



# Staff Report

May 10, 2007

## I. STATISTICS

- ◆ Our monthly statistics report is attached. As of May 3, 2007, there have been 2,051 Applications for Permits-to-Drill ("APDs") approved. At this pace, it is estimated that approximately 6,186 APDs will be approved in calendar year 2007. This represents a 3% 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 May 3rd are:

County	2007 (% of Total)	2006	2005	2004
Garfield	762 (37%)	1844 (31%)	1508	796
Weld	492 (24%)	1418 (24%)	901	832
Yuma	221 (11%)	798 (14%)	782	237
Las Animas	140 (7%)	500 (8%)	413	332
Mesa	89 (4%)	265 (4%)	136	54
La Plata	85 (4%)	235 (4%)	117	102
Rio Blanco	76 (4%)	360 (6%)	161	154

- ◆ 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 May 3, 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	2,308	1,201 (59%)	837 (41%)	497 (24%)	340 (17%)	340 (17%)	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.
- ◆ Northwest Colorado Oil and Gas Forum

The next Northwest Colorado Oil and Gas Forum is scheduled for June 7, 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).

- ◆ Request by EnCana Oil and Gas (USA) Inc. to Use Two Drilling Rigs in the East Mamm Creek Area

The COGCC "Notice To Operators Drilling Mesaverde Group Or Deeper Wells In The Mamm Creek Field Area In Garfield County, Well Cementing Procedure And Reporting Requirements, Revised February 9, 2007" requires that:

"An operator may use only one (1) rig at a time to drill that operator's first five (5) wells within the East Mamm Creek Area. If the first five (5) wells are drilled without incident, then the operator may request approval from the Director to use two (2) rigs at a time. No more than two (2) rigs shall be used by an operator in the East Mamm Creek Area."

EnCana Oil and Gas (USA) Inc. has successfully drilled seven wells in the East Mamm Creek Area with one drilling rig since the Notice to Operators came into effect with no incidents. EnCana has requested that they now be allowed to operate in the area with two drilling rigs to implement their recently prepared plan of development for the area. The COGCC staff has performed a review of the information provided with the request and other information as required by the above-referenced Notice to Operators including formation integrity test results, cement bond logs, temperature surveys, bradenhead monitoring results and completion reports. The staff has concluded that the wells were safely drilled, that the Notice to Operators is effective in preventing adverse impacts to the public and to the environment, and that EnCana has met the obligation under the Notice to Operators to be able to operate with two drilling rigs in the area. In addition, the COGCC staff has contacted Garfield County staff who do not object to EnCana's request to use two drilling rigs. Formal approval of the request is pending notification to the Commission at today's hearing.

- ◆ EnCana South Piceance Water Handling Facilities Site Visit

On April 18, 2007, COGCC staff members Chris Canfield, Bob Chesson, Jaime Adkins, David Dillon and Director Brian Macke toured EnCana's South Piceance produced water handling facilities. EnCana's South Piceance operations include all company operations in Garfield and Mesa Counties south of the Colorado River and the site visit included the Orchard Federal Unit, High Mesa, South Parachute, and Mamm Creek Fields. EnCana is using subsurface pipelines to handle the produced waters and completion fluids throughout these fields to limit water truck traffic, which reduces dust, road maintenance, noise and vehicle emissions. Operations are also underway to locate acceptable subsurface fluid injection horizons for water disposal as well as conducting research and development of appropriate new technologies to economically treat produced waters for potential surface disposal.

The use of "satellite" water collection and distribution sites strategically located in Mamm Creek field is one major innovation recently implemented by EnCana. These "satellite" facilities consist of an off/on loading location with temporary water storage in above ground tanks. The tanks are connected via an underground pipeline with the Hunter Mesa water handling facility. Fluids can be pumped to or from the Hunter Mesa facility depending on drilling and production requirements. These "satellite" facilities have significantly decreased water hauling traffic in areas of the field where construction of water handling pipelines for individual wellsites is uneconomic. The COGCC staff thanks EnCana employees Mark Thrush (Facilities Engineer), Richard Champion (Land Negotiator) and Rodney Cogburn (Landowner Relations Coordinator) for organizing this very informative field tour.

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

A presentation of the results of the Phase IV Piceance Basin Study will be made at a future Northwest Colorado Oil and Gas Forum, and 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. Currently Papadopoulos is finalizing analytical protocols with the laboratories and contacting landowners to obtain access to their water wells. They anticipate starting field work in early June 2007.

◆ PRESCO 2006 Annual Water Sampling Report, Battlement Mesa Area, Garfield County

On April 6, 2007, COGCC received the 2006 Annual Water Sampling Report from PRESCO, Inc. This report presents the results of the surface and ground water sampling and analysis that took place in 2006 in the vicinity of Battlement Mesa in Garfield County. The purpose of this sampling, in conjunction with the 2004 baseline and 2005 annual sampling events, is to document water quality conditions prior to and during PRESCOs' development of natural gas resources in the area.

Water samples were collected from fourteen (14) locations in Garfield County, including seven (7) water supply wells, four (4) springs, and three (3) surface water sampling locations. Samples were submitted for laboratory analysis of the certain organic compounds including benzene, ethylbenzene, toluene, xylene (BTEX), methyl tert-butyl ether (MTBE), and methane; for radioactive constituents including tritium and gamma emitting radionuclides; and for certain inorganic constituents.

BTEX, MTBE, and methane were not detected in any samples. Tritium concentrations were below the Method Detection Limit (MDL) in all samples. Gamma emitting radionuclides, with the exception of very low levels of Thallium-208 and Iron-59 were not detected by gamma spectrometry analysis. These constituents have half-lives of 3-minutes and 44-days, respectively, and according to representatives of the Department of Energy (DOE), are not related to the Rulison test, but reflect decay products of naturally occurring radioactive elements. Concentrations of inorganic constituents appeared to be consistent with or within the same general ranges as the concentrations detected during the 2004 and 2005 sampling events and as reported from previous studies conducted by federal, state and local government agencies.

◆ Craig Colorado Area Baseline Water Quality Study

The COGCC is initiating a water quality investigation in Moffat County just west of

Craig, Colorado. Approximately twenty-five (25) water wells in Townships 6 and 7 North, Range 92 West, 6th P.M. will be sampled for general water quality parameters and dissolved methane concentration. Recent permitting for coal-bed 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 has been selected to conduct this investigation. Work is scheduled to begin in late April or early May 2007. The project is estimated to cost \$25,000, which as discussed at the March 2007 hearing, will come from the Special Environmental Protection and Mitigation Studies line item of Fund 170.

### 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. This work will include pumping and recovery, insitu-air sparging, in-well aeration, and active and passive vapor extraction testing.

The new contract has been executed and a kick-off meeting was held on April 20, 2007. A soil gas survey has recently been completed and the results will be available soon. Staff is working with LTE and the landowners to obtain access to the water wells in the area for additional hydrogeologic testing. At the request of one of the landowners, the methane detection equipment will be removed from a small building in which his water well is located. This equipment may be relocated to the bus barn associated with the Primero School in Las Animas County.

A brief update on the results of the most recent soil gas survey and the status of the pilot projects will be given to COGCC Commissioners at today's hearing.

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

The next GORT meeting is scheduled for June 7, 2007, at 8:30 a.m. at the La Plata County Fairgrounds. Possible topics for this meeting include the results and recommendations of the visual mitigation study that La Plata County has conducted and proposed 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 970-903-1242 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 is the proposed legislation to secure most of the funding for the Fruitland Formation Seep Mitigation Project in La Plata County and the Fruitland Formation Outcrop Monitoring Project in Archuleta County, was introduced on February 20, 2007, and was assigned to the Senate Agriculture, Natural Resources & Energy Committee. The bill is being sponsored by Senator Isgar and Representative Roberts. Brian Macke, Debbie Baldwin, and Wendy Schultz testified in support of the bill at both the Senate and House Agriculture Committees.

SB 07-198 would appropriate \$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.

◆ 2006 - Fruitland Outcrop Monitoring Report - La Plata County

A presentation summarizing the results of the 2006 Fruitland Outcrop Monitoring will be presented to the COGCC Commissioners at today's hearing.

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. 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). COGCC staff is reviewing the draft final report for the project.

◆ 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 laboratory analyses. Proposals for conducting this study were received from 27 environmental consulting companies. The proposal evaluation team selected URS Corporation (URS) and the contract has been signed and approved. A kick-off meeting was held at the COGCC offices on April 4, 2007, and URS has begun contacting land owners and collecting water samples.

◆ 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 south-east of the facility.

A draft Environmental and Engineering Assessment Workplan was submitted to the COGCC on November 17, 2006. An addendum to the sampling plan was submitted to the COGCC on December 15, 2006. Both were approved by COGCC staff. A Notice of Alleged Violation was issued to CIG on December 18, 2006, and COGCC staff is currently preparing an Administrative Order by Consent (AOC).

Phase I of the Workplan included indoor air-monitoring of surrounding homes, methane monitoring of disturbed areas of the ground surface, sampling of domestic water wells within a two mile radius, sampling of selected water wells outside the two mile radius, and soil sampling proximal to the disturbed areas.

CIG has collected samples from approximately fifty (50) domestic water wells within a three (3) mile radius of Well #26. The samples have been analyzed for organic and inorganic parameters. Laboratory results from samples collected from residence H100 on February 20 and March 23, 2007 indicated methane concentrations at 19 mg/l and 26 mg/l, respectively. Methane concentrations in all other water wells sampled were below 2 mg/l, which is the theoretical threshold concentration at which there exists a potential for methane to accumulate to potentially explosive levels in unventilated areas. Additionally, laboratory results from the sample collected from residence H100 on February 20, 2007 indicated a benzene concentration of 2.0 µg/l. The Colorado Basic Standards for Ground Water for benzene is 5.0 µg/l. Trace concentrations of BTEX compounds were also detected in four other water wells.

Phase II includes land surface monitoring for subsidence or swelling, subsurface evaluation of the area using a cone penetrometer (CPT) rig, installation of piezometers for ground water sampling, evaluation of the gas release and migration pathways, down-hole logging of gas wells within the Field, and long-term ground water monitoring.

Ninety-one (91) CPT locations were drilled and completed with piezometers. Laboratory results of the initial sampling event indicated that sixteen (16) CPT locations had methane concentrations greater than 2 mg/l and ranging from 2.5 mg/l to 18.0 mg/l. Additionally, fifty-six (56) irrigation wells have been canvassed for sampling potential. The air inside the casing of twenty-seven (27) of these was screened for methane. Methane concentrations ranging from 4 to 32 % Lower Explosive Limit (LEL) were detected in the air inside the casing in three (3) of these wells.

◆ 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.

V. SOUTHEAST COLORADO

◆ Lexam Baca #5 and #6 Exploratory Wells - Baca National Wildlife Refuge -Saguache County

COGCC staff completed the review of Lexam Explorations' Applications for Permit-to-Drill (APD) to drill two (2) exploratory wells in the Baca National Wildlife Refuge in Saguache County, and the APDs were approved on April 3, 2007. There is private mineral ownership on the lands where the exploratory wells have been permitted. The COGCC engineering and environmental staff developed numerous conditions of approval for each of the APD's that were designed to protect underground sources of water in the area as well as public health, safety, welfare and the environment.

On January 11, 2007, COGCC engineering and environmental staff conducted onsite inspections of the two proposed drilling locations along with representatives of Saguache County, the Baca Grande Water and Sanitation District, the United States Fish and Wildlife Service, and Lexam Explorations. The purpose of the onsite inspections was to examine the surface that will be used for the drilling of the wells, to discuss subsurface aquifers and other environmental considerations related to the drilling of the wells, and to talk about any local government issues. The onsite inspections resulted in conditions of permit approval that are additional site-specific precautions to address concerns that have been expressed regarding potential impacts to the public and to the environment.

A letter from the COGCC to the Saguache County Commissioners about the permit approval for the Baca #5 and #6 wells can be found starting on page 22.

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

Apogee Scientific mobilized to the field on April 16, 2007, to begin mapping methane seeps in the Raton Basin. This task is scheduled to take approximately two weeks. After the mapping data are reviewed, twenty five (25) of the identified seeps will be selected to have detailed soil gas surveys conducted to determine the extent and magnitude of each seep. These locations will be selected based on the persistence of the seep (if it was previously identified during Raton Basin Phase I Investigation), 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 in Phase II detailed soil gas mapping.

◆ Las Animas County House Explosion

On April 17, 2007, a house that was being built in Las Animas County exploded, injuring three workers and destroying the house. A preliminary investigation by the Stonewall District Fire Chief indicated that the source of the explosion appeared to be methane. This determination was based on the fact that there was no gas hook up or other source of explosive materials onsite and coal beds crop out near the building site.

The COGCC became aware of the incident on April 18, 2007, when Peter Gintautas, SE EPS, noticed an article describing the incident in the Trinidad newspaper. Mr. Gintautas notified personnel in the Denver office and initiated contact with local emergency response personnel and the initial investigators. COGCC staff reviewed COGCC records and it was determined that there are three wells, which were plugged and abandoned in the 1980s, located near the explosion site. One well actually appears to be located adjacent to or possibly underneath the house. These wells are plotted on the COGIS MapGuide and data concerning drilling and completion are contained on the COGIS database.

COGCC environmental staff immediately retained an environmental contractor to

mobilize to the site to conduct an emergency investigation. Contractor staff arrived on site the afternoon of April 18, 2007, and proceeded to conduct a soil gas survey around the explosion site and at the Primero School. This initial soil gas work was completed on April 19, 2007. High concentrations of methane were identified around the house foundation. Methane was not detected around the Primero School buildings or associated residential structures. Low concentrations of methane were detected around the Primero School bus barn. One high methane reading was obtained east of the bus barn. The distribution and concentration of methane associated with the facilities at the Primero School are relatively consistent with previous findings.

While responding to this emergency situation, COGCC staff and its environmental contractors developed a multi-phased plan to determine the source of the methane that caused the explosion and to ensure that public health, safety, welfare and the environment are protected during our investigation and until mitigation of the methane seepage is achieved. The total estimated cost for this work is Seventy Four Thousand Nine Hundred Fifty dollars (\$74,950.00). The investigation and review of the mitigation measures include both the explosion site and the Primero School. On April 27, 2007, the Commission authorized, in accordance with §34-60-124(7), C.R.S., the expenditure of the required Seventy Four Thousand Nine Hundred Fifty dollars (\$74,950.00) from the One Million Five Hundred Thousand dollars (\$1,500,000) Emergency Response line item of the Oil and Gas Conservation and Environmental Response Fund for the investigation of the cause of the explosion and lingering impacts associated with methane seepage in the area. In addition, COGCC staff worked with DNR procurement to obtain an emergency purchase order for the expenditure of the funds.

COGCC staff is working cooperatively with property owners and their insurance company (Farmers Insurance Company), the Farmers Insurance Company's investigators (TDI Investigations), Las Animas County, the City of Trinidad, Gustavson Associates, Cornerstone

Construction, Cornerstone Construction's insurance company (Safeco Insurance Company), the Stonewall Fire Protection District, Primero School District, Pioneer Natural Resources USA, Inc., and other interested parties. The results of the soil gas surveys have been shared with these entities and they will be provided with the subsequent reports.

## VI. ORGANIZATION

Chris Canfield and Franki Carver (NW District), Peter Gintautas (SE District) and Karen Spray (SW District) attended a Basic Petroleum Technology class offered by Baker-Hughes in Denver on April 3-4, 2007.

All four new field Environmental Protection Specialists recently completed training and obtained certification as CDOT Erosion Control Supervisors for stormwater management during construction activities.

## 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

### ◆ 2006 Outstanding Oil and Gas Operations Awards

The deadline for submittals for the COGCC 2006 Outstanding Operations Award is June 1, 2007. We would like to encourage all parties to begin submitting nominations for the COGCC 2006 Outstanding Operations Awards, which will be presented in the summer of 2007. These nominations should be for oil and gas operations that occurred during calendar year 2006. The nomination form for the awards is available on the COGCC website: [http://oil-gas.state.co.us/Library/Call\\_For\\_Nominations\\_For\\_2006\\_Outstanding\\_Operator\\_Awards](http://oil-gas.state.co.us/Library/Call_For_Nominations_For_2006_Outstanding_Operator_Awards).

### ◆ 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 29 for the complete document, or visit our rules section on the agency website at: [http://cogcc.state.co.us/RR\\_Docs/Policies/APDRefillingGuidanceDoc.pdf](http://cogcc.state.co.us/RR_Docs/Policies/APDRefillingGuidanceDoc.pdf).

### ◆ COGCC/WQCC/WQCD

The next meeting between the COGCC, WQCC, and WQCD will be scheduled for some time in early June 2007.



◆ 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. 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 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. The video is scheduled to be released by DOW sometime in May 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. Database research and field planning are nearing completion. LT Environmental and S.S. Papadopoulos and Associates expect to start field work during the week of April 16, 2007. North Wind, Inc. anticipates that they will begin field work in early May, 2007. All work is scheduled to be completed by June 30, 2007. Funding for this project will come from the Oil and Gas Conservation and Environmental Response Fund (Fund 170) appropriation for Special Environmental Projects.

◆ 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. This work group was formed to address issues and complaints related to current Water Quality Control Commission (WQCC) standards and the Water Quality Control Division (WQCD) discharge permitting process, and to ensure that all downstream uses of water, including irrigation are protected. The work group includes representatives from the WQCC, WQCD, agriculture, and surface water discharge permit holders, including several Raton Basin operators. Recent meetings have included discussions on how other states manage the discharge of saline waters and information about factors, other than water quality, irrigation practices and crop type, which can influence crop production and soil conditions. Presentations have also been made by soil scientists from the National Salinity Team, Colorado State University and Wyoming Department of Environmental Quality.

The work group is chaired by Gary Beers of the WQCD and is reviewing the need to protect downstream agricultural uses by revising discharge permit standards. Meetings have been coordinated by Landon Gates of the Colorado Farm Bureau. A presentation on the progress of

this work group to the WQCC is scheduled as part of its informational hearing in June 2007.

◆ Public Outreach Opportunities

Debbie Baldwin presented a review of the COGCC's strategies for protecting water resources and the environment at the Society of Petroleum Engineers Applied Technical Workshop on Coalbed Methane in Durango on March 27, 2007.

Brian Macke participated in the Delta County Natural Gas Collaborative Group Meeting that was held on April 4, 2007 in Montrose, Colorado. The purpose of the meeting, which was coordinated by Delta County Commissioner Olen Lund, is 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.

Randall Ferguson attended an open house meeting conducted by Colorado Interstate Gas (CIG) on April 17, 2007 in Bennett, Colorado. The purpose of the meeting was to introduce to the public the proposed Totem Gas Storage Field Project. Approximately 30 people were in attendance. The Totem Field was discovered in 1970 and is located approximately 15 miles east of Denver International Airport and 11 miles north of the town of Bennett in Adams County. The project will consist of eight (8) injection/withdrawal wells, eleven (11) observation wells, and one UIC disposal well with a maximum storage capacity of approximately 10.7 bcf and a working storage of 7.0 bcf. The project is estimated to be placed into service in June of 2009.

Brian Macke provided an update on oil and gas development in Colorado and COGCC regulation at the Western Region CSU Cooperative Extension Spring Meeting in Grand Junction on April 19, 2007.

Brian Macke participated 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.

The COGCC staffed an informational exhibit display booth at the 5<sup>th</sup> annual Energy Expo that was held at the Garfield County Fairgrounds on May 2, 2007. The Energy Expo, which was sponsored by EnCana and other oil and gas operators and service companies, had over 80 exhibits providing information on natural gas exploration and production. The Expo exhibits were staffed by representatives of contractor companies, area colleges, workforce-training groups, as well as government and regulatory agencies. Participants had the opportunity to learn about new technology and innovations including state-of-the-art drilling rigs, green fracturing, noise suppression and other environmental initiatives. In addition to speaking with industry and government representatives, attendees were encouraged to visit a variety of educational exhibits and see industry equipment used in natural resource development and view educational video presentations.

Brian Macke participated as a moderator on an oil and natural gas panel at the "Fueling Thought - Trends in Energy" summit in Craig on May 4, 2007. The event was organized to provide educational information about energy resource development in Northwest 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 (APDs) submitted after February 15, 2005, the COGCC has received to date a total of eighty-three (83) requests for onsite inspections.

Eighteen (18) onsite inspections have been conducted, forty-one (41) requests for

inspections have been withdrawn, and twenty-four (24) 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 eighty-three (83) requests for Onsite Inspection, forty-five (45) were for locations in Weld County, fourteen (14) for Las Animas County, seven (7) for Adams County, five (5) for La Plata County, three (3) each for Boulder and Yuma Counties, two (2) for Garfield County and one (1) each for Archuleta, Kiowa, Logan, and Morgan Counties.

◆ Environmental Response Fund (ERF) Project Status

Attached on page 26 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.

◆ June 2007 Hearing Docket

A preliminary docket for the June 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 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 May 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 working group issued a beta version to members of industry for their review and comment in February 2007. Once the comments have been analyzed by the working group and incorporated into the XML file format, a final version is expected to be published before the end of the second quarter of 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 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 once additional funding is approved.

### VIII. VARIANCES

A variance was granted to Texas American Resources Company (TARC) in accordance with Rule 502.b.(1) to allow for a change in its

surface casing design for the Leech 22-26 Well, located in the SE¼ NW¼ of Section 26, Township 1 South, Range 66 West, 6<sup>th</sup> P.M., Adams County.

TARC encountered difficulties with lost circulation, and drilling mud surfaced on location, away from the borehole, prior to reaching the planned total depth of the surface casing. Lost circulation material was used to regain circulation, but to avoid further problems with the surface casing hole, COGCC staff and TARC agreed on setting the surface casing and stage cementing across the Fox Hills aquifer instead of setting surface casing 50 feet below the Fox Hills as required by Rule 317A.b. (1). Thus, the surface casing setting depth was decreased from 1395 feet to 970 feet, with cement to surface. A DV tool was required at 1650 feet, with cement from 1650 feet into the surface casing. Cement verification was required with a cement bond log.

A variance under Rule 502.b. was granted to Noble Energy Inc. on April 13, 2007. The variance is for the approval of drilling and spacing unit changes for Order Nos. 139-45, 139-51, 139-59 and 139-61 in Section 18, Township 8S, Range 95W. Due to the irregularity of this section, it is not possible to have the 40-acre drilling and spacing units re-

quired by the orders. The variance establishes 6 units in this section that range from 46.8 to 50.7 acres. According to this variance, the downhole well density will be less than 4 wells per quarter quarter and the surface location density will be less than 1 pad per quarter quarter.

A variance under Rule 502.b. for an exception location was granted on April 25, 2007, to Thomas L. Spring, LLC for the Ward #1-30 Well in the NW¼ NE¼ of Section 30, Township 30 South, Range 45 West. The location is outside of the permitted well location which is within a radius of 1200 feet from the center of the section prescribed in Order No. 197-1.

A variance under Rule 502.b. for an exception location was granted on April 27 2007, to Rosetta Resources Operating LP for the Stults #24-9 Well located in the NE¼ SE¼ of Section 24, Township 1 South, Range 45 West. The location falls under Rule 318.a. and the well has a proposed total depth of 2650 feet. The well location is 300 feet from a mineral lease line and 1105 feet from a well permitted in the same common source of supply. The encroached upon section and well are covered by 318B. and in order to allow for equivalent drainage, a variance was granted.

## IN THE NEWS

### *EnCana expands high school scholarship program*

March 28, 2007  
Norwood Post

It's that time again...time for students to start filling out scholarship applications. EnCana Oil & Gas (USA) Inc. has expanded its scholarship program and is seeking high school seniors who plan to study engineering, geology or geophysics at an accredited university or college, or a trade program associated with the oil and gas industry, such as production technology, heavy equipment operator or land administration.

The scholarship award is \$2,500 per year, for up to four years, and is awarded annually to one graduating student in each school district within EnCana's areas of operations, including: Norwood School District R-2J, DeBeque School District 49JT, Garfield County School District Re-2 and Garfield County School District 16, St. Vrain Valley School District RE-1J, Weld County School District RE-8, and Weld County School District RE-3J.

High school seniors who have a solid academic record, demonstrate community involvement and plan on being a full-time student should submit an application.

Previously, the scholarship program was only intended for four-year schools, however, the natural gas industry is constantly growing and in need of highly skilled and trained workers. Some technical or trade jobs related to oil and gas require a two-year degree.

Colorado Mountain College's Rifle Campus offers industry-related training including a Process Technology Program with an emphasis on oil and gas. In addition, there are several two-year associates in science degrees that could be transferable to a four-year college for a degree in engineering, land management, geology and more. In the fall, CMC's Rifle Campus will offer a new program: Natural Resource Management.

Mesa State College in Grand Junction offers two-year programs including Process Technology and Welding. Colorado Northwestern Community College in Rangely and Craig, with satellite programs in Meeker and Hayden, offers Natural Resources and Petroleum Sciences programs.

One of last year's award recipients, Chris Oliver from Norwood, is enjoying the advantages the EnCana scholarship provides. Oliver is studying civil engineering at Ft. Lewis College in Durango.

"Receiving the EnCana Scholarship has reduced the financial pressure of attending college," he said. "This has allowed me to concentrate on learning both in and out of the classroom."

EnCana's High School Scholarship Program supports the overall effort of expanding the workforce in Colorado, and strengthening the economic and social well being of our communities.

"Education is a top priority, and these scholarships provide students an opportunity to continue their education, learn about the industry and generate a local, skilled workforce," said EnCana Community Investment Advisor Joyce Witte. "EnCana's scholarship program is an investment in our youth and in Colorado."



Last year's scholarship recipients in Colorado were Chris Oliver of Norwood High School, Jeffrey Birrer of Grand Valley High School, and Bridget Peters of Rifle High School.

Each scholarship is awarded directly to the student, and can be used for any college-related financial need, including tuition and fees, textbooks, and rent. Each school district is responsible for application deadlines and selecting the scholarship recipient.

For more information about EnCana's High School Scholarship Program, please contact your school district or e-mail [communityinvestmentusa@encana.com](mailto:communityinvestmentusa@encana.com).

## ***Williams Plans A 450Mln Cubic Feet Per Day Natural Gas Processing Plant In Western Piceance Basin - Update***

March 28, 2007  
Trading Markets

(RTTNews) - On Wednesday, Williams Companies Inc. announced that it plans to construct and operate a 450 million cubic feet per day natural gas processing plant in western Colorado's Piceance Basin, where the company has its most significant volume of natural gas production, reserves and development activity.

The Tulsa, Oklahoma-based Williams said it expects initial operations at the Willow Creek processing plant to boost the volume of marketable liquids recovered from its production in the basin by more than fivefold, compared with current levels.

The company's existing Piceance Basin processing plants can recover approximately 4,500 barrels per day of natural gas liquids. The existing processing plants are designed to condition the natural gas to meet quality specifications for pipeline transmission, not to maximize natural gas liquids extraction.

In addition, Williams said it expects that the Willow Creek facility will recover an additional 20,000 barrels per day of natural gas liquids from Williams' production at startup. The company expects the plant to be operational in the third quarter of 2009, subject to permitting and regulatory review.

The expectation for peak natural gas liquids production at Willow Creek is nearly 30,000 barrels per day, Williams revealed.

As designed, the Willow Creek facility will consist of a single-train cryogenic plant located in Rio Blanco County, Colorado, approximately 25 miles northwest of Williams' existing facilities in Garfield County. Initially, more than half of the plant's volumes will come from Williams' production in the Parachute Valley area to the south of the facility. This gas will be transported to the Willow Creek plant via the company's new Northwest Pipeline Parachute Lateral, a 30-inch-diameter pipeline currently under construction.

The remaining volumes for Willow Creek's first train are expected to come from Williams' newest development areas in the northern portion of the Piceance Basin known as the Highlands. Williams expects its Highlands production to grow by 50% during 2007 alone.

In a separate announcement today, a joint venture in which Williams has an interest unveiled plans to construct and operate a 150-mile extension of the Overland Pass Pipeline. The planned pipeline lateral will transport natural gas liquids already being produced by Williams' existing facilities and the Willow Creek plant to Midcontinent markets via the Overland Pass Pipeline.

Williams owns a 1% interest in the Overland Pass joint venture, led by ONEOK Partners, L.P. Williams has an option to increase its Overland Pass ownership to 50% and become operator within two years of the pipeline becoming operational. Williams noted that the expected in-service date for the Overland Pass Pipeline is early 2008; the lateral extension to the Willow Creek plant is early 2009. Over the past two years, Williams has nearly doubled its natural gas production in the Piceance Basin. Williams now produces approximately 600 million cubic feet of natural gas per day in the area.

At year-end 2006, Williams' reserves in the Piceance Basin accounted for 67% of the company's 3.7 trillion cubic feet equivalent of total proved domestic reserves. Williams is operating 25 rigs to develop new production in the Piceance Basin. The fleet includes a new generation of high-efficiency rigs that from a single surface location can develop production from up to 22 wells, three times more than a conventional rig. This technology also is designed to reduce the surface footprint by up to 75%.

Earlier this year at Opal, Williams brought into service a new cryogenic processing train that increased processing capacity by 30% to nearly 1.5 billion cubic feet of natural gas per day. Overall, Williams has more than doubled its processing capacity at its Opal plant over the last seven years.

WMB is currently trading at \$28.56, up 16 cents, on the New York Stock Exchange.

## ***Oneok Partners to Build \$120M Pipeline***

March 28, 2007

Forbes/Associated Press

Oneok Partners LP, which gathers, processes, stores and transports natural gas and natural gas liquids, said Wednesday its joint venture with Williams Cos. will build a \$120 million pipeline to connect the Piceance Basin in northwestern Colorado with its Overland Pass pipeline.

The 150-mile lateral pipeline will carry as much as 100,000 barrels per day of raw natural gas liquids from the Piceance Basin to the 750-mile Overland Pass pipeline, a \$433 million project between Oneok Partners (nyse: OKS - news - people ) and Williams announced earlier Wednesday. That pipeline will run from Opal, Wyo., to a natural gas liquids hub in Conway, Kan.

Construction on the Piceance pipeline is scheduled to begin in the summer of 2008 with startup expected in early 2009.

Oneok Partners will manage construction of the Overland Pass project and will operate the pipeline. Construction is expected to begin this fall with startup expected in early 2008. Williams agreed earlier to dedicate its natural gas liquids production, currently estimated at about 60,000 barrels per day, from two Wyoming gas processing plants to the Overland Pass pipeline as part of a long-term deal.

The Piceance Basin is one of the most active natural gas drilling plays in the U.S., according to Oneok Partners Chief Executive John W. Gibson.

## *Gas companies cut emissions*

April 9, 2007

By Mike McKibbin

The Daily Sentinel - Grand Junction

RIFLE — Two major gas companies operating in Western Garfield County are being lauded by an air-quality-conservation group after taking steps to reduce air emissions that result from natural gas development.

EnCana Oil and Gas and Bill Barrett Corp. cut methane and volatile organic compound, or VOC, emissions by designing or installing specialized equipment and changing other equipment. VOCs include cancer-causing benzene, toluene and other hazardous compounds that are byproducts of natural gas.

EnCana Air Quality Specialist Scott Mason said the company joined the Environmental Protection Agency's voluntary Natural Gas STAR program about a year and a half ago. The program encourages the gas and oil industries to adopt cost-effective technologies and practices that improve operational efficiency and reduce methane emissions.

Methane, the primary component of natural-gas, is a potent greenhouse gas 21 times stronger than carbon dioxide. "We did a lot of upgrades," Mason said. "There's a huge laundry list of things you can do, and we're looking for the low-hanging fruit to help reduce venting the most."

Jeremy Nichols, director of Rocky Mountain Clean Air Action, a Denver group that works on air-related issues associated with energy development, said the Gas STAR program is a positive one, and he hopes more companies will participate. "Doing these best-management-practices types of things not only helps clean up the air, it also means less gas is flared on federal leases and more revenue to the government," he said. "We think these types of things are definitely worth the investment."

Bill Barrett Corp. Asset Manager Chris Hansen said the company changed the process used to "flow back" liquids during a gas well's completion stage to eliminate more than 90 percent of VOC and methane emissions. "So now it's basically a closed system to capture all the emissions we used to vent," he said. The company worked on the new process for the past six to eight months at the request of the Colorado Oil and Gas Conservation Commission and Garfield County Commissioners, Hansen said.

EnCana replaced 40 percent of its gas-operated pneumatic pumps that meter liquids in the gathering system with solar-operated pumps to eliminate all those emissions, Mason said. The company also reduced flaring and venting volumes by 64 percent with the use of heavy-duty, steel-tank separators to remove the fracturing fluids, sands and drill cuttings that are pumped out of a bore hole after fracturing, Mason said.

EnCana added 38 combustors to condensate tanks in the Mamm Creek gas field south of Rifle and Silt to burn the VOCs and reduced those emissions by 30 percent, Mason said. EnCana and its contractors also used low- and ultra-low-sulfur diesel fuel in its trucks to reduce sulfur-dioxide emissions by 87 percent, Mason said. The extra steps and equipment needed to meet the Gas STAR standards are expensive, Mason said, with the payback period between one to five years.

Barrett spokesman Jim Felton said the company operates in a more heavily populated area than other gas companies in the county. Barrett drills wells on 19,000 contiguous acres in the Dry Hollow area south of Silt. Felton said more citizen complaints led to the move to cut emissions and odors. Hansen said liquids and oils are separated and combustors then burn and destroy the substances. "It costs several thousand dollars a day to have this equipment out there," he said. "It's going above and beyond what the (oil and gas commission) now requires."

Barrett plans to install a buried, water-pipeline system this year that should reduce water truck traffic by 40,000 trips, Hansen said. That will mean less dust, exhaust and noise, he said. A vapor recovery system at the company's gas compressor station in the Dry Hollow area will eliminate the need to flare gas at that point, Hansen said.

## *Pipeline for Colo. gas gets approval*

April 20, 2007

By Tina Seeley, Bloomberg News

Reported in The Denver Post

Federal regulators gave their final approval Thursday for the western portion of a \$4.4 billion natural gas pipeline project led by Kinder Morgan Energy Partners LP that will bring fuel from the Rocky Mountains to markets in the Eastern United States.

"This is a significant investment in U.S. energy infrastructure," Suede Kelly, a commissioner on the Federal Energy Regulatory Commission, said before the unanimous vote at an open meeting in Washington, D.C. "It will also help to enhance the competitiveness of our natural-gas markets."

The project, known as Rockies Express, consists of three segments and upon completion will be 1,678 miles long. It'll be able to send as much as 1.8 billion cubic feet of gas a day from Colorado to Ohio.

The figure for the pipeline system's total mileage was increased Wednesday by 14 miles after terrain surveys, said Kinder Morgan Energy spokeswoman Emily Mir Thompson. "In terms of capacity and length, it is the largest" new pipeline the commission has approved in recent years, said Jeff Wright, a commission staff member.

The first leg of the project, which was purchased in 2006, is already in service and runs 328 miles across Colorado. The western portion approved Thursday includes 713 miles of new pipeline from Colorado to Missouri that will be completed by next year. The eastern leg of the project may be finished in June 2009.

Kinder Morgan Energy, ConocoPhillips and Sempra Energy are partners in the project.

## *2007 Energy Expo puts spotlight on energy education*

April 25, 2007

Post Independent, Glenwood Springs

For the fifth consecutive year, EnCana Oil & Gas (USA) Inc. is bringing its Energy Expo to Rifle. The Expo serves as an opportunity for the community to learn more about the oil and gas industry. It returns to the Garfield County Fairgrounds on Wednesday, May 2, from noon to 6 p.m. "It's vitally important that we continue to educate the community about our industry," said Doug Hock, director of community and public relations for EnCana. "This forum brings all aspects of the natural gas development process together under one roof — it's a great opportunity to ask questions and get answers."

Community members will have the opportunity to talk with EnCana and other industry operators, including Antero Resources, Berry Petroleum, Bill Barrett Corp., ConocoPhillips, OXY, PetroHunter Operating, Shell Exploration & Production and Williams Production.

In addition, there will be contractor companies, area colleges, workforce-training groups, as well as government and regulatory agencies in attendance. Participants will also have the chance to learn about new technology and innovations including state-of-the-art drilling rigs, green fracing, noise suppression and other environmental initiatives. In addition to speaking with industry representatives, attendees are encouraged to visit a variety of educational exhibits, see industry equipment used in natural resource development and view educational video presentations.

The 2007 Energy Expo will feature more than 80 exhibits.

## *Second-largest natural gas plant in the U.S. being built between Rifle, Meeker*

April 26, 2007

By John Gardner

Rifle Citizen Telegram

If you've walked down Third Street in downtown Rifle recently, you've likely noticed a new white office that's set up shop on the north side of the street near the junction of Third and Railroad. But what goes on there?

Plenty. L-Con is bustling, especially when workers line up for jobs to complete a natural gas liquid processing plant being built in the Piceance Creek Basin north of Rifle. The plant is being built for Enterprise Products, based in Houston, Texas. A second adjoining plant will be built starting this summer.

L-Con, also based out of Houston, is one of six contractors building what will be the second-largest cryogenic natural gas plant in the nation when the adjoining plant is completed, according to Rick Fullmer, Enterprise's regional manager of Rocky Mountain Gathering and Processing.

Fullmer said approximately 1,000 workers are building the roughly 40-acre plant, which will run with just 18 full-time staff. "The industry knew that the gas was here but it wasn't economically justifiable to have a plant in the area because the demand for gas wasn't here," Fullmer said. "Now the demand is here and that has created a need for these plants."

Enterprise will process EnCana's natural gas in the area. Fullmer added that these plants are only for processing natural gas and other gasses into liquids and have nothing to do with oil shale exploration.



DEPARTMENT OF NATURAL RESOURCES  
*Bill Ritter, Jr., Governor*  
1120 Lincoln St., Suite 801  
Denver, CO 80203  
Phone: (303) 894-2100  
FAX: (303) 894-2109  
[www.oil-gas.state.co.us](http://www.oil-gas.state.co.us)

April 3, 2007

Saguache County Commissioners  
501 Fourth Street  
Saguache, CO 81149

VIA FACSIMILE (719) 655-2635

Re: Lexam Explorations (U.S.A.) Inc. Applications for Permits to Drill  
Baca No. 5 Well NE $\frac{1}{4}$  SW $\frac{1}{4}$ , Section 28, Township 43 North, Range 11 East, N.M.P.M.  
Baca No. 6 Well SE $\frac{1}{4}$  NE $\frac{1}{4}$ , Section 33, Township 43 North, Range 11 East, N.M.P.M.  
Baca National Wildlife Refuge

Dear Commissioners,

The Colorado Oil and Gas Conservation Commission (COGCC) has received your comment letter dated November 14, 2006 regarding Lexam Explorations (U.S.A.) Inc.'s (Lexam's) application for two exploratory oil and gas wells that are planned to be drilled in the Baca National Wildlife Refuge. This letter responds to your comments in the order that they were presented. For your convenience, copies of the approved Lexam drilling permits and the conditions of approval for the two wells are attached. Lexam must comply not only with the conditions of permit approval but also the comprehensive set of rules that are enforced by the COGCC to protect public health, safety and welfare and the environment. Please see the COGCC's website (<http://oil-gas.state.co.us/>) for a full set of its rules, or you may order a hard copy.

#### **Shallow Ground Water Protection**

Both Lexam wells will be constructed with 350 feet of steel conductor casing and 3,000 feet of steel surface casing. These casing strings are set at depths sufficient to protect both shallow and deep groundwater aquifers, and both of these casing strings will be cemented from setting depth to surface with a continuous column of cement. This type of well construction will provide protection for all of the aquifers in the drilling area. It is the COGCC's intention to witness the running and cementing of these casing strings in the construction of both wells.

Water wells within one mile of the drill sites have been sampled and analyzed to provide baseline data for the aquifers in the Baca National Wildlife Refuge. In addition, Lexam is required by a drilling permit condition of approval to install a minimum of one up-gradient and two down-gradient monitoring wells around each drill pad prior to the construction of the exploratory oil and gas wells. These monitoring wells will ensure that in the unlikely event any ground water contamination occurs it would be detected in a short period of time. The shallow monitoring wells will be logged and surveyed to provide detailed hydrologic information. Another condition of approval for the protection of shallow ground water is a requirement that an inventory of all chemicals and products that will be used or stored on site must be provided to the COGCC, the surface owner, and local emergency response personnel prior to bringing the substances into the Baca National Wildlife Refuge.

A condition of permit approval has been attached that requires Lexam to use a closed loop mud and drill cutting system and to place drill cuttings in an above-ground, lined enclosure unless otherwise approved by the surface owner. In addition, a condition of permit approval has been attached that prohibits Lexam

from leaving or burying any drill cuttings on site, unless it obtains surface owner approval, and requires Lexam to dispose of all drill cuttings off site in accordance with applicable COGCC rules.

### **Environmental Impact Statement**

The Federal government is responsible for requiring an Environmental Impact Statement (EIS), and in this situation, it has indicated to the COGCC that it will not require an EIS when private minerals are being developed beneath federally owned surface. The COGCC cannot require that an EIS be prepared nor can it withhold issuance of the drilling permits pending an EIS that is not planned. On January 11, 2007, COGCC engineering and environmental staff conducted onsite inspections of the two proposed drilling locations along with representatives of Saguache County, the Baca Grande Water and Sanitation District, the United States Fish and Wildlife Service (USFWS) and Lexam. The purpose of the onsite inspections was to examine the surface that will be used for the drilling of the wells, to discuss subsurface aquifers and other environmental considerations related to the drilling of the wells, and to talk about any local government issues. The result of the onsite inspections was the development of the numerous conditions of permit approval that are additional site-specific precautions the COGCC requires of Lexam to address environmental concerns associated with these two exploratory oil and gas wells.

### **Air Quality**

The COGCC has broad statutory authority with respect to "...impacts on any air, water, soil, or biological resource resulting from oil and gas operations..." CRS § 34-60-106(2)(d) (2006). The Colorado Department of Public Health and the Environment (CDPHE) Air Pollution Control Division (APCD) regulates air quality over the entire state to minimize emissions from a variety of sources, and to ensure that air quality on a statewide basis meets federal air quality standards. The COGCC has rules that address specific air-related issues associated with oil and gas operations, such as the flaring of gas wells. The COGCC also cooperates and coordinates closely with CDPHE-APCD with respect to oil and gas operations, with the COGCC generally deferring to the expertise of CDPHE-APCD on broad air quality issues, such as emissions.

### **Speed Limits**

The COGCC does not have the authority to address speed limits on public roads. This concern is best addressed by the Colorado Highway Patrol or the County Sheriff.

### **Emergency Service Plan**

An emergency response plan is addressed in a condition of approval for both drilling permits. The condition of permit approval requires Lexam, prior to commencing its operations, to meet with the local emergency response personnel to establish an adequate safety and response plan for drilling, completion, and production activities.

### **Off Site Disposal of Drilling Wastes**

Offsite disposal of drilling wastes is required under the conditions of approval for the drilling permits. The condition of permit approval prohibits Lexam from leaving or burying drill cuttings at the drill site or elsewhere in the Baca National Wildlife Refuge, unless it obtains landowner approval in writing, and requires Lexam to dispose of drill cuttings offsite in accordance with COGCC Rule 907.

### **Best Available Technology to Protect Ground Water**

The setting depths of the conductor casing and the surface casing have been reviewed with personnel from the Colorado Division of Water Resources as well as representatives of the Baca Grande Water and Sanitation District. All casing strings that cover aquifers will be cemented to surface. This type of double casing and cement well bore construction is the best available technology for protecting ground water in this area. Another condition of permit approval requires that if production casing is run, all hydrocarbon- and water-bearing formations must be covered with cement, and a cement bond log must be run to verify coverage. It is the COGCC's intention to witness any running and cementing of production casing in both wells. In addition, there is a condition of permit approval that requires that if a well is plugged as a dry hole, the COGCC must be contacted for plugging instructions so that the plugging procedure will assure that all aquifers are properly isolated and protected. These conditions of permit approval provide important protections for aquifers.

### **Conduct Ground Water Monitoring**

Lexam is required to monitor ground water before and during drilling operations. Both permits require that a minimum of one up-gradient and two down-gradient monitoring wells will be installed around each drill pad. The wells will be completed in the shallow unconfined aquifer. The locations and elevations of the wells will be surveyed and depth to water will be measured. Lexam must also collect water samples for chemical analysis before the drilling of the wells is commenced and at predetermined intervals thereafter. If spills or releases of drilling-related chemicals at well sites occur, then the sampling frequency may be increased to a frequency agreed to by the COGCC, the USFWS, Baca Grande Water and Sanitation District, and Lexam.

In addition, a condition of permit approval has been attached that requires that the water wells in the area that were sampled for baseline water quality will be sampled again within six (6) months after the proposed oil and gas wells are completed or plugged and abandoned. The baseline and follow-up water analysis data will be provided to the COGCC (and, therefore, be available for public inspection) and to the surface owner.

### **Funding for Training of Emergency Response Personnel**

The COGCC does not have the authority to provide funds for the purpose of training emergency response personnel, nor can the agency require Lexam to provide funds for this purpose. It is important to note, however, that a condition of approval has been attached to the permits for both wells that requires Lexam to meet with the local emergency response personnel prior to the commencement of operations to establish an adequate safety and response plan for drilling, completion, and production activities.

### **Other Concerns**

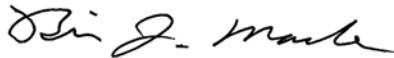
There are other conditions of permit approval that are important to bring to your attention. Lexam is required to station a guard at the property gate on County Road T during all drilling and completion activities. The guard will limit access to the Baca National Wildlife Refuge to Lexam employees and contractors, and other authorized personnel. In addition, all equipment and vehicles brought into the Baca National Wildlife Refuge from outside the San Luis Valley must be cleaned and decontaminated to minimize the introduction of non-native species and noxious weeds. To ensure that proper well control practices are followed, all drilling and completion operations shall be supervised by personnel with WellCAP IADC well control certification. All blowout prevention equipment shall be rated for 5000 psi and shall be installed and tested in accordance with the requirements set forth in the United States Bureau of Land Management Onshore Order #1.



The Applications for Permits to Drill (APDs) filed by Lexam are complete packages submitted using standard petroleum industry practices and complying with COGCC rules. Each permit has been issued with conditions of approval, taking into account those issues raised by Saguache County and other concerned citizens. The COGCC has determined that the APDs are well designed and incorporate the information that has been gathered during the drilling of previous wells in the area, and will adequately address all issues needed to protect the environment and public health, safety, and welfare.

The COGCC seeks to maintain good working relationships with all of its stakeholders, including local government agencies. Please contact us if you have additional questions or concerns.

Sincerely,



Brian J. Macke, P.E.  
Director

Cc: Bill McKnab – Lexam Explorations (U.S.A) Inc.  
Harris Sherman – Executive Director, Department of Natural Resources

**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**

PLANNED PROJECTS TYPE	COUNTY	PROJECT NAME	ESTIMATED			ACTUAL AMT. PAID	DESCRIPTION
			TOTAL	BOND	ERF		
ENV.	LOGAN	O SAND ORPHANED PIT ASSESSMENT AND FEASIBILITY STUDY	\$35,000	\$0	\$35,000	\$0	Delineate the extent of oil/tar impact at eight pits proximate to the West Padroni Field to estimate volumes. Evaluate environmental remediation alternatives at pits requiring remediation.
PLUG.	VARIOUS	HOFFMAN AND STATE PYLE WELLS ABANDONMENT	\$75,000	\$15,000	\$60,000	\$0	Plug and abandon three wells. Reclaim surface.
REC.	ADAMS	MONAGHAN #1 AND #2 RECLAMATION	\$9,800	\$0	\$9,800	\$0	Monaghan #1: Remove gathering line, steel posts and weeds. Re-grade and place grass seed over disturbed areas. Monaghan #2: Remove and dispose of junk and trash on site. Demolish, transport and dispose of unit concrete pad. Re-grade and place grass seed over disturbed areas.
REC.	LOGAN	LEWIS CREEK GAS PLANT RECLAMATION	\$25,000	\$0	\$25,000	\$0	Remove and size remaining concrete, pipes and anchor posts. Material will be transported to the solid waste landfill in Sterling, CO. All disturbed areas will be fine graded to match existing topography. Site will be revegetated to match existing conditions.
REC.	VARIOUS	ORPHAN WELL RECLAMATION ADAMS & YUMA COUNTIES	\$20,000	\$0	\$20,000	\$0	Surface reclamation around orphaned wells
		<b>TOTALS ==&gt;</b>	<b>\$164,800</b>	<b>\$15,000</b>	<b>\$149,800</b>	<b>\$0</b>	
<b>PENDING PROJECTS</b>							
TYPE	COUNTY	PROJECT NAME	TOTAL	BOND	ERF	SPECIAL*	ACTUAL AMT. PAID*
ENV.	LA PLATA	BRYCE 1X ENVIRONMENTAL MONITORING AND REMEDIATION	\$131,000	\$0	\$0	\$131,000	\$60,294
ENV.	MONTEZUMA	SIERRA FIELD ELLIS #6 ASSESSMENT AND REMEDIATION	\$25,000	\$0	\$25,000	\$0	\$6,883
ENV.	WELD	WINTERS #1 GROUNDWATER MONITORING	\$3,000	\$0	\$3,000	\$0	\$3,037
ENV.	VARIOUS	ERF WELL SOIL GAS INVESTIGATION	\$150,000	\$0	\$0	\$150,000	\$0
PLUG.	MOFFAT	BELNAP #1 ABANDONMENT	\$35,000	\$5,000	\$30,000	\$0	\$13,547
PLUG.	MONTEZUMA	GOFF, WALTER #4X ABANDONMENT	\$20,000	\$0	\$20,000	\$0	\$0
	VARIOUS	MEDIA COSTS	\$4,000	\$0	\$4,000	\$0	\$2,778
		<b>TOTALS ==&gt;</b>	<b>\$368,000</b>	<b>\$5,000</b>	<b>\$82,000</b>	<b>\$281,000</b>	<b>\$86,539</b>
<b>COMPLETED PROJECTS</b>							
TYPE	COUNTY	PROJECT NAME	TOTAL	BOND	ERF	SPECIAL	ACTUAL AMT. PAID
ENV.	JEFFERSON	PALLAORO LILLIE #1 & #1A SOIL GAS AND GROUNDWATER ASSESSMENT	\$5,000	\$0	\$5,000	\$0	\$2,681
ENV.	LOGAN	O SAND ORPHANED PIT SITE SECURITY	\$2,900	\$0	\$2,900	\$0	\$2,881
PLUG.	GARFIELD	PITTINGER #1 ABANDONMENT	\$20,000	\$2,500	\$17,500	\$0	\$19,467
PLUG.	LA PLATA	BRYCE 1X ABANDONMENT	\$352,400	\$0	\$0	\$352,400	\$338,329
REC.	MONTEZUMA	SIERRA FIELD RECLAMATION	\$4,700	\$0	\$4,700	\$0	\$4,700
		<b>TOTALS ==&gt;</b>	<b>\$385,000</b>	<b>\$2,500</b>	<b>\$30,100</b>	<b>\$352,400</b>	<b>\$368,057</b>
<b>GRAND TOTALS ==&gt;</b>							
			<b>\$917,800</b>	<b>\$22,500</b>	<b>\$261,900</b>	<b>\$633,400</b>	<b>\$454,596</b>

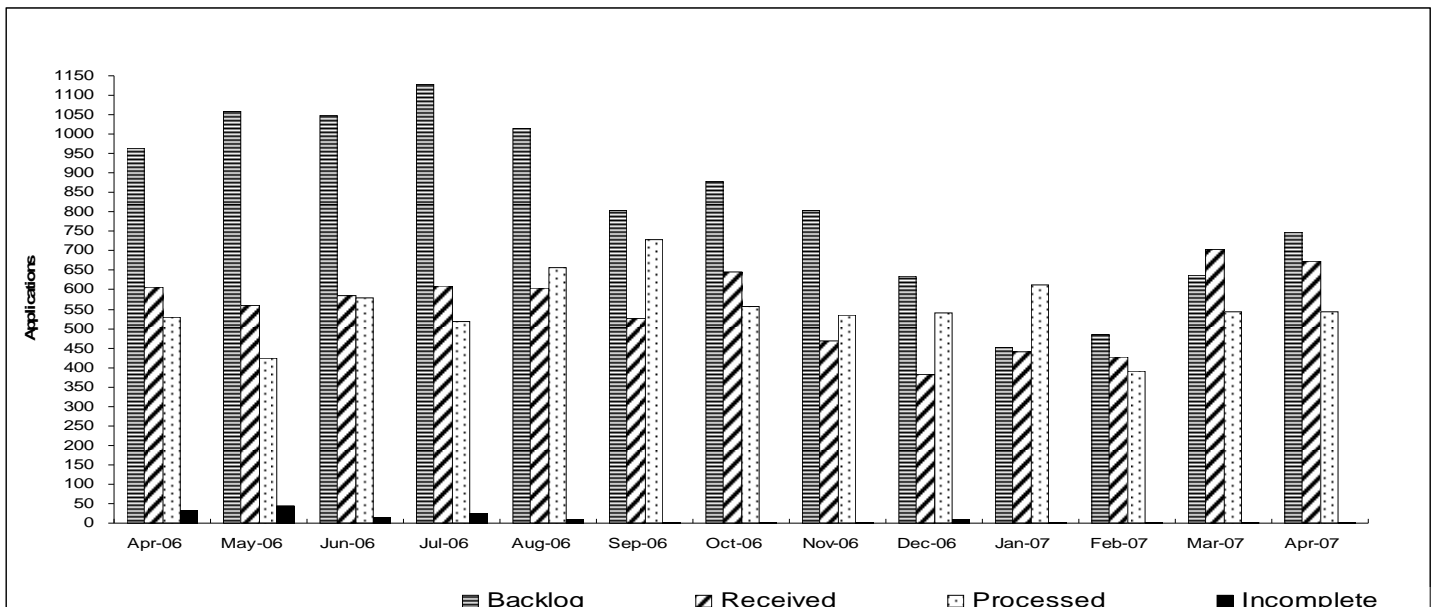
\* Note: Special amount for Bryce 1X Environmental Monitoring and Remediation includes costs from the commencement of the project during Fiscal Year 2005 - 2006

## Colorado Oil & Gas Conservation Commission

### Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
<b>Drilling</b>								
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
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
<b>Recompletion</b>								
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
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
<b>Total</b>								
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
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

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



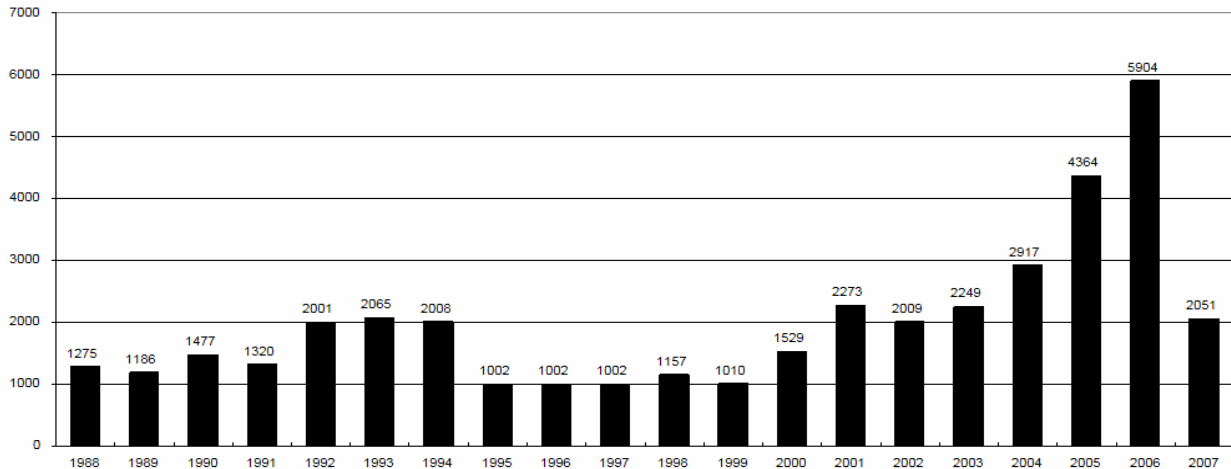
Backlog = Incomplete + In-process = Remaining permits from previous month

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 5/3/07	
ADAMS	46	34	44	53	92	58	137	34	9	33	24	19	38	28	9	26	39	34	37	48	
ARAPAHOE	5	5	15	14	11	4	20	12	2	9	1	2	0	2	1	2	5	7	11	7	
ARCHULETA	8	5	18	5	2	1		3	3	3	1	7	9	6	10	8	13	14	7		
BACA	6	4	15	10	23	9	12	24	10	7	13	15	22	6	2	3	7	8	2	1	
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	10	
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	9	
COSTILLA												1									
CROWLEY	1		1	1																	
DELTA	1	1	2												7	4	5	10	9		
DENVER										5	3	3		3						19	21
DOLORES	2		4	1	2	1											1	1	1	6	1
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	1
GARFIELD	19	66	111	36	18	56	143	78	109	141	95	130	213	353	362	567	796	1509	1845	762	
GRAND							1														
GUNNISON			2	2		1									5	10	1	9	19	3	
HUERFANO	3	5		4	17	3	3	2	1	3	40	26	41	27	27		8	2			
JACKSON	3	1	4	6	2	3	2	2	2	6	3		34	18	21	9	14	6	8	1	
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	2	
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	85	
LARIMER	4	4	3	6	13	7	3		1	3	1		2		1						
LAS ANIMAS	10	30	36			9	32	95	134	136	195	195	268	400	259	180	332	413	500	140	
LINCOLN	8	6	4	7	7	11	8	9	3	2			2	2	1	6	3	4	1	1	
LOGAN	18	21	23	13	14	30	15	13	6	12	7		4	7	3	3	6	13	17	5	
MESA	1	12	29	20	22	2	22	6	11	10	2	6	13	27	30	27	54	136	265	89	
MOFFAT	13	25	27	19	40	52	43	40	41	28	21	15	35	52	62	63	63	60	120	19	
MONTEZUMA	6	7	10	8	7	11	15	9	13	5	4	1	4		5	8	8	11	5	3	
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	10	
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	76	
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	4	
SAGUACHE	1							2					2		2						
SAN MIGUEL			2	2					1	1	4	2	11	13	27	18	42	45	35	7	
SEDGWICK				1				3		2						1	5	2	7		
WASHINGTON	40	29	23	28	24	26	25	12	19	26	18	3	23	17	27	34	128	50	69	13	
WELD	424	357	366	656	1224	1319	1030	254	305	285	392	288	509	702	760	757	832	901	1418	492	
YUMA	14	20	45	60	104	53	167	168	123	116	111	60	31	205	160	138	237	782	797	221	
Total	1275	1186	1477	1320	2001	2065	2008	1002	1002	1002	1157	1010	1529	2273	2009	2249	2917	4364	5904	2051	

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:

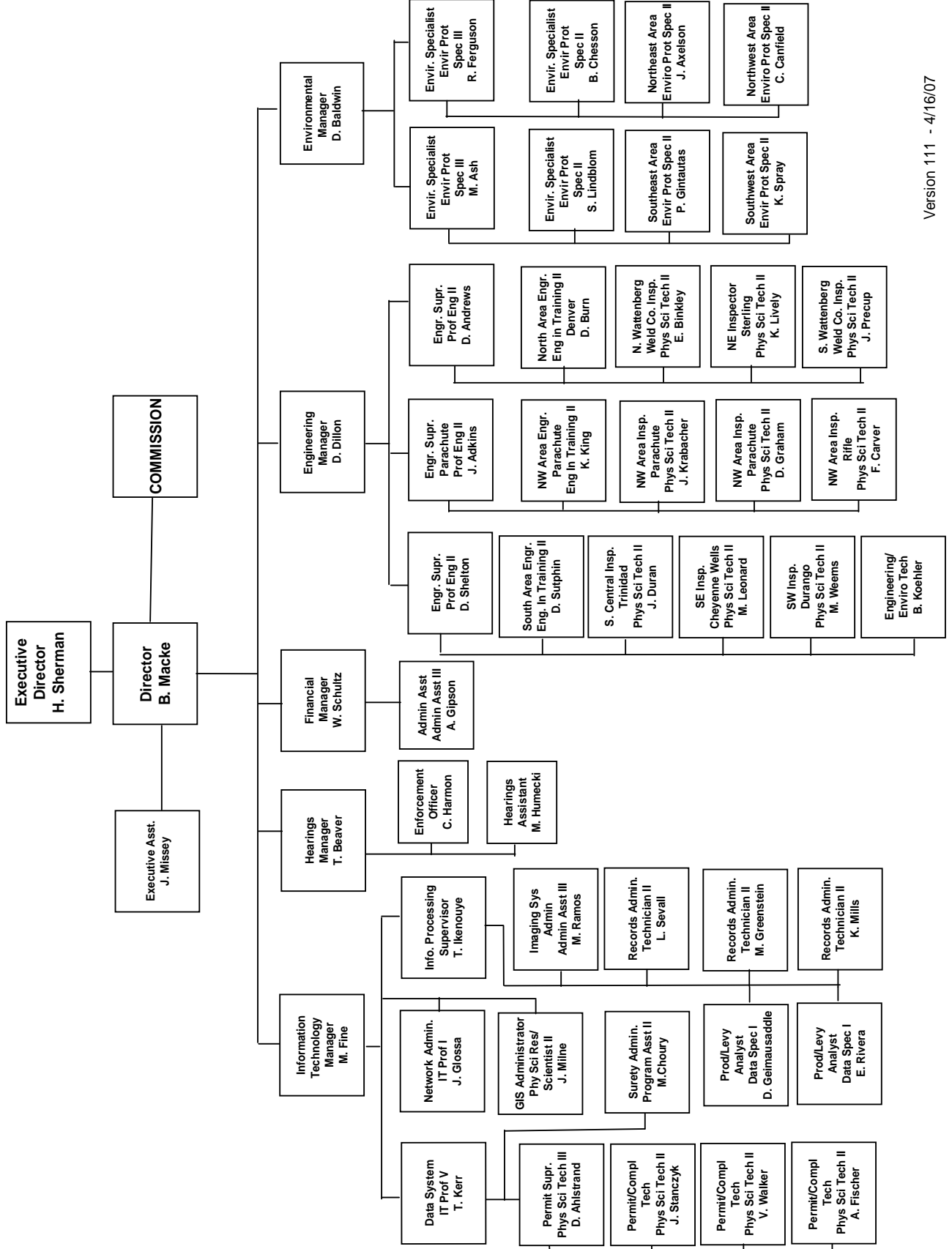
- Confirmation of a New Rule 305 Thirty (30) day Surface Owner Notice
- New COGCC Director Exception Location Request and Surface Owner and/or Mineral Owner Waivers (if the location is an exception location)

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		Data		Office	Internet		
			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	1232	
	JUL	92	482	571	36	38	7	4	41	59			71	44	85027	910	
	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	748	
	OCT	92	532	620	24	26	3	2	34	45			20	68	89950	592	
	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	308	
2006	Total		5904	6171	315	302	33	38	309	293			531	897	1012286	7776	
	JAN	96	605	422	7	18	3	0	21	27			20	79	100089	570	
	FEB	94	375	426	16	2	3	1	13	12			34	94	77886	489	
	MAR	98	529	659	15	44	2	2	20	22			26	81	98738	368	
	APR	109	519	655	23	19	3	1	5	26			26	95	99974	29	
2007	Total		2028	2162	61	83	11	4	59	87			106	349	376687	1456	

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Colorado Oil Gas Conservation Commission  
Monthly Statistics

YEAR	MO	Operators		Release		Bonds		Claim		Hearings		Violations		Remediation Projects		Field Insp		
		New	Inactive	Ind.	Blnkt	Replace	Ind.	Blnkt	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	6	2	1	21	31	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	1075
	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	9658
	JAN	15	0	2	2	12	0	0	20	10	14	1	0	17	26	20	2	1321
	FEB	10	4	2	1	12	0	0	5	7	14	0	0	20	27	17	0	1180
	MAR	9	3	3	5	11	3	1	6	11	12	0	0	44	35	18	2	845
	APR	12	6	10	7	11	0	0	NA	NA	27	NA	NA	34	21	6	2	477
2007	Total	46	13	17	15	46	3	1	31	28	67	1	0	115	109	61	6	3823

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# HEARING DOCKET: June 2007

Docket Number	Cause	Applicant/Attorney or Representative	Application Received	Field Formation County	Matter	Remarks
PRELIMINARY 04/30/2007						
0706-SP-15	191	Bill Barrett Corp./ William A. Keefe	04/11/2007	Mamm Creek Williams Fork Garfield	Request for an order to allow the equivalent of one (1) well per 10 acres for certain lands in Section 36, Township 6 South, Range 92 West, 6th P.M., for the production of the designated Scot 2-36 Well.	
0706-SP-14	139	Williams Production RMT Co./ William A. Keefe	04/17/2007	Rulison Williams Fork Garfield	Request for an order to vacate the 320-acre drilling and spacing unit in the S½ of Section 32, Township 6 South, Range 94 West, 6th P.M. established in Order No. 139-16 and establish two (2) approximate 160-acre drilling and spacing units and allow one (1) well per 10 acres for said lands.	
0706-AW-14	139	Williams Production RMT Co./ William A. Keefe	04/19/2007	Rulison Williams Fork Garfield	Request for an order to allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary for certain lands in Township 7 South, Ranges 93 and 94 West, 6th P.M.	
0706-AW-15	139	Williams Production RMT Co./ William A. Keefe	04/19/2007	Rulison Williams Fork Garfield	Request for an order to allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary for certain lands in Township 6 South, Ranges 93 and 94 West, 6th P.M.	
0706-AW-16	440	Williams Production RMT Co./ William A. Keefe	04/19/2007	Parachute Williams Fork Garfield	Request for an order to allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary for certain lands in Sections 2, 3 and 6 of Township 7 South, Range 95 West, 6th P.M.	
0706-SP-16	296	EnCana Oil & Gas (USA) Inc./ Michael J. Wozniak/ Susan L. Aldridge	04/19/2007	Slick Rock Lower Ismay San Miguel	Request for an order to vacate the 640-acre drilling and spacing unit in Section 8, Township 43 North, Range 17 West, 6th P.M. established in Order No. 296-1 and place said lands under the provisions of Rule 318 of the Rules and Regulations of the Commission.	

0706-UP-13	112	Tracker Resource Development, Snowflake Minerals, Peak Production, Frikon Energy and Wessco/ William A. Keefe	04/19/2007	Ignacio-Blanco Mesaverde La Plata	Request to pool all nonconsenting interests in the 320-acre drilling and spacing unit consisting of the E½ of Section 17, Township 32 North, Range 6 West, N.M.P.M., for the proposed Payne C #2 and Payne C #3 Wells.	
0706-UP-14	112	McElvain Oil and Gas Properties, Inc./ Susan Aldridge	04/20/2007	Ignacio-Blanco Mesaverde La Plata	Request to pool all nonconsenting interests in the 320-acre drilling and spacing unit consisting of the E½ of Section 17, Township 32 North, Range 6 West, N.M.P.M., for the proposed Payne C #2 and The Payne C #3 Wells.	
0706-UP-11	51	DJ Resources, Inc./ Barry W. Spector	04/20/2007	Armstrong "O" Sand and "J" Sand Logan	Request for an order to establish 40-acre drilling and spacing units for certain lands in Sections 23 through 26 of Township 11 North, Range 53 West, 6th P.M. and to pool all nonconsenting interests in the 40-acre drilling and spacing unit consisting of the NE¼ NW¼ of said Section 26.	
0706-UP-12	51	DJ Resources, Inc./ Barry W. Spector	04/20/2007	Armstrong "O" Sand Logan	Request for an order to establish 40-acre drilling and spacing units for certain lands in Sections 20, 21, 28, and 29 of Township 9 North, Range 53 West, 6th P.M. and to pool all nonconsenting interests in the 40-acre drilling and spacing unit consisting of the NE¼ SE¼ of said Section 20.	
0706-UP-16	112	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.	
0706-UP-15	191	EnCana Oil & Gas (USA)/ Susan Aldridge/ Michael J. Wozniak	04/20/2007	Mamm Creek Williams Fork/lles Garfield	Request to pool all nonconsenting interests in the 80-acre drilling and spacing units consisting of the S½ SE¼ and the N½ SE¼ of Section 34, Township 6 South, Range 92 West, 6th P.M.	
0706-AW-13	139	Quantum Resources Management/ David R. Little	04/23/2007	Rulison Wasatch Garfield	Request for an order to allow up to eight (8) wells, the equivalent of one (1) well per 10 acres, in Section 26, Township 6 South, Range 94 West, 6th P.M. with the permitted well to be located no closer than 600 feet from the outside boundary.	

