

## MEMORANDUM

**TO:** COGCC Commissioners

**FROM:** Rich Griebling

**DATE:** June 25, 2004

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

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

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

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

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

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

- Regulation: The Bureau of Land Management (BLM) generally regulates oil and gas operations on Tribal Lands and performs many of the functions that the COGCC does elsewhere. The BLM regulates oil and gas operations on the SUIT lands. The COGCC staff and the BLM staff communicate as appropriate.

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

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