for review in May, said county planning director Mark Bean.

Colorado Oil Gas Conservation Commission
Monthly Statistics

YEAR	MO	Baker - Hughes rig count	Permits										Unedited Historic Records	Public Visits			Well Oper Change
			Drilling		Recompletion		Injection		Pits		Active Wells	Data		Office	Internet		
			Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd							
2003	Total		2249	2322	202	229	18	22	362	381		610	755	261956	3637		
2004	JAN	45	200	240	12	10	0	1	36	7	25283	37	49	31236	378		
	FEB	46	206	217	7	13	4	1	1	1	25423	44	30	31292	239		
	MAR	50	243	302	8	25	2	3	2	9	25561	51	70	32931	358		
	APR	51	254	194	10	8	6	2	34	36	25666	58	64	33241	214		
	MAY	52	196	240	9	17	1	2	4	17	25732	41	56	31958	252		
	JUN	51	258	228	18	13	3	4	6	4	25870	38	46	32273	249		
	JUL	52	208	236	6	6	0	3	7	4	26017	40	43	30939	278		
	AUG	60	236	268	14	19	0	1	8	42	26108	33	39	35060	363		
	SEP	59	258	295	16	17	6	4	33	47	26421	40	61	38247	1919		
	OCT	59	268	281	16	16	2	1	54	29	26657	65	31	42069	498		
	NOV	61	242	284	11	9	1	0	42	19	26819	60	30	42433	327		
	DEC	64	348	335	18	11	0	0	15	4	26968	43	30	41448	731		
2004	Total		2917	3120	145	164	25	22	242	219		550	549	423127	5806		
2005	JAN	65	263	296	7	36	0	3	8	7	27262	0	41	49839	2356		
	FEB	70	249	343	29	14	1	1	17	10	27427	0	44	51277	378		
	MAR	73	336	413	33	27	2	4	36	26	27595	0	59	60298	430		
	APR	69	418	413	14	25	1	1	25	27	27723	0	58	52606	397		
	MAY	65	340	319	13	8	0	2	25	32	27853	0	46	58881	305		
	JUN	69	340	364	13	8	2	3	58	62	28032	0	58	51402	402		
	JUL	69	312	362	19	23	2	4	39	30	28164	0	50	59322	361		
	AUG	75	379	508	9	27	5	5	25	75	28364	0	67	68526	679		
	SEP	78	391	461	24	15	1	1	100	60	28631	0	57	71123	508		
	OCT	86	437	496	19	21	0	0	26	70	28720	0	51	74016	461		
	NOV	85	368	496	13	21	0	2	72	70	28866	0	61	69913	617		
	DEC	83	530	496	15	21	3	0	33	70	28952	0	58	68819	764		
2005	Total		4363	4967	208	246	17	26	464	539		669	540	736022	7658		
	JAN	84	419	396	20	27	2	0	21	2	29181	0	69	82939	660		
	FEB	84	267	501	26	20	0	1	4	5	29384	0	25	82692	164		
	MAR	81	391	510	26	30	0	0	3	1	29751	0	35	92114941	43		
2006	Total		1077	1407	72	77	2	1	28	8		129	211	280572	867		

Colorado Oil Gas Conservation Commission
Monthly Statistics

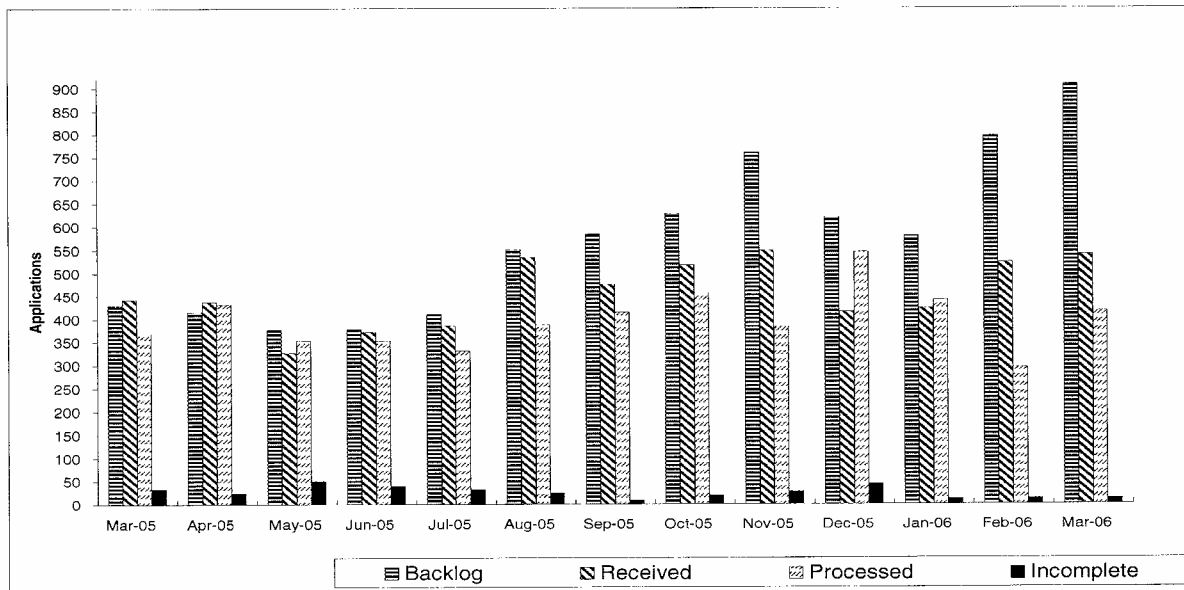
YEAR	MO	Operators		Release		Bonds		Claim		Hearings		Violations		Remediation	
		New	Inactive	Ind.	Bklt	Replace	Ind.	Bklt	Apps.	Order	NOAV	AOC	OFV	Spills	Field
2003	Total	81	72	58	31	124	3	0	45	31	161	7	2	157	7504
2004	JAN	5	10	8	7	5	0	0	9	8	11	4	0	15	622
	FEB	5	4	4	3	11	0	0	7	3	17	2	0	20	745
	MAR	3	7	5	8	7	0	1	16	16	15	13	0	23	706
	APR	7	8	7	4	11	0	1	4	4	53	1	0	15	568
	MAY	12	3	0	0	10	0	0	8	7	27	2	0	10	984
	JUN	13	6	0	0	10	0	0	NA	NA	24	NA	NA	14	716
	JUL	8	2	4	2	12	0	0	9	4	15	4	0	11	566
	AUG	16	4	2	6	10	0	0	4	3	16	3	1	11	662
	SEP	8	7	8	0	12	0	0	4	4	19	0	0	16	709
	OCT	8	3	3	2	13	0	0	0	0	9	0	0	9	623
	NOV	10	6	9	1	9	0	0	1	1	10	0	2	6	398
	DEC	10	3	5	3	8	0	0	NA	NA	19	NA	NA	4	417
2004	Total	105	63	55	36	118	0	2	62	50	235	29	3	154	7716
2005	JAN	10	3	3	7	10	0	1	7	3	18	0	1	11	623
	FEB	8	6	4	2	13	0	1	6	6	6	0	0	11	530
	MAR	8	10	8	3	12	0	0	3	5	6	0	0	20	725
	APR	10	5	7	4	13	0	0	7	4	16	0	1	26	426
	MAY	9	5	7	5	14	0	1	NA	NA	15	NA	NA	10	696
	JUN	15	11	2	5	14	0	0	7	7	20	3	0	12	649
	JUL	14	9	7	5	14	0	0	6	4	37	0	0	23	538
	AUG	10	2	1	2	6	0	0	4	2	36	0	0	16	564
	SEP	17	5	7	5	12	0	0	3	2	15	0	0	23	708
	OCT	14	4	6	2	12	0	0	7	6	32	0	0	31	498
	NOV	18	9	3	6	12	1	16	NA	NA	32	NA	NA	31	778
	DEC	12	3	5	2	17	1	4	10	6	32	2	2	31	747
2005	Total	145	72	60	48	149	2	23	60	45	265	5	4	245	7482
	JAN	15	5	17	5	13	0	0	11	10	5	2	1	20	1084
	FEB	16	2	6	4	14	0	0	9	6	9	2	0	16	919
	MAR	13	5	5	3	16	0	1	10	5	45	1	2	14	645
2006	Total	44	12	28	12	43	0	1	30	21	59	5	3	50	2648

Colorado Oil & Gas Conservation Commission

Monthly Breakout of Drilling and Recompletion Permits

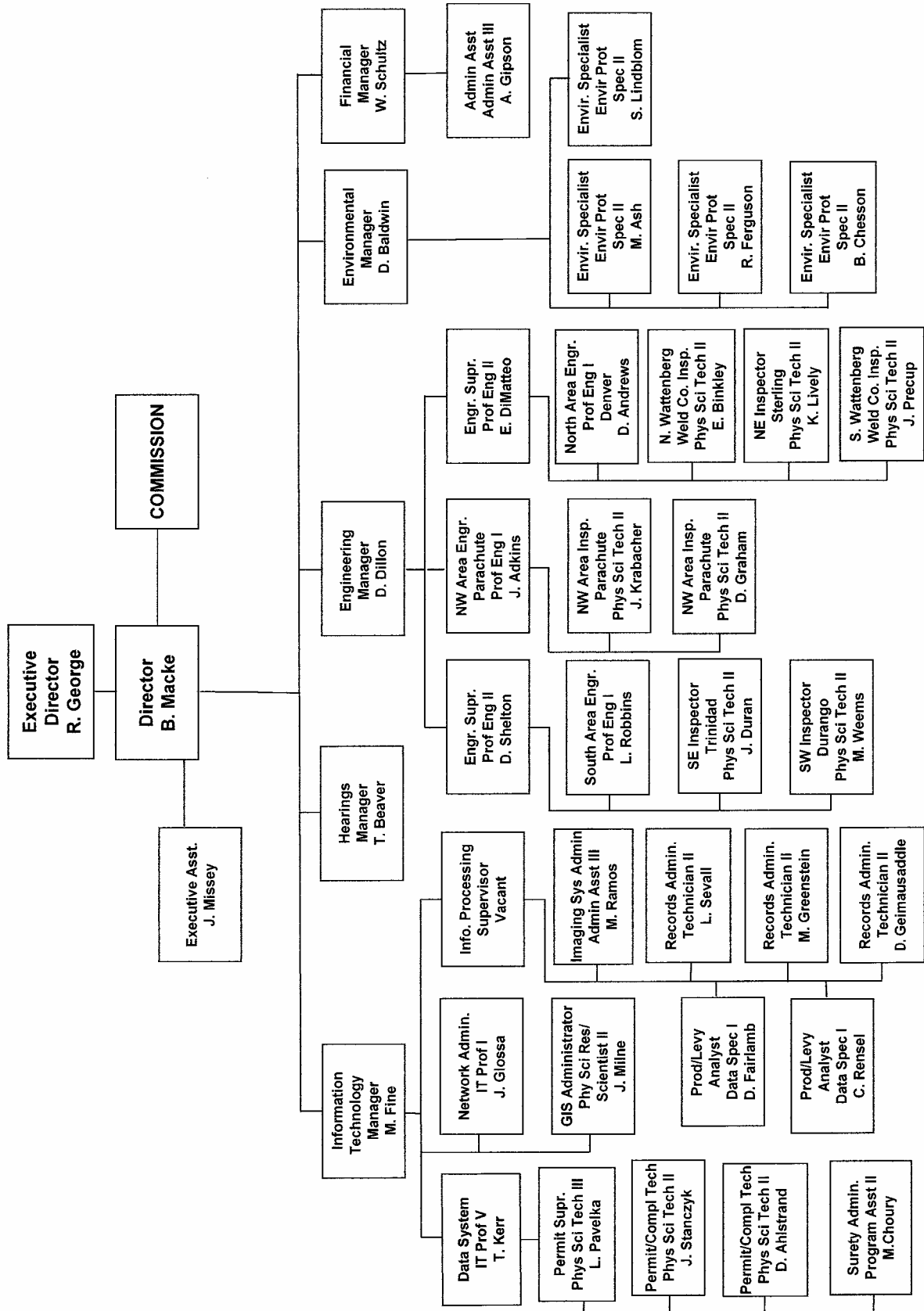
	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
Drilling								
Mar-05	365	416	336	21	0	33	391	424
Apr-05	424	413	418	19	0	24	376	400
May-05	400	319	340	13	0	42	324	366
Jun-05	366	364	340	18	0	38	334	372
Jul-05	372	362	312	20	0	31	371	402
Aug-05	402	508	379	6	0	24	501	525
Sep-05	525	460	391	26	0	8	560	568
Oct-05	568	497	437	18	0	19	591	610
Nov-05	610	534	368	34	0	27	715	742
Dec-05	742	390	531	9	0	43	549	592
Jan-06	592	396	420	24	0	11	533	544
Feb-06	544	504	267	14	0	12	755	767
Mar-06	767	510	391	8	0	12	866	878
Recompletion								
Mar-05	14	27	33	2	0	0	6	6
Apr-05	6	25	14	1	0	0	16	16
May-05	16	8	13	0	0	9	2	11
Jun-05	11	8	13	0	0	1	5	6
Jul-05	6	23	19	1	0	1	8	9
Aug-05	9	27	9	1	0	0	26	26
Sep-05	26	15	24	1	0	0	16	16
Oct-05	16	21	19	0	0	0	18	18
Nov-05	18	15	14	1	0	0	18	18
Dec-05	18	26	15	0	0	1	28	29
Jan-06	29	28	21	0	0	0	36	36
Feb-06	36	20	27	0	0	0	29	29
Mar-06	29	30	26	2	0	0	31	31
Total								
Mar-05	379	443	369	23	0	33	397	430
Apr-05	430	438	432	20	0	24	391	416
May-05	416	327	353	13	0	51	326	377
Jun-05	377	372	353	18	0	39	339	378
Jul-05	378	385	331	21	0	32	379	411
Aug-05	411	535	388	7	0	24	527	551
Sep-05	551	475	415	27	0	8	576	584
Oct-05	584	518	456	18	0	19	609	628
Nov-05	628	549	382	35	0	27	733	760
Dec-05	760	416	546	9	0	44	577	621
Jan-06	621	424	441	24	0	11	569	580
Feb-06	580	524	294	14	0	12	784	796
Mar-06	796	540	417	10	0	12	897	909

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 ORGANIZATION



Version 91-2/28/2006

Outstanding Environmental Response Fund and Bond Claim Projects						4/1/2006
Plugging and Abandonment and Reclamation Projects						
Orphaned Wells and Sites						
FY 05- 06 Projects						
	PENDING PROJECTS					
	PROJECT	TOTAL PO	ERF AMT	TOTAL COST	DESCRIPTION	
Weld	Keota Field Salt Kill	\$21,524	PENDING	\$11,138	Remediation & Reclamation 10 Acres Total PARTIAL	
La Plata	Bryce 1X - Site Preparation	\$22,839	PENDING		Site Prep. For Drilling Operation	
La Plata	Bryce 1X - Re-entry and Abandonment	UNK	PENDING		Well Re-entry and Remediation	
Delta	BLM Delta Project				BLM Match Monies 67% State 33% BLM	
Delta	Cline Government 1 029-05018	\$5,311	PENDING		PA And Reclaim 1 well Near Delta	
Delta	Cline Federal1- 029-05016	\$4,021	PENDING		PA And Reclaim 1 well Near Delta	
	Total Encumbered and Pending	\$53,695				
	WORK COMPLETED					
Delta	Billstrom Bros Well(BLM)			\$64,634	PA And Reclaim 1 well Near Delta	
Logan	State 1 Falcon Seaboard			\$9,900	Clean-up Tanks, Debris, Oil Contamination	
Weld	Winter #1			\$20,300	Remediation Oil Contamination At Historic Battery Site	
Logan	W E Dickenson #1			\$4,459	Site Investigation Oil Contamination at Historic Pit Site	
Logan	Raney & Green Salt Kill Evaluations			\$1,892	Initial Evaluations of Historic Salt Kill Sites	
Logan	Padoroni #1 & #2 Site Cleanup			\$974	Pipe and Cement Block Cleanup	
La Plata	Bryce 1X - Site Eval. And Wellbore Prep.			\$3,874	Digout to Bedrock, Install SRF CSG Section	
Logan	Horsefly #1/Fogale Reclamation			\$5,000	Pit Reclamation and Debris Cleanup	
Rio Blanco	Winkler #1 and #2			\$2,583	PA 2 Mancos Wells	
Weld	Greasewood Cement Base II			\$17,200	Cement Base Cleanup 5 Sites	
Washington	Deering #1			\$552	Top Plug Well Found By Farmer	
Logan	McRoberts E-1			\$2,747	Historic Remediation Cement Blocks	
Logan	Cedar Creek Ranch #1			\$1,030	Reclaim Abandoned Pit Area	
Logan	Sheldon #1			\$3,106	Historic Reclamation-Pit and Cement Blocks	
	Total Completed			\$149,388		



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**Notice to Operators
Colorado Oil and Gas Conservation Commission
Procedures for Setting Conductor Pipe
April 6, 2006**

The Colorado Oil and Gas Conservation Commission ("COGCC") regulations allow an operator with a valid Permit-to-Drill to use a separate, generally smaller drilling rig to set conductor pipe prior to another drilling rig being moved in to set surface and production casing. This Notice to Operators is intended to provide clarification about the COGCC requirements for this procedure for both single and multiple well locations. The COGCC will approve the setting of additional conductor pipes on existing or new multiple well pads prior to drilling permit approval of the additional wells ***on the condition that at least one (1) existing or planned well has an approved Permit-to-Drill.***

Requirements for Constructing Both Single Well and Multiple Well Sites

- A valid Permit-to Drill for at least one (1) initial well is required prior to building a location.
- The COGCC Area Field Operations Contact must be notified twenty-four (24) hours prior to commencement of operation.
- If conductor pipe is set and the drilling rig that will be used for the remainder of the well is not present and ready to rig up, the conductor pipe shall have a plate welded over the top until opened for drilling.
- All cellars shall be fenced to prevent accidental access.
- All ratholes and mouseholes shall be covered in a safe manner and fenced to prevent accidental access.
- The following shall apply if conductor pipe is set and the well has not been drilled within thirty (30) days of the conductor pipe setting date on a single well pad, or within thirty (30) days following the end of drilling operations on a multiple well pad:
 - For each well that has already been permitted and has conductor pipe set, a Sundry Notice, Form 4 shall be submitted under the name of that well providing a description of the current well construction and schedule of plans for future operations for the well, or
 - For all of the wells on a multiple well pad that have not yet been permitted and have had conductor pipe set, a single Sundry Notice, Form 4 shall be submitted that includes the current well construction and schedule of plans for future operations for all of the non-permitted wells. This single Sundry Notice, Form 4 shall be

DEPARTMENT OF NATURAL RESOURCES: Russell George, Executive Director
COGCC COMMISSION: John B. Ashby - Brian Cree - Kimberlee Gerhardt - Michael Kilish - Peter Mueller - Samuel Potter - J. Thomas Reagan
COGCC STAFF: Brian J. Macke, Director - David K. Dillon, Deputy Director of Operations - Patricia C. Beaver, Hearings Manager - Marc J. Fine, Information Technology Manager

filed under the name of the well under which the multiple well pad was originally permitted.

- If any artesian flows are encountered while drilling and setting conductor pipe, the conductor pipe shall be isolated with cement from the base of the conductor pipe to the anticipated bottom of the cellar by the pump and plug or displacement method. The operator shall notify the COGCC on a Sundry Notice, Form 4 which shall include a description of the artesian flow and the conductor pipe cementing operation. If the well has been permitted, the Sundry Notice, Form 4 shall be filed under the name of that well. If the well has not yet been permitted, then the Sundry Notice, Form 4 shall be filed under the name of the well under which the multiple well pad was originally permitted.
- If conductor pipe is set and the plans are changed so that it will not be used, the conductor pipe shall be cut four (4) feet below ground level and the pipe filled with material that is clean, inert and free from contaminants. The top of the conductor pipe must be sealed with either a cement plug and a screw cap, or cement plug and a steel plate welded in place with the hole backfilled to ground level and the site reclaimed in accordance with the COGCC 1000 Series Rules.
- A Permit-to-Drill must be approved for any well for which conductor pipe has been previously set before the drilling rig moves on to the well.
- Any Permit-to-Drill will not be valid beyond the one (1) year expiration date.
- Within thirty (30) days of completion, each well shall have a sign in proximity to the wellhead indicating its lease name and well number.
- If the pad includes multiple production facilities, then each facility shall have a sign indicating the well(s) utilizing that facility.

Application And Other Additional Requirements for Constructing a Multiple Well Pad

Application:

A Sundry Notice, Form 4 shall be submitted for an existing well or along with a new Application for Permit-to-Drill, Form 2 that includes:

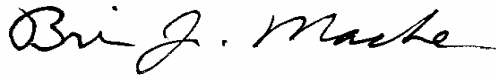
- Well names and numbers for all wells that are planned to be located on the multiple well pad.
- Proposed schedule for the pad construction and well drilling.
- Planned operations and procedures for the wells on the multiple well pad.
- A sketch of the proposed facility with wellhead locations and production equipment showing each well in relation to the other planned or existing wells.
- A sketch showing the proposed bottom hole locations (well density).
- A Surface Owner's Agreement addressing the development of the pad.

- Plans to protect public health, safety and welfare (such as how access to open holes will be prevented).
- Plans to protect the environment (such as ground water protection, erosion prevention, etc.).

The approval of the Sundry Notice, Form 4 shall be valid for a period of two (2) years. At the end of the multiple well pad project or the two (2) year period, whichever is first, a Sundry Notice, Form 4 must be submitted for each well on the pad providing information about the development that was completed, including an as-built site facility diagram.

The Sundry Notice, Form 4 approval of the well pad construction and setting of conductor pipe for multiple wells does not constitute the issuance of a Permit-to-Drill any proposed well.

Signed:

A handwritten signature in black ink that reads "Brian J. Macke". The signature is written in a cursive, flowing style.

Brian J. Macke
Director

HEARING DOCKET: JUNE 2006

						PRELIMINARY 04/20/2006
Docket Number	Cause	Applicant/Attorney or Representative	Application Received	Field Formation County	Matter	Remarks
0603-SP-15	407	Great Western Oil & Gas Co./ J. Michael Morgan	1/30/2006	Wattenberg Niobrara-Codell Weld	Request for an order to establish a 160-acre drilling and spacing unit consisting of the SE¼ of Section 26, Township 6 North, Range 67 West, 6th P.M., and to pool all non-consenting interests for the drilling of the Merchon 26-54 Well.	Continued from March
0606-AW-07	166	Laramie Energy LLC./ William G. Odell	4/18/2006	Plateau Mesaverde Group Mesa	Request for an order to allow up to four (4) wells in each 160-acre drilling and spacing unit for certain lands in Townships 9 and 10 South, Ranges 94 and 95 West, 6th P.M., with the permitted well to be located no closer than 100 feet from the unit boundary.	
0606-AW-08	429	Laramie Energy LLC./ William G. Odell	4/18/2006	Brush Creek Mesaverde Group Mesa	Request for an order to allow up to four (4) wells in each 160-acre drilling and spacing unit for certain lands in Townships 8.5, 9 and 10 South, Range 93 West, 6th P.M., and Townships 8, 8.5, 9 and 10 South, Range 94 West, 6th P.M. with the permitted well to be located no closer than 100 feet from the unit boundary.	
0606-EX-06	440	Williams Production RMT Co./ William A. Keefe	3/22/2006	Grand Valley Williams Fork Garfield	Request for an order allowing an exception location to Order No. 440-23, for the downhole location of the GM-243-1 Well located in the N½ of Section 1, Township 7 South, Range 96 West, 6th P.M.	
0606-RM-01	1	Berry Petroleum Company/ Randall M. Case	4/19/2006	Various Niobrara Yuma/Phillips	Request to amend Rule 318B, to include additional lands and modify setbacks to 300 feet from lease lines or unit boundaries.	
0606-SP-21	139 & 440	Noble Energy Inc./ Gregory R. Danielson	4/17/2006	Wildcat Williams Fork/Iles Garfield/Mesa	Request for an order to establish 40-acre drilling and spacing units and allow increased density of up to four (4) wells, for certain lands in Townships 7 and 8 South, Range 95 West, 6th P.M., with the permitted well to be located no closer than 100 feet from the unit boundary.	

0606-SP-22	381	Orr Energy, LLC./ J. Michael Morgan	04/14/2006	Bracewell Codell and Niobrara Weld	Request for an order to vacate certain lands in Township 6 South, Range 66 West, 6th P.M. from the provisions of Order No. 138-5 and to establish 40-acre drilling and spacing units.	
0606-SP-23	517	Cedar Ridge LLC./ Michael J. Wozniak	4/17/2006	Various Raton/Vermejo Coal Huerfano/Las Animas	Request for an order to vacate Order No. 517-3 which established 160-acre drilling and spacing units for certain lands in Townships 30 and 31 South, Range 65 West, 6th P.M., Townships 29 through 31 South, Range 66 West, 6th P.M., and Township 31 South, Range 67 West, 6th P.M.	
0606-SP-24	371	Laramie Energy LLC./ William G. Odell	4/18/2006	Buzzard Mesaverde Group Mesa	Request for an order to vacate certain lands in Township 9 South, Range 94 West, 6th P.M. from the provisions of Cause No. 371 and place the lands under the Rules and Regulations of the Commission.	
0606-SP-25	191	Dolphin Energy Corp./ Stephen J. Sullivan	4/17/2006	Mamm Creek Williams Fork Garfield	Request for an order to establish 320-acre drilling and spacing units in Sections 30 and 31, Township 5 South, Range 92 West, 6th P.M. and in the N½ of Section 3, Township 6 South, Range 93 West, 6th P.M., and to allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the unit boundary.	
0606-SP-26	191	Antero Resources Co./ William A. Keefe	4/17/2006	Mamm Creek Williams Fork Garfield	Request for an order to establish a 160-acre drilling and spacing unit for the SW¼ and 40-acre drilling and spacing units for the NW¼ SE¼ and the SE¼ SE¼ of Section 16, Township 6 South, Range 92 West, 6th P.M., and to allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the unit boundary.	
0606-SP-27	1	CDX LLC./ Michael J. Wozniak	4/17/2006	Wildcat Williams Fork Coal Seam Moffat	Request for an order to vacate Order No. 1-220 which established a 1,122-acre exploratory unit for certain lands in Townships 7 and 8 North, Range 94 West, 6th P.M. which are now included in the Sugarloaf Federal Unit.	
0606-SP-28	139	EnCana Oil & Gas (USA) Inc./ Erika Z. Enger	4/17/2006	Rulison Iles Garfield	Request for an order to establish 40-acre drilling and spacing and allow increased density of up to two (2) wells for certain lands in Township 8 South, Range 96 West, 6th P.M., with the permitted well to be located no closer than 200 feet from the unit boundary.	

0606-SP-29	166	EnCana Oil & Gas (USA) Inc./ Erika Z. Enger	4/17/2006	Plateau Williams Fork/Iles Mesa	Request for an order to establish 320-acre drilling and spacing unit consisting of the W½ of Sections 6, Township 8 South, Range 96 West, 6th P.M., and to allow up to eight (8) with the permitted well to be located no closer than 200 feet from the unit boundary.	
0606-SP-30	139	Williams Production RMT Co./ William A. Keefe	3/22/2006	Rulison Mesaverde Group Garfield	Request for an order to vacate the SW¼ and S½ SE¼ of Section 5, Township 7 South, Range 94 West, 6th P.M. from the provisions of Cause No. 139 and place the lands under the Rules and Regulations of the Commission, and to establish the remaining lands in Section 5 as a 386.52-acre drilling and spacing unit.	
0606-SP-31	143	Windsor Energy Group/ William A. Keefe	4/17/2006	Divide Creek Mesaverde Garfield/Mesa	Request for an order to vacate certain lands in Township 7 South, Range 91 West, 6th P.M. from the provisions of Cause No. 143 and place the lands under the Rules and Regulations of the Commission.	
0606-SP-32	191	Antero Resources Co./ William A. Keefe	4/18/2006	Mamm Creek Iles Garfield	Request for an order to establish various 320-acre, 160-acre, 80-acre and 40-acre drilling and spacing units for certain lands in Townships 5 and 6 South, Range 92 West, 6th P.M. and Township 6 South, Range 93 West, 6th P.M., and to allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the unit boundary.	
0606-OV-07	1V	Staff Recommendation	3/15/2006	Garfield	AOC-Failure by Presco, Inc. to comply with Rule 324A.b. for violating the Water Quality Control Commission's Basic Standards for Surface Waters, on the Battlement Mesa No. 36-23 Well located in the SW¼ NE¼ of Section 36, Township 7 South, Range 95 West, 6th P.M.	
0606-OV-08	1V	Staff Recommendation	3/14/2005	Garfield	AOC-Failure by Texas Tea, LLC. to comply with Rule 708., failure to maintain general liability insurance coverage for property damage and bodily injury to third parties in the minimum amount of five hundred thousand dollars (\$500,000) per occurrence.	