



# Staff Report

July 23, 2007

## I. STATISTICS

- ◆ Our monthly statistics report is attached. As of July 13, 2007, there have been 3,273 Applications for Permits-to-Drill (“APDs”) approved. At this pace, it is estimated that approximately 6,150 APDs will be approved in calendar year 2007. This represents a 4% increase over the previous record high of 5,904 APDs approved in 2006, which was 35% higher than the 2,915 APDs approved in 2004.
- ◆ The 2007 drilling permit totals for the top seven counties as of July 13 are:

County	2007 (% of Total)	2006	2005	2004
Garfield	1196 (37%)	1844 (31%)	1508	796
Weld	828 (25%)	1418 (24%)	901	832
Yuma	286 (9%)	798 (14%)	782	237
Las Animas	230 (7%)	500 (8%)	413	332
Rio Blanco	151 (5%)	360 (6%)	161	154
Mesa	143 (4%)	265 (4%)	136	54
La Plata	112 (3%)	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 through July 13, 2007. 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 Agreements	Total Permitted Under A Surface Use Bond	\$25,000 Blanket Surface Damage Bond	\$2,000 Individual Surface Damage Bond For Non-Irrigated Land	\$5,000 Individual Surface Damage Bond for Irrigated Land
2005	4,323	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%)
2007	3,254	1,993 (61%)	1,261 (38%)	723 (22%)	538 (17%)	537 (17%)	0	0

Published in conjunction with COGCC hearings

## II. NORTHWEST COLORADO

### ◆ Northwest Colorado Oil and Gas Forum

The next Northwest Colorado Oil and Gas Forum is scheduled for September 13, 2007, from 10:00 a.m. until 2:00 p.m. at the Garfield County Fairgrounds in Rifle, CO.

The NW CO Oil and Gas Forum is an informal meeting of local, state, and federal government officials, oil and gas industry representatives, and citizens that has been holding regularly scheduled meetings since 1989. The purpose of the Forum is to share information about oil and gas development in the northwest Colorado area 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 COGCC Director Brian Macke and Garfield County Commissioner Larry McCown.

All parties wishing to be placed on the meeting agenda should contact Jaime Adkins at 970-285-9000 or via email at: [jaime.adkins@state.co.us](mailto:jaime.adkins@state.co.us).

### ◆ West Divide Creek Seep Remediation Status Report

On June 13, 2007, EnCana Oil & Gas (USA), Inc. submitted the March 2007 Quarterly Sampling and Remediation Status Report on the West Divide Creek Seep Remediation. Contaminate compounds, including benzene, toluene, ethylbenzene, and xylenes, have not been detected in any West Divide Creek surface water samples since Spring 2005. The continued decrease in the concentrations and aerial extent of contaminate compounds in the ground water is attributable to remediation (air sparging) of the ground water in the alluvium along the impacted part of West Divide Creek.

### ◆ Phase IV Piceance Basin Baseline Water Quality Study - Garfield County

A presentation of the results of the Phase IV Piceance Basin Study was provided by Bryan

Grigsby with S. S Papadopoulos & Associates at the June 7, 2007, Northwest Colorado Oil and Gas Forum. The presentation will also be made to the COGCC Commissioners at a future hearing.

### ◆ Local Project Status Update

Garfield County (GARCO) has awarded the contract for the Phase II Hydrogeologic Characterization Project to S. S. Papadopoulos & Associates (Papadopoulos). This is another Public Project In Lieu of Fines that will be funded by EnCana. The Memorandum of Understanding (MOU) and the supplemental MOU have been signed and executed by all parties. The MOU sets out the rights, obligations, and responsibilities, including budget, procurement, oversight, technical work, time periods, performance standards reporting, and enforcement of the public project.

### ◆ Craig Colorado Area Baseline Water Quality Study

Field sampling for the water quality investigation in Moffat County just west of Craig, Colorado was completed in late June 2007. Twenty-five (25) water wells in Townships 6 and 7 North, Range 92 West, 6th P.M. were sampled for general water quality parameters and dissolved methane concentration. Recent permitting for coalbed methane (CBM) wells in this area of Moffat County has generated the need to establish baseline ground water quality data from water wells. RMC Consultants, Inc. of Lakewood, Colorado was contracted to conduct this investigation. The project cost, which was discussed at the March 2007 hearing, is \$25,000, with the funding coming from the Special Environmental Protection and Mitigation Studies line item of Fund 170. As soon as the laboratory analytical results are submitted to the COGCC, staff will prepare and send letters to each individual well owner discussing their water sample results. The final report will be made available on the COGCC website ([www.cogcc.state.co.us](http://www.cogcc.state.co.us)).

### 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) initiated hydrogeologic testing in the Bondad area on June 11, 2007. Single-hole drawdown tests were conducted on three wells to better determine the hydrogeologic characteristics of the shallow aquifer. Once the results of these tests are available, they will be used to assist in development of pilot remediation strategies. In addition, down hole videos were made in two wells to evaluate whether methane gas could be seen entering the well bores at discreet stratigraphic intervals. Visible gas inflow was not observed in the down hole videos of either water well.

A methane gas monitoring system was removed from a well house and vacant residence located within the area of groundwater impact at the homeowner's request. The homeowner received a letter from the COGCC explaining that methane is still present in the well house and that a risk of explosion still exists. The COGCC also offered to install a passive ventilation system in the well house at no cost to the homeowner.

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

The June 21, 2007, GORT meeting was attended by approximately 40 people, including representatives from the Southern Ute Indian Tribe, US BLM, USFS, industry, the New Mexico Oil Conservation Division, La Plata County government, the COGCC, and La Plata residents. Special thanks to House Representative Ellen Roberts, La Plata County Commissioners Wally White and Kellie Hotter, and COGCC Commissioner Kim Gerhardt for taking time from their busy schedules to attend the meeting.

Topics covered included: an update of oil and gas activity in the state; an update on the Bryce-1X soil gas monitoring and remediation; a summary of COGCC activities and the hydrogeology of the Red Mesa Field area; a

summary of cooperative operator/local agency fire protection strategies presented by Christi Zeller (Executive Director of the La Plata County Energy Council); a presentation by La Plata County regarding its visual mitigation guidelines for oil and gas operations, with an update on the status of its code revisions; an update presented by Walt Brown, USFS, on the status of the Northern EIS; a summary by John Pecor, US BLM, of federal property Bradenhead testing program; and COGCC staff presented a brief overview of Senate Bill 07-198 funding for outcrop mitigation (La Plata County) and monitoring (Archuleta County) projects.

The next GORT meeting is scheduled for September 20, 2007, at 8:30 a.m. at the La Plata County Fairgrounds. Possible topics for this meeting include outcrop mitigation and monitoring scoping status and pending revisions to the County's codes related to oil and gas development. All parties wishing to be placed on the meeting agenda should contact either Karen Spray at 970-259-1619 or [karen.spray@state.co.us](mailto:karen.spray@state.co.us), or Debbie Baldwin at 303-894-2100 ext.111 or [debbie.baldwin@state.co.us](mailto:debbie.baldwin@state.co.us).

#### ◆ Fruitland Gas Seep Mitigation Advisory Committee and Outcrop Monitoring

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.

Senate Bill 07-198, which was the proposed legislation to secure the funding for the Fruitland Formation Seep Mitigation Project in La Plata County and the Fruitland Formation Outcrop Monitoring Project in Archuleta County, received legislative approval for a proposed mill levy increase under Colorado Revised Statutes (C.R.S.) §34-60-129. The rulemaking hearing is set for the August 27, 2007, Commission hearing.

SB 07-198 appropriates \$4,452,000 to the COGCC from the Oil and Gas Conservation and

Environmental Response Fund over a three year period commencing July 1, 2007, and ending June 30, 2010. The COGCC would use up to \$2,944,000 of this appropriation to determine the most cost-effective methods of mitigating the seepage of methane gas and to expand the existing monitoring network along the outcrop of the Fruitland Formation in La Plata County, and up to \$1,508,000 to install monitoring wells in the Fruitland Formation in Archuleta County.

◆ Closed Loop Greenhouse Gas Emission Reduction Project

Mark Weems and Karen Spray were given a first-hand look at BP America's new closed loop gas recovery system that is now being used during well completion in the San Juan Basin. The pilot project was initiated in 2003 and became fully operational in May 2004, with the second generation system launched in August 2006. The gas recovery system consists of trailer-mounted separation and metering equipment that "closes the loop" on a previously open-ended system, capturing methane gas for sale and routing filtered water directly to the produced water line for disposal. Since initiating the project, emissions of flared or vented methane gas to the atmosphere have been significantly reduced.

◆ Fire Protection

Mark Weems attended a collaborative Fire Protection Workshop hosted by the La Plata Energy Council (LPEC) on June 7, 2007. The intent of the workshop was to bring industry and the agencies responsible for fire protection together to create first responder guidelines for both industry and firefighter personnel. The workshop was well-received and many positive safety guidelines were developed, including how to safely use well pads as a staging area during fire response. Additional workshops of this type are planned for the future.

#### IV. NORTHEAST COLORADO

◆ Arapahoe Aquifer Baseline Water Quality Study - Adams County

COGCC staff contracted with Lepert Associates,

Inc., of Golden, Colorado to conduct baseline ground water quality sampling of twenty (20) water wells completed in the Arapahoe Aquifer in Adams County in Townships 1 and 2 South, Ranges 59 through 64 West, 6th P.M. Field sampling was completed in late June 2007. Water wells were sampled for general water quality parameters and dissolved methane concentrations. The project cost, which was discussed at the March 2007 hearing, is \$25,000, with the funding coming from the Special Environmental Protection and Mitigation Studies line item of Fund 170. The COGCC continues to expand its database of representative ground water quality through conducting baseline ground water quality studies throughout regions of the state to aid in evaluations of alleged ground water impacts from oil & gas operations. As soon as the laboratory analytical results are submitted to the COGCC, staff will prepare and send letters to each individual well owner discussing their water sample results. The final report will be made available on the COGCC website ([www.cogcc.state.co.us](http://www.cogcc.state.co.us)).

◆ 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. Seventy-eight (78) gas wells and nine (9) Laramie/Fox Hills water wells in selected townships within the GWA were sampled by LT Environmental, Inc. (LTE).

◆ Ogallala Aquifer Baseline Study

The Ogallala Aquifer Baseline Study consisted of collecting samples from water wells in selected townships in Washington and Yuma Counties for organic and inorganic laboratory analyses. Seventy-five (75) water wells were sampled by URS Corporation (URS). COGCC staff has recently reviewed the draft report.

◆ Fort Morgan Gas Storage Field

The Fort Morgan Gas Storage Field (Field) is located approximately five (5) miles south of

Fort Morgan, Colorado in Morgan County and is operated by Colorado Interstate Gas (CIG), an El Paso Corporation.

On October 22, 2006, COGCC staff was notified of a casing leak on Well #26 that had necessitated the evacuation of nearby residents. The gas flow from the well was safely shut off on October 22, 2006, and there were no personal injuries. CIG estimates that between 650 and 700 MMcf were lost based on inventory analysis, flow calculations, and chart measurement. Two nearby residences remain evacuated; residence H100 located approximately 1,000 feet east of the compressor facility, and residence H101 located approximately 1,400 feet southeast of the facility.

Methane was detected in the samples collected from the water well at residence H100 on February 20 and March 23, 2007, at concentrations of 19 milligram per liter (mg/l) and 26 mg/l, respectively. Methane concentrations in all other water wells sampled were below 2 mg/l, which is a theoretical threshold concentration at which there exists a potential for methane to accumulate to potentially explosive levels in unventilated areas. Benzene was also detected in the sample collected from water well at residence H100 on February 20, 2007, at a concentration of 2.0 micrograms per liter ( $\mu\text{g/l}$ ). The Colorado Basic Standards for Ground Water for benzene is 5.0  $\mu\text{g/l}$ . Trace concentrations of BTEX compounds were also detected in four other water wells.

On May 15, 2007, COGCC environmental staff collected gas and water samples for laboratory analyses. Benzene and methane were detected in water samples from the water well at residence H100 at concentrations of 2.7  $\mu\text{g/l}$  and 9.9 mg/l, respectively. Other BTEX compounds were not detected. A trace concentration of dissolved methane was detected in water samples collected from the water well at residence H101, but BTEX compounds were not detected.

On May 22, 2007, COGCC staff met with CIG representatives to discuss the results of Phase II of the Environmental and Engineering

Assessment Workplan. An operational update, overview of Phase II findings, and scheduling of future Phase II events were discussed.

◆ Management of Drilling Fluids

Rule 907.d.(3). sets forth additional authorized disposal options for water-based bentonitic drilling fluids. One of the most widely used options in Weld County and along the Front Range is the spreading of these drilling fluids as a soil amendment. This year there have been numerous incidents where the application of the drilling fluids have been managed improperly, resulting 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 into adjacent surface waters. In these situations, the operator retains the responsibility for the transportation, land application operation, and the incorporation of the drilling fluids into the soils. Rule 907.d.(3). also requires that operators obtain written authorization and approval from the surface owner prior to land application.

Given the high level of drilling activity in the Greater Wattenberg Area and along the Front Range, COGCC staff urges operators to properly manage drilling mud applications in a prudent manner, follow-up with the surface owner to verify incorporation of the drilling fluids into soils, and to ensure that the drilling mud is actually used as a soil amendment. Impacts to surface waters will result in a Notice of Alleged Violation (NOAV). Significant environmental impacts will result in additional enforcement.

◆ O-Sand Investigation

Limited subsurface investigations were performed by the COGCC at seven historic O-Sand/heavy oil sites in Logan County in May 2007. The purpose of the investigations was to evaluate the extent of hydrocarbon-impacted soil associated with the historic use of earthen production pits at these sites. The information will be used to determine rough order of magnitude estimates of the volume of hydrocarbon-impacted material at each site. In addition to the site assessments, a feasibility

study is being prepared to evaluate potential remediation options. The site assessment report and feasibility study are being prepared by URS Corporation and are expected to be completed by August 2007.

◆ Lewis Creek and Little Hoot Gas Plant Reclamation Projects

COGCC recently completed reclamation at the former Lewis Creek Gas Plant in Logan County. Transportation & Industrial Services, Inc. (TIS) was subcontracted to perform the reclamation, which consisted of removal of surface piping and concrete as well as final grading and seeding. Because the surface owner preferred removal of concrete from the site as opposed to on-site burial, a cooperative agreement was made with the Logan County Road and Bridge Department. They recovered the concrete from the site for use in local erosion control projects saving several thousand dollars in transportation and disposal costs.

Work began at the Little Hoot Gas Plant, also in Logan County, consisting of surface piping removal and reclamation of a historic pit at the site. Disturbed areas were graded and seeded. Remaining work includes demolition of a structure at the site, removal/burial of concrete, final grading and seeding. This work is tentatively scheduled for fall of 2007. A total of 2,800 pounds of used steel pipe and conduit were recovered from the two sites and recycled at Iron & Metal, Inc. in Denver.

V. SOUTHEAST COLORADO

◆ Phase II Raton Basin Methane Seep Mapping Project - Las Animas and Huerfano Counties

Task 1 of the Phase II Seep Mapping Project (Phase II Project) occurred from April 19, 2007, to May 4, 2007. For this task a ground survey was conducted by Apogee Scientific Inc. (Apogee) using two vehicles each equipped with a Methane Leak Detection System (LDS), global position system (GPS) and meteorological station. The survey was conducted on highways, county roads, and lease roads. During the 21 days of mapping 60 seeps were identified. During the Phase I Seep Mapping Project,

conducted in 2000-01 67 seeps were identified. This discrepancy could be related to differences in atmospheric conditions such as wind direction and or wind speed. Preliminary review of Task 1 data indicates that conditions have not changed considerably in the southern half of the Raton Basin. However, in the northern half of the basin (Huerfano County), 10 seeps were identified in the Phase II survey, but only 1 was detected during the 2000-01 study.

LT Environmental Inc. (LTE) is currently conducting Task 2 of the Phase II Project which involves 25 days of detailed soil gas mapping at sites identified during Task 1 to determine the extent and magnitude of each seep. The locations selected for the detailed soil gas mapping were based on the persistence of the seep (if it was previously identified during Raton Basin Phase I Project), and for potential to impact public health, safety and welfare. Known gas seeps at both the former Mondragon property and the Primero School will be included. Task 2 is scheduled to be completed at the end of July 2007.

The Phase II Project also involves sampling and analysis of water wells and gas wells. Samples will be analyzed for inorganic and general water quality parameters, and dissolved methane. Additionally, samples of the gas seeps and gas from production wells will be submitted for isotopic analyses to determine whether the methane in the seeps is similar to the coal bed methane gas.

◆ Las Animas County House Explosion

The emergency response investigation into the cause of a house explosion in Las Animas County that occurred on April 17, 2007, was completed at the end of May 2007. The investigation was a multi-phased project designed to determine the source of the methane that caused the explosion and to ensure that public health, safety, welfare and the environment were protected during the investigation and until mitigation of the methane seepage is achieved. The investigation and review of mitigation measures included the explosion site, a nearby residence,

the Primero School and two residences near the school property. The Primero School is located approximately one mile east of the explosion site and methane seeps have been previously identified and mapped at the school.

Systematic demolition and removal of the debris was conducted by T. Decker Inc., as part of its investigation into the explosion on May 21 and May 22, 2007. COGCC staff and staff from LTE Environmental were onsite to witness the investigation. After the debris and concrete slab were removed the investigation focused on locating the Trinidad MGP #1 Well. It was excavated on May 23, 2007, and was found near the southeastern corner of the crawl space of the house at a depth of approximately two feet below ground surface. The gas leaking from the Trinidad MGP #1 Well is believed to be the source of the gas that caused the explosion.

As a precautionary measure, a methane detection and alarm system was installed at the Primero School Bus Barn, and methane detectors were installed at the residential structures located at the school and two nearby residences. A methane detector was also installed at a residence located to the south-southeast of the house explosion site.

A final report of the COGCC's investigation of the cause of the explosion was completed in late June 2007 and copies will be provided to interested parties.

◆ Investigation of Huerfano County Water Wells Venting Methane

A small well house in south-central Huerfano County was damaged by what is thought to have been a methane explosion on June 1, 2007. The property owner heard the explosion and discovered the damage the next day. The property owner contacted the local volunteer fire department and other state agencies before contacting COGCC staff. COGCC staff found methane gas venting from the cap of the water well. Samples of water were collected from the well by COGCC staff. The water contained over 5 mg/L of dissolved methane. The homeowner has vented his well cap and his outdoor cistern to provide a route for methane

to escape from the well and the tank. The homeowner is also in the process of replacing his second cistern (in the house) with a large buried vault cistern located several hundred feet away from his house.

COGCC staff has found methane venting from 5 other water wells within a few mile radius of the well house explosion. Five of the 6 wells that have been found to have methane are in one subdivision and the local property owners association and a county official have been helping locate wells in the area.

COGCC has hired a third-party contractor to determine if methane is venting from any other water wells in a 14 square mile area surrounding the 6 venting wells.

Comparison of isotopic composition of the methane from the waters wells to isotopic composition of methane produced in the northern portion of the Raton Basin is underway and additional samples are being collected for analysis.

## VI. ORGANIZATION

Our current organizational chart is on page 19. The Records Administration vacancy is expected to be filled at the end of July.

## VII. PLANNING/ADMINISTRATION/OTHER

◆ NEW: Conductor Casing Requirement

Effective immediately, the COGCC requires operators to include information concerning the amount and size of conductor casing to be used on each new well. This information should be included on the Form 2 Application for Permit-to-Drill, and should be entered in the section labeled "Drilling Plans and Procedures". The conductor pipe should be described in the casing table showing "String", "Size of Hole", "Size of Casing", etc. If conductor casing is not being run, this should be indicated under "Comments" in line 31 as "No conductor casing will be used". APDs that do not include conductor casing information may require additional processing time.

◆ Fiscal Year 2007-08 Budget Request

The FY 2007-08 Long Bill (SB 07-239) has been signed by the House and Senate and was sent to Governor Ritter on April 23<sup>rd</sup> for his signature. The final version of the bill includes the COGCC's seven decision items below.

- A contractor to assist with oil shale permitting \$60,000
- 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 was also included in this decision item. (4 FTE) \$567,982
- An Application Programmer position (1 FTE) \$77,269
- Data Cleanup Project \$119,356
- Rifle lease space and vehicle for relocated supervising engineer \$37,020
- Computer system maintenance - additional funding for information technology \$91,338
- Hearings Officer (1 FTE) \$76,364

◆ Guidance Document for Re-filing on Expired Permit

The COGCC issued a guidance document to assist operators and staff with the requirements to file for a new drilling permit where a previous permit for the well had expired. Please see page 18 for the complete document, or visit our rules section on the agency website at: [http://cogcc.state.co.us/RR\\_Docs/Policies/APDRefilingGuidanceDoc.pdf](http://cogcc.state.co.us/RR_Docs/Policies/APDRefilingGuidanceDoc.pdf).

◆ COGCC/CDPHE

COGCC and DNR-EDO staff have met twice with representatives of the different divisions of the Colorado Department of Public Health and Environment to develop a strategy for implementing requirements of recent legislation. A representative of the Division of Wildlife will be attending future meetings.

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

S.S. Papadopoulos & Associates, Inc. (Papadopoulos) is continuing their work with the Colorado Geological Survey (CGS) on 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 is similar to the study done last year in the San Juan Basin and extends the assessment to other CBM producing basins of Colorado. Draft reports have been produced and are undergoing peer review. This study is being performed in cooperation with the Division of Water Resources. Funding for the project is being provided by the CGS.

◆ CDPHE Air Quality Control Commission (AQCC)/COGCC

Information regarding the recent rulemaking related to oil and gas operations is available on the AQCC website at [www.cdphe.state.co.us/op/aqcc](http://www.cdphe.state.co.us/op/aqcc).

The COGCC and APCD will continue to work together cooperatively on air quality related matters.

◆ COGCC and Division of Wildlife Activities

COGCC staff continues to work with the Division of Wildlife (DOW) on a video that highlights efforts by operators and both agencies to mitigate challenges to the state's wildlife resulting from energy development. These joint activities have included participating in the preparation of a video by arranging opportunities for the DOW video crew to film oil and gas activities and COGCC staff's field activities. In addition to staff time, the COGCC contributed \$25,000 to the production costs of the video, which is scheduled to be released by DOW sometime in the summer of 2007.



◆ 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 being undertaken. The investigation is intended to screen for potentially hazardous environmental conditions in the vicinity of these wells. The field investigation phase was completed during the week of June 11, 2007. Final reports are being prepared. A summary of the results of the investigation will be included in the August Staff Report. Funding for this project will come from the Oil and Gas Conservation and Environmental Response Fund (Fund 170) appropriation for Special Environmental Projects.

◆ Statewide Pit Investigation

An investigation to assess the status of permitted pits is being undertaken. The investigation is intended to determine if permitted pits are currently active or if they have been closed and adequate reclamation has been performed. The initial phase of the investigation will consist of a pilot project to evaluate strategies for determining pit status for approximately 160 permitted pits in Elbert County. Strategies developed during the pilot study will be applied in subsequent investigations statewide.

◆ Colorado Water Quality Forum - Agricultural Diversion Work Group

Margaret Ash and Peter Gintautas are participating in the Colorado Water Quality Forum - Agricultural Diversion work group. The work group includes representatives from the WQCC, WQCD, agriculture, and surface water discharge permit holders, including several Raton Basin operators.

On May 17, 2007, WQCD staff provided a *Draft Policy for Implementing the Narrative Standard for the Protection of Agriculture Uses* for review and comment. The policy would be used by WQCD staff in preparation of permits for discharges to state waters and could result in more stringent conditions with respect to

concentrations of salt allowed in discharges to surface waters. A presentation on the progress of this work group to the WQCC was made at an informational hearing on July 9, 2007. The next workgroup meeting is scheduled for August 23, 2007.

◆ Public Outreach Opportunities

David Shelton, Mark Weems, and Karen Spray attended a meeting of concerned land owners on May 17, 2007, at the Marvel Grange Hall in Marvel, Colorado. Approximately 80 people attended the meeting, including COGCC Commissioner Kim Gerhardt, State Senator Jim Isgar, and representatives of the La Plata County Planning Department. The meeting was organized by several local land owners who had questions regarding recent drilling activity in the Red Mesa area, and was chaired by Cheryl Ayers, a past County Commissioner of La Plata County. During the meeting COGCC staff answered questions from land owners and mineral owners concerning COGCC policies and rules and regulations regarding noticing requirements, drilling practices, best management practices, and production metering practices.

Randall Ferguson and Chris Canfield attended a meeting of the Water Well Task Force Project in Rifle on June 28, 2007. Fourteen people were present, including representatives from industry. Discussion centered on the feasibility and funding of a consolidated water quality database for the Southern Piceance Basin to be constructed and maintained by the USGS. The next meeting is scheduled for 1:00 p.m. on August 21, 2007, at the Garfield County Building.

Brian Macke participated in the Delta - Gunnison County Natural Gas Collaborative Group Meeting that was held on May 16 and June 27, 2007, in Montrose, Colorado. The purpose of the meetings was to bring together representatives of the natural gas industry and federal, state, and local government officials to disseminate information about natural gas development in the area and to develop ways to address community issues and concerns with natural gas development. The group developed

the concept of convening a Public Informational Forum on Gas Development Activities that was held on July 18 at the Crystal Meadows resort in the North Fork of the Gunnison River Valley.

Brian Macke participated in a panel discussion about issues related to growth of the oil and gas industry in Colorado at the semi-annual meeting of the Air Waste Management Association in Golden on May 17, 2007.

Brian Macke staffed an informational exhibit display booth at the Independent Association of Mountain States annual meeting in Vail on June 22, 2007.

Brian Macke provided a presentation on COGCC regulation at the Public Information Forum on Gas Development that was held on July 18 at the Crystal Meadows resort in the North Fork of the Gunnison River Valley. Northwest Area Supervising Engineer Jamie Adkins and Environmental Protection Specialist Chris Canfield were also present at the forum.

#### ◆ 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 (APDs) submitted after February 15, 2005, the COGCC has received to date a total of 89 requests for onsite inspections.

Eighteen onsite inspections have been conducted, 46 requests for inspections have been withdrawn, and 25 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 89 requests for Onsite Inspection, 48 were for locations in Weld County, 15 for Las Animas County, 7 for Adams County, 5 for La Plata County, 3 each for Boulder, Garfield, and Yuma Counties, 2 for Archuleta County and 1 each for Kiowa, Logan, and Morgan Counties.

#### ◆ Environmental Response Fund (ERF) Project Status

Attached on page 15 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.

#### ◆ August 2007 Hearing Docket

A preliminary docket for the August 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.

#### ◆ 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 layers 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

##### NRCS Soil Surveys Added To Map

The National Resource Conservation Service Soil Data Mart was recently added to the COGCC Online Map system. Through these links the public can now get reports on the soil surveys for any area of the state.

##### 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://cogcc.state.co.us/COGIS\\_Help/Help.asp](http://cogcc.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, added map layers containing the lease stipulations from the BLM to the COGCC GIS Online site. The 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. Among the layers available include Federal Oil and Gas leases, Federal Surface leases, BLM Master Plats, and Federal Oil and Gas Subsurface Rights. Additional assistance from the GWPC allowed the COGCC to implement an automated process that allows 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 continues. This project will deliver new web pages for Production Data inquiries. The data for the years before 1999 is associated by lease instead of by well requiring new types of queries to be created. A new feature of these 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.cogcc.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).

The COGCC has become aware of numerous operators who have not been complying with the digital submission of well logs. Effective May 1, 2007, all operators are required to be in compliance with this Rule for all wells completed since July 2004.

#### 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 October 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 Gerdorn 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 working group issued a beta version to members of industry for their review and comment in February 2007. After a second set of review and discussion among the working group, the final version was published to the industry in June 2007. The next phase of this project will be the development of the application within the agencies to handle the submission of the XML files for processing.

#### 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 reevaluate when well data is modified. The data cleanup that is part of this process is underway and is expected to take several months to complete. Oil and gas operators are being asked to review a list of forms/reports that have not been submitted and either provide the form/report, or provide information substantiating why it is not required.

### 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. Additional funding has been approved and a new one-year project started July 1, 2007.

## **VIII. VARIANCES**

A variance was granted to Berry Petroleum Company in accordance with Rule 502.b. for the Day #32-23 4N47W Well located in the SW $\frac{1}{4}$  NE $\frac{1}{4}$  of Section 23, Township 4 North, Range 47 West, 6<sup>th</sup> P.M. The well was drilled 53 feet south of the drilling window prescribed by Well Location Rule 308B and was shut in when this was discovered. Waivers were obtained from the majority of offset mineral owners and no objections were received from the remaining mineral owners. An NOAV was issued for this violation.

A variance under Rule 502.b. was granted to Red River Ranch Holdings, LLC, for the RRR #13-7 R68W Well located in the NE $\frac{1}{4}$  SE $\frac{1}{4}$  of Section 13, Township 35 South, Range 68 West, 6<sup>th</sup> P.M.

The APD was approved for Raton-Vermejo Coals with a proposed total depth of 2000' but was drilled to 2880 feet with the producing interval extending below 2500 feet. The well encroaches the lease to the south across the New Mexico state line by 162 feet. The state of New Mexico requested that the operator obtain waivers from the mineral owner as well as the surface owner. A signed waiver was obtained from the surface owner. Attempts to obtain a waiver from the mineral owner went unanswered but no protest was received. The well was shut in until the variance was granted.

A variance under Rule 502.b was granted to Energen Resources for the Jaramillo 32-6 #12-2 Well located in the Section 12, Township 32 North, Range 6 West, N.M.P.M., the Candelaria 32-5 8-2 Well located in Section 8, Township 32 North, Range 5 West, N.M.P.M., and the Swanemyr 32-6 1-2 Well located in Section 1, Township 32 North, Range 6 West, N.M.P.M. Energen Resources was granted variances to Order No. 112-157 requiring bottom hole pressure build-up tests. All three of these wells are horizontally drilled to the Fruitland Coal Formation. Because these wells are horizontally drilled, it requires several months to recover gas production after these wells are shut in for pressure testing.

A variance under Rule 502.b. was granted to Williams Production Company for Order Nos. 139-38, 440-23, 479-11, 495-3, and 510-8, releasing Williams from conducting further high intensity soil surveys ("HISS") on new wellsite locations in lands subject to these 10-acre well density orders. A variance was previously granted to eliminate this requirement due to the large database of HISS already collected in the Order lands and the required yearly Reclamation Success Monitoring. Additional HISS are redundant and are not necessary for Williams to maintain a successful track record of reclamation success.

**OUTSTANDING ENVIRONMENTAL RESPONSE FUND, BOND CLAIM, AND SPECIAL APPROPRIATION PROJECTS  
PLUGGING AND ABANDONMENT, RECLAMATION, AND ENVIRONMENTAL PROJECTS FOR ORPHANED LOCATIONS  
FISCAL YEAR 2006 - 2007 PROJECTS**

PENDING PROJECTS		ESTIMATED				ACTUAL			
TYPE	COUNTY	PROJECT NAME	TOTAL BOND	ERF	SPECIAL*	BOND	ERF	SPECIAL*	DESCRIPTION
ENV.	LA PLATA	BRYCE 1X ENVIRONMENTAL MONITORING AND REMEDIATION	\$131,000	\$0	\$131,000	\$0	\$0	\$109,931	Gas monitoring and groundwater sampling.
ENV.	WELD	WINTER #1 GROUNDWATER MONITORING	\$3,000	\$3,000	\$0	\$0	\$3,037	\$0	Installed and sampled groundwater monitoring wells to evaluate potential groundwater impact from the Winter #1 well. Need to abandon piezometers.
PLUG.	MOFFAT	BELNAP #1 ABANDONMENT	\$35,000	\$30,000	\$0	\$5,000	\$23,247	\$0	Plug and abandon well. Need to reclaim surface and pit.
PLUG.	VARIOUS	HOFFMAN AND STATE PYLE WELLS ABANDONMENT	\$75,000	\$60,000	\$0	\$10,550	\$44,488	\$0	Plugged and abandoned two of three wells. Need to plug and abandon the third well and reclaim surface at all three locations.
PLUG.	BOULDER	MAXWELL #5 ABANDONMENT	\$25,000	\$0	\$0	\$0	\$3,501	\$0	Hot tapped well and installed valve. Need to plug and abandon well.
REC.	LOGAN	LITTLE HOOT GAS PLAN RECLAMATION	\$25,000	\$0	\$0	\$0	\$4,185	\$0	Commenced reclamation. Need to: remove concrete, piping and anchor posts; demolish building; grade disturbed areas to match existing topography; and re-seed to match existing vegetation.
	VARIOUS	MEDIA COSTS	\$4,000	\$4,000	\$0	\$0	\$3,043	\$0	
		<b>TOTALS ==&gt;</b>	<b>\$298,000</b>	<b>\$147,000</b>	<b>\$131,000</b>	<b>\$15,550</b>	<b>\$81,501</b>	<b>\$109,931</b>	
COMPLETED PROJECTS		ESTIMATED				ACTUAL			
TYPE	COUNTY	PROJECT NAME	TOTAL BOND	ERF	SPECIAL*	BOND	ERF	SPECIAL*	DESCRIPTION
ENV.	FREMONT	FLORENCE-CANON CITY FIELD ORPHAN WELL RECON	\$2,000	\$2,000	\$0	\$0	\$1,462	\$0	Retained consultant to review well files and travel to field to locate plugged wells.
ENV.	JEFFERSON	PALLAORO, LILLIE #1 & #1A SOIL GAS AND GROUNDWATER ASSESSMENT	\$5,000	\$0	\$0	\$0	\$2,681	\$0	Performed a soil gas survey and collect water samples from nearby water wells.
ENV.	LOGAN	O SAND ORPHANED PIT SITE SECURITY	\$2,900	\$0	\$0	\$0	\$2,881	\$0	Re-fenced pit. Cattle were getting stuck in the pit.
ENV.	LOGAN	O SAND ORPHANED PIT ASSESSMENT AND FEASIBILITY STUDY	\$35,000	\$0	\$0	\$0	\$34,490	\$0	Delineate the extent of oil/tar impact at eight pits proximate to the West Padroni Field to estimate volumes requiring remediation. Evaluate environmental remediation alternatives.
ENV.	MONTEZUMA	SIERRA FIELD ELLIS #6 ASSESSMENT AND REMEDIATION	\$25,000	\$0	\$0	\$0	\$19,615	\$0	Delineate extent of hydrocarbon-impacted soils and remediate soils.
PLUG.	GARFIELD	PETTINGER #1 ABANDONMENT	\$20,000	\$17,500	\$0	\$2,500	\$19,467	\$0	Prepared location for plugging. Plugged and abandon well. Reclaimed surface and access road.
PLUG.	LA PLATA	BRYCE 1X ABANDONMENT	\$352,400	\$0	\$352,400	\$0	\$0	\$338,329	Plugged and abandoned well. Reclaimed surface and pit.
PLUG.	MONTEZUMA	GOFF, WALTER #4X ABANDONMENT	\$20,000	\$0	\$0	\$0	\$18,872	\$0	Plugged and abandoned well.
PLUG.	MONTEZUMA	GOFF, WALTER #4Y ABANDONMENT	\$3,500	\$0	\$0	\$0	\$2,872	\$0	Plugged and abandoned well.
REC.	LOGAN	LEWIS CREEK GAS PLANT RECLAMATION	\$25,000	\$0	\$0	\$0	\$16,740	\$0	Removed and sized remaining concrete, pipes and anchor posts. Graded disturbed areas to match existing topography. Re-seeded to match existing vegetation.
REC.	MONTEZUMA	SIERRA FIELD RECLAMATION	\$4,700	\$0	\$0	\$0	\$4,700	\$0	Dug up and cut well heads, hauled off remains, and re-contoured surface. Dug up and cut/removed electric line at Goff #5.
		<b>TOTALS ==&gt;</b>	<b>\$495,500</b>	<b>\$140,600</b>	<b>\$352,400</b>	<b>\$2,500</b>	<b>\$123,780</b>	<b>\$338,329</b>	
GRAND TOTALS ==>		ESTIMATED				ACTUAL			
		<b>TOTAL BOND</b>	<b>\$793,500</b>	<b>\$287,600</b>	<b>\$483,400</b>	<b>\$18,050</b>	<b>\$205,281</b>	<b>\$448,260</b>	

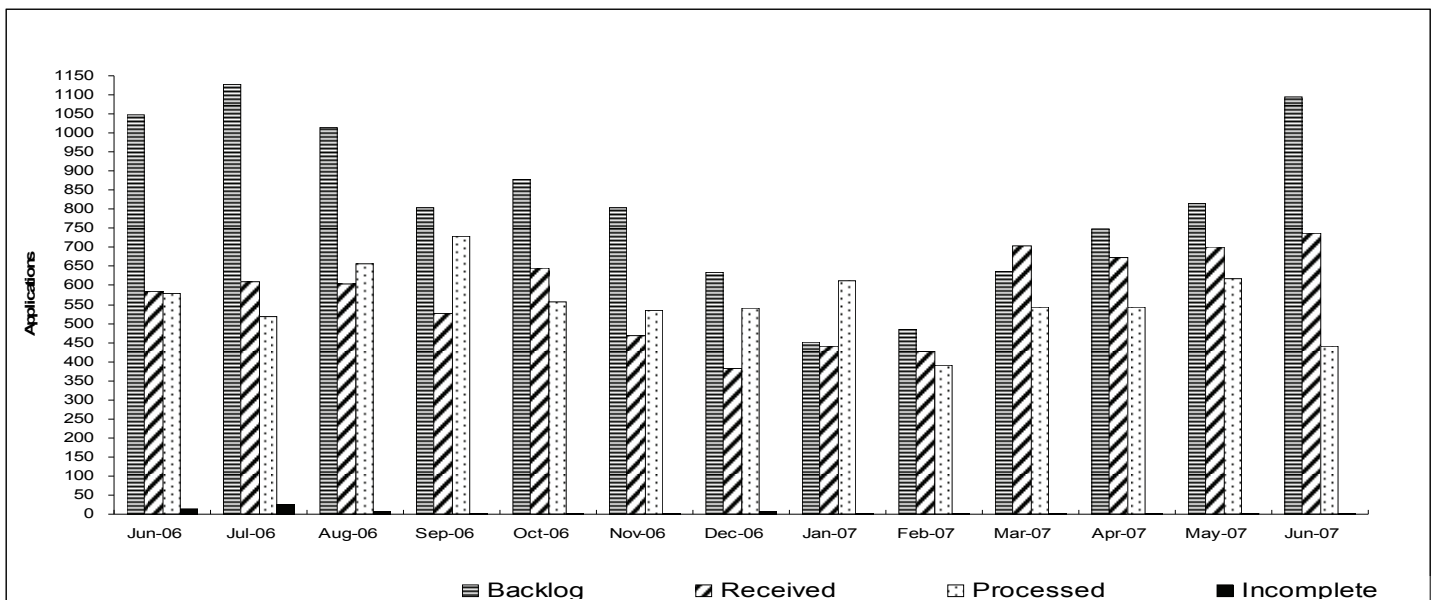
\* Note: Special amount for Bryce 1X Environmental Monitoring and Remediation includes costs from the commencement of the project during Fiscal Year 2005 - 2006

## Colorado Oil & Gas Conservation Commission

### Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
<b>Drilling</b>								
Jun-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
Jan-07	627	422	605	8	0	3	433	436
Feb-07	436	426	375	4	0	3	480	483
Mar-07	483	659	529	9	0	3	601	604
Apr-07	604	655	519	22	0	3	715	718
May-07	710	685	585	12	0	2	796	798
Jun-07	798	725	439	16	0	2	1062	1068
<b>Recompletion</b>								
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
Jan-07	8	18	7	2	0	0	17	17
Feb-07	17	2	16	0	0	0	3	3
Mar-07	3	46	15	0	0	0	34	34
Apr-07	34	19	23	0	0	0	30	30
May-07	35	17	34	1	0	0	17	17
Jun-07	17	13	2	1	0	0	27	27
<b>Total</b>								
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
Jan-07	635	440	612	10	0	3	450	453
Feb-07	453	428	391	4	0	3	483	486
Mar-07	486	705	544	9	0	3	635	638
Apr-07	638	674	542	22	0	3	745	748
May-07	745	702	619	13	0	2	813	815
Jun-07	815	738	441	17	0	2	1089	1095

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



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

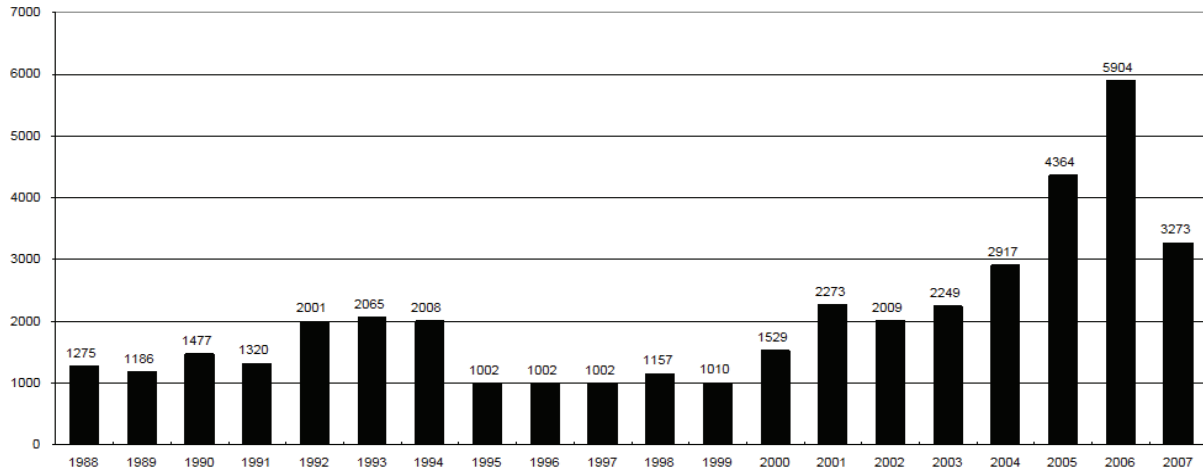


COLORADO OIL AND GAS CONSERVATION COMMISSION

**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 as of 7/13/07	
ADAMS	46	34	44	53	92	58	137	34	9	33	24	19	38	28	9	26	39	34	37	58	
ARAPAHOE	5	5	15	14	11	4	20	12	2	9	1	2	0	2	1	2	5	7	11	10	
ARCHULETA	8	5	18	5	2	1		3		3		1	7	9	6	10	8	13	14	12	
BACA	6	4	15	10	23	9	12	24	10	7	13	15	22	6	2	3	7	8	2	3	
BENT				1		2	2	4	2	5	3	5	2				5	3	8	1	
BOULDER	1		1	13	38	159	38	5	8	2	5		1	5	6	7	17	13	21	24	
BROOMFIELD															2	7			1	1	
CHEYENNE	203	149	102	93	71	58	48	55	43	31	41	7	3	3	3	3	3	10	21	13	
COSTILLA												1									
CROWLEY	1		1	1																	
DELTA	1	1	2												7	4	5	10	9	1	
DENVER										5	3	3		3					19	24	
DOLORES	2		4	1	2	1										1	1	1	6	3	
ELBERT	9	12	8	5	3		2	13	16	11	1		2						4		
EL PASO															1						
FREMONT	9	5	6	7	1	2	2	1	2	1							1	3	2	3	
GARFIELD	19	66	111	36	18	56	143	78	109	141	95	130	213	353	362	567	796	1509	1845	1195	
GRAND							1														
GUNNISON			2	2		1										5	10	1	9	19	5
HUERFANO	3	5		4	17	3	3	2	1	3	40	26	41	27	27		8	2			
JACKSON	3	1	4	6	2	2	3	2	2	6	3		34	18	21	9	14	6	8	5	
JEFFERSON	1		4	2		1		1	1		1	2	1						1		
KIOWA	15	39	40	46	28	28	21	26	13	17	10	2	11	18	2	4	2	1	11	5	
KIT CARSON	9	5	7	8	8	15	26	11	7	6	9	5				1	3	5	4	3	
LA PLATA	302	218	388	128	120	40	40	20	71	40	82	107	127	156	104	162	102	115	235	112	
LARIMER	4	4	3	6	13	7	3		1	3	1		2		1			1		3	
LAS ANIMAS	10	30	36			9	32	95	134	136	195	195	268	400	259	180	332	413	500	230	
LINCOLN	8	6	4	7	7	11	8	9	3	2			2	2	1	6	3	4	1	2	
LOGAN	18	21	23	13	14	30	15	13	6	12	7		4	7	3	3	6	13	17	8	
MESA	1	12	29	20	22	2	22	6	11	10	2	6	13	27	30	27	54	136	265	143	
MOFFAT	13	25	27	19	40	52	43	40	41	28	21	15	35	52	62	63	63	60	120	44	
MONTEZUMA	6	7	10	8	7	11	15	9	13	5	4	1	4		5	8	8	11	5	5	
MONTROSE				1						1			1	3	2	4	2		1		
MORGAN	34	27	36	13	10	11	19	12	10	11	10	12	9	9	2	7	9	7	3	5	
OTERO				2																	
PARK				1								1									
PHILLIPS			3		1	1							1	2		7	13	17	12	31	
PITKIN		1			2												1				
PROWERS	19	9	5	10	14	7	3	5	5	3	9	3	2	5	4		7	5	7	2	
RIO BLANCO	34	83	77	33	81	83	126	81	33	40	51	95	89	187	105	179	154	161	360	151	
RIO GRANDE	2	3	4	1			1						1	1		1					
ROUTT	4	3	12	4	2	3	1	2	1	1	1	4	20	13	1		4	6	9	6	
SAGUACHE	1						2						2		2					2	
SAN MIGUEL			2	2					1	1	4	2	11	13	27	18	42	45	35	14	
SEDGWICK				1				3		2						1	5	2	7	2	
WASHINGTON	40	29	23	28	24	26	25	12	19	26	18	3	23	17	27	34	128	50	69	34	
WELD	424	357	366	656	1224	1319	1030	254	305	285	392	288	509	702	760	757	832	901	1418	828	
YUMA	14	20	45	60	104	53	167	168	123	116	111	60	31	205	160	138	237	782	797	286	
Total	1275	1186	1477	1320	2001	2065	2008	1002	1002	1002	1157	1010	1529	2273	2009	2249	2917	4364	5904	3273	

ALL COUNTIES



**Colorado Oil and Gas Conservation Commission**  
**Form 2 Application for Permit to Drill (APD)**  
**Re-filing Guidance Document**  
**March 20, 2007**

A Permit to Drill is at times not exercised before the expiration of the permit. In order to drill a well that has had its permit expire, the operator must first re-file the Application For Permit to Drill (APD). If this occurs, the re-filed APD will be reviewed to ensure that the APD is in compliance with any new or previously existing Colorado Oil and Gas Conservation Commission (COGCC) rules and orders. The COGCC will give all re-filed APDs the highest priority in processing but will not approve any APD before the minimum ten (10) day Local Governmental Designee comment period required by COGCC Rule (303) (d.) (3.) or the minimum thirty (30) day time period for Surface Owner Notification required by Rule (305) (b.) (1.) has expired.

Re-filed APDs must be complete and on the most current version of the COGCC Application for Permit to Drill, Form 2. The operator shall provide on the form the current applicable spacing order for the well, if any, and reflect any changes to the original APD that were submitted via sundry notice, such as location changes and surface casing setting depths. The operator shall state the following in the comments field on the re-filed APD:

- Any changes to the surrounding land use (changes in land use, new buildings, etc.),
  - Any changes to the well construction plan ,
  - Any changes to the mineral lease description upon which the proposed well site is located,
- Whether or not the proposed well site has been built and if so, is any drilling currently taking place on the well site.

Below are the attachment requirements for submitting a re-filed APD under various circumstances:

If the location of the proposed well has not been moved, then a re-filed APD **is not** required to include the following:

- Drill Site/Access Road Reclamation Form, Form 2A
- Color Pictures
- Plat
- Topographic Map
- Directional Plan

If the location of the proposed well has been moved and no Sundry Notice, Form 4 was previously filed to change the well location, then a re-filed APD **is** required to include the following:

- Drillsite/Access Road Reclamation Form, Form 2A
- Color Pictures
- Plat
- Direction Plan

If the well site and access road for the proposed well has not been built, then the re-filed APD is required to include the following:

- Confirmation of a New Rule 305 Thirty (30) day Surface Owner Notice
- New COGCC Director Exception Location Request and Surface Owner and/or Mineral Owner Waivers (if the location is an exception location)

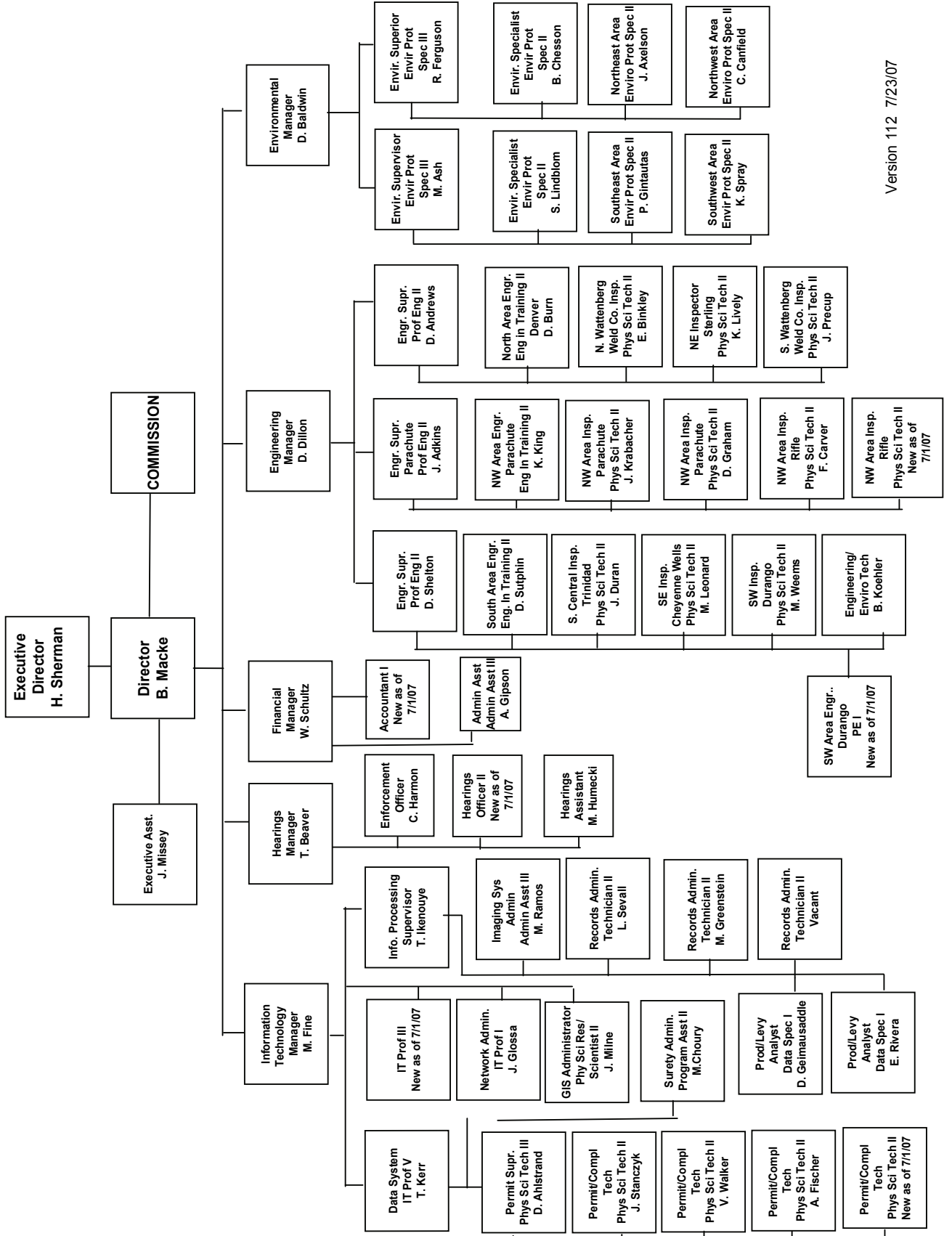
If the well site and access road for the proposed well has been built, then the re-filed APD is required to include:  
Confirmation of a New Rule 305 Thirty (30) day Surface Owner Notice

If the well site and access road has been built and there is a rig actively drilling on the well site, then the re-filed APD **is not** required to include:

Confirmation of a New Rule 305 Thirty (30) day Surface Owner Notice

It shall be the operator's responsibility to insure that the Rule 306 onsite consultation has taken place. It is also the operator's responsibility to ensure that the surface owner consultation date as well as an indication as to whether or not a surface owner's agreement is still in force is correctly indicated on the Application for Permit-To-Drill, Form 2.

# COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION



Colorado Oil Gas Conservation Commission  
Monthly Statistics

YEAR	MO	Baker - Hughes rig count	Permits												Unedited Historic Records	Public Visits			Well Oper Change
			Drilling		Recompletion		Injection		Pits		Active Wells	Data	Office	Internet					
			Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd		Apvd	Rcvd	Apvd	Rcvd				
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					60	41	49839	2357	
	FEB	70	251	343	29	14	1	1	17	10					44	71	51277	378	
	MAR	73	339	416	33	27	4	4	36	26					59	34	60298	432	
	APR	69	420	414	14	25	1	1	26	27					58	56	52606	394	
	MAY	65	340	319	13	8	0	3	25	35					46	43	58881	308	
	JUN	69	340	365	13	8	2	3	58	63					58	33	51402	403	
	JUL	69	314	362	19	23	3	5	50	39					50	33	53182	365	
	AUG	75	379	508	9	27	5	5	25	76					67	50	56820	679	
	SEP	78	391	461	24	15	3	1	101	60					57	48	62058	513	
	OCT	86	437	499	19	21	1	0	27	70					51	47	66542	462	
	NOV	85	368	534	14	15	0	4	72	25					61	40	62880	626	
	DEC	83	531	390	15	26	3	0	33	47					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	3					69	61	73154	678	
	FEB	84	266	501	27	20	0	9	4	5					25	58	73190	458	
	MAR	81	392	508	26	31	0	8	3	1					35	92	105602	532	
	APR	88	501	594	27	13	6	6	34	23					30	152	88082	810	
	MAY	89	398	532	26	29	1	4	19	22					52	60	88825	619	
	JUN	90	563	548	15	38	1	2	42	47					64	61	88661	1230	
	JUL	92	482	571	36	38	7	4	41	59					71	44	85027	911	
	AUG	93	626	578	32	26	3	0	27	33					40	102	78339	477	
	SEP	94	698	498	30	29	7	1	50	33					78	48	79705	749	
	OCT	92	532	620	24	26	3	2	34	45					20	68	89950	595	
	NOV	88	511	450	25	17	3	1	19	19					37	91	75569	412	
	DEC	91	515	375	26	7	0	0	15	3					10	60	86182	309	
2006	Total		5904	6171	315	302	33	38	309	293					531	897	1012286	7780	
	JAN	96	605	422	7	18	3	1	21	27					20	79	100089	574	
	FEB	94	375	426	16	2	3	1	13	12					34	94	77886	499	
	MAR	98	529	659	15	44	2	2	22	22					26	81	98738	508	
	APR	109	519	655	23	19	3	1	25	26					26	95	99974	474	
	MAY	107	585	685	17	34	4	1	5	6					17	82	98585	202	
	JUN	108	439	725	2	13	5	1	5	3					29	112	170945	21	
2007	Total		3052	3572	80	130	20	7	91	96					152	543	646217	2278	

Colorado Oil Gas Conservation Commission  
Monthly Statistics

YEAR	MO	Operators		Release			Bonds			Claim		Hearings		Violations		Remediation		Field Insp
		New	Inactive	Ind.	Blanket	Replace	Ind.	Blanket	Apps.	Order	NOAV	AOC	OFV	Cmplt	Spills	Rcvd	Comp	
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	10	6	2	1	21	8	18	1096
	FEB	16	2	6	4	14	0	0	11	6	11	2	0	19	37	9	2	955
	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	607
	MAY	12	5	6	4	10	0	0	NA	NA	16	NA	NA	29	23	14	6	1032
	JUN	18	3	2	8	18	0	0	18	15	11	2	0	20	34	17	10	813
	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	41	24	35	6	695
	SEP	10	4	3	5	11	0	0	12	7	37	2	0	30	13	7	8	489
	OCT	9	5	3	5	21	0	0	12	11	30	0	0	23	26	29	9	730
	NOV	12	2	3	5	20	0	0	17	16	23	2	0	21	23	14	12	1076
	DEC	9	5	3	3	10	0	0	NA	NA	13	NA	NA	19	30	11	2	826
2006	Total	147	64	62	62	167	1	1	133	98	248	12	5	308	343	200	97	9659
	JAN	15	0	2	2	12	0	0	20	10	14	1	0	17	26	20	2	1322
	FEB	10	4	2	1	12	0	0	5	7	14	0	0	20	27	17	0	1191
	MAR	9	3	3	5	11	3	1	6	11	16	0	0	44	35	18	2	853
	APR	12	6	10	7	11	0	0	NA	NA	29	NA	NA	35	30	6	2	856
	MAY	13	3	3	4	11	0	0	6	7	33	1	0	37	26	6	15	933
	JUN	15	1	5	2	9	0	0	NA	NA	34	NA	NA	25	11	6	7	406
2007	Total	74	17	25	21	66	3	1	37	35	140	2	0	178	155	73	28	5561

# HEARING DOCKET: August 2007

Preliminary 07/19/2007							
Docket Number	Cause	Applicant/Attorney or Representative	Application Received	Field Formation County	Matter	Remarks	
0705-AW-11	1	Kerr-McGee Oil & Gas Onshore LP/ David R. Little/Christopher G. Hayes	03/20/2007	Wattenberg Cretaceous Age Weld	Request for an order to vacate Order No. 1-41, which established a high density area for the N½ of Section 8, Township 1 North, Range 68 West, 6th P.M. and place the lands under the provisions of the Rules & Regulations of the Commission and applicable orders in Cause Nos. 232, 407, 493, 496 and 499, or in the alternative for an order to grant variances from the high density setback requirement for 4 wells to be drilled.	Continued from May, June and July	
0706-UP-16	530	Samson Resources Co./ Susan Aldridge/ Michael J. Wozniak	04/20/2007	Shell Creek Unit Baxter/Nugget Moffat	Request for an order to establish a 640-acre drilling and spacing unit for certain lands in Township 12 North, Range 99 West, 6th P.M., and to pool all nonconsenting interests in said unit, for the proposed Shell Creek Unit 24-26 3R Well.	Continued from June and July	
0708-RM-01	1R	Staff Recommendation	05/29/2007	Statewide	Request to amend the Conservation Mill Levy established in Rule 310 from \$0.0005 to \$0.000925.		
0708-AW-20	112	Chevron USA Inc./ William A. Keefe	07/02/2007	Ignacio-Blanco Fruitland coal La Plata	Request for an order to allow two additional wells for a total of four (4) in the 320-acre drilling and spacing units in certain lands in Townships 33 and 34 North, Range 10 West, N.M.P.M., and Township 33 North, Range 11 West, N.M.P.M., with the permitted well to be located no closer than 660 feet from the outer unit boundary.		
0708-SP-20	527	Whiting Oil and Gas Corp./ William A. Keefe	06/22/2007	Sulphur Creek Iles/Sego Rio Blanco	Request for an order to vacate the 400 foot setbacks established in Order No. 527-2 and establish 100 foot setbacks from the outside boundary for certain lands in Township 2 South, Range 97 West, 6th P.M., Townships 2 and 3 South Range 98 West, 6th P.M., allow one (1) well per 10 acres for said lands.		

0708-AW-21	133	Wexpro Company/ William A. Keefe	07/05/2007	Hiawatha West Mesaverde Moffat	Request for an order to allow two additional wells for a total of seven (7) wells, in the 320-acre drilling and spacing units in Section 30, Township 12 North, Range 100 West, 6th P.M. and in Section 25, Township 12 North, Range 101 West, 6th P.M., with the permitted well to be located no closer than 600 feet from the outside boundary.
0708-UP-24	407	Great Western Oil and Gas Co./ Michael J. Morgan	07/06/2007	Wattenberg Codell/Niobrara Garfield	Request for an order to establish a 160-acre drilling and spacing unit in the NE¼ of Section 26, Township 6 North, Range 67 West, 6th P.M., and to pool all nonconsenting interests in said unit for the drilling of the Great Western 26-51 Well, and to pool all nonconsenting interests in the 80-acre drilling and spacing unit consisting of the W½ NE¼ of said Section 26 for the drilling of the Great Western 26-31 and Great Western 26-32 Wells.
0708-SP-21	191	Dolphin Energy Corp./ Stephen J. Sullivan	07/06/2007	Mamm Creek Iles Garfield	Request for an order to establish a 40-acre drilling and spacing unit consisting of the NE¼ SE¼ of Section 16, Township 6 South, Range 92 West, 6th P.M., and allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary.
0708-UP-29	407	Noble Energy Inc. and United States Exploration, Inc./ Susan Aldridge/ Michael J. Wozniak	07/06/2007	Wattenberg Codell/Niobrara Weld	Request to pool all nonconsenting interests in the 80-acre drilling and spacing unit consisting of the E½ SW¼ of Section 29, Township 4 North, Range 68 West, 6th P.M.
0708-SP-22	510	Noble Energy Inc./ Michael J. Wozniak/Susan L. Aldridge	07/06/2007	Rulison Williams Fork/Iles Garfield	Request for an order to establish 40-acre drilling and spacing units for certain lands in Township 7 South, Range 96 West, 6th P.M., and allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary.
0708-UP-25	440	EnCana Oil & Gas (USA)/ Susan Aldridge/ Michael J. Wozniak	07/06/2007	Parachute Williams Fork/Iles Garfield	Request to pool all nonconsenting interests in the 320-acre drilling and spacing unit consisting of the S½ of Section 19, Township 7 South, Range 95 West, 6th P.M.
0708-SP-24	440	EnCana Oil & Gas (USA) Inc./ Michael J. Wozniak/ Susan L. Aldridge	07/06/2007	Parachute Williams Fork/Iles Garfield	Request for an order to vacate the 320-acre drilling and spacing units established in Order No. 440-12 and establish 40-acre drilling and spacing units for the E½ E½ of Section 17, 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 outside boundary.

0708-UP-26	112	BP America Prod. Co./ Michael J. Wozniak/ Susan L. Aldridge	07/06/2007	Ignacio-Blanco Fruitland Coal La Plata	Request to pool all nonconsenting interests in the 320-acre drilling and spacing unit consisting of the E½ of Section 30, Township 34 North, Range 7 West, N.M.P.M.
0708-UP-27	112	BP America Prod. Co./ Michael J. Wozniak/ Susan L. Aldridge	07/06/2007	Ignacio-Blanco Fruitland Coal La Plata	Request to pool all nonconsenting interests in the 320-acre drilling and spacing unit consisting of the N½ of Section 29, Township 34 North, Range 7 West, N.M.P.M.
0708-UP-28	112	BP America Prod. Co./ Michael J. Wozniak/ Susan L. Aldridge	07/06/2007	Ignacio-Blanco Fruitland Coal La Plata	Request to pool all nonconsenting interests in the 320-acre drilling and spacing unit consisting of the S½ of Section 29, Township 34 North, Range 7 West, N.M.P.M.
0708-SP-25	510	PetroHunter Co./ Craig R. Carver	07/06/2007	Parachute Williams Fork Garfield	Request for an order to establish 40-acre drilling and spacing units for certain lands in Section 34, Township 7 South, Range 96 West, 6th P.M. and in Sections 3 and 4, Township 8 South, Range 96 West, 6th P.M., allow increased well density, and modify well location setbacks.
0708-SP-23	139	Noble Energy Inc./ Michael J. Wozniak/Susan L. Aldridge	07/06/2007	Rulison Williams Fork/iles Garfield	Request for an order to establish 40-acre drilling and spacing units in the N½ NE¼ and NE¼ NW¼ of Section 3, Township 8 South, Range 96 West, 6th P.M., and allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary.
0708-EX-05	381	Noble Energy Prod. Inc./ Susan L. Aldridge/Michael J. Wozniak	07/09/2007	Wattenberg Codell/Niobrara Weld	Request for an order allowing an exception to the permitted location in Rule 318A for the drilling of the proposed Brown I #32-20 Well with a surface location of 1,197 feet FNL and 2,627 feet FEL and a bottom hole location of 2,575 feet FNL and 1,050 feet FWL in Section 32, Township 6 North, Range 66 West, 6th P.M.