STATE OF COLORADO
OIL & GAS
CONSERVATION COMMISSION

Staff Report

January 8, 2007

I. STATISTICS

- Our monthly statistics report is attached. For the 2006 calendar year, there was a record number of 5,904 Applications for Permits-to-Drill ("APDs") approved. This represents a 35% increase over the previous record high of 4,373 APDs approved in 2005, which was over double the 2,915 APDs approved in 2004.

- The 2006 drilling permit totals for the top seven most active counties are:

County	2006 (% of Total)	2005	2004
Garfield	1844 (31%)	1509	796
Weld	1418 (24%)	901	830
Yuma	798 (14%)	785	237
Las Animas	500 (8%)	416	332
Rio Blanco	360 (6%)	161	154
Mesa	265 (4%)	136	54
La Plata	235 (4%)	117	102

- The following table shows a summary of oil and gas well permits requiring new well locations that have been approved by the COGCC in 2005 and 2006. The summary shows the number of new location 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 Agree-ments	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	4,323	2,936 (68%)	1,387 (32%)	742 (17%)	645 (15%)	636 (15%)	7 (<1%)	2 (<1%)
2006	5,848	3,933 (67%)	1,915 (33%)	1,223 (21%)	692 (12%)	689 (12%)	3 (<1%)	0 (0%)

Published in conjunction with COGCC hearings
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II. NORTHWEST COLORADO

- Attached are oil and gas development-related newspaper articles of interest.

- Proactive Efforts to Reduce Air Emission Complaints in Garfield County

  During the months of September-November 2006, COGCC staff received 34 complaints in the northwest Colorado area. Twenty four, or 70%, were related to air quality or odor. The majority of these complaints came from citizens living in the Dry Hollow area in the Mamm Creek Field. Gas wells in the Dry Hollow area produce substantially more condensate than elsewhere in the field resulting in higher than normal hydrocarbon emissions when standard industry production equipment and frac job flowback procedures are used.

  In order to respond to this trend, the northwest area COGCC field staff has adopted a proactive cooperative approach with area operators Bill Barrett Corporation and EnCana Oil & Gas. The approach actively addresses local landowner concerns about air quality and potential health impacts from completion and production operations by preventing hydrocarbon emissions. The approach focuses on minimizing hydrocarbon emissions by applying cost effective and technically feasible methods and effective communication between operators, COGCC staff and the public.

  All production tanks in the Dry Hollow area have been fitted with back pressure valves and a low pressure gathering line which gathers gas and condensate vapors from the condensate tanks and directs them to an onsite incinerator. Minimizing emissions from condensate production tanks has resulted in improved air quality and a reduction in the number of odor complaints that are attributable to this type of source.

  COGCC staff has also requested that operators implement new frac job flowback practices using equipment that eliminates nearly all venting of flammable gas and associated condensate vapors. The changes include:

  - Using flowback junk traps while drilling out plugs so interim effluent debris will not plug equipment.
  - Using flammable gas meters to detect gas and condensate vapor as soon as it is present so that it can be diverted to a closed top tank.
  - Using closed top tanks with back pressure valves and a low pressure gathering line to divert all non saleable gas and vapor to an incinerator before and after going to sales.
  - Using sand traps and three-phase separators so wells can be put on production within 1 to 2 days.

  The northwest area COGCC staff proactively inspects the frac job flowback operations and condensate production equipment several times a week in an effort to detect emissions and odors and prevent complaints. In so doing, staff is able to provide feedback to the operators and assist them in ensuring the equipment is being maintained and applied effectively to prevent emissions. Although some odor complaints continue to occur, they have been traced to incidents such as upset conditions, pipeline blowdowns that are needed to tie in new lines or tanker truck loading. The oil and gas operators and northwest area COGCC staff will continue to look for ways to eliminate emissions from these and any other sources.

- Meeting With Department of Energy Office of Legacy Management about Project Rulison

  COGCC staff Brian Macke, Debbie Baldwin, Chris Canfield, Steve Lindblom, and Jaime Adkins, along with Commissioner Sam Potter, met with representatives from the U. S. Department of Energy (DOE) Office of Legacy Management in Grand Junction on December 6, 2006. The purpose of the meeting was to discuss issues related to the drilling of natural gas wells in the vicinity of the Project Rulison underground nuclear experiment site. The DOE representatives included Tracy Plessinger, Senior Technical Advisor, and Richard Hutton, a consultant to the DOE, and DOE staff member Anna Hoessle

  The meeting was very productive, with the DOE Legacy Management Office representatives

expressing interest in working with the COGCC to address the permitting of wells in the Project Rulison areas as well as the public concern that has been raised. The DOE has been working on a rigorous and detailed flow and transport computer model to develop a greater understanding of the potential for migration of contaminants. The report should be available to state and local agencies and the public by early 2007.

Several action items were developed during the meeting, including the COGCC arranging meetings with the DOE and relevant divisions from the Colorado Department of Public Health and the Environment to discuss the regulation of any remaining tritium at Project Rulison and Project Rio Blanco; the COGCC arranging meetings with the DOE and oil and gas operators and service companies to discuss modern hydraulic fracture treatment results, the DOE reviewing the current technical options for real-time inline monitoring of tritium, and the DOE reviewing and commenting on the monitoring plan that has been previously submitted by Presco for their drilling in the Project Rulison area.

On pages 20 and 21 is the December 6, 2006, response from the DOE to COGCC correspondence requesting that the DOE participate in any COGCC hearing that may occur regarding lands in the Project Rulison area.

♦ Northwest Colorado Oil and Gas Forum

The Northwest Colorado Oil and Gas Forum was held on December 7, 2006, from 10:00 a.m. until 2:00 p.m. at the Garfield County Fairgrounds in Rifle. The meeting was well attended with about 90 participants and featured the following topics:

- State, federal, county, and industry updates on northwest Colorado oil and gas activity
- BLM activity updates
- Alternative mitigation pilot program (Williams Production)
- Pipelines, transportation and marketing
- Mineral revenue to the public sector in Colorado
- Introduction of Chris Canfield, the new northwest environmental protection specialist
- Presentation on the role that NW Colorado is expected to play in future energy development

There was also an open period for public comment.

The next meeting is scheduled for Thursday, March 15, 2007, from 10:00 a.m. until 2:00 p.m. at the Garfield County Fairgrounds. Some tentative topics for the March meeting include:

- A discussion of air quality and emission reductions from oil and gas operations
- Legislative update

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 .

♦ 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. Seventy (70) domestic water wells have been sampled in portions of Township 6 South, Ranges 91 through 93 West, and Township 5 South, Ranges 91 and 92 West, for general water quality. COGCC staff is currently preparing and sending letters to each individual well owner discussing their water sample results. The final report will be made available on the COGCC website (www.oil-gas.state.co.us). This is the fourth in a series of baseline water quality sampling projects the COGCC staff have conducted in the Piceance Basin of Colorado.

♦ Local Project Status Update

The proposals for the Phase II Hydrogeological Characterization Projects have been submitted by several very qualified contractors to Garfield County (GARCO). These proposals are currently being evaluated. The evaluation will be completed before the end of 2006 and GARCO intends to award the contract in January 2007. This is another Public Project In

Lieu of Fines that will be funded by EnCana. COGCC staff is currently working on a Memorandum of Understanding (MOU) that will be signed by GARCO, the selected contractor, EnCana, and the COGCC.

♦ Colorado Division of Wildlife Projects – Piceance Basin

CDOW is taking the lead in developing a DVD that illustrates good examples of oil and gas practices that are being used to minimize and mitigate impacts to wildlife. This DVD will be a very useful tool for educating the industry and the general public about best management practices that can be used to ensure that wildlife continue to thrive in areas where oil and gas development is occurring.

In addition, the CDOW will be conducting a research project that focuses on evaluating the impacts from oil and gas development and options for mitigating habitat impacts on deer population performance. The overall objective is to evaluate whether landscapes altered by or adjacent to oil and gas development can be rehabilitated and improved to maintain adequate deer population performance. Research projects would likely be designed for 10-year intervals with evaluation of progress at 3, 5, and 7 years. This time span is needed to allow any vegetation renovation treatments to become established and subsequently to evaluate the responses of the deer to the changes.

Chris Canfield attended two meetings and will be attending future meetings of the Piceance-Parachute-Roan Creek (PPR) Working Group. This group is made up of representatives of US BLM, CDOW, Garfield County, and industry. They are currently working on the Piceance Basin Greater Sage-Grouse Habitat Inventory Project. The progress report for the first year of this three year study is available at: www.co.blm.gov/wrra/documents PiceanceSageGrouseHabitatInventory2006.pdf. He will also be working with this group as it moves forward on developing the portions of the state-wide Sage Grouse Conservation Plan that pertain to the energy industry.

III. SOUTHWEST COLORADO

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

LT Environmental Inc. (LTE) submitted a proposal for pilot projects to characterize the impacted aquifers and to test the applicability of several techniques for remediating the residual gas in the gravel terrace deposits and in the ground water aquifers of the Nacimiento Formation related to the Bryce 1-X Well. The proposed work includes:

- Obtaining detailed water quality analyses to evaluate potential fouling characteristics and treatability.
- Performing pumping and recovery test in four existing impacted wells.
- Performing a pump test to better evaluate aquifer conditions including installation of piezometers to measure radial influence and better define hydrogeologic conditions.
- Pilot testing of insitu air sparging.
- Pilot testing of in-well aeration.
- Conducting a vapor extraction system pilot test.
- Installing a passive vapor extraction system penetrating upper sandstone.

COGCC staff and DNR Purchasing are working on an amendment to the existing LTE contract, which must be in place before the work can begin.

♦ Gas and Oil Regulatory Team (GORT) Meeting

The next GORT meeting is scheduled for March 8, 2007, at 8:30 a.m. at the La Plata County Fairgrounds. All parties wishing to be placed on the meeting agenda should contact Debbie Baldwin at 303-894-2100 ext. 111 or via email to: debbie.baldwin@state.co.us .

♦ Gas Seep Mitigation Advisory Committee

Brian Macke, Debbie Baldwin, and Karen Spray continue to work with La Plata County Energy Council, La Plata County, and USFS/US BLM personnel to identify several pilot gas seep mitigation projects on which to proceed, to develop work plans for these, and to identify sources of funding in addition to the Colorado Oil and Gas Conservation and Environmental Response Fund (Fund 170).

♦ Ellis No. 6 Well - Complaint Investigation

In July 2006, COGCC received a complaint (COGCC Complaint No. 200095702) regarding oil-impacted soil around the plugged and abandoned Ellis No. 6 Well (API No. 05-083-06102) in Montezuma County. This was one of several wells operated by Point Lookout Drilling. In 1997, the COGCC issued an Order Finding Violation to this operator, claimed its bond, and plugged all of the wells. COGCC staff met the landowner, visited the site, and determined that additional remediation work at this site was necessary. A sample of the oil impacted soil was collected and submitted to a laboratory for chemical analysis. Total Petroleum Hydrocarbon (TPH) was detected in the soil at a concentration of 1,557 mg/kg, which exceeds the level allowed in the COGCC 900 Series Rules, Table 910-1 for sensitive areas.

To estimate the volume of soil in which TPH concentrations exceed allowable levels, COGCC hired Envirotech, Inc. (Envirotech) to conduct a shallow soil investigation in the vicinity of the Ellis No. 6 Well. Field work, including drilling, soil screening, sample collection and surveying was completed November 15, 2006. A written report was submitted on December 7, 2006. Based upon the field screening and laboratory analysis of soil samples, the volume of impacted soil is estimated to be 130 cubic yards. Bids for excavation and removal of impacted material are currently being solicited. Fund 170 money will be used to conduct the necessary remediation and reclamation.

IV. 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. Work on this project continues. All seventy-eight (78) gas wells and seven (7) of the eleven (11) Laramie/Fox Hills water wells have been sampled. The four (4) remaining water wells will be sampled once access approval from the landowner is received.

♦ Ogallala Aquifer Baseline Study

The proposed Ogallala Aquifer Baseline Study will consist of collecting water samples from approximately seventy-seven (77) water wells in Washington and Yuma Counties for organic and inorganic chemical analyses. COGCC staff and DNR Purchasing are working to develop the Request for Proposal, which will be posted soon. Funding for this project will come from the Fund 170 appropriation for Special Environmental Projects.

♦ "O" Sand – Orphaned Pit Project

COGCC staff has identified ten (10) "O" Sand orphaned oil and gas pit sites in and around the West Padroni Field in Logan County. A site investigation will be conducted at each of the pit locations in an attempt to determine the vertical and horizontal extent of heavy oil/tar impacted soils. Following the site investigations, a Feasibility Study will be conducted to evaluate the most suitable and cost effective remediation alternatives for the impacted soils.

♦ Fort Morgan Gas Storage Field

The Fort Morgan Gas Storage Field ("field") is located approximately five miles south of Fort Morgan, Colorado in Morgan County. This is one of four underground natural gas storage facilities in Colorado that are operated by Colorado Interstate Gas ("CIG"), an El Paso Corporation. The gas storage facility was

formerly a producing oil and gas reservoir from 1954 to 1962 and has been operated as a natural gas storage field since 1966. There are currently a total of thirty-two (32) storage and two (2) water disposal wells within the field.

On October 22, 2006, CIG notified the COGCC of a casing leak on Well #26. The gas flow from the well was safely shut off on October 22, 2006, and there were no personal injuries. A total of thirteen (13) homes were evacuated. Most of the residents were allowed to return to their homes on October 28, 2006, and gas monitors have been installed in these homes. However gas is still being detected in two homes and the residents of these remain evacuated. These two homes are located immediately east of the facility. Based on inventory analysis, flow calculations, and chart measurement CIG estimates that from 650 to 700 MMcf of gas were lost.

CIG submitted a draft Environmental and Engineering and Assessment Workplan to the COGCC on November 17, 2006. COGCC comments and questions regarding the workplan were forwarded to CIG on December 11, 2006. On December 15, 2006, CIG submitted an addendum to the sampling plan, which COGCC staff has conditionally approved. In addition, staff has required CIG to submit an Operation Plan for the operation and regulatory oversight of the field.

- Management of Water-Based Bentonitic Drilling Fluids – COGCC Rule 907.d.

The COGCC requires that operators manage, treat, and dispose of drilling fluids in accordance with Rule 907.d. This rule provides some additional options for the disposal of water-based bentonitic drilling fluids. Prior approval from the Director is not required when water-based bentonitic drilling fluids are reused as a soil amendment or lining material by land application. However, operators are required to obtain written authorization from the land owner prior to land application of water-based bentonitic drilling fluids. This reuse disposal option is frequently used in Weld County and along the Front Range.

This year there have been numerous incidents where the land application of the drilling fluids have not been conducted in accordance with Rule 907.d. and have resulted in offsite impacts and citizen complaints. On several occasions, the drilling fluids have not been incorporated into the soils in a timely manner and the material has migrated onto adjacent land and into adjacent surface waters. In accordance with Rule 907.d.(3).iv. operators of the wells from which the water-based bentonitic drilling fluid wastes are obtained are responsible for the land application and must ensure that these activities are conducted in accordance with COGCC Rules and Regulations. In addition, this rule requires operators to assist COGCC staff in responding to any complaints associated with these activities.

Recently, the COGCC and CDPHE – HMWMD staff investigated a complaint regarding a land owner who was accepting water-based bentonitic drilling fluids from multiple operators and therefore was operating what was essentially an unlicensed commercial disposal facility. Operators are reminded that Rule 907.b.(1) requires that E&P waste transported off-site for treatment or disposal, must be taken to waste disposal facilities authorized by the COGCC Director or to CDPHE – HMWMD approved disposal facility.

Given the high level of drilling activity throughout the state, COGCC staff is reminding operators that they are required to manage, treat, and dispose of drilling fluid in accordance with the COGCC Rules and Regulations. This should include verifying that land application is being properly done and that water-based bentonitic drilling fluid is actually used as a soil amendment or lining material. Impacts to surface waters from improperly disposed drilling mud will be handled in accordance with the COGCC and WQCD's MOA regarding spills and releases to surface water.

V. SOUTHEAST COLORADO

♦ Phase II Raton Basin Seep Mapping Project – Las Animas and Huerfano Counties

Field work for the Phase II Raton Basin Seep Mapping Project is scheduled to start in mid- to late April 2007, when road and weather conditions should be more conducive to mapping the seeps and other field activities.

♦ Water Well Impacts - Las Animas County

Pioneer Natural Resources, Inc. (Pioneer) voluntarily put a suspension on their drilling operations during the investigation and response to the Molokai #13-36 Well incident in the four sections close to the Molokai #13-36 Well (Sections 25, 26, 35, 36 T32S, R68W). In addition, Pioneer voluntarily proposed to install a monitoring well system prior to drilling additional coalbed methane (CBM) wells within the North Fork Ranch (NFR). COGCC environmental and engineering staff worked with Pioneer on a plan that would allow Pioneer to resume drilling operations within the NFR, but would assure that public health, safety and welfare are protected from additional impacts. The plan agreed to by COGCC staff and Pioneer includes Conditions of Approval (COA) for the four CBM wells and a requirement that Pioneer sample the newly installed monitoring wells. COGCC staff received documentation that the monitoring wells have been installed, baseline water quality samples collected, and that the wells have been equipped with data-loggers and pressure transducers to record changes in pressure within the aquifers. COGCC staff also conducted a site visit to review the location and completion of the monitoring wells. Pioneer resumed its drilling operations in the NFR in early December 2006.

♦ Stormwater Complaint - Las Animas County

Pioneer continues to modify and to improve best management practices (BMPs) and reclamation activities with the Left Hand Fork area and throughout the Raton Basin.

♦ Surface Water Discharge

Red River Ranch (RRR) has completed its site investigation and remediation activities related to a release of E&P waste to waters of the state that occurred while RRR was drilling the 18-3E CBM Well and encountered greater than expected quantities of ground water. The water overflowed the reserve pit and discharged to Lorencito Canyon Creek. Drill cuttings were deposited in the creek bed, which is a violation of WQCC surface water standards.

RRR conducted soil, water, and sediment sampling to assess overall impact of the release. Water quality data downstream of the release location is consistent with water quality samples upstream of the release. Three samples were also collected for whole effluent toxicity (WET) testing. One of the samples was collected downstream of the release, one near the release and one sample was collected upstream of the release. The three samples passed the WET test. COGCC staff continues to provide data and information to, and to discuss the status of this project with the WQCD staff.

VI. ORGANIZATION

♦ Staff Organization

The COGCC is pleased to announce the promotion of David Andrews to Engineering Supervisor in charge of the Greeley, Sterling, and Yuma County areas. Dave has been with the COGCC for approximately one year and has worked the Greeley area in the capacity of Professional Engineer I. We are happy to make Dave part of our supervisory team.

The COGCC is pleased to announce the hiring of Karen Spray to the staff as Environmental Protection Specialists (EPS) II. She is based in Durango and will work in the southwestern portions of the state. Karen has a B.S. degree in geology from New Mexico Tech and a M.S. degree in geology/hydrogeology from the University of Kansas. She has been a practicing environmental consultant for over 20 years with special emphasis on hydrogeology and regulatory compliance issues associated with the energy and minerals industries. Karen is a

co-author of the award-winning Colorado Ground Water Atlas (2003, Colorado Geological Survey) and was the primary author of the San Juan Basin bedrock and alluvial aquifer sections. She is a registered professional geologist in both Wyoming and Utah and is a qualified ISO14000 auditor.

The COGCC is pleased to announce the hiring of Enrique Rivera as Production Specialist. Enrique started at the COGCC on December 11, 2006, and fills our second Production Specialist position.

A belated welcome is due to the new COGCC Public Room staff member Kathleen Mills. Kathleen started at the COGCC on October 30, 2006.

VII. PLANNING/ADMINISTRATION/OTHER

- Fiscal Year 2007-08 Budget Request

The COGCC's annual budget request was submitted to the Joint Budget Committee on November 1, 2006. Included in the request are the following six decision items and funding requirements as approved by the Governor's Office, listed in priority order:

1. A contractor to assist with oil shale permitting $60,000
2. Four additional FTE (2 permit technicians, 1 Engineer, and 1 Accountant) and continuation of funding for four contractors to assist with permitting. Additional lease space for the Denver office is also included in this decision Item. $571,472
3. An application programmer position (1 FTE) $78,235
4. Data Cleanup Project $119,356
5. Rifle lease space and vehicle for relocated supervising engineer $37,020
6. Computer system maintenance – additional funding for information technology $91,338

- Oil Shale Meeting with BLM

Brian Macke and David Dillon attended an oil shale discussion meeting with the Bureau of Land Management on December 14, 2006, at the BLM's Denver office. David presented information to the BLM that outlined the portions of any future oil shale permits submitted to the Division of Reclamation and Mine Safety (DRMS) that would be specifically reviewed by the COGCC staff for compliance with COGCC drilling and completion rules. The technical areas that would be reviewed in detail by the COGCC staff include casing design, cement design, plugging requirements, prevention of significant environmental impacts, and oil and gas measurement. No new permit for oil shale development has been filed with the DRMS to date.

- Coalbed Methane (CBM) Stream Depletion Assessment Study of the Raton and Piceance Basins

S.S. Papadopulos & Associates, Inc. (Papadopulos) has been awarded the contract for conducting the "Coalbed Methane Stream Depletion Assessment Study of the Raton and Piceance Basins." The purpose of this study is to develop a quantitative assessment of the levels of stream depletion (or reduction in formation outflows) that may be occurring as a result of the removal of water by CBM wells. This work will be similar to the study done last year in the San Juan Basin and extends the assessment to other CBM producing basins of Colorado. The kickoff meeting between Papadopulos, DWR, CGS, and the COGCC was held on December 12, 2006.

- CDPHE – Air Quality Control Commission

On November 16 and 17, 2006, the Air Quality Control Commission (AQCC) held a public rulemaking hearing to consider a proposal by the Air Pollution Control Division (APCD) to revise Regulation 7 – Emissions of Volatile Organic Compounds to address the increased emissions of volatile organic compounds (VOCs) from oil and gas exploration and development activities both on a statewide basis and in the 8 – Hour Ozone Control Area, which includes Adams, Arapahoe, Boulder, Douglas and Jefferson Counties, the Cities of Broomfield and Denver, and parts of Larimer and Weld Counties. John Axelson attended both days of

the hearing. The rulemaking was continued to the December hearing.

Reduction requirements of flash emissions from condensate tanks were initially promulgated in March 2004 and revised in December 2004 in connection with an Early Action Compact Ozone Action Plan (EAC) entered into between the State of Colorado and the U.S. Environmental Protection Agency (EPA). Because of the unanticipated growth of oil and gas activity since 2004, the control requirements for condensate tanks adopted in 2004 were considered insufficient to meet the emission requirements. The proposed revisions require a greater level of control of condensate tank emissions in the 8 – Hour Ozone Control Area to meet the commitments set forth in the EAC.

On December 17, 2006, the AQCC continued the rulemaking hearing to consider the proposed revisions to Regulation 7. Randall Ferguson attended the hearing. The AQCC approved statewide control of emissions from condensate tanks and glycol dehydrators in the oil and gas exploration and development industry. Operators of condensate storage tanks or tank batteries emitting 20 tons per year (tpy) or more of uncontrolled VOC emissions must control such emissions to a 95% efficiency level. Condensate tanks connected to wells that are drilled, stimulated or re-completed after April 30, 2008 must control VOC emissions to the 95% efficiency level during the first 90 days from the date of first production. After the 90 day period, control equipment may be removed, if the uncontrolled emissions are below the 20 tpy threshold. Other restrictions were approved for glycol dehydration units and natural gas-fired reciprocating internal combustion engines.

The AQCC also approved a rule that requires uncontrolled VOC emissions to be reduced by 75% within the EAC area for the period of May 1 through September 30 of each year from 2007 to 2011. Emission reduction requirements were also approved for other time periods. Information regarding the rulemaking is available on the AQCC website at www.cdphe.state.co.us/op/aqcc.

- Utility Notification Center of Colorado (UNCC)

  On December 19, 2006, Randall Ferguson and Dave Shelton made a presentation at the monthly meeting of Utility Notification Center of Colorado (UNCC) at its offices in Golden, Colorado. There were 19 UNCC staff and members in attendance. The presentation included an overview of the COGCC and various features of the COGCC website.

  The UNCC was established as a result of Senate Bill 00-184. Membership consists of owners and operators of underground facilities. Other persons, organizations, and entities such as excavators or contractors may also become members. Through the UNCC, excavators are able to obtain crucial information regarding the location of underground facilities to prevent injury to persons and damage to property during excavation activities. Call Before You Dig 1-800-922-1987.

  COGCC Rule 1102.d. states that "As to flowlines, and any other pipelines over which the Commission has jurisdiction, installed after June 1, 1996, each operator shall participate in Colorado's One Call notification system, the requirements of which are established by §9-1.5-101., C.R.S. et seq." Nonetheless, UNCC is concerned that not all oil and gas operators are participating in this notification system. Another of its concerns is the potential danger posed by encountering abandoned pipelines containing residual petroleum hydrocarbons during excavation.

- ERF Plugged and Abandoned Wells – Soil Gas Survey and Inspection Project

  An investigation of oil and gas wells abandoned under the supervision of the COGCC Environmental Response Fund (ERF) program is in the planning stages. Cost estimates were solicited from contractors in early December 2006. COGCC and DNR Purchasing staffs are exploring various contracting options. The COGCC staff has compiled a list of 230 wells that will be investigated for an anticipated cost

of approximately $130,000. The investigation is intended to screen for potentially hazardous environmental conditions in the vicinity of these wells. Funding for this project will come from the Fund 170 appropriation for Special Environmental Projects.

♦ Pipeline Resolution

As directed by the Commission, the COGCC staff and Assistant Attorney General Carol Harmon worked together to draft a resolution concerning the regulation of natural gas gathering systems. This resolution will be presented to the Commission at the January 8, 2007, hearing for its consideration.

♦ USWFS – Enforcement Regarding Bird Deaths in Oil and Gas Heater/Treaters and Other Fired Equipment

Over the next several months the United States & Wildlife Service ("USFWS") intends to work with the oil and gas industry, the Colorado Division of Wildlife, and the COGCC to resolve the problem of bird deaths related to fired equipment. The USFWS is not pursuing criminal charges at this time, but will begin enforcement on March 1, 2007. Penalties for violation of the Migratory Bird Treaty Act (MBTA) can include misdemeanor conviction, financial penalties up to $15,000 per bird, and imprisonment up to six (6) months. USFWS inspections of heater/treaters will resume after March 1, 2007. Companies found in violation of the MBTA by having heater/treaters that have killed migratory birds will be subject to criminal prosecution.

Contact Special Agent James Hampton at 720-981-2777, extension 225, for additional information.

♦ Public Outreach Opportunities

Brian Macke participated in a panel discussion titled "Oil and Gas Expansion Issues" at the Colorado Weed Management Association/ Colorado Section of the Society for Range Management Joint Meeting in Grand Junction, Colorado on December 6, 2006. This was the first occasion that these two organizations have held a combined meeting, and was a good opportunity for the COGCC to provide education and outreach to these stakeholders.

Brian Macke provided an update on oil and gas development in Colorado with an emphasis on Northwest Colorado and COGCC regulations during a meeting of the Northwest Colorado Energy Producers Association on December 7, 2006, in Craig, Colorado.

Brian Macke has been invited to participate in a panel discussion on oil and gas regulation in the Rocky Mountain area during Platts' "Rockies Gas & Oil" conference on April 26-27, 2007, in Denver, Colorado.

Brian Macke has been invited to participate on a panel discussion about issues related to growth of the oil and gas industry in Colorado at a conference that is being planned by the Air Waste Management Association in Golden on May 17, 2007.

♦ 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 sixty-seven (67) requests for onsite inspections.

Fifteen (15) onsite inspections have been conducted, two (2) are in the process of being scheduled, twenty-nine (29) requests for inspections have been withdrawn, and twenty (21) 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 sixty-seven (67) requests for Onsite Inspection, thirty-five (35) were for locations in Weld County, fourteen (14) for Las Animas County, six (6) for Adams County, three (3) each for Yuma and La Plata Counties, two (2) for Garfield County and one (1) each for Archuleta, Boulder, Kiowa, and Morgan Counties.

♦ Environmental Response Fund (ERF) Project Status

Attached on page 22 is an Excel spreadsheet listing both completed and pending ERF projects for Fiscal Year '06-'07. Pending projects only show funds appropriated or spent to date.

♦ February 2007 Hearing Docket

A preliminary docket for the February 2007 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 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 of 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 checking 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 ("GIS") 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. 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

Online GIS and COGCC Website Demonstration
The COGCC, with assistance from the Ground Water 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://oil-gas.state.co.us/COGIS_Help/Help.asp

Aerial Photographs Added
Color images obtained from the United States Department of Agriculture – Farm Service Agency were added to the COGCC Online map system. These images encompass the entire state and were taken in 2005. The black and white images were obtained from the same federal agency. These images were taken in the years between 1989 and 2001. The COGCC GIS Administrator had to eliminate the "no-data" black borders to create a seamless, statewide set of images.

BLM Lease Stipulations Map Layers Now Available
The COGCC, in cooperation with the BLM, has released the new map layers containing the lease stipulations from the BLM on the COGCC GIS Online site. This project was undertaken with the help of the Ground Water Protection Council (GWPC). Colorado was designated as a pilot state and is one of the first to have this information available to the public. Some of the layers available include Federal Oil and Gas leases, Federal Surface leases, BLM Master Plats, and Federal Oil and Gas Subsurface Rights. With the assistance of the GWPC, the automated process is now in production and allows for the updates from the BLM to be merged into our existing data as the information is provided to the COGCC.

Production Information Update
The project to incorporate the production data prior to 1999 into the COGIS database environment has been delayed due to technical problems with the development. The web pages for Production Data inquires are being modified in order to handle the addition of this information. The data for these years is associated by lease instead of by well requiring new types of queries to be created. A new feature of the production data pages will be the ability to download the detail information that is displayed.

Helpful Applications on the WEB
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. Both of these applications can be found in the Help area of the website.

LAS File Upload
Beginning August 24, 2006, 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.oil-gas.state.co.us. To utilize the system, the operator 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 rule still requires the operator to submit a paper copy of each well log (Rule 308A).

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. The COGCC, along with other states, is working with the Ground Water Protection Council to establish a standard format for electronic submission of directional survey data. The states are gathering their requirements for review and are working towards a delivery date of February 2007 for this format. Once the format is approved, an application will be created for Colorado to receive the directional surveys electronically. Many thanks to Mr. Dewey Gerdom of Petroleum Development Corporation for his insight regarding the need for such a data set.

US Standard XML Reporting Project
The COGCC, the Ground Water 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 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, which is being used as a starting point for the file format being created by the working group mentioned above. The COGCC is working towards an industry review for this XML file format in early 2007.

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 1983.

Delinquent Operations Report
This 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 revaluate 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.

Spacing Orders Project
The spacing orders are being evaluated and posted on the maps, with over eighty-five percent (85%) of the state having been reviewed. The Wattenberg Field in northeast Colorado is the only area remaining to be completed.

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

VIII. VARIANCES

In September and October 2006, Home Depot USA, Inc. ("Home Depot") re-plugged a former producing well, Lillie Pallaoro #1, and an offset hole, designated Lillie Pallaoro #1A, which was abandoned during drilling prior to reaching its target depth because of a mechanical problem. Lillie Pallaoro #1 and Lillie Pallaoro #1A are located in the NE¼ NW¼of Section 7, Township 5 South, Range 69 West, 6th P.M. and were originally plugged in 1962 and 1954, respectively.

Home Depot was granted a variance in accordance with Rule 502.b.(1) for final reclamation with regard to grading and revegetation. The variance was requested because of a planned change in land use from vacant land to a commercial property. Grading will not follow the original ground contour as required by Rule 1004 because a retail store is being constructed on location and the final post-construction grading differs from the pre-construction grading. The location and its vicinity will be compacted, paved and landscaped to meet the specifications for the retail store, and therefore, replacement of soil with original soil horizons, tilling and revegetation with native seed mixes will not be performed as required by Rule 1004. This requested variance will not violate the basic intent of the Oil and Gas Conservation Act.

IN THE NEWS

State gets $147 million from minerals group

November 29, 2006
Rocky Mountain News

Colorado received $147 million in federal royalties in fiscal 2006 ended Sept. 30 from the Department of Interior's Minerals Management Service, 37 percent higher than the $107 million received in fiscal 2006. The money will go to state school districts, local governments and the water conservation board.

Colorado ranked No. 4 among the 34 royalty-receiving states, behind Wyoming's $1.07 billion, New Mexico's $573 million and Utah's $173 million.

The Denver-based Minerals Management Service - an arm of the Interior Department - collects a royalty, or fee, from oil, natural gas and mining companies that drill wells or mine on federal lands. The fee usually is a percentage of the resource being produced, paid in cash or in kind. The agency later splits the money equally with the states. Alaska is the only exception: It gets back 90 percent of its royalties. Overall, the federal agency disbursed $2.2 billion to the 34 states in fiscal 2006.

Gas drilling fuels GarCo schools, coffers

December 3, 2006
By Mike McKibbin
The Daily Sentinel – Grand Junction

RIFLE — Natural-gas development in western Garfield County has led to a "windfall in new infrastructure" that has allowed two school districts to build new schools without raising property taxes.

Meanwhile, county commissioners have decided to start banking some of that industry money in a "rainy day" fund to help deal with the time when the gas wells start to run dry.

For taxing entities such as School District Re-2 in Rifle, Silt and New Castle and School District 16 in Parachute and Battlement Mesa, the industry's role in rapidly rising assessed valuations made voters comfortable with approving $110 million of debt for new schools, teacher salaries and other needs in last month's general election.

In District Re-2, 81 percent of its property tax revenue, or $10.5 million, is paid by the energy industry, Finance Director Christy Hamrick said. In District 16, 94 percent of its property tax revenue, or $2.45 million, comes from the gas producers, Business Manager Rose Belden said.

Re-2 Superintendent Gary Pack said while the district would receive the same amount of property tax revenue if the industry was not present, because of the state School Finance Act and Amendment 23, the result is a "windfall in new infrastructure" for affected communities. "It's a boom time for taxpayers, who get to see all these things built without paying higher taxes," Pack said.

That will include a new elementary school in Silt, soon to be under construction. The school will replace Roy Moore Elementary, which has been plagued by shifting soils and other structural problems that soon will make all but the gymnasium unusable for education, he said. The increased assessed valuation allows school districts to boost their bonding potential without raising taxes, Pack said.

Figures gathered by Hamrick show Re-2 taxpayers have seen their share of district property taxes decrease from $223 for a $100,000 home in 2000 to $119 this year. All other property classifications, including oil and gas, saw similar decreases over that time, she said.

The county receives 55 percent of its property tax revenue from the gas producers, with EnCana Oil and Gas and Williams Production the two top taxpayers. Williams Production spokeswoman Susan Alvillar said, "A healthy energy industry is important to the prosperity of Western Colorado, and those property tax numbers certainly support that. With prosperity comes taxation, and that taxation supports infrastructure that we all use, like roads, schools and the like."

In 2005, the county received approximately $8 million of its property tax revenue from the industry. Commissioner John Martin said the county would set aside $2 million in industry revenue next year for the "rainy day" fund and add at least that much each year. "It's to take care of the future when the industry starts to slow down," he said. "It's to make sure the county has the money to continue to take care of essential services. It's not for new programs, and it's not a slush fund."

Recently, the county has used energy industry tax revenue to maintain and improve county roads and fund such things as studies on air and water quality related to the industry, human service programs, the county sheriff's budget and a new community corrections building, Martin said. "We've been prudent and cautious, and we want to continue to be prudent and cautious," he said.

Commissioners OK Piceance mancamp

County reserves right to make random inspections

December 5, 2006
By Donna Gray
Post Independent Staff – Glenwood Springs

Williams Production got a green light from the Garfield County commissioners Monday to build a temporary employee housing camp in the Piceance Basin 55 miles north of Rifle. The company, which is one of the largest producers of natural gas in the county, also helped the county craft zoning regulations governing the so-called mancamps, which it adopted last month. Williams will locate its camp on 17,000 acres owned by Chevron USA, part of which it leases for natural gas development.

While the camp and adjacent drilling area are only about 20 miles as the crow flies from the company's headquarters in Parachute, no roads lead there directly. Rather, workers must travel about an hour and a half - east to Rifle, northwest on Highway 13, and west on the Piceance Creek Road - to access the area.

In applying for the permit, Williams has said the remote camp provides a place for workers to live during their work week without having to travel a long distance. Six modular houses will be installed on the site of a Williams well pad and will house 24 workers. Amenities will include food and laundry service as well as a lounge and recreation room. In all, the modulars will disturb less than a half acre and cover about 10,000 square feet, said county planner David Pesnichak.

The camp will also conform to the new county regulations, which require an individual sewage disposal system. Drinking water will be hauled in weekly. The camp will also be required to provide monthly reports on water quality testing to the county. As a condition of special use permit approval, Commissioner Larry McCown said, "We want random county inspections." Commissioner Trési Houpt agreed. "This is very important. This is a new thing, and I think people will be watching very closely," she said.

Williams representative Phil Vaughn said the company "wanted it done right. This is not a frat house. ... It will be done correctly."

Garfield County drilling permits headed for record

December 8, 2006
By Mike McKibbin
The Daily Sentinel – Grand Junction

RIFLE — The most active natural-gas drilling county in Colorado will again see a significant jump in drilling permits by the end of the year, according to state estimates.

Garfield County will likely have seen approximately 1,800 permits issued this year, up about 300 from last year, Colorado Oil and Gas Conservation Director Brian Macke said Wednesday at the quarterly Northwest Colorado Oil and Gas Forum meeting in Rifle.

The increase will help drive a “huge spike” in permits statewide, Macke said, with an estimated 5,800 permits issued by the end of the year. That compares to 4,364 permits issued last year and would double the number issued in 2004, he said.

Weld County is the second-most active county with approximately 1,700 permits by year end, Macke said. Mesa County should see a significant increase, but still far behind the leading counties, with 275 permits expected this year, he said.

Colorado should have 34,000 active wells by the end of the year, producing 3.5 billion cubic feet of gas a day, Macke said. Garfield County's 3,500 active wells should produce 325 million cubic feet a day of that amount, he said.

The record-setting number of drilling permits didn't surprise John Harpole, president of Mercator Energy of Denver. His company helps market gas produced in the Piceance Basin, and he gave a presentation to forum members on future gas supply, demand and likely sources.
"The Rocky Mountain states are the only ones where we're going to see growth in the U.S." through the year 2030, he said. "We're living and breathing in the energy breadbasket of the country. It's the largest proven, undeveloped gas reserve, and I think it has to be the area that will help ensure the nation's energy security."

While more wells are being drilled, each of those wells is producing less gas than historical averages, Harpole said. That means the U.S. must quickly start developing alternative energy sources and emphasize strong conservation to avoid relying on "unfriendly" foreign countries for fossil fuels in the coming decades, he said.

"Even the strongest conservationist measures will still mean we'll need to get 75 percent of our energy needs from fossil fuels," Harpole said. He said 52 percent of the world's undeveloped oil and gas reserves lie under Islamic countries unfriendly to the U.S.

New drill rig quieter, boasts smaller footprint, gas company says

Centralized production may help wildlife, DOW says

December 9, 2006
By Bobby Magill
The Daily Sentinel – Grand Junction

PARACHUTE — Joe Honeycutt is a company man for Williams Production working or on call at three rigs 24 hours a day for 30 days at a time. At the end of the stretch, he returns home to Vernal, Utah, for 10 days before the cycle begins all over again. He said life in the gas fields near Parachute is a little easier now that Williams has introduced the high-tech Helmerich & Payne Flexrig 4, a drilling rig that's shorter, quieter and able to drill many more wells in one shot than a conventional rig.

"This rig will punch out holes a lot faster," Honeycutt said. The rig was in the middle of drilling its third well on its pad Wednesday morning, one of nearly two dozen it could drill right next to each other. It takes the Flexrig only a week to drill a single well.

Williams is proud of the custom-built rig, one of 10 of the Flexrigs the company operates mostly on private land in the Piceance Basin. This one, however, is Williams' great experiment, part of a multiyear study on 720 acres of public land in Hayes Gulch examining how mule deer respond to drilling in the winter.

As part of the project, the Bureau of Land Management granted Williams an exception to winter timing stipulations that were placed on its lease. In exchange, Williams said it will not drill on 2,700 acres of private land across the Colorado River below Battlement Mesa.

"They could easily move that operation over on private land and drill during the winter, but the ranchland is really very good quality habitat," said Colorado Division of Wildlife spokesman Randy Hampton. "They're making much better habitat available to wildlife."

The DOW will capture and collar 30 adult female deer and 60 fawns with radio collars so wildlife biologists can track the deer's movements in relation to the drilling. It's true, the sparse piÃ±Ã³n-juniper woodland surrounding Williams' frozen well pad doesn't make good forage for deer, said Williams Senior Environmental Specialist Robert Bleil, as he jostled his white pickup truck up a steep gravel road below the Roan Cliffs.

In the rig's heated drilling booth overlooking Battlement Mesa, Honeycutt checked flat-screen monitors crammed with digitized dials and other readouts. The drilling operation under his command is a lot safer than other rigs he works on, he said, partially because many more of the rig's operations are automated. It's much quieter in the booth, too, he said, because engines that normally sit just outside aren't necessary.

The new $11 million Flexrig has a lower profile on the horizon than a conventional rig and makes half the noise of an older rig. And, it can drill up to 22 wells from one pad without being transported from one site to another. The company claims to be reducing pollution at the well pad, which has centralized condensate tanks and wastewater facilities, and no reserve pits, which are notorious for their scum of oil.

Fewer well pads reduce the number of miles of roadway and the number of well pads Williams has to build, minimizing wildlife habitat fragmentation, Bleil said. The rig is fast, too, he said, reducing to a short and quick 18 months a multi-well drilling operation that would take up to a decade with a conventional rig.

"Battlement Mesa will be here 12 months from now," said Williams spokeswoman Susan Alvillar. "This rig won't be."

Department of Energy
Office of Legacy Management

December 6, 2006

Mr. Brian J. Macke, Director
Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

Subject: Status of Transport Modeling effort for the Rulison Project

Dear Mr. Macke:

This letter is in response to your letter of July 18, 2006, to Stephen A. Mellington of the Department of Energy (DOE), Environmental Management, regarding "Request for Department of Energy Participation In Colorado Oil and Gas Conservation Commission Hearing Regarding Lands in the Project Rulison Area." You requested current information on DOE's environmental assessment of the site and the potential risks of natural gas exploration near the site.

DOE has been monitoring shallow ground water and surface water, the sources of local drinking water, near the site for over two decades and has determined that no contaminant migration has occurred through the ground water pathway. While this provides a measure of assurance to local residents who utilize ground water, this sampling does not address the potential for contaminant migration through the natural gas pathway. In response to public concern, DOE developed a flow and transport computer model and released a report of the findings in May 2004. This simplistic model was very preliminary in nature, it was developed using a specific transport scenario, with input from local natural gas producers and the Colorado Oil and Gas Conservation Commission (COGCC). It has been DOE's intent to complete a more rigorous and detailed flow and transport computer model to develop greater understanding of the potential for migration of contaminants. We are continuing to work toward release of this model.

This model will provide a more robust understanding of migration of contaminants and provide more confidence in the technical basis of a reasonable buffer zone around the test site. The COGCC implemented buffer zone around the Rulison site is still appropriate until we all understand the model results.

The subsurface contaminant fate and transport model is currently undergoing a peer review by a panel of subject matter experts. The model report should be available to the state, local agencies, and the public and others, by early next calendar year. We will make sure that your office receives a copy when it is available for release.

19901 Germantown Road, Germantown, MD 20874 | 2597 B 3/4 Road, Grand Junction, CO 81503
3610 Collins Ferry Road, P.O. Box 880, Morgantown, WV 26507 | 626 Cochrans Mill Road, P.O. Box 10940, Pittsburgh, PA 15236
1000 Independence Ave., S.W., Washington, DC 20585 | 12101 Airport Way, Unit C, Broomfield, CO 80021-2583
REPLY TO: Grand Junction Office

If the model results indicate that the projected migration of contaminates necessitates changes to the boundary, DOE will evaluate the extent of protection needed and assess methods to assure that protectiveness. This process will occur in the months following the finalization of the model. Any proposed changes will be shared with COGCC and interested stakeholders prior to finalization. DOE/LM is actively assessing your request for "expert testimony" at your hearings.

In closing, we want to note that the site came under the responsibility of DOE's Office of Legacy Management (OLM) on October 1, 2006. We believe OLM's mission and goals remain aligned with the needs of this site. With the OLM office in Grand Junction, Colorado, being closer in proximity to the Rulison site, interaction with local residents and government officials will be enhanced. A similar test site also exists near Rio Blanco, Colorado, and DOE plans a similar assessment for that site. We look forward to actively working with your agency to resolve these complex issues.

Please contact Tracy Plessinger of my staff at (970) 248-6197 if you have any questions.

Sincerely,

Ray Plieness, Deputy Director
Office of Site Operations

cc:
T. Pauling, DOE/LM-20
T. Plessinger, DOE/LM-20
R. Hutton, Stoller
Project File: RUL 000 (A) (D. Roberts)

RMP/Rulison Nuclear Test Site Response B Macke Letter.doc

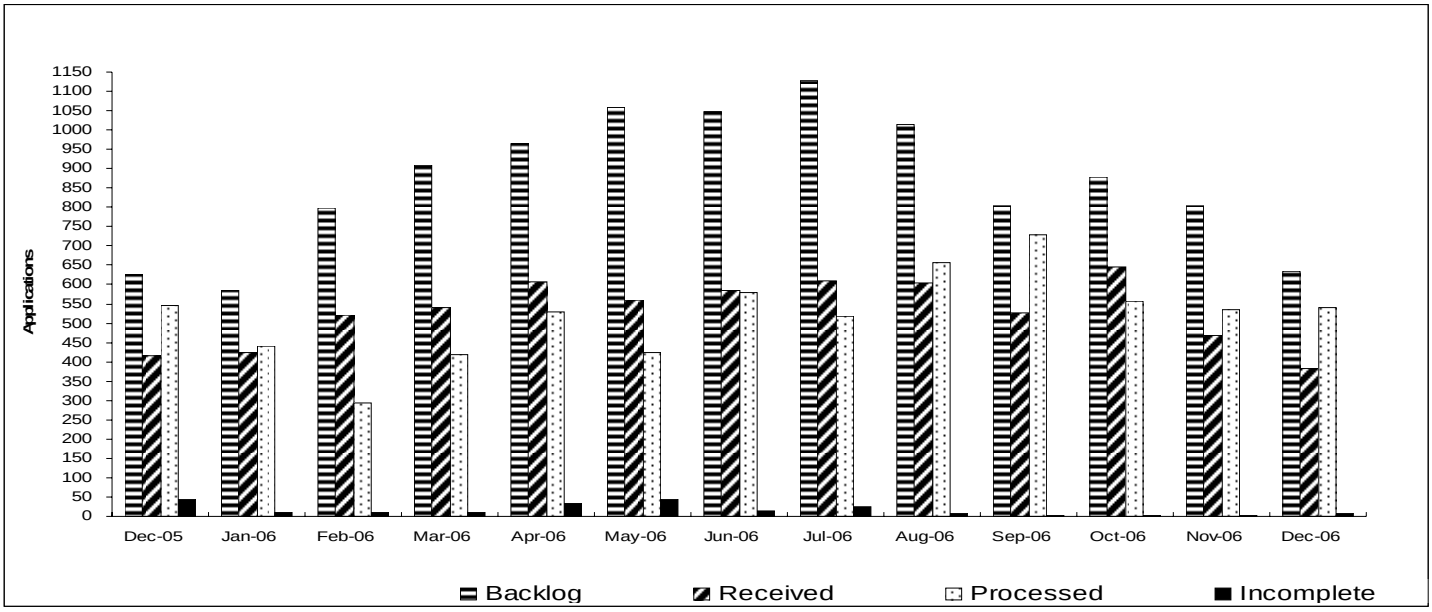
Outstanding Environmental Response Fund and Bond Claim Projects						12/15/2006
Plugging and Abandonment and Reclamation Projects						
Orphaned Wells and Sites						
FY 06- 07Projects						
	PLANNED PROJECTS					
	PROJECT					**DESCRIPTION**
Garfield	Pittenger Abandonment	Planned FY 06-07				Final Abandonment and Reclamation
Logan	West Padroni O sand Assesment	Planned FY 06-07				Evaluate/Assess 5 sites with oil contamination
Logan	West Padroni O sand Remediation	Planned FY 06-07				Cleanup, remediation and reclamation 5 sites
	Monaghan 1 & 2 site cleanup	Planned FY 06-07				pipeline and trash cleanup at abandoned site
	Stewart 1 wellbore evaluation	Planned FY 06-07				evaluate leaking well (water)
	Stewart 1 PA and reclamation	Planned FY 06-07				abandon and reclaim well
Montezuma	Sierra Field Oil Contamination Assesment	Planned FY 06-07				Evaluate/Assess 1 site with oil contamination
Montezuma	Sierra Field Oil Contamination Remediation	Planned FY 06-07				Cleanup, remediation and reclamation 5 sites
	PENDING PROJECTS					
	PROJECT	**ESTIMATED COST**	**BOND AMT**	**ERF AMT**	**SPENT TO DATE**	**DESCRIPTION**
La Plata	Bryce 1X					
	Site Eval. And Wellbore Prep.		$0	$3,874	$3,874	Digout to Bedrock, Install SRF CSG Section
	Drill Bits	$7,000	$0	$4,900	$4,900	Bits
	Consultant	$21,000	$0	$5,228	$5,228	Final Bill
	Dirt Work (Adobe)	$24,399	$0	$16,160	$16,160	Build Location
	Bryce 1-X Pit Cleanup (Adobe)		$0	$8,239	PENDING	Abandon and Reclaim Plugging Pit
	Environmental Monitoring	$131,000	$0	$52,376	$52,376	Area Gas Detection THRU 11/13/06
	Well Re-entry and Bottom Hole Abandonment	$300,000	$0	$323,579	$323,579	Work Completed 8/06
	Bryce 1-X Pit Top Plugging	Planned FY 06-07				Finish PA work after venting
	Bryce 1X Current Total				**$406,116**	
	WORK COMPLETED					
La Plata	Sierra Field Reclamation	$4,700	$0	$4,700	$4,700	Well head cutoffs, cleanup and recontour
Garfield	Pittenger Bond Claim - wellbore assesment	$2,501	$2,500	$1	$2,501	Evaluate and Prepare well for final PA
	Total Completed				$819,433	

Colorado Oil & Gas Conservation Commission

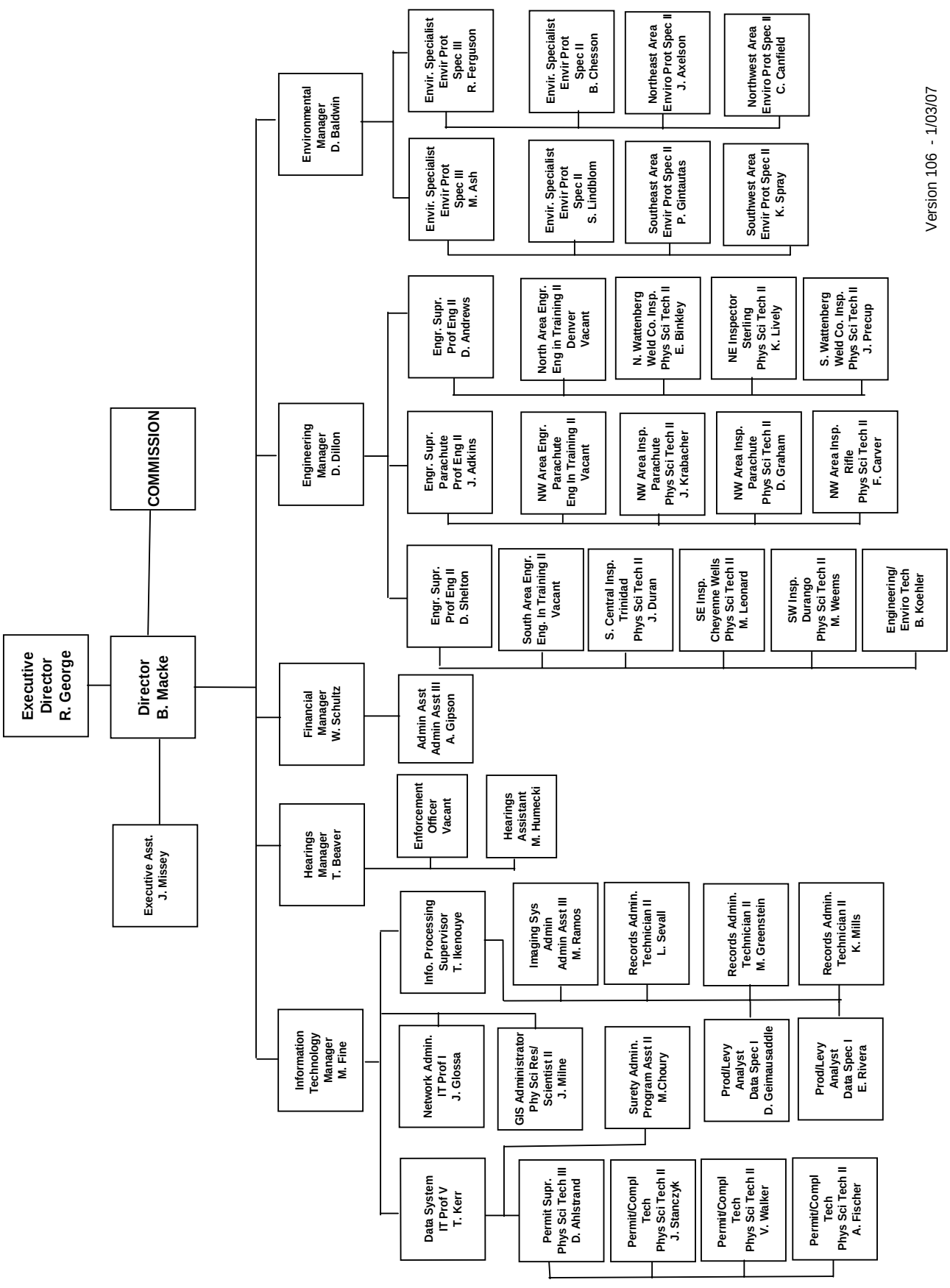
Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
Drilling								
Dec-05	747	390	531	9	0	43	554	597
Jan-06	597	396	420	24	0	11	538	549
Feb-06	549	501	266	14		12	758	770
Mar-06	770	508	392	8	0	12	866	878
Apr-06	878	594	501	24	0	32	915	947
May-06	947	532	398	41	0	44	996	1040
Jun-06	1040	548	563	19	0	13	993	1006
Jul-06	1006	571	482	9	0	26	1060	1086
Aug-06	1086	578	626	58	0	7	973	980
Sep-06	980	498	698	9	0	4	767	771
Oct-06	771	620	532	15	0	3	841	844
Nov-06	844	450	511	6	0	2	775	777
Dec-06	777	375	515	10	0	7	620	627
Recompletion								
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	31	26	2	0	0	32	32
Apr-06	32	13	27	1	0	0	17	17
May-06	17	29	26	2	0	1	17	18
Jun-06	18	38	15	0	0	0	41	41
Jul-06	41	38	36	0	0	0	43	43
Aug-06	43	26	32	3	0	0	34	34
Sep-06	34	29	30	0	0	0	33	33
Oct-06	33	26	24	0	0	0	35	35
Nov-06	35	17	25	0	0	0	27	27
Dec-06	27	7	26	0	0	0	8	8
Total								
Dec-05	765	416	546	9	0	44	582	626
Jan-06	626	424	441	24	0	11	574	585
Feb-06	585	521	293	14	0	12	787	799
Mar-06	799	539	418	10	0	12	898	910
Apr-06	910	607	528	25	0	32	932	964
May-06	964	561	424	43	0	45	1013	1058
Jun-06	1058	586	578	19	0	13	1034	1047
Jul-06	1047	609	518	9	0	26	1103	1129
Aug-06	1129	604	658	61	0	7	1007	1014
Sep-06	1014	527	728	9	0	4	800	804
Oct-06	804	646	556	15	0	3	876	879
Nov-06	879	467	536	6	0	2	802	804
Dec-06	804	382	541	10	0	7	628	635

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
Executive Director R. George
Director B. Macke
COMMISSION
Executive Asst. J. Missey
Environmental Manager D. Baldwin
Envir. Specialist Envir Prot Spec III R. Ferguson
Envir. Specialist Envir Prot Spec II B. Chesson
Northeast Area Enviro Prot Spec II J. Axelson
Northwest Area Enviro Prot Spec II C. Canfield
Envir. Specialist Envir Prot Spec III M. Ash
Envir. Specialist Envir Prot Spec II S. Lindblom
Southeast Area Envir Prot Spec II P. Gintautas
Southwest Area Envir Prot Spec II K. Spray
Engineering Manager D. Dillon
Engr. Supr. Prof Eng II D. Andrews
North Area Engr. Eng in Training II Denver Vacant
N. Wattenberg Weld Co. Insp. Phys Sci Tech II E. Binkley
NE Inspector Sterling Phys Sci Tech II K. Lively
S. Wattenberg Weld Co. Insp. Phys Sci Tech II J. Precup
Engr. Supr. Parachute Prof Eng II J. Adkins
NW Area Engr. Parachute Eng In Training II Vacant
NW Area Insp. Parachute Phys Sci Tech II J. Krabacher
NW Area Insp. Parachute Phys Sci Tech II D. Graham
NW Area Insp. Rifle Phys Sci Tech II F. Carver
Engr. Supr. Prof Eng II D. Shelton
South Area Engr. Eng. In Training II Vacant
S. Central Insp. Trinidad Phys Sci Tech II J. Duran
SE Insp. Cheyenne Wells Phys Sci Tech II M. Leonard
SW Insp. Durango Phys Sci Tech II M. Weems
Engineering/ Enviro Tech B. Koehler
Financial Manager W. Schultz
Admin Asst Admin Asst III A. Gipson
Hearings Manager T. Beaver
Enforcement Officer Vacant
Hearings Assistant M. Humecki
Information Technology Manager M. Fine
Info. Processing Supervisor T. Ikenouye
Imaging Sys Admin Admin Asst III M. Ramos
Records Admin. Technician II L. Sevall
Records Admin. Technician II M. Greenstein
Records Admin. Technician II K. Mills
Network Admin. IT Prof I J. Glossa
GIS Administrator Phy Sci Res/ Scientist II J. Milne
Surety Admin. Program Asst II M.Choury
Prod/Levy Analyst Data Spec I D. Geimausaddle
Prod/Levy Analyst Data Spec I E. Rivera
Data System IT Prof V T. Kerr
Permit Supr. Phys Sci Tech III D. Ahlstrand
Permit/Compl Tech Phys Sci Tech II J. Stanczyk
Permit/Compl Tech Phys Sci Tech II V. Walker
Permit/Compl Tech Phys Sci Tech II A. Fischer
Version 106 - 1/03/07

Colorado Oil Gas Conservation Commission
Monthly Statistics

YEAR	MO	Baker - Hughes rig count	Permits								Active Wells	Unedited Historic Records	Public Visits			Well Oper Change
			Drilling		Recompletion		Injection		Pits							
			Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd			Data	Office	Internet	
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	299	7	36	0	3	8	7	27262	0	60	41	49839	2357
	FEB	70	251	343	29	14	1	1	17	10	27427	0	44	71	51277	378
	MAR	73	339	416	33	27	4	4	36	26	27595	0	59	34	60298	432
	APR	69	420	414	14	25	1	1	26	27	27723	0	58	56	52606	394
	MAY	65	340	319	13	8	0	3	25	35	27853	0	46	43	58881	308
	JUN	69	340	365	13	8	2	3	58	63	28032	0	58	33	51402	403
	JUL	69	314	362	19	23	3	5	50	39	28164	0	50	33	53182	365
	AUG	75	379	508	9	27	5	5	25	76	28364	0	67	50	56820	679
	SEP	78	391	461	24	15	3	1	101	60	28631	0	57	48	62058	513
	OCT	86	437	499	19	21	1	0	27	70	28720	0	51	47	66542	462
	NOV	85	368	534	14	15	0	4	72	25	28866	0	61	40	62880	626
	DEC	83	531	390	15	26	3	0	33	47	28952	0	58	44	61024	774
2005	Total		4373	4910	209	245	23	30	478	485			669	540	686809	7691
	JAN	84	420	396	21	28	2	1	21	2	29181	0	69	61	73154	674
	FEB	84	266	501	27	20	0	8	4	5	29384	0	25	58	73190	454
	MAR	81	392	508	26	31	0	7	3	1	29751	0	35	92	105602	531
	APR	88	501	594	27	13	6	6	33	23	29907	0	30	152	88082	791
	MAY	89	398	532	26	29	0	4	19	22	30185	0	52	60	88825	619
	JUN	90	563	548	15	38	1	2	42	47	30324	0	64	61	88661	1244
	JUL	92	482	571	36	38	7	3	41	59	30397	0	71	44	85027	875
	AUG	93	626	578	32	26	2	1	27	33	30613	0	40	102	78339	470
	SEP	94	698	498	30	29	7	1	48	33	30732	0	78	48	79705	741
	OCT	92	532	620	24	26	3	1	30	45	30805	0	20	68	89950	561
	NOV	88	511	450	25	17	3	1	10	19	30985	0	37	91	75569	133
	DEC	91	515	375	26	7	0	0	15	3	31096	0	10	60	86182	3
2006	Total		5904	6171	315	302	31	35	293	292			531	897	1012286	7096

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Colorado Oil Gas Conservation Commission

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Monthly Statistics

YEAR	MO	Operators		Bonds: Release			Bonds: Claim		Hearings		Violations					Remediation Projects		Field
		New	Inactive	Ind.	Blnkt	Replace	Ind.	Blnkt	Apps.	Order	NOAV	AOC	OFV	Cmplt	Spills	Rcvd	Comp	Insp
2003	Total	81	72	58	31	124	3	0	45	31	161	7	2	157	222	79	45	7504
2004	JAN	5	10	8	7	5	0	0	9	8	11	4	0	15	23	3	3	622
	FEB	5	4	4	3	11	0	0	7	3	17	2	0	20	22	3	5	745
	MAR	3	7	5	8	7	0	1	16	16	15	13	0	23	26	9	3	706
	APR	7	8	7	4	11	0	1	4	4	53	1	0	15	22	3	0	568
	MAY	12	3	0	0	10	0	0	8	7	27	2	0	10	23	6	8	984
	JUN	13	6	0	0	10	0	0	NA	NA	24	NA	NA	14	17	3	7	716
	JUL	8	2	4	2	12	0	0	9	4	15	4	0	11	16	6	1	566
	AUG	16	4	2	6	10	0	0	4	3	16	3	1	11	24	2	3	662
	SEP	8	7	8	0	12	0	0	4	4	19	0	0	16	17	6	22	709
	OCT	8	3	3	2	13	0	0	0	0	9	0	0	9	19	4	1	623
	NOV	10	6	9	1	9	0	0	1	1	10	0	2	6	8	0	1	398
	DEC	10	3	5	3	8	0	0	NA	NA	19	NA	NA	4	13	8	6	417
2004	Total	105	63	55	36	118	0	2	62	50	235	29	3	154	230	53	60	7716
2005	JAN	10	3	3	7	10	0	1	8	3	18	0	1	12	20	9	3	623
	FEB	8	6	4	2	13	0	1	6	6	6	0	0	11	23	9	2	530
	MAR	8	10	8	3	12	0	0	3	5	6	0	0	21	21	12	14	725
	APR	10	5	7	4	13	0	0	8	4	16	0	1	26	22	15	9	428
	MAY	9	5	7	5	14	0	1	NA	NA	15	NA	NA	10	34	3	1	697
	JUN	15	11	2	5	14	0	0	10	7	20	3	0	13	39	15	7	651
	JUL	14	9	7	5	14	0	0	8	4	37	0	0	22	28	14	2	538
	AUG	10	2	1	2	6	0	0	4	3	36	0	0	19	28	10	4	566
	SEP	17	5	7	5	12	0	0	4	3	15	0	0	24	31	14	8	709
	OCT	14	4	6	2	12	0	0	8	8	34	0	0	35	23	3	8	499
	NOV	18	9	3	6	12	1	16	NA	NA	14	NA	NA	25	22	18	11	780
	DEC	12	3	5	2	17	1	4	15	8	38	2	2	13	39	12	3	751
2005	Total	145	72	60	48	149	2	23	74	51	255	5	4	231	330	134	72	7497
	JAN	15	5	17	5	13	0	0	14	10	5	2	1	21	31	8	18	1087
	FEB	16	2	6	4	14	0	0	11	6	11	2	0	19	37	9	2	949
	MAR	13	5	5	3	16	0	1	11	5	43	1	2	20	33	29	13	682
	APR	14	8	5	8	13	1	0	9	11	33	0	0	34	38	14	3	603
	MAY	12	5	6	4	10	0	0	NA	NA	16	NA	NA	29	23	14	6	997
	JUN	18	3	2	8	18	0	0	18	15	11	2	0	20	34	17	10	810
	JUL	10	9	2	7	8	0	0	17	11	12	1	2	31	31	13	8	658
	AUG	9	11	7	5	13	0	0	12	6	13	0	0	40	24	35	6	640
	SEP	10	4	3	5	11	0	0	12	7	37	2	0	29	12	7	8	347
	OCT	9	5	3	5	21	0	0	12	11	30	0	0	21	25	28	9	550
	NOV	12	2	3	5	20	0	0	15	15	22	2	0	21	13	14	12	675
	DEC	9	5	3	3	10	0	0	NA	NA	13	NA	NA	17	15	10	0	491
2006	Total	147	64	62	62	167	1	1	131	97	246	12	5	302	316	198	95	8489

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HEARING DOCKET: February 2007

PRELIMINARY 1/2/2007

Docket Number	Cause	Applicant/Attorney or Representative	Application Received	Field Formation County	Matter	Remarks
0611-AW-32	112	Petrogulf Co./ Michael J. Wozniak	10/10/2006	Ignacio-Blanco Fruitland Coal Seams La Plata	Request for an order to allow up to four (4) wells to be optionally drilled in the 320-acre drilling and spacing unit consisting of the S½ of Section 31, Township 33 North, Range 9 West, N.M.P.M., with the permitted well to be located no closer than 660 feet from the unit boundary.	Continued from November 2006 and January 2007
0701-SP-03	399	Delta Petroleum Corp./ Michael J. Wozniak	11/20/2006	Vega Mesaverde Group Mesa	Request for an order to allow the equivalent of one (1) well per 20 acres for certain lands in Township 10 South, Range 93 West, 6th P.M., with the permitted well to be located no closer than 200 feet from the lease line.	Continued from January 2007
0701-SP-04	139	Williams Production RMT Co./ William A. Keefe	11/20/2006	Rulison Williams Fork Garfield	Request for an order to vacate the S½ 320-acre drilling and spacing unit in Section 32, Township 6 South, Range 94 West, 6th P.M. and establish two (2) 160-acre drilling and spacing units consisting of the SW¼ and SE¼ of Section 32, Township 6 South, Range 94 West, 6th P.M.	Continued from January 2007
0702-SP-06	139 & 440	EnCana Oil & Gas (USA) Inc./ Michael J. Wozniak	11/20/2006	Rulison Williams Fork/Iles Garfield	Request for an order to establish 160-acre drilling and spacing units consisting of the NW¼ and SW¼ of Section 11, Township 7 South, Range 95 West, 6th P.M, and to allow the equivalent of one (1) well per 20 acres, with the permitted well to be located no closer than 200 feet from the unit boundary.	
0702-SP-08	139 & 440	PetroHunter Energy Corporation Robert Mathes	12/19/2006	Parachute Williams Fork Garfield	Request for an order to vacate the 320-acre drilling and spacing unit and establish eight (8) 40-acre drilling and spacing units in the W½ of Section 15, Township 7 South, Range 95 West, 6th P.M., and allow the equivalent of one (1) well per 20 acres, with the permitted well to be located no closer than 200 feet from the unit boundary.	
0702-UP-08	191	Antero Resources Piceance Corp./ Michael J. Wozniak	12/22/2006	Mamm Creek Williams Fork/Iles Garfield	Request for an order pooling all nonconsenting interests in the 320-acre drilling and spacing unit consisting of the N½ of Section 17, Township 6 South, Range 92 West, 6th P.M.	

0702-AW-04	112	Orion Energy Partners L.P./ Michael J. Wozniak	12/22/2006	Timberline, Wildcat & Kokopelli Williams Fork Garfield	Request for an order to allow up to sixteen (16) wells to be optionally drilled in the 320-acre drilling and spacing unit for certain lands in Sections 8 and 17 and allow one (1) well per 20 acres for certain lands in Sections 7 through 9, 16 through 18, 21, 27 and 28, Township 6 South, Range 91 West, 6th P.M., with the permitted well to be located no closer than 200 feet from the unit boundaries or from a lease line on unspaced areas.	
0702-AW-05	112	Merrion Oil & Gas Corporation Michael J. Wozniak	12/26/2006	Ignacio-Blanco Fruitland Coal Seams La Plata	Request for an order to allow up to four (4) wells to be optionally drilled in the 320-acre drilling and spacing unit consisting of the N½ of Section 23, Township 33 North, Range 7 West, N.M.P.M., with the permitted well to be located no closer than 660 feet from the unit boundary.	
0702-OV-02	1V	Staff Recommendation	11/29/2006	Brandon Mississipian-Spergen Kiowa	Request for an Order Finding Violation finding Shelby Resources LLC. in violation of Rule 319.b., failure to abandon a well within six (6) months of ceased production, Rule 326.b.(1) failure to perform a mechanical integrity test on a shut-in well within two (2) years of initial shut-in date for the Andrew Jackson #1 Well located in the SW¼ SW¼ of Section 19, Township 18 South, Range 45 West, 6th P.M., and Rule 1004.a. all debris, abandoned gathering line risers, flowline risers, and surface equipment shall be removed within three (3) months of plugging a well, for the CGA #1-30 Well located in the SW¼ NE¼ of Section 30, Township 18 South, Range 45 West, 6th P.M.	