STATE OF COLORADO OIL & GAS CONSERVATION COMMISSION

Staff Report

July 8, 2010

I. STATISTICS

Our monthly statistics and permit activity report are on pages 16-24. These statistics include the permit and location assessment information that were previously included on the first page of the staff report.

II. NORTHWEST COLORADO

♦ Northwest Colorado Oil and Gas Forum

The Northwest Colorado Oil and Gas Forum (Forum) is an informal gathering of local, state, and federal government officials, oil and gas industry representatives, and citizens that have met regularly since 1989. The purpose of the Forum is to share information about oil and gas development in northwest Colorado and to make government officials and oil and gas industry representatives easily accessible to the public. Currently the meetings are conducted once per quarter and are co-chaired by the COGCC's Director, Dave Neslin, and Garfield County Commissioner, Mike Samson.

The next meeting is scheduled for September 2, 2010, at 10:00 am. The venue will once again be the Colorado Mountain College—West Garfield Campus, 3695 Airport Road in Rifle, CO.

All parties wishing to be placed on the meeting agenda should contact Chris Canfield at: 970-625-2497 or via email at: chris.canfield@state.co.us.

♦ Project Rulison

Comments received from those who reviewed Revision 2 of the Rulison Sampling and Analysis Plan (RSAP) are being incorporated into Revision 3 of the RSAP. A generic email address has been set up to convey Project Rulison related information. That address is: Rulison.submittal@state.co.us.

♦ Project Rio Blanco

Review comments on the Rio Blanco Sampling and Analysis Plan (SAP) Draft Final Revision 1 are being addressed by the COGCC and the Colorado Department of Public Health and Environment (CDPHE). These comments will be incorporated into Revision 1 of the SAP. A generic email address has been set up to convey Project Rio Blanco related information. That address is: Rioblanco.submittal@state.co.us.

III. SOUTHWEST COLORADO

♦ Gas and Oil Regulatory Team (GORT) Meeting

The next GORT/Southwest Colorado Oil and Gas Stakeholders meeting is scheduled for July 15, 2010, at 8:30 am at the La Plata County Fairgrounds in Durango, Colorado.

All parties wishing to be placed on the next meeting agenda should contact Karen Spray at: 970-259-1619 or karen.spray@state.co.us. Demonstrations of new technology or unique solutions to problems are always well received.

♦ Fruitland Formation Outcrop Mitigation and Monitoring Projects (4M Projects)

Fruitland Formation Outcrop - 4M Pilot Scale Mitigation Projects La Plata County. In late May 2010, an Army Corp of Engineers (COE) permit was obtained which allowed the installation of a liner under South Fork Texas Creek (SFTC). Field work was initiated during the week of June 14, 2010, by LT Environmental, Inc. (LTE) that included both the installation of the liner, and several well points along the creek bank. It is hoped that this will allow more methane to be captured. In addition, an

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Department of Natural Resources: Bill Ritter, Jr., Governor; Mike King, Executive Director; David Neslin, COGCC Director
1120 Lincoln St. Suite 801, Denver, CO 80203 PHONE: (303) 894-2100 FAX: (303) 894-2109 www.colorado.gov/cogcc; email: dnr.ogcc@state.co.us

adjacent COGCC monitoring well (MW35-7-8-2) is being connected, on a temporary basis, to the electrical generation system to provide an additional source of methane gas. The intent of system optimization and additional gas capture is to: 1) continue to reduce the volume of methane released to the atmosphere; and 2) increase the run-time and hence production of electricity from the turbine gas unit. During this time, the weather station at SFTC was also upgraded and a telephone line for telemetry was installed. Gas continues to be collected and vented at the Pine River Ranches (PRR) location.

4M Monitoring Wells La Plata and Archuleta Counties. Final reclamation of the 2009 La Plata County 4M monitoring well sites was completed in May 2010. The final report for 2009 field activities is in production and should be available by summer 2010.

The Deep Canyon monitoring well in Archuleta County was completed and instrumentation was installed on June 2, 2010. Data are currently being collected from this location and site reclamation is complete. A final report on field activities is pending and will be posted on the COGCC website once finalized. Funding for this phase of the 4M Project ends on June 30, 2010, and no additional wells will be installed this year.

There are currently 17 wells at 11 locations in the COGCC 4M monitoring program. Results of a May 2010 inspection of all locations by Norwest Applied Hydrology and COGCC staff determined that the Teflon seals installed as standard equipment on the Conax fittings were not suitable for regions that experience significant temperature fluctuations because the expansion and contraction of the fitting results in methane leakage. Communications with the manufacturer, Conax, concluded that a neoprene seal would respond better to temperature fluctuations and a program was implemented to replace Conax Teflon seals on all of the monitoring wells. Field activities to address these and additional data collection issues were initiated on June 2, 2010. Conax seals were replaced at 5 locations during this time and data collection/transmission issues were assessed and corrected at the Fiddler and Palmer Ranch locations. The remaining wells are scheduled to be upgraded during the second week of August 2010. During this time the upper transducer in the Wagon Gulch #2 well will also be moved to a lower depth in the well to prevent freezing during the winter.

An infestation of Hoary Cress, a.k.a. Whitetop, was identified at the Wagon Gulch location in May 2010. Souder Miller & Associates (SMA) contracted with Pride Weed Control from Durango, Colorado, to treat the location in coordination with the U.S. Forest Service. In addition, a two-strand electric fence was placed around the infestation and pad to prevent incursion by grazing cattle. The site will continue to be monitored and treated as necessary to prevent the spread of this weed.

- San Juan Basin Coalbed Methane Water Quality Analysis (WQA)

  The project contractor, AMEC-Geomatrix, submitted a final report to the COGCC on June 8, 2010, which is available on the COGCC webpage under Library, San Juan Basin, Studies in the San Juan Basin, "Trend and Data Analysis San Juan Basin Water Quality Analysis Project." AMEC-Geomatrix and the COGCC are scheduled to present the project report to the La Plata County Board of Commissioners during their July 13, 2010, meeting in Durango.

  The results of this report are the first stage in a more detailed evaluation of the data. Further evaluation of indentified well-specific trends and/or changes in methane concentrations will be conducted by the COGCC on a well-by-well basis. Additional graphical representation using all data, not just those with 4 data points, will also be developed to identify and assess potential areas of concern followed by detailed investigation and corrective actions, if warranted.

- Ongoing Investigation, Reclamation, and Mitigation of Residual Methane in the Vicinity of the Bryce 1-X Well Area, Bondad, Colorado

  Repair and sanitation activities were completed on the North and Middle wells and the treat-

ment system in May 2010. The water wells were sampled by Four Corners Geoscience (FCG), contracted to the COGCC on June 2, 2010. Initial results indicate methane has decreased in the Middle, South, and North wells. A slight increase in methane was indicated in the Fire Station well; however it remains well below the historic high at this location. Additional laboratory data are pending.

IV. NORTHEAST COLORADO

♦ Baseline Water Quality Sampling – Weld County

COGCC staff have initiated a limited baseline surface and groundwater sampling program in northern Weld County. At the request of a local landowner concerned about potential impacts from proposed oil and gas development of the Niobrara Formation in northern Weld County, COGCC staff and contractors have collected samples from springs, ponds and selected domestic and irrigation wells in Township 11 North, Range 63 West, Township 11 North, Range 62 West, and Township 10 North, Range 62 West. The domestic and irrigation wells produce shallow groundwater and have depths ranging between 25 and 400 feet below ground surface. Initial analytical results indicate that surface water and shallow groundwater quality is excellent with total dissolved solids of approximately 250 milligrams per liter and exhibiting no impacts from existing oil and gas operations on the area.

V. SOUTHEAST COLORADO

♦ Historic Florence Oil Field Gas Seep Survey

Oil production began in the Canon City and Florence area in 1862. Approximately 700 oil and gas wells were drilled in the area by 1908. Approximate locations of many of these oil and gas wells are known. However, little is known about how or even if these wells were plugged and abandoned. Oil was the primary product of these historic wells, and many were abandoned when oil production declined. Gas production was noted to increase in many of the wells as oil production declined. Several abandoned historic (pre-1950's) wells have been found in the last decade by COGCC staff to be venting combustible gases. Several have been plugged by the COGCC. Many more historic oil and gas wells in the area may not have been properly plugged and may pose risks to homes, structures and the citizens of the area.

Recently COGCC hired a contractor to digitize the locations of historic oil and gas wells in the Florence field from 1904, 1908, and the mid-1950's using a variety of old maps. This was done to help identify potential hazards posed by the historic wells in proximity to homes and other occupied structures. Historic wells are believed to be present in more than 50 sections (approximately 50 square miles).

A rapid and effective means of screening for potential combustible gas leaks in this relatively large area is to perform a driving survey along all accessible roads to monitor for the presence of combustible gases in the atmosphere near the ground surface. The detection of combustible gases near suspected historic well locations would be evaluated by staff after the conclusion of the ground survey. A driving survey to aid in determination of potential hazards posed by these historic oil wells will be performed by a contractor before the end of June 2010. COGCC Engineering, Field Inspection, GIS, and Environmental staff members are working jointly to help identify problem orphaned wells in the historic Florence Oil field and to ensure proper plugging is performed as needed. One leaking pre-1908 well, believed to be the United Oil 346, 05-043-40079, which is located in the yard of a rural home, was plugged in late June 2010.

♦ Corsentino Dairy Farms Site Investigation and Remediation Workplan

The owners of Corsentino Dairy Farms, Petroglyph Energy Inc. (PEI), and COGCC staff have reached agreement on a voluntary site investigation and remediation workplan intended to address impacts to soils at the dairy farm from Colorado Department of Public Health and Environment (CDPHE)-permitted discharge of coalbed methane (CBM) produced water by PEI into the Cucharas River upstream of the dairy's irrigation water intake. Corn was planted this spring and has germinated in 6 fields where

corn has typically been cultivated. Documents related to this remediation can be viewed on the COGCC webpage under Images, Project 4625.

- Methane Investigation Monitoring, and Mitigation Plan (MIMMP) - Huerfano County

Phase 1 Update

Three monitoring wells, 4 recovery, and 8 injection wells have been drilled, completed and tested by Petroglyph Energy Inc. (PEI) as part of Phase 1 of the MIMMP. Treatment under Phase 1 consists of physically separating methane from the recovered groundwater using a vertical separator. The methane is sent to a controlled flare for combustion. Operation of the pump, treatment, and injection system started on December 8, 2008. More than 16 million gallons of water had been pumped to the surface and treated as of June 2, 2010. More than 99% of that water has been reinjected into the aquifer after treatment. In recent months PEI added one pre-existing domestic water well to the methane and water recovery system to hasten removal of free gas from the impacted aquifer systems. This domestic well is functioning in a manner similar to the other removal wells with the water reinjected in a nearby injection well that is already part of the system.

Gas flows are monitored at 4 domestic wells by PEI or its consultant and at 2 domestic wells by COGCC and its consultant. Overall gas flow has decreased in all monitored domestic wells.

Mitigation

PEI is currently supplying water to 16 homes upon request of the well owner. Methane alarms have been installed in 15 homes. Petroglyph reports that in their opinion, no alarms have been triggered by the presence of methane inside the residences equipped with the alarms based on their on-site investigations after alarm reports.

Phase II

The U.S. Environmental Protection Agency (EPA) issued permits for wells that would be used to inject a mix of treated water from existing Poison Canyon Formation. mitigation wells and Vermejo Formation water produced from coalbed methane (CBM) wells into water-bearing units in the Poison Canyon Formation. The permits issued by the EPA include as a condition of approval the requirement that a groundwater sampling and analysis plan be submitted for approval to both EPA and COGCC prior to initiation of injection of treated Vermejo Formation water from CBM wells. The sampling will be required to better ensure the protection of the groundwater resources available to homeowners in the area. PEI has submitted an application to the Colorado Division of Water Resources to ask for changes to water sources and injection as part the process of initiating Phase II. Approval by the COGCC for PEI to operate some of their CBM wells will also be needed prior to initiation of Phase II.

VI. ORGANIZATION

Mark Weems has been appointed the new Engineering Manager, relocating from Durango to Denver this summer. Mark first joined the COGCC 22 years ago, and he has since served as both a district engineer and a field inspector in southwest Colorado. Before joining the COGCC, Mark worked as a petroleum and reservoir engineer for several oil and gas companies in Denver.

Greg Deranleau accepted the Oil & Gas Location Assessment (OGLA) team Supervisor position and began work on July 6, 2010. Greg has 15 years of environmental consulting experience, including extensive work at oil and gas production facilities, gas plants, oil refineries, industrial and military facilities, and mines. He has provided engineering and construction oversight for large civil construction projects including, evaporation pits, slurry wall installation, and soil excavations. Most recently Greg managed a corporate program providing comprehensive spill prevention plans and technical training to oil-handling personnel in the oil and gas industry. Greg has a B.A. in Environmental Studies with a minor in geology from the University of Colorado.

An organizational chart can be found on pages 12-14. For contact information, please go to our website and click on “Contacts” on our

homepage, and then "Staff Contact Information."

VII. PLANNING/ADMINISTRATION/OTHER

- Public Outreach Opportunities

Ed Binkley, the northeast Field Inspection Supervisor, conducted a training session with the Weld County Planning office on May 26, 2010. Training included identification and purpose of production surface equipment, permit processing, and instruction on use of COGIS database.

Bob Chesson and Steve Lindblom attended the June 11, 2010, quarterly meeting of the Groundwater Protection Council (GWPC). The GWCP is organized by the Colorado Department of Public Health and Environment's (CDPHE) Water Quality Control Division (WQCD) and consists of a group of representatives from CDPHE, Environmental Protection Agency, Division of Oil and Public Safety, and Division of Reclamation, Mining, and Safety. Attendees discussed a draft of the CDPHE—Hazardous Materials and Waste Management Division procedure for addressing requests for No Further Action Criteria at groundwater remediation sites.

Mike Leonard, Field Inspection Supervisor for southern Colorado, attended the Open House held by El Paso E&P Company, L.P. on June 14, 2010. The meeting was held in Fairplay and provided residents with an overview of a natural gas exploration project El Paso is planning in southern Park County near Hartsel.

Karen Spray co-presented the paper "Converting Fugitive Methane Gas Emissions Into a Viable Resource, Fruitland Formation Outcrop, San Juan Basin Colorado" at the regional conference held in Durango, Colorado, on June 16, 2010. She also co-led the San Juan Basin field trip on June 17, 2010, which visited the 4M Mitigation site on South Fork Texas Creek.

Southeastern region environmental protection specialist Peter Gintautas presented an informational talk on coalbed methane (CBM) produced water quantity, quality, and disposal practices in the San Juan and Raton basins to the Environmental Law Section of the Colorado Bar Association. Other speakers at the luncheon session were Janet Kieler of the CDPHE WQCD, who spoke about Colorado Discharge Permit System discharge permits for CBM produced water, and John Cyran, Assistant Attorney General for the Division of Water Resources, regarding tributary and non-tributary concepts as they relate to produced water.

- Onsite Inspection Policy

Under the Policy For Onsite Inspections On Lands Where The Surface Owner Is Not A Party To A Surface Use Agreement Policy, which was effective for Applications for Permits-to-Drill (APDs) submitted after February 15, 2005, the COGCC has received to date a total of 135 requests for onsite inspections.

Thirty onsite inspections have been conducted, 88 requests for inspections have been withdrawn, and 17 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 135 requests for onsite inspection, 73 were for locations in Weld County, 25 in Las Animas County, 9 in Adams County, 7 in La Plata County, 5 in Garfield County, 3 each in Archuleta, Boulder and Yuma Counties, 2 each in Logan and Morgan Counties, and 1 each in Baca, Kiowa, and Larimer Counties.

Where surface owners have requested Onsite Inspections beyond the 10 business-day window provided for in the Policy, and where there is a dispute between parties regarding the date of the Rule 306 consultation, COGCC staff have attended meetings between parties on location to facilitate communication between the parties and to minimize impacts to the surface owner through voluntary measures implemented by the operator.

In addition to the Onsite Inspection Policy, onsite inspections are being conducted in the San Juan Basin under Cause 112, Order Nos. 156 and 157 where an Onsite Inspection was required

because an APD was submitted without a surface use agreement.

♦ Plugging and Abandonment and Well Reclamation (PAWR) Fund Status

On page 15 is the spreadsheet listing PAWR projects for Fiscal Year '09-'10. The Golden Hammer bid will be done next year. The Redo Oak and DeBeque road design will be completed this fiscal year.

♦ August 2010 Hearing Docket

A docket for the August 2010 hearing will be available shortly after the July hearing. Hearing dockets are available on our website by clicking on "Hearings." Links to the notices and hearing applications are available from the Docket Number and Applicant, respectively. To sign up for e-mail notification of hearing notices and applications, please see the announcement and instructions on the homepage of the COGCC website at: www.colorado.gov/cogcc.

♦ Colorado Oil and Gas Information System ("COGIS")

COGIS is made up of many different components that are used by the COGCC, 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 COGCC, its function, and oil and gas development in Colorado.

* 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 COGCC studies, activity reports, and statistical downloads. The annual statistics and the weekly/monthly statistics are available here.

* 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 COGCC statute, Rules and Regulations, and policies.

* Policies
This page contains links to COGCC policies.

* Orders
This application provides searchable capability of the COGCC's orders. The search by location is still under construction as we create the map layers for all spacing orders.

* Forms
All forms 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. The forms used by operators to submit information on location of wells and completion reports have been modified to accept latitude and longitude data. 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.

* News/Media
This category provides general information to the media. It contains statistics, charts, graphs, and other items of interest.

* 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.

  The wells layer displays all wells in the state. The user can double-click on a well to get additional information. A well status layer can be turned on to see various symbols for well status. There are also approved and pending permit layers that are live to the COGCC database.

  Three map layers were added to the COGCC Geographic Information Systems (GIS) Online main map in support of the Final Amended Rules approved in December 2008:

  1. Wildlife Restricted Surface Occupancy (RSO) Areas
  2. Sensitive Wildlife Habitats (SWH)
  3. Rule 317B Surface Water Supply Area Buffers

  These map layers will be used to determine if a proposed drilling location is subject to the provisions of the new rules. In addition, a second map was added, entitled "Wildlife Map." The Wildlife map displays the wildlife species-specific RSO and SWH areas. The Wildlife map data were provided by Colorado Division of Wildlife (CDOW). Surface Water Supply area data were provided by Colorado Department of Public Health and Environment (CDPHE). The CDOW and CDPHE GIS staffs were very helpful regarding data requests.

  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.

  The National Resource Conservation Service Soil Data Mart is included on our maps. Through these links the public can get reports on the soil surveys for any area of the state.

  Statewide aerial photographs taken during the summer of 2009, under the National Agriculture Imagery Program, have been added to the COGCC GIS Online map. The resolution is such that well pads and related features can be easily seen.

  The COGCC, in cooperation with the BLM, added map layers containing the lease stipulations from the BLM to the COGCC GIS Online site. Among the layers available include Federal Oil and Gas leases, Federal Oil and Gas Subsurface Rights, and Exploratory Units.

  A new directional survey bottomhole map layer was added to the COGCC GIS Online map in March 2010.

* Help
  In December 2008, two search tools were added to the Help menu to be used in conjunction with the map layers that were added for the Final Amended Rules.

  The Oil & Gas Activity Notification Tool allows a user to enter a section-township-range of interest which returns a table identifying which quarter-quarter sections are subject to Rule 317B, RSO areas, or SWH requirements. The user can then click on a link, which opens the map, and zoom to the section of interest for further inspection.

  The Map Temporary Coordinated Tool allows the user to enter a latitude and longitude to view on the map. The user can then turn on the relevant map layers to see which layers intersect the entered coordinates.

  A tutorial document for the COGCC Interim Policy for APDs is posted in the Help area and the homepage of the website. This

document helps explain the interim process that the COGCC used for processing APDs until the Final Amended Rules took effect. Included in the document are explanations on how to use the new tools and map layers that have been developed for the Final Amended Rules.

The COGCC, with assistance from the Ground Water Quality Protection Council, has produced two Macromedia Flash movies to help users understand the many features available within the COGCC GIS Online system. The movies are located by clicking on the HELP link from the main menu or by using the following link: http://colorado.gov/cogcc/COGIS_Help/Help.asp.

Two applications on the COGCC website are available to help operators with the entering of data relating to locations. The first, a Footage calculator, will take a new latitude and longitude and calculate new footage calls based on the location supplied at the time of permitting. The tool should only be used to compare locations where latitude and longitude were supplied on the permit as required by the December 1, 2005, rule change. 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.

The eForm Training Manual covers the material presented in the three training sessions that were held to introduce the new electronic form submission tool to the industry. The application has been receiving forms from the industry since July 2009.

The manual can be found at http://cogcc.state.co.us/COGIS_Help/eForm_training_manual.pdf. A document explaining the Local Government Designee process in eForm is now available in the Help section.

- Local Area Network

COGCC staff are connected to services by a Local Area Network ("LAN") connection which provides email 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 utilize the same applications in their work as Internet users, in addition to others outlined below.

* Database
The COGCC maintain 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 COGCC to electronically available documents.

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

* eForm
This application utilizing the same code base that industry uses to submit Applications for Permits-to-Drill (Form 2) and Oil and Gas Location Assessment Form (Form 2A), is being used by staff to input, route, edit, and update these forms internally.

* 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.

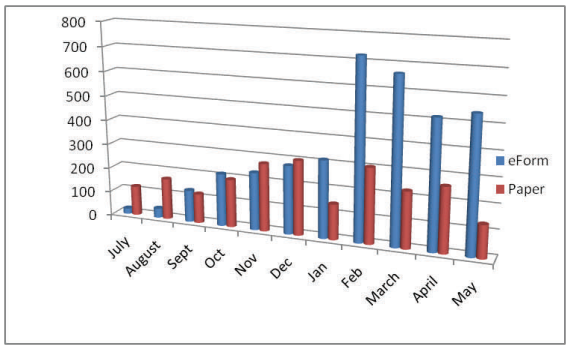
* COGIS Tools
This set of applications allows COGCC staff to correct data in the database in addition to performing specialized workflow administration.

- Remote Users
This is the final component of the COGIS system. 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 to Electronic Form Submissions (eForm)

In May the rate of eForm submittals reached 80% for all Form 2s and Form 2As, as the following chart demonstrates.



The system allows the operator to submit the data for the form and all of the required attachments. Attachments must be in a PDF file format. Benefits of the eForm application to the operator include the ability to circulate the forms internally and check data prior to submitting to the COGCC, a decrease in the time it takes for the form to begin its regulatory review at the COGCC, and for the operators who are able to log into eForm, they can track the regulatory form as it is being reviewed within the COGCC.

Along with the eForm system, a page is available where the operators can review all known bugs within the system and report any new ones they discover.

The public can now make comments on all submitted Oil and Gas Location Assessment (OGLA) forms (Forms 2A) through the eForm system. This is accomplished by going to the COGCC website (http://www.colorado.gov/cogcc) and clicking on the menu option, "Permits", (or http://cogcc.state.co.us/COGIS/DrillingPermits.asp).

On the COGIS-Permits page, two new search options have been added for OGLA forms, "All Pending Location Assessments for" and "All Approved Location Assessments for." When the results are displayed for forms in process, the public can click on the document number, which logs the user onto the new eForm application. Once the page is displayed with the selected document, the user can select the Comment button to make a comment on that particular form. The public can use this same method to make comments on APDs (Form 2s). For any operator not currently enrolled in eForm, instructions for starting the process can be found at http://cogcc.state.co.us/Announcements/COUAInformation.pdf

Field Inspection Form

Work has begun on the project to create a new Field Inspection form for staff to utilize as they do their field inspections. The goal of the project is to enable a single form to be used by the different groups within the division who perform inspections in the field. One exciting aspect to the project will be the ability of the staff to complete their forms in the field and have them uploaded to the COGIS database the next time they connect to the network.

Rulemaking Activity Page

The Final Amended Rules (December 2008) have been published and posted to the COGCC's website homepage at: http://www.colorado.gov/cogcc. The pages associated with rulemaking activity, including numerous documents filed, public comments, and audio recordings of the proceedings are still available.

US Standard XML Reporting Project

The COGCC, the Ground Water Quality Protection Council, and agencies from several other states have been working together to establish an XML file format for permitting wells and reporting well completions. The working group issued a beta version to members of industry for their review and comment in February 2007. After a second review and discussion among the working group, the final version was published to the industry in June 2007. The next phase of this project is underway with the development of the application within the agencies to handle the submission of the XML files for processing. With the release of eForm, another review has been undertaken to integrate the schema with eForm.

LAS File Upload
All digital well logs submitted to the COGCC over the Internet are to be in LAS (log ASCII) format. In addition to the LAS file, a paper log file is still required. Additionally an operator can submit the same log file in a PDS format, but the PDS format cannot replace the LAS requirement. To submit digital well logs over the Internet, an application must be completed. The application is available from the "Forms" page on the COGCC website http://www.colorado.gov/cogcc. To utilize the system, the operator will need to submit a Designation of Agent Form, Form 1A. COGCC staff are working with operators and logging companies to gain compliance with the digital log submission requirement. The rule still requires the operator to submit a paper copy of each well log (Rule 308A). All operators are required to be in compliance with this Rule for all wells completed since July 2004.

Spacing Orders Project
The spacing orders are being evaluated and posted on the maps, with over 95% of the state having been reviewed. The Wattenberg Field in northeast Colorado is the only area remaining to be completed.

Historic Wells Mapping Project
COGCC's GIS staff obtained historic maps of the Florence Oil Field and had well locations converted to GIS formats. The GIS layer was added to the Field Inspectors' laptops so that they can look for these old wells on the ground. Any old wells located will be added to the COGCC database and evaluated for further actions, if necessary. A similar mapping project is underway for the Boulder Oil Field.

VIII. VARIANCES

1. ExxonMobil Oil Corporation ("ExxonMobil") submitted a Sundry Notice requesting a variance to the production casing compressive strength requirements of Rule 317.i. for 29 wells, which are located on 3 different pads located in their Freedom Unit and Piceance Creek Unit. All of these wells have federal jurisdiction for surface and minerals. Exhibit A on page 25 shows a complete list of wells and locations.

   As a result of the use of high-temperature-capable cement retarders in the cement slurry, ExxonMobil's production casing cement design for these wells does not meet the temperature requirement of Rule 317.i., which specifies that production casing cement "shall be of adequate quality to achieve a minimum compressive strength of at least three hundred (300) psi after twenty-four (24) hours and eight hundred (800) psi after seventy-two (72) hours measured at ninety-five degrees fahrenheit (95°F) and at eight hundred (800) psi." ExxonMobil's production casing cement design will meet the required compressive strengths within the required timeframes at the expected downhole temperatures.

   ExxonMobil contends that the requested variances do not violate the basic intent of the Oil & Gas Conservation Act. In June of 2010, COGCC staff approved ExxonMobil's Rule 317.i variance requests. ExxonMobil has submitted similar requests to the Bureau of Land Management.

2. Three 502.b. variances were granted for the Kerr Mcgee Carma Wells 32-36, 21-36, and 22-36. Kerr Mcgee applied for an exception to rule 318A.a. requesting approval to drill 3 additional infill locations in Section 36, Township 3 North, Range 68 West. A 502.b. request by the operator was submitted in response to not receiving all the consents by the mineral interest owners to the proposed spacing units. No objections to the proposed spacing units were filed.

3. A 502.b. variance from re-contouring and re-grading requirements under in the 1003 Interim Reclamation Rules has been approved for Chevron U.S.A Inc., SKR 698 16 AV pad located in SE¼ NE¼ of Section 16, Township 6 South, Range 98 West. Chevron plans to drill 24 wells on the pad in the future and has set conductor pipe for these wells in compliance with the 2006 Conductor Setting Policy. Some interim reclamation activities have been conducted to stabilize slopes and to re-vegetate soil stockpiles. Additionally, stormwater best management practices (BMP) have been installed to prevent erosion and the pad is inspected by Chevron employees or contractors for signs of

erosion and BMP efficiency on regular intervals of 14 days, or within 24 hours of significant storm events. Conditions of approval have been placed on the variance request that include: annual report on drilling plans, variance is limited to 24 months, re-permit the 24 wells that are planned, submit quarterly report summarizing stormwater inspections; and the variance is subject to COGCC site inspection to ensure that all equipment, material and debris have been removed from the location.

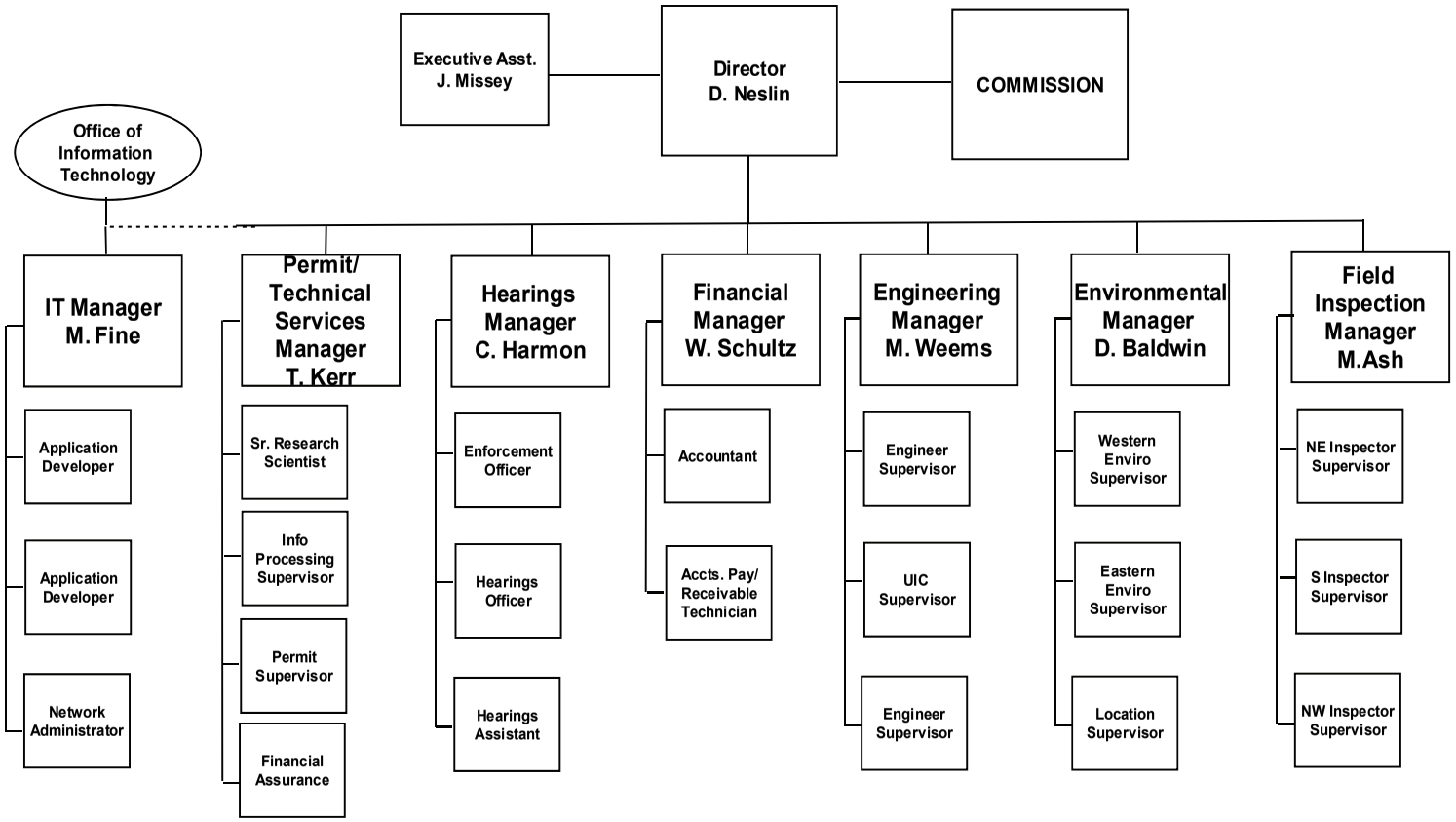
4. A permit was issued without notice or consultation per rule 303.l.(2) for Pine Ridge Oil & Gas LLC. (Pine Ridge), Permit #400065631 for the Cutthroat 32-29 Well on June 11, 2010. The exigent circumstances for the subject well are that without this immediate action and permit approval, Pine Ridge would incur substantial expense and delays. Pine Ridge presently has a rig drilling in the Florence area that will leave if Pine Ridge is unable to receive a State of Colorado drilling permit for this well in an expedited time frame. The operator has provided the request and waivers from itself, the Local Government Designee (LGD) and the surface owner.

5. A permit was issued without notice or consultation per rule 303.l.(2) for Pine Ridge Permit #400065941 for the Lake 34-29 Well on June 11, 2010. The exigent circumstances for the subject well are that without this immediate action and permit approval, Pine Ridge would incur substantial expense and delays. Pine Ridge presently has a rig drilling in the Florence area that will leave if Pine Ridge is unable to receive a State of Colorado drilling permit for this well in an expedited time frame. The operator has provided the request and waivers from itself, the LGD, and the surface owner.

6. A permit was issued without notice or consultation per rule 303.l.(2) for Pine Ridge Permit #400068576 for the Woolly Bugger 34-20 Well on June 18, 2010. The exigent circumstances for the subject well are that without this immediate action and permit approval, Pine Ridge would incur substantial expense and delays. Pine Ridge presently has a rig drilling in the Florence area that will leave if Pine Ridge is unable to receive a State of Colorado drilling permit for this well in an expedited time frame. The operator has provided the request and waivers from itself, the LGD, and the surface owner.

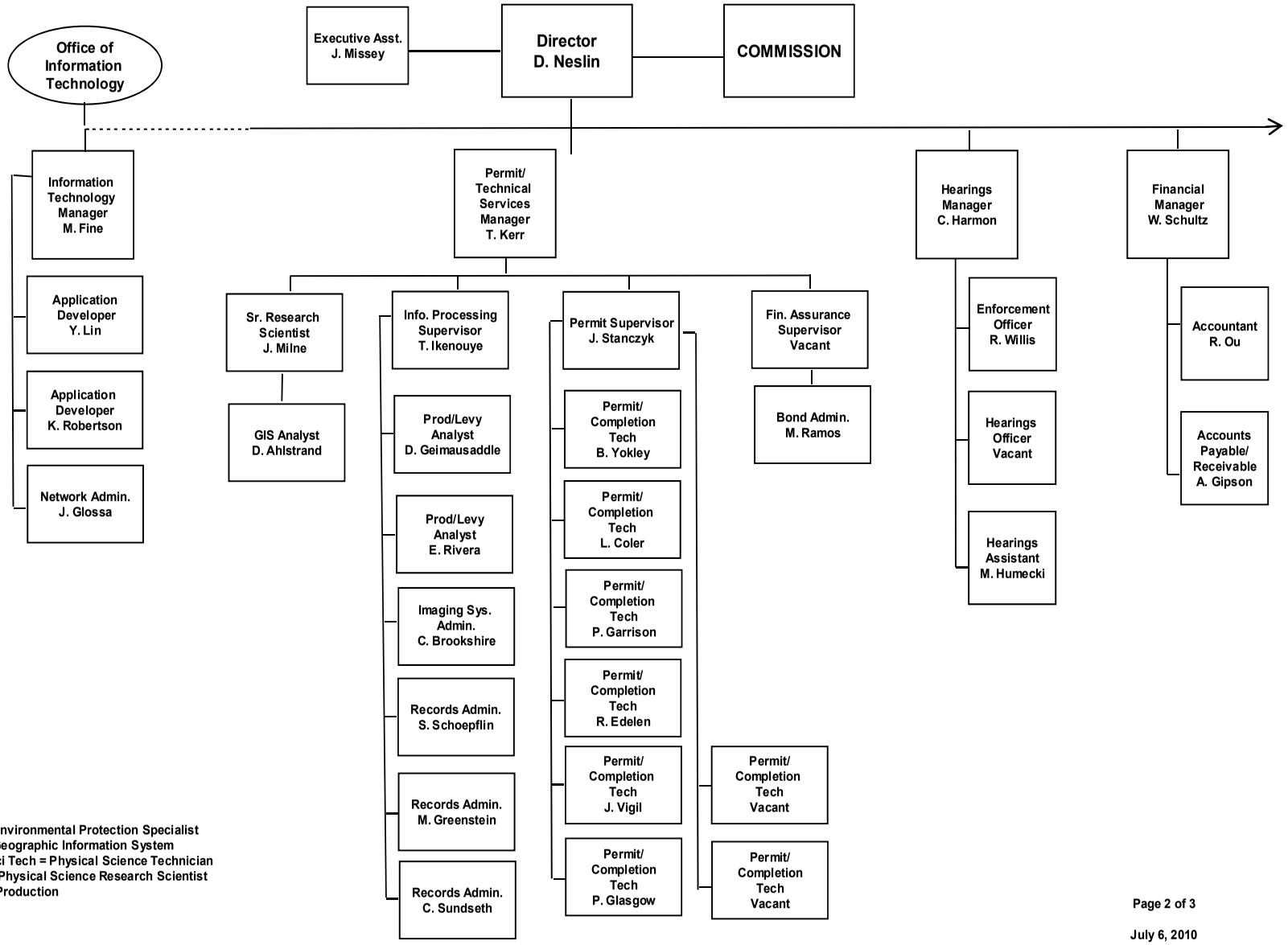
7. An Oil and Gas Location Assessment (Form 2A) was issued without notice or consultation per rule 303.l.(2) for Halcyon Exploration Company LLC. (Halcyon Exploration), Document #2582724 for the Neugebauer #1 Well on June 25, 2010. Without this immediate action and approval of the Form 2A, Halcyon Exploration will on July 1, 2010, lose the mineral lease for this wellsite. There is presently a rig in the area that is available and will leave if Halcyon Exploration is unable to receive a State of Colorado Form 2A for this well in an expedited time frame. The operator has provided the request and waivers from titself, the LGD, and the surface owner.

COLORADO OIL & GAS CONSERVATION COMMISSION

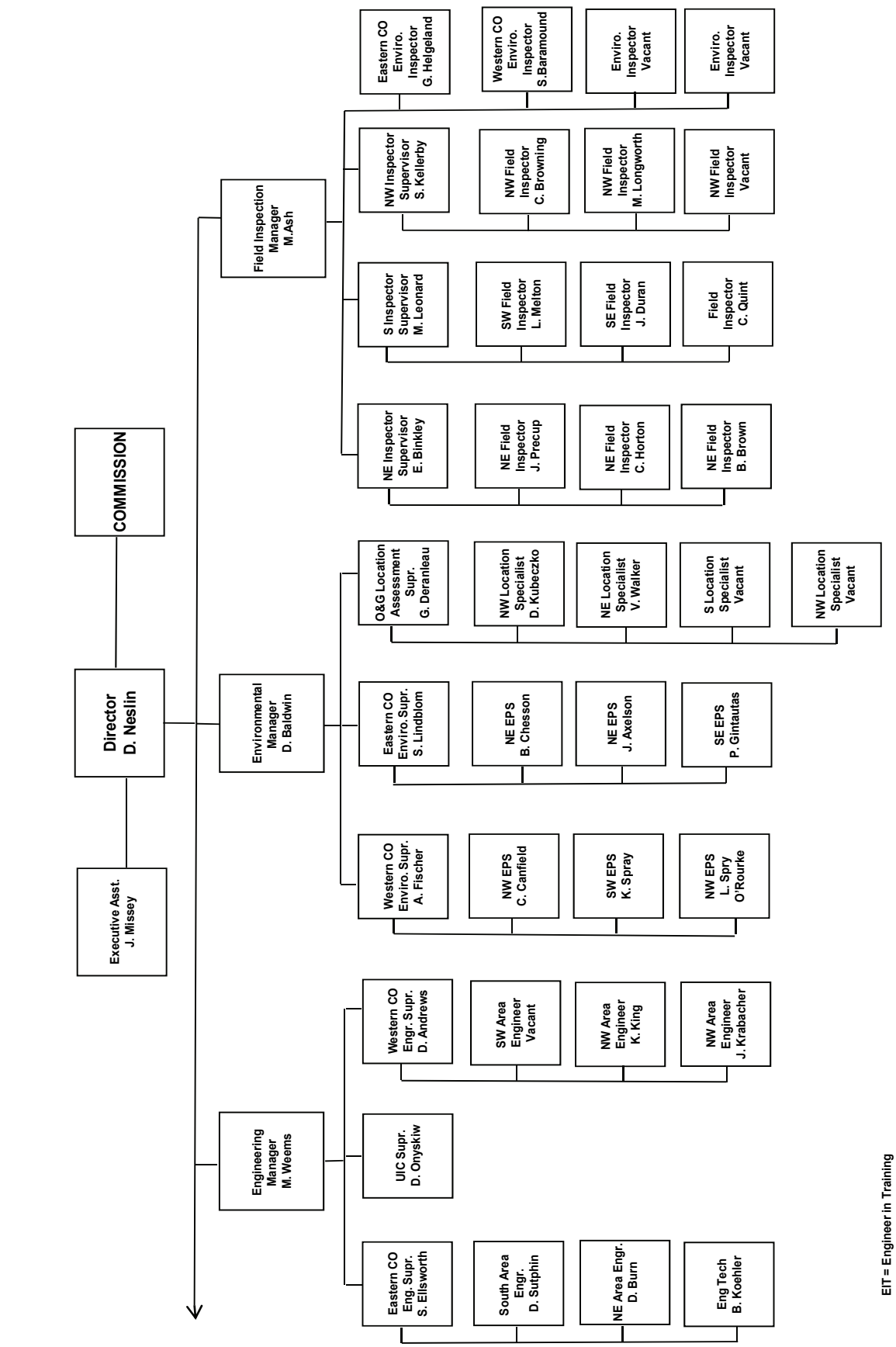


See the next two pages for details

COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION



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


COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION
COMMISSION
Director
D. Neslin
Executive Asst.
J. Missey
Field Inspection Manager
M.Ash
Environmental Manager
D. Baldwin
Engineering Manager
M. Weems
Eastern CO Enviro. Inspector G. Helgeland
Western CO Enviro. Inspector S.Baramound
Enviro. Inspector Vacant
Enviro. Inspector Vacant
NW Inspector Supervisor S. Kellerby
NW Field Inspector C. Browning
NW Field Inspector M. Longworth
NW Field Inspector Vacant
S Inspector Supervisor M. Leonard
SW Field Inspector L. Melton
SE Field Inspector J. Duran
Field Inspector C. Quint
NE Inspector Supervisor E. Binkley
NE Field Inspector J. Precup
NE Field Inspector C. Horton
NE Field Inspector B. Brown
O&G Location Assessment Supr. G. Deranleau
NW Location Specialist D. Kubeczko
NE Location Specialist V. Walker
S Location Specialist Vacant
NW Location Specialist Vacant
Eastern CO Enviro. Supr. S. Lindblom
NE EPS B. Chesson
NE EPS J. Axelson
SE EPS P. Gintautas
Western CO Enviro. Supr. A. Fischer
NW EPS C. Canfield
SW EPS K. Spray
NW EPS L. Spry O'Rourke
Western CO Engr. Supr. D. Andrews
SW Area Engineer Vacant
NW Area Engineer K. King
NW Area Engineer J. Krabacher
UIC Supr. D. Onyskiw
Eastern CO Eng. Supr. S. Ellsworth
South Area Engr. D. Sutphin
NE Area Engr. D. Burn
Eng Tech B. Koehler
EIT = Engineer in Training
EPS = Environmental Protection Specialist
OGLA = Oil & Gas Location Assessment
Phys Sci Tech = Physical Science Technician
UIC = Underground Injection Control
Page 3 of 3
July 6, 2010

OIL AND GAS CONSERVATION AND ENVIRONMENTAL RESPONSE FUND, BOND CLAIM, AND SPECIAL APPROPRIATIONS
PLUGGING, ABANDONMENT AND WELL RECLAMATION (PAWR) PROJECTS FOR ORPHANED LOCATIONS
FISCAL YEAR 2009-2010

PLANNED

			ESTIMATED FYE2010 COSTS				ACTUAL FYE2010 EXPENDITURES				
COUNTY	TYPE	PROJECT NAME	BOND	PAWR	SPECIAL	TOTALS	BOND	PAWR	SPECIAL	TOTALS	DESCRIPTION
CHEYENNE	PLUG	GOLDEN HAMMER	$30,000	$20,000	$0	$50,000	$0	$0	$0	$0	Injection well to be plugged. Project has been moved to next fisca
		TOTALS =>	$30,000	$20,000	$0	$50,000	$0	$0	$0	$0	

IN PROGRESS

			ESTIMATED FYE2010 COSTS				ACTUAL FYE2010 EXPENDITURES				
COUNTY	TYPE	PROJECT NAME	BOND	PAWR	SPECIAL	TOTALS	BOND	PAWR	SPECIAL	TOTALS	DESCRIPTION
FREMONT	PLUG	UNITED OIL #346	$0	$5,000	$0	$0	$0	$0	$0	$0	Plug abondoned leaking gas well. Work is in process.
RIO GRANDE	PLUG	JYNNIFER #1 ABANDONMENT (BOND CLAIM)	$5,000	$0	$0	$0	$0	$0	$0	$0	Plug and abandon well. Only one bid came in at $196,000. Bid will be cancelled and sent out again for bids next fiscal year.
MESA	REC.	RED OAK OPERATING RECLAMATION	$0	$5,000	$0	$5,000	$0	$0	$0	$0	Landowner complaint. Remove junk.
MESA	PLUG	DEBEQUE ORPHANS ABANDONMENT	$0	$25,000	$0	$25,000	$0	$0	$0	$0	Complaint. Plug and abandon two leaking wells. Engineering of road design is being performed. Rest of project will be put off until next fiscal year.
		TOTALS =>	$5,000	$35,000	$0	$30,000	$0	$0	$0	$0	

COMPLETED

			ESTIMATED FYE2010 COSTS				ACTUAL FYE2010 EXPENDITURES				
COUNTY	TYPE	PROJECT NAME	BOND	PAWR	SPECIAL	TOTALS	BOND	PAWR	SPECIAL	TOTALS	DESCRIPTION
ARCHULETA	PLUG	SIERRA OIL & GAS CO. BOND CLAIM	$26,952	$2,019	$0	$28,971	$26,952	$0	$0	$26,007	Plug and abandon Schick, Mizar #1 and reclaim the surface at Binkley #2. Work has been completed.
LA PLATA	PLUG	DAVIE 1-22 ABANDONMENT	$0	$59,000	$0	$35,000	$0	$35,786	$0	$35,786	Plug and abandon leaking well. Environmental sampling, soil removal and replacement. Reseeding will be done next fiscal year.
ROUTT	PLUG	BAIREL #2 ABANDONMENT (YOAST BOND CLAIM)	$5,000	$40,000	$0	$45,000	$5,000	$42,734	$0	$47,734	Landowner complaint. Plug and abandon well. Reclaim surface. Work has been completed.
WASHINGTON	REC.	EGBERT #1	$0	$4,360	$0	$4,360	$0	$4,360	$0	$4,360	Landowner complaint. Clean up junk left from Bobcat Oil.
WELD	REC.	POWERS #1 RECLAMATION	$0	$5,000	$0	$5,000	$0	$0	$0	$0	Well was plugged and abandoned in FYE2009. Fence will be removed in a couple of years (this task already paid for).
		TOTALS =>	$31,952	$110,379	$0	$118,331	$31,952	$82,880	$0	$113,887	

	ESTIMATED				ACTUAL			
	BOND	PAWR	SPECIAL	TOTALS	BOND	PAWR	SPECIAL	TOTALS
GRAND TOTALS =>	$66,952	$165,379	$0	$198,331	$31,952	$82,880	$0	$113,887

Project Types: "PLUG." indicates plugging and abandonment, "REC." indicates reclamation, and "ENV." indicates environmental.

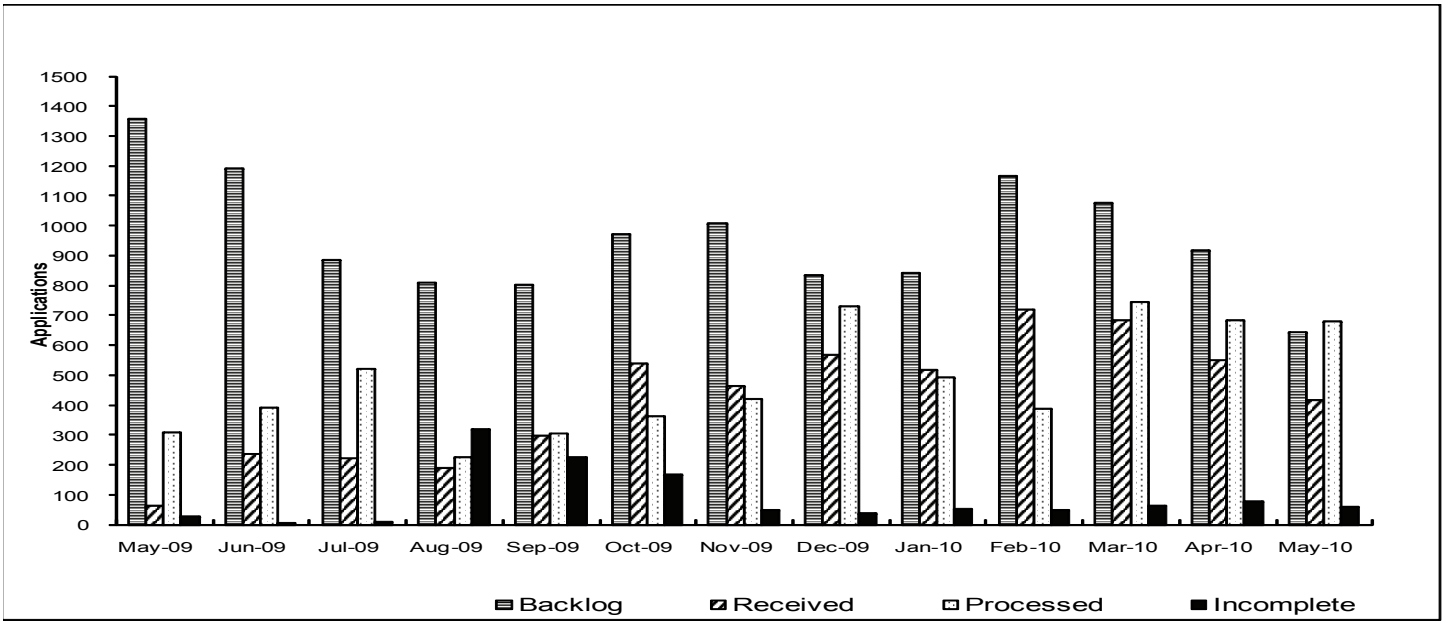
Updated June 18, 2010

Colorado Oil & Gas Conservation Commission

Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	ncomplete	In-Process	Remaining
Drilling								
May-09	1574	54	306	18	0	26	1278	1304
Jun-09	1304	225	377	7	0	6	1139	1145
Jul-09	1145	203	487	7	0	9	845	854
Aug-09	854	135	223	33	0	315	418	733
Sep-09	733	278	277	2	0	223	509	732
Oct-09	732	467	288	3	0	163	745	908
Nov-09	908	401	382	7	0	43	877	920
Dec-09	920	543	653	11	0	37	762	799
Jan-10	799	505	462	13	0	53	776	829
Feb-10	829	686	377	12	0	46	1080	1126
Mar-10	1126	651	713	28	0	63	973	1036
Apr-10	1036	493	649	28	0	79	773	852
May-10	852	388	622	9	0	59	550	609
Recompletion								
May-09	45	9	2	0	0	0	52	52
Jun-09	52	10	13	1	0	0	48	48
Jul-09	48	19	34	2	0	0	31	31
Aug-09	31	54	3	6	0	5	71	76
Sep-09	76	20	26	1	0	3	66	69
Oct-09	69	72	76	1	0	5	59	64
Nov-09	64	62	38	0	0	4	84	88
Dec-09	88	24	78	0	0	2	32	34
Jan-10	34	11	31	0	0	1	13	14
Feb-10	14	34	9	0	0	1	38	39
Mar-10	39	33	31	0	0	1	40	41
Apr-10	41	57	33	0	0	0	65	65
May-10	65	28	57	0	0	2	34	36
Total								
May-09	1619	63	308	18	0	26	1330	1356
Jun-09	1356	235	390	8	0	6	1187	1193
Jul-09	1193	222	521	9	0	9	876	885
Aug-09	885	189	226	39	0	320	489	809
Sep-09	809	298	303	3	0	226	575	801
Oct-09	801	539	364	4	0	168	804	972
Nov-09	972	463	420	7	0	47	961	1008
Dec-09	1008	567	731	11	0	39	794	833
Jan-10	833	516	493	13	0	54	789	843
Feb-10	843	720	386	12	0	47	1118	1165
Mar-10	1165	684	744	28	0	64	1013	1077
Apr-10	1077	550	682	28	0	79	838	917
May-10	917	416	679	9	0	61	584	645

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



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

Colorado Oil and Gas Conservation Commission

2009/2010 Permit Applications Filed By Month

June 25, 2010

Form 2A Location Assessment

Year	Month	Received	Approved	Withdrawn	In Process	Percent In Process	Average Days to Process	Less Than 50 Days	Greater Than 50 days
2009	4	0							
2009	5	28	26	2	0	0%	98	0	26
2009	6	39	38	1	0	0%	87	4	34
2009	7	72	71	1	0	0%	68	20	51
2009	8	60	58	2	0	0%	72	4	54
2009	9	76	75	1	0	0%	56	23	52
2009	10	126	125	1	0	0%	38	99	26
2009	11	146	143	2	1	1%	29	132	11
2009	12	218	214	3	1	0%	29	194	20
Total		765	750	13	2	0%			
2010	1	225	204	17	2	1%	29	180	24
2010	2	236	221	14	1	0%	28	208	13
2010	3	283	270	11	2	1%	30	255	15
2010	4	279	266	6	7	3%	30	252	14
2010	5	195	151	3	41	21%	30	150	1
2010	6	222	21	1	200	90%	19	21	0

Form 2 Application For Permit to Drill (APDs)

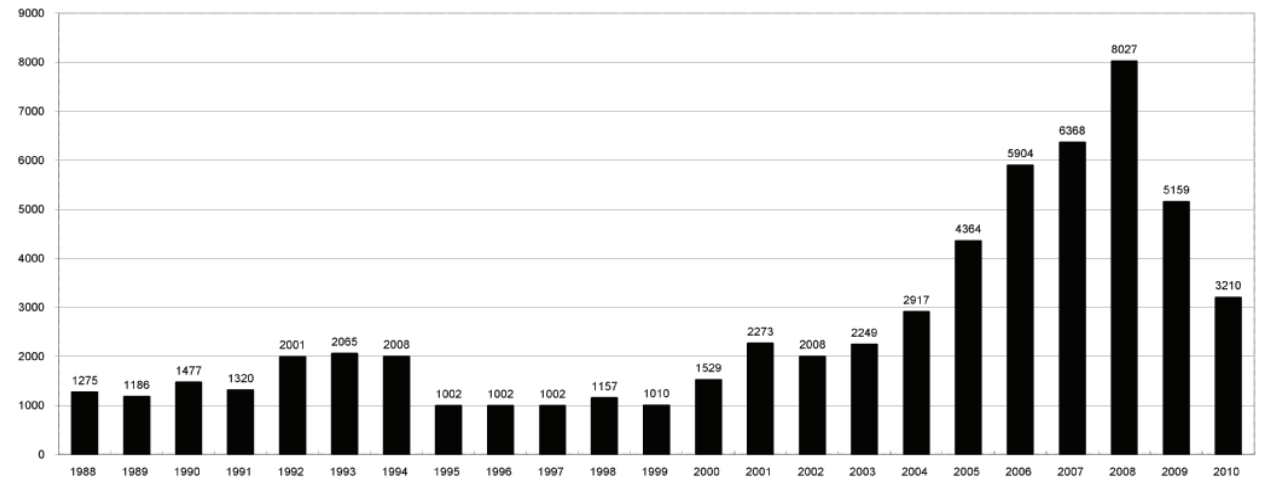
Year	Month	Received	Approved	Withdrawn	In Process	Percent In Process	Average Days to Process	Less Than 50 Days	Greater Than 50 days
2009	1	519	512	7	0	0%	83	132	380
2009	2	411	403	8	0	0%	61	229	174
2009	3	1476	1451	24	0	0%	94	369	1083
2009	4	40	38	2	0	0%	96	6	32
2009	5	54	43	11	0	0%	75	19	24
2009	6	219	218	1	0	0%	80	35	183
2009	7	122	121	1	0	0%	62	40	81
2009	8	157	148	9	0	0%	62	53	95
2009	9	231	219	12	0	0%	58	72	147
2009	10	371	365	3	3	1%	39	217	148
2009	11	427	420	1	6	1%	40	349	71
2009	12	539	534	5	0	0%	40	401	133
Total		4566	4472	84	9	0%			
2010	1	460	422	36	2	0%	37	338	84
2010	2	437	426	11	0	0%	33	389	33
2010	3	943	907	20	16	2%	36	801	106
2010	4	659	633	17	9	1%	34	580	53
2010	5	354	204	1	149	42%	31	203	1
2010	6	470	31	2	437	93%	19	31	0

COLORADO OIL AND GAS CONSERVATION COMMISSION

ANNUAL PERMITS BY COUNTY

COUNTY	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Current through 6/25/10 2010
ADAMS	46	34	44	53	92	58	137	34	9	33	24	19	38	28	9	26	39	34	37	89	51	35	17
ARAPAHOE	5	5	15	14	11	4	20	12	2	9	1	2	0	2	1	2	5	7	11	10	10	10	3
ARCHULETA	8	5	18	5	2	1		3		3		1	7	9	6	10	8	13	14	26	47	11	6
BACA	6	4	15	10	23	9	12	24	10	7	13	15	22	6	2	3	7	8	2	11	13	3	4
BENT				1		2	2	4	2	5	3	5	2				5	3	8	1	1		
BOULDER	1		1	13	38	159	38	5	8	2	5		1	5	6	7	17	13	21	37	32	35	17
BROOMFIELD															2	7		1	1		2	33	24
CHEYENNE	203	149	102	93	71	58	48	55	43	31	41	7	3	3	3	3	3	10	21	15	33	12	5
COSTILLA												1											
CROWLEY	1		1	1																			
DELTA	1	1	2												7	4	5	10	9	2			3
DENVER										5	3	3		3					19	25	24		
DOLORES	2		4	1	2	1										1	1	1	6	10	12	21	4
ELBERT	9	12	8	5	3		2	13	16	11	1		2						4			1	
EL PASO																						2	
FREMONT	9	5	6	7	1	2	2	1	2	1							1	3	2	4	14	13	15
GARFIELD	19	66	111	36	18	56	143	78	109	141	95	130	213	353	362	567	796	1509	1845	2550	2888	1981	1089
GRAND							1																
GUNNISON			2	2		1									5	10	1	9	19	7	10	12	2
HUERFANO	3	5		4	17	3	3	2	1	3	40	26	41	27	27		8	2			7		
JACKSON	3	1	4	6	2	2	3	2	2	6	3		34	18	21	9	14	6	8	5	27	19	6
JEFFERSON	1		4	2		1		1	1		1	2	1						1	3	2		
KIOWA	15	39	40	46	28	28	21	26	13	17	10	2	11	18	2	4	2	1	11	9	26	7	9
KIT CARSON	9	5	7	8	8	15	26	11	7	6	9	5				1	3	5	4	4	13	7	2
LA PLATA	302	218	388	128	120	40	40	20	71	40	82	107	127	156	104	162	102	115	235	251	328	298	124
LARIMER	4	4	3	6	13	7	3		1	3	1		2		1			1		5	46	12	16
LAS ANIMAS	10	30	36			9	32	95	134	136	195	195	268	400	259	180	332	413	500	362	303	88	45
LINCOLN	8	6	4	7	7	11	8	9	3	2			2	2	1	6	3	4	1	2	58	44	27
LOGAN	18	21	23	13	14	30	15	13	6	12	7		4	7	3	3	6	13	17	14	5	9	5
MESA	1	12	29	20	22	2	22	6	11	10	2	6	13	27	30	27	54	136	265	293	501	427	218
MOFFAT	13	25	27	19	40	52	43	40	41	28	21	15	35	52	62	63	63	60	120	68	57	51	18
MONTEZUMA	6	7	10	8	7	11	15	9	13	5	4	1	4		5	8	8	11	5	12	22	39	3
MONTROSE				1						1			1	3	2	4	2		1	3	3		1
MORGAN	34	27	36	13	10	11	19	12	10	11	10	12	9	9	2	7	9	7	3	6	2	1	2
OTERO				2																			
PARK				1								1										3	2
PHILLIPS			3		1	1							1	2		7	13	17	12	69	82	45	44
PITKIN		1			2												1			1			
PROWERS	19	9	5	10	14	7	3	5	5	3	9	3	2	5	4		7	5	7	5	8	1	3
RIO BLANCO	34	83	77	33	81	83	126	81	33	40	51	95	89	187	105	179	154	161	360	321	477	348	242
RIO GRANDE	2	3	4	1			1						1	1		1					1	1	
ROUTT	4	3	12	4	2	3	1	2	1	1	1	4	20	13	1		4	6	9	8	4	2	1
SAGUACHE	1							2					2		2					2	1	2	
SAN MIGUEL			2	2					1	1	4	2	11	13	27	18	42	45	35	23	20	13	10
SEDGWICK				1				3		2						1	5	2	7	2	1	19	10
WASHINGTON	40	29	23	28	24	26	25	12	19	26	18	3	23	17	27	34	128	50	69	45	11	1	1
WELD	424	357	366	656	1224	1319	1030	254	305	285	392	288	509	702	760	757	832	901	1418	1527	2340	1448	1010
YUMA	14	20	45	60	104	53	167	168	123	116	111	60	31	205	160	138	237	782	797	541	545	105	222
Total	1275	1186	1477	1320	2001	2065	2008	1002	1002	1002	1157	1010	1529	2273	2008	2249	2917	4364	5904	6368	8027	5159	3210

ALL COUNTIES



Current as of 6/25/10

Colorado Oil and Gas Conservation Commission

Form 2A Breakdown By County By Year

June 25, 2010

Yr	County	Form2As	Completed	In Process	Informational	Approval	New Location	CDP	SWH	RSO	CDPHE
2009	ADAMS	10	10	0	10	0	4	0	0	0	0
2009	ARAPAHOE	9	9	0	9	0	8	0	0	0	0
2009	ARCHULETA	4	4	0	3	1	4	0	1	0	0
2009	BACA	2	2	0	1	1	2	0	0	1	0
2009	BOULDER	6	6	0	6	0	2	0	0	0	0
2009	BROOMFIELD	14	14	0	14	0	4	0	0	0	0
2009	CHEYENNE	5	5	0	6	0	6	0	0	0	0
2009	ELBERT	1	1	0	1	0	1	0	0	0	0
2009	GARFIELD	49	49	0	0	50	28	0	42	3	1
2009	GUNNISON	2	2	0	0	2	1	2	2	0	0
2009	KIOWA	7	7	0	7	0	6	0	0	0	0
2009	LA PLATA	11	11	0	4	8	7	0	7	0	0
2009	LAS ANIMAS	47	47	0	47	2	16	0	0	0	1
2009	LINCOLN	24	24	0	22	3	18	0	0	0	0
2009	LOGAN	7	7	0	7	0	2	0	0	0	0
2009	MESA	5	5	0	0	6	4	0	4	0	0
2009	MOFFAT	6	6	0	1	5	5	0	5	1	0
2009	MONTEZUMA	1	1	0	0	1	0	0	1	0	0
2009	MONTROSE	1	1	0	0	1	0	0	1	0	0
2009	PHILLIPS	48	48	0	48	0	13	0	0	0	0
2009	RIO BLANCO	12	11	1	0	11	7	0	9	0	0
2009	SAN MIGUEL	1	1	0	1	0	0	0	1	0	0
2009	WASHINGTON	1	1	0	1	0	1	0	0	0	0
2009	WELD	487	486	1	480	15	235	0	7	0	2
2009	YUMA	59	59	0	59	1	34	0	0	0	1
2009	Total State	819	817	2	727	107	408	2	80	5	5
2010	ADAMS	4	4	0	5	1	4	0	0	0	0
2010	ARAPAHOE	5	3	2	5	0	2	0	0	0	0
2010	ARCHULETA	3	3	0	2	2	4	0	4	0	0
2010	BACA	3	3	0	3	0	2	0	0	0	0
2010	BOULDER	7	5	2	6	1	0	0	1	0	2
2010	BROOMFIELD	8	8	0	8	0	0	0	0	0	0
2010	CHEYENNE	5	3	2	3	0	4	0	0	0	0
2010	DELTA	3	3	0	3	0	2	0	0	0	0
2010	DOLORES	4	1	3	2	0	2	0	1	0	0
2010	FREMONT	12	11	1	12	0	9	0	0	0	0
2010	GARFIELD	93	71	22	3	70	50	0	80	2	4
2010	GUNNISON	4	2	2	0	2	4	0	1	1	0
2010	JACKSON	5	5	0	2	3	1	0	4	0	0
2010	KIOWA	8	6	2	6	0	6	0	0	0	0
2010	KIT CARSON	3	2	1	2	0	2	0	0	0	0
2010	LA PLATA	28	26	2	21	10	8	0	20	0	3
2010	LARIMER	19	13	6	14	1	9	0	0	0	1
2010	LAS ANIMAS	36	21	15	24	1	19	0	0	0	2
2010	LINCOLN	28	25	3	28	0	23	0	0	0	1
2010	LOGAN	2	0	2	0	0	1	0	0	0	0
2010	MESA	22	18	4	0	21	10	0	12	1	1
2010	MOFFAT	21	16	5	10	6	12	0	10	2	0
2010	MONTEZUMA	5	2	3	3	0	3	0	3	0	0
2010	MORGAN	6	4	2	2	2	6	0	0	0	0
2010	PARK	2	2	0	2	0	2	0	0	0	0
2010	PHILLIPS	33	26	7	29	0	20	0	0	0	2
2010	PROWERS	3	3	0	3	0	3	0	0	0	0
2010	RIO BLANCO	27	22	5	0	22	14	0	20	1	1
2010	ROUTT	2	1	1	0	1	2	0	2	1	0
2010	SAN MIGUEL	9	9	0	5	4	0	0	9	0	1
2010	SEDGWICK	10	10	0	10	0	0	0	0	0	0
2010	WASHINGTON	1	1	0	1	0	0	0	0	0	0
2010	WELD	691	562	128	537	68	455	0	18	3	31
2010	YUMA	209	175	33	200	1	167	0	0	0	2
2009	Total State	1321	1066	253	951	216	846	0	185	11	51

Building Setback Review

Colorado Oil and Gas Conservation Commission

June 25, 2010

Count of well locations by proximity groupings from well spot to closest building for all locations reviewed under the December 17, 2008 amended rules.

Location Proximity to Buildings	Number of Locations	Percent of Total Locations Reviewed
less 150	4	0%
150 to 350	76	4%
350 to 500	108	6%
500 to 1000	340	18%
greater than 1000	1352	72%
Total Locations	1880	

Listing of Locations Closest to Buildings

County	High Density	New Location	Distance	Proximity	Building Description
WELD	No	No	58	less 150	Vehicle Garage
WELD	No	Yes	103	less 150	Building to be razed
LAS ANIMAS	No	Yes	127	less 150	Operator is owner
PHILLIPS	No	No	132	less 150	Grain Storage
WELD	No	No	154	150 to 350	Livestock Enclosure
WELD	No	Yes	158	150 to 350	Shed - Loc is Battery
WELD	No	Yes	162	150 to 350	Goat Barn
WELD	No	Yes	168	150 to 350	Storage Shed
WELD	No	No	187	150 to 350	Livestock Shed
WELD	No	No	193	150 to 350	Storage Shed
WELD	No	No	199	150 to 350	Less than 1.5X rig height
WELD	No	No	208	150 to 350	
WELD	No	No	209	150 to 350	
WELD	No	No	214	150 to 350	
LA PLATA	No	No	221	150 to 350	
WELD	No	No	224	150 to 350	
WELD	No	Yes	226	150 to 350	
LARIMER	No	Yes	229	150 to 350	
WELD	No	Yes	230	150 to 350	
GARFIELD	No	Yes	230	150 to 350	
WELD	No	No	235	150 to 350	
WELD	No	No	237	150 to 350	
WELD	No	Yes	239	150 to 350	
WELD	No	No	240	150 to 350	
WELD	No	Yes	244	150 to 350	
LA PLATA	No	No	245	150 to 350	
PHILLIPS	No	No	250	150 to 350	
WELD	No	No	260	150 to 350	
ADAMS	No	No	261	150 to 350	
WELD	No	No	264	150 to 350	
ADAMS	No	Yes	265	150 to 350	
WELD	No	No	265	150 to 350	
WELD	No	Yes	267	150 to 350	
WELD	No	No	272	150 to 350	
WELD	No	Yes	275	150 to 350	
WELD	No	Yes	277	150 to 350	
WELD	No	Yes	277	150 to 350	
WELD	No	Yes	280	150 to 350	
WELD	No	No	281	150 to 350	
WELD	No	No	282	150 to 350	
WELD	No	Yes	285	150 to 350	
YUMA	No	Yes	288	150 to 350	
ADAMS	No	No	292	150 to 350	
WELD	No	No	292	150 to 350	
WELD	No	Yes	297	150 to 350	
WELD	No	Yes	298	150 to 350	
LAS ANIMAS	No	Yes	298	150 to 350	

Well to Building Setback Review

Colorado Oil and Gas Conservation Commission
June 16, 2010

Count of well locations by proximity groupings from well spot to buildings within 500 feet for all locations reviewed under the December 17, 2008 amended rules.

County	Total	Less 150	150 to 350	350 to 500
ADAMS	5	0	3	2
ARAPAHOE	0	0	0	0
ARCHULETA	0	0	0	0
BACA	0	0	0	0
BOULDER	2	0	1	1
BROOMFIELD	3	0	0	3
CHEYENNE	0	0	0	0
DELTA	1	0	0	1
DOLORES	0	0	0	0
ELBERT	0	0	0	0
FREMONT	1	0	0	1
GARFIELD	4	0	3	1
GUNNISON	0	0	0	0
JACKSON	0	0	0	0
KIOWA	0	0	0	0
KIT CARSON	0	0	0	0
LA PLATA	7	0	2	5
LARIMER	2	0	1	1
LAS ANIMAS	4	1	2	1
LINCOLN	0	0	0	0
LOGAN	1	0	1	0
MESA	2	0	0	2
MOFFAT	0	0	0	0
MONTEZUMA	0	0	0	0
MONTROSE	0	0	0	0
MORGAN	1	0	0	1
PARK	0	0	0	0
PHILLIPS	2	1	1	0
PROWERS	0	0	0	0
RIO BLANCO	0	0	0	0
ROUTT	0	0	0	0
SAN MIGUEL	0	0	0	0
SEDGWICK	1	0	0	1
WASHINGTON	0	0	0	0
WELD	132	2	56	74
YUMA	8	0	2	6
TOTAL	176	4	72	100

Piceance Basin
Well to Building Setback Review

Colorado Oil and Gas Conservation Commission

June 16, 2010

County	Total	Less 150	150 to 350	350 to 500
DELTA	1	0	0	1
GARFIELD	4	0	3	1
GUNNISON	0	0	0	0
MESA	2	0	0	2
MOFFAT	0	0	0	0
RIO BLANCO	0	0	0	0
PICEANCE TOTAL	7	0	3	4

Locations Authorized within 500 feet of Building

County	High Density	New Location	Distance	Proximity	Building Description
GARFIELD	No	Yes	230	150 to 350	Ranch House
GARFIELD	No	Yes	329	150 to 350	Barn
GARFIELD	No	Yes	335	150 to 350	Ranch House
MESA	No	No	359	350 to 500	Ranch House
GARFIELD	No	Yes	454	350 to 500	Ranch House
DELTA	No	Yes	462	350 to 500	
MESA	No	Yes	480	350 to 500	Operator Owned Cabin

Colorado Oil Gas Conservation Commission
Monthly Statistics

YEAR	MO	Baker - Hughes rig count	Permits										Well Spud Notice	Active Wells	Public Visits		
			Drilling		Recompletion		Injection		Pits		Locations						
			Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Authz	Rcvd			Data	Office	Internet
2007	Total		6375	7047	214	253	42	38	154	428					382	969	1275131
	JAN	100	608	675	17	20	0	4	5	13				34173	16	99	87783
	FEB	115	514	591	18	14	5	8	4	22				34341	27	106	80083
	MAR	118	601	734	16	13	3	7	11	3				34695	21	91	132081
	APR	123	607	784	33	4	12	12	16	12				35058	18	84	141191
	MAY	119	587	688	20	47	6	11	2	3				35390	16	98	123537
	JUN	108	803	730	27	20	6	2	8	52				35686	12	102	79732
	JUL	109	774	759	12	28	4	6	4	13				35978	12	82	75564
	AUG	116	639	693	37	54	2	2	96	46				36271	23	122	70750
	SEP	115	709	682	55	21	4	1	147	11				36516	21	143	67034
	OCT	116	838	729	18	16	5	3	38	211				36731	22	96	69574
	NOV	123	558	608	7	23	4	5	3	37				36987	17	161	60773
	DEC	104	791	727	27	31	3	5	19	31				37359	8	107	62871
2008	Total		8029	8400	287	291	54	66	353	454					213	1291	1050973
	JAN	87	540	519	29	16	4	5	20	18				37567	12	94	66135
	FEB	68	678	411	10	21	1	1	30	14				37785	21	81	62220
	MAR	59	483	1476	19	21	3	19	2	29				38105	21	70	68742
	APR	52	465	40	6	16	4	6	8	15	0	0		38885	0	0	66271
	MAY	45	306	54	2	9	7	4	0	3	0	28		39231	22	114	71092
	JUN	44	377	225	13	10	2	7	5	8	0	39	0	39944	6	142	67461
	JUL	44	487	203	34	19	11	10	0	12	7	72	120	40184	13	95	87216
	AUG	44	223	135	3	54	3	4	10	1	38	60	119	40338	17	99	111016
	SEP	45	277	275	26	20	3	1	1	2	82	76	152	40469	13	97	100329
	OCT	38	288	467	76	72	7	5	0	7	58	126	135	40643	10	90	100695
	NOV	38	382	401	38	62	6	3	51	32	191	146	128	40854	13	121	91528
	DEC	40	653	539	78	24	4	3	115	37	195	218	139	40956	13	68	92088
2009	Total		5159	4745	334	344	55	68	242	178	571	765	793		161	1071	984793
	JAN	45	462	498	31	10	1	4	49	9	67	225	168	41207	26	85	105289
	FEB	50	383	216	9	6	2	4	8	6	67	225	162	41478	7	114	97167
	MAR	51	713	648	31	33	1	4	9	8	67	225	192	41632	19	104	103614
	APR	51	649	480	33	57	1	5	18	5	67	225	207	41843	24	110	127472
	MAY	53	622	388	57	28	1	2	48	10	67	225	187	42096	11	97	NA
2010	Total		2829	2230	161	134	6	19	132	38	335	1125	916		87	510	433542

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

Colorado Oil Gas Conservation Commission

Monthly Statistics

YEAR	MO	Well Oper Change	Operators		Bonds					Hearings		Violations					Remediation Projects		Field
					Release			Claim											
			New	Inactive	Ind.	Blnkt	Replace	Ind.	Blnkt	Apps.	Order	NOAV	AOC	OFV	Cmplt	Spills	Rcvd	Comp	Insp
2007	Total	11700	146	35	57	41	137	3	1	89	86	542	9	0	359	331	220	85	10120
	JAN	688	16	7	8	6	15	0	0	7	6	29	1	0	12	90	25	6	625
	FEB	555	10	5	6	4	11	0	0	5	5	42	1	0	31	40	28	14	772
	MAR	627	10	5	4	7	16	0	0	12	6	37	0	0	17	26	11	8	1002
	APR	582	11	5	8	7	11	0	0	NA	NA	37	NA	NA	31	29	28	13	798
	MAY	720	11	3	2	3	7	0	0	11	11	13	1	0	15	24	23	22	688
	JUN	656	20	2	2	5	8	0	0	17	11	32	10	0	19	23	16	12	732
	JUL	867	22	5	3	5	8	0	0	11	15	34	0	0	25	26	22	2	775
	AUG	684	13	2	5	4	6	0	0	6	3	24	1	0	22	33	44	2	677
	SEP	606	15	4	6	7	8	0	0	29	25	9	0	2	14	30	28	10	1001
	OCT	585	11	2	6	4	8	0	0	5	3	25	0	0	7	34	9	2	879
	NOV	447	5	3	0	5	6	0	0	NA	NA	10	NA	NA	8	31	12	8	722
	DEC	2002	9	1	0	2	3	0	0	6	7	16	2	0	21	44	13	14	783
2008	Total	9019	153	44	50	59	107	0	0	109	92	308	16	2	222	430	259	113	9454
	JAN	223	11	4	6	3	7	1	0	14	15	15	7	0	9	35	9	1	884
	FEB	646	6	2	6	1	10	0	0	4	7	21	0	0	15	25	7	16	1184
	MAR	909	10	2	2	2	8	0	0	10	8	32	0	0	43	35	36	5	796
	APR	1111	5	2	5	2	4	0	0	NA	NA	21	NA	NA	31	34	30	3	946
	MAY	113	9	6	3	6	7	0	0	7	2	25	0	0	15	27	7	4	822
	JUN	177	5	2	3	3	6	0	0	11	9	26	0	1	10	23	19	18	1093
	JUL	263	8	7	3	5	9	0	0	5	5	9	1	0	12	23	26	8	798
	AUG	185	5	0	2	3	4	0	0	10	9	25	0	0	14	10	20	6	744
	SEP	315	7	10	7	5	12	0	0	6	5	22	0	0	20	21	8	17	782
	OCT	502	5	9	10	12	7	0	0	13	4	16	0	0	24	34	13	14	575
	NOV	543	6	4	2	7	18	0	0	7	9	27	0	0	3	54	21	16	725
	DEC	607	3	2	5	4	4	0	0	NA	NA	21	NA	NA	6	50	12	25	642
2009	Total	5594	80	50	54	53	96	1	0	87	73	260	8	1	202	371	208	133	9991
	JAN	601	4	6	1	7	10	0	0	16	14	29	0	0	11	38	22	13	1158
	FEB	730	5	3	4	4	3	0	1	11	13	9	0	0	11	53	18	14	1138
	MAR	785	4	5	6	6	7	0	0	13	12	38	0	0	6	29	40	9	2038
	APR	529	5	2	9	2	4	0	0	21	15	5	0	2	18	42	24	21	935
	MAY	268	3	3	10	0	8	0	0	NA	NA	6	NA	NA	13	34	36	48	1136
2010	Total	2913	21	19	30	19	32	0	1	61	54	87	0	2	59	196	140	105	6405

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

Exhibit A

Well	Location	Pad
Freedom Unit 197-21B1	NESW, 21, 1S, 97W	
Freedom Unit 197-21B2	NESW, 21, 1S, 97W	
Freedom Unit 197-21B3	NESW, 21, 1S, 97W	
Freedom Unit 197-21B4	NESW, 21, 1S, 97W	
Freedom Unit 197-21B5	NESW, 21, 1S, 97W	Freedom Unit 197-21B Pad
Freedom Unit 197-21B6	NESW, 21, 1S, 97W	
Freedom Unit 197-21B7	NESW, 21, 1S, 97W	
Freedom Unit 197-21B8	NESW, 21, 1S, 97W	
Freedom Unit 197-21B9	NESW, 21, 1S, 97W	
Freedom Unit 197-21B10	NESW, 21, 1S, 97W	
Freedom Unit 197-31A1	NWNE, 31, 1S, 97W	
Freedom Unit 197-31A2	NWNE, 31, 1S, 97W	
Freedom Unit 197-31A3	NWNE, 31, 1S, 97W	
Freedom Unit 197-31A5	NWNE, 31, 1S, 97W	
Freedom Unit 197-31A6	NWNE, 31, 1S, 97W	Freedom Unit 197-31A Pad
Freedom Unit 197-31A7	NWNE, 31, 1S, 97W	
Freedom Unit 197-31A8	NWNE, 31, 1S, 97W	
Freedom Unit 197-31A9	NWNE, 31, 1S, 97W	
Freedom Unit 197-31A10	NWNE, 31, 1S, 97W	
Piceance Creek Unit T78X-12G5	SESE, 12, 2S, 96W	
Piceance Creek Unit T78X-12G6	SESE, 12, 2S, 96W	
Piceance Creek Unit T78X-12G7	SESE, 12, 2S, 96W	
Piceance Creek Unit T78X-12G8	SESE, 12, 2S, 96W	
Piceance Creek Unit T78X-12G9	SESE, 12, 2S, 96W	Piceance Creek Unit T78X-12G Pad
Piceance Creek Unit T78X-12G10	SESE, 12, 2S, 96W	
Piceance Creek Unit T78X-12G11	SESE, 12, 2S, 96W	
Piceance Creek Unit T78X-12G12	SESE, 12, 2S, 96W	
Piceance Creek Unit T78X-12G13	SESE, 12, 2S, 96W	
Piceance Creek Unit T78X-12G14	SESE, 12, 2S, 96W	