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**TO:** COGCC Commissioners

**FROM:** Brian Macke

**DATE:** February 13, 2006

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 Mike King  
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 Bill Levine  
 Dean Winstanley  
 David Beaujon  
 DNR Directors  
 COGCC Staff  
 MEGA Board Representatives  
 General Email List

### MONTHLY STAFF REPORT

#### I. STATISTICS

- ◆ Our monthly statistics report is attached. Based on data available to date, 431 Applications for Permits-to-Drill (“APDs”) were approved as of February 1, for 2006. At that pace, it is estimated that approximately 4,917 APDs will be approved in calendar year 2006. This represents a 13% increase over the previous record high at 4,363 APDs approved in 2005, which was nearly 50% higher than the 2,917 APDs approved in 2004.

The 2006 drilling permit totals for the top six counties as of February 1<sup>st</sup> are:

County	2006 (% of Total)	2005	2004	2003
Garfield	145 (34%)	1508	796	566
Weld	125 (29%)	901	832	757
Las Animas	40 (9%)	413	332	180
Mesa	28 (7%)	136	54	27
Rio Blanco	21 (5%)	161	154	179
Yuma	19 (4%)	782	237	138

## II. NORTHWEST COLORADO

Attached are newspaper articles of local interest.

### ◆ Northwest Colorado Oil and Gas Forum

The next meeting of the Northwest Colorado Oil and Gas Forum will be held from 10:00 a.m. until 2:00 p.m. on March 9, 2006, at the Garfield County Fairgrounds in Rifle. The Forum, which is co-chaired by COGCC Director Brian Macke and Garfield County Commissioner Larry McCown, consists of representatives from federal, state, and local government, the oil and gas industry, and all interested citizens. The meetings are held four times during the year.

All parties wishing to be placed on the agenda for presentations need to contact Jaime Adkins at 970-285-9000 or via email to: [jaimedkins@state.co.us](mailto:jaimedkins@state.co.us).

### ◆ Mamm Creek Gas Field - West Divide Creek Gas Seep Investigation Update

EnCana continues to sample 28 domestic water wells, 2 irrigation wells, 4 ponds, 3 springs, 3 creeks, and 27 ground water monitoring wells (along West Divide Creek) as part of this investigation. With the exception of the ground water monitoring wells along the creek, none of the sampled features have had detections of benzene, ethylbenzene, or xylenes (BTEX). EnCana continues to supply water to area residences. Visual observations collected during weekly surface water samplings show no significant changes in bubbling at the seep area. Bubbling is still observed, however, the volume and rate of bubbling remains at approximately 1 to 2 percent of the activity that was originally observed at the time of the initial gas release from the Schwartz 2-15B Well.

### ◆ Phase IV Piceance Basin Baseline Water Quality Study

As part of a FY 2006 budgetary request, the COGCC received funding to conduct a water quality investigation in Garfield County. The Piceance Basin Phase IV Baseline Water Quality Study will sample water wells in a portion of Garfield County between the towns of New Castle and Rifle north of the Colorado River that has historically had little previous drilling activity and no producing oil and gas wells. Future oil and gas activity is anticipated in this portion of Garfield County.

The project will sample approximately 70 domestic water wells in portions of Township 6 South, Ranges 91 through 93 West, and Range 5 South, 91 and 92 West, for general water quality and will also evaluate naturally occurring methane gas. This is the fourth in a series of baseline water quality sampling projects the COGCC staff have conducted in the Piceance Basin of Colorado. The contract for this project will be a competitive bid and open to all interested parties. COGCC staff expect publication of the official request for proposal (RFP) in early February 2006 with an anticipated project completion in September 2006. The RFP announcement will be posted on the Colorado Department of Personnel and Administration, Division of Finance and Procurement: State Purchasing Office's web page. An announcement concerning the project and web page link to the Purchasing Office web page will also be placed on the COGCC home page.

### ◆ Local Project Status Update

URS Corporation (URS) is in the final stages of work on the Hydrogeological Characterization Project in Garfield County south of Rifle and Silt. It has finalized the initial draft report and figures for review by Garfield County (GarCo) and COGCC. The report integrates surface and ground water quality analyses with regional geologic structures, gas reservoir characteristics, locations and completions of gas wells, and lithologic and stratigraphic variations in the Wasatch Formation. After the report is finalized, GarCo, COGCC, and URS will conduct a public meeting in Rifle in February 2006 to present the findings and recommendations regarding the scope of work for Phase II activities.

### III. SOUTHWEST COLORADO

#### ◆ Rulison and Rio Blanco Project sites

On January 11, 2006, COGCC staff met with representatives of the U.S. Department of Energy (DOE) Office of Legacy Management. In September 2006, oversight of the Rulison and Rio Blanco Project sites will be transferred from the Las Vegas, Nevada DOE office to the Office of Legacy Management in Grand Junction, Colorado. COGCC staff presented information to DOE representatives regarding the current and projected future level of natural gas development in the vicinity of the project sites, technical aspects of drilling and well completion, and monitoring requirements for wells in close proximity to the project sites as detailed by Presco in the monitoring work plan. DOE representatives discussed the status of the transport modeling for the sites and the relative priority assigned to each. COGCC staff provided DOE with copies of the monitoring and health and safety plans developed by Presco, Inc. for their Battlement Mesa wells for review and comment.

#### ◆ Ongoing Investigation, Reclamation, and Mitigation of Explosion in Bondad, Colorado Area

The most recent soil gas survey was conducted on January 30, 2006. The data are being evaluated and the results will be reported by the end of February 2006.

Aztec Well Servicing Rig No. 124 is the drilling rig being contracted to re-enter the Bryce 1X Well in La Plata County. The rig will be available during the last week of February or the first two weeks of March. This rig is currently under contract to Williams Production Company, who has generously offered to make it available to perform the work for the COGCC on the Bryce IX Well. The proposed re-entry procedure specifies drilling a 12¼" hole to 300 feet and setting 9⅝" surface casing. An 8¾" hole will then be drilled to at least 2000' and to 3500' if possible. Cement plugs will be set at 3500' and at 2100' to isolate the Cliff House and Fruitland Coal Formations. Five and one-half inch (5½") perforated casing will be run in the well (leaving it uncemented) to allow any residual gas to be produced from the shallow formations.

#### ◆ Coalbed Methane ("CBM") Stream Depletion Assessment Study

The draft final report has been prepared and is currently being circulated through DWR, CGS, and COGCC for review and editing by staff. Estimates of the amount of water discharging from the Fruitland Formation were similar to those of previous studies, and it appears that Glover analysis provides a useable first-order determination of depletion for most of the areas

within the San Juan Basin in Colorado. The final report is expected to be completed by the mid-February 2006.

◆ Fruitland Outcrop Monitoring – Archuleta County

On behalf of Petrox Resources, Inc. (Petrox) and Elm Ridge Resources, Inc. (Elm Ridge), LT Environmental (LTE) is monitoring the outcrop of the Fruitland Formation in the Archuleta County portion of the San Juan Basin. The project area includes approximately 18 miles of the outcrop starting at the La Plata County – Archuleta County boundary and extending southeast along to the Southern Ute Indian Tribe (SUIT) Reservation Boundary near the confluence of the Piedra River and Stollsteimer Creek. This work was initiated on a voluntary basis by Petrox and Elm Ridge, but was also included as one of the Conditions of Approval for the Pargin Mountain 10U #3 Well permit issued to Petrox. Petrox and Elm Ridge should be commended for their commitment to this necessary and worthwhile project.

The objective of the investigation was to establish baseline conditions and to identify and monitor methane gas seep activity on the Fruitland Formation outcrop, if present. Over time, continued monitoring efforts will be implemented to document changes in methane seep activity within the project area. The overriding goal of the monitoring program is to protect public health, safety, welfare and the environment.

The work conducted in the summer and fall of 2005 included: aerial imagery acquisition using an infrared (IR) camera; identification of suspect areas containing stressed and/or dead vegetation on the imagery; and field-verification of the suspect areas to determine the presence or absence of methane. In addition, a baseline survey of the natural springs located on the outcrop was conducted.

Water samples were collected from the three Candelaria springs. Two of the Candelaria springs are not actually located on the outcrop, but potential impacts from drilling activities were of concern to the landowner, so Petrox agreed to include them in the monitoring program. A soil gas survey that included the installation of a permanent gas monitoring probe at the Big Horn-Schomburg #1 abandoned well site was conducted and a soil gas survey was conducted around the two Candelaria residences. The surface water in Pole Gulch, Squaw Creek, Little Squaw Creek, and Fossett Creek was checked in the field for the presence of methane gas.

Methane seeps were not detected along the outcrop of the Fruitland Formation in the Archuleta County study area. Forty-six (46) suspect areas that appeared to intersect the Fruitland Formation outcrop were identified from the IR aerial images. Thirty-six (36) of these were inspected, but access was denied by the landowners to many of the other suspect areas. Based upon the vegetation mortality patterns observed and field measurements in the accessible areas, it appears that in the areas where access was denied the vegetation stress and mortality is likely due to pine beetle infestation and/or drought conditions rather than methane seepage. LTE collected 154 subsurface gas concentration measurements in the study area. Methane was not detected at any these. Oxygen concentrations typically ranged from 19% to 21%. Carbon monoxide was detected at seventeen (17) measurement points and detected concentrations ranged from 1 part per million (ppm) to 16 ppm. Hydrogen sulfide was not detected at any of the subsurface gas measurement locations.

Methane was detected at a concentration of 5,000 milligrams per liter (mg/L) in an inactive

water well adjacent to one of the Candelaria residences. From available data it appears that this well is completed in the Fruitland Formation. Methane was also detected at relatively low concentrations, less than 2 mg/L, in several of the natural springs. Methane was not detected in the soil around the Candelaria residences, Big Horn-Schomburg #1 abandoned well, or in the major surface water drainages.

The Fruitland Outcrop Monitoring Report, January 2006 is available on the COGCC website ([www.oil-gas.state.co.us](http://www.oil-gas.state.co.us), Library, San Juan Basin, Archuleta County Reports).

◆ Gas and Oil Regulatory Team (GORT) Meeting

The next GORT meeting is scheduled for March 9, 2006, at 8:30 a.m. at the La Plata County Fairgrounds.

IV. SOUTHEAST COLORADO

◆ Raton Basin Water Sampling

In response to landowner complaints and concerns regarding potential impacts to ground water from expanded gas activity, COGCC staff collected water samples from five (5) water wells and had production tests run on four (4) of the wells. The water quality data from the five (5) wells is reasonably good with drinking water standards being exceeded only for Total Dissolved Solids and sulfate in two alluvial wells. All other parameters were within drinking water standards. One of the five (5) wells had also been sampled in 2004. Water quality data collected during both sampling events was good and consistent between sampling events and there were no indications that gas activity has impacted the well.

◆ Las Animas County – Methane Gas Seepage from Coal Seams

A private agreement has been reached between the Mondragon family and an operator. It appears that the agreement has provided a means for the Mondragons and Saints to move from their current residences, which have been impacted by gas seepage from coal seams. The Mondragons have vacated the property and the Saints are in the process of moving. The systems for removing methane that seeps into the Mondragon and Saint residences, which were installed during July 2005, remain active and LT Environmental continues to calibrate the alarms and meters and conduct system maintenance activities.

◆ Kiowa County

An inspection, related to a series of complaints, spills and unsatisfactory conditions identified during field inspections conducted on November 7 and 8, 2005, was conducted on January 23, 2006. Western Operating, the operator named in the complaints and responsible for two (2) spills, has made good progress addressing the issues, however, additional work and follow-up inspections will be required. As a result of the field inspections conducted in November 2005, one Notice of Alleged Violation (NOAV) was issued to an operator due to the lack of adequate reclamation of a release of crude oil and produced water that occurred on January 14, 2003. The operator named in this NOAV has been in contact with the COGCC and is moving forward on developing a reclamation plan as required by the NOAV.

## V. 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. The GWA Baseline Study will sample gas wells and water wells in selected areas of the GWA, primarily in Weld County. Because of recently amended Rule 318A, increased oil and gas activity is anticipated in this portion of the D-J Basin.

The project will sample seventy-eight (78) gas wells and eleven (11) Laramie/Fox Hills water wells in selected townships within the GWA. The contract for this project will be a competitive bid and open to all interested parties. COGCC staff expects publication of the official request for proposal (RFP) in late February 2006, with an anticipated project completion in September 2006. The RFP announcement will be posted on the Colorado Department of Personnel and Administration, Division of Finance and Procurement: State Purchasing Office's web page. An announcement concerning the project and web page link to the Purchasing Office web page will also be placed on the COGCC home page.

## VI. ORGANIZATION

### ◆ Staff Organization

Our current organizational chart is attached.

The Permit Technician position for northwest Colorado has been filled. We had an excellent pool of candidates from which to choose from and were very fortunate with our selection of Jane Stanczyk. Jane has experience in the oil and gas industry having worked for the Exxon Corporation for ten years. Recently Jane has been working in the education field. We are happy to have Jane aboard and feel that she will be an excellent addition to the permitting staff.

We are pleased to announce that David Graham joins our staff as the new field inspector for the Rifle area. David has extensive experience in oil field operations as a contract pumper and recently as a pumper for Petroleum Development Corporation. David lives in De Beque, and has been a resident of that area for over 30 years. David began working for the COGCC February 1<sup>st</sup>.

## VII. PLANNING/ADMINISTRATION/OTHER

### ◆ Public Outreach Opportunities

Brian Macke provided an update on oil and gas development in Colorado and COGCC activities to the members of Club 20 during their Annual Denver Capitol Trip on January 18, 2006.

Brian Macke will provide an update on Colorado oil and gas activity and COGCC regulation at the Colorado Coalition of Land Trust's annual meeting titled "Emerging Issues in Land Conservation – Water Rights and Energy Production" in Glenwood Springs on February 28, 2006.

◆ Emergency Budget Supplemental

As discussed in the January staff report, the Joint Budget Committee ("JBC") approved the COGCC emergency supplemental request for 4.5 contractors on December 20. When the legislature convened in January, the JBC analyst for the COGCC recommended an additional 1.5 contractors (1 permit technician and .5 records administrator) to further reduce the backlog of drilling permit applications and follow-up regulatory paperwork. The JBC members agreed to add the 1.5 contractors and \$49,400 to the previously approved 4.5 contractors and \$153,400. The COGCC now has \$202,800 to fund 6.0 contractors in the approved supplemental budget request. Five of these contract positions were filled in early January and the COGCC is currently in the procurement process for the sixth contract position.

The COGCC would like to express its sincere appreciation to the staff and members of the Joint Budget Committee for staying abreast of the continuously changing needs of the agency.

◆ 2005 Outstanding Oil and Gas Operations Awards

We would like to encourage all parties to begin submitting nominations for the ten-year anniversary COGCC 2005 Outstanding Operations Awards, which will be presented in the summer of 2006. These nominations should be for oil and gas operations that occurred during calendar year 2005. The nomination form for the awards is available on the COGCC web site [http://oil-gas.state.co.us/Library/OperationsAwardsForm\\_2005.pdf](http://oil-gas.state.co.us/Library/OperationsAwardsForm_2005.pdf).

◆ Environmental Response Fund (ERF) Project Status

Attached on page 24 is an Excel spreadsheet listing ERF projects both completed and pending for Fiscal Year 2005 – 2006. Pending projects only show money appropriated or spent to date.

◆ Stormwater Regulations for Oil and Gas Construction Activities

Proposed Revisions To The Colorado Discharge Permit System Regulations, Regulation #61 (5 CCR 1002-61)

The COGCC operations staff continued to work with Colorado Department of Public Health and Environment ("CDPHE"), Water Quality Control Division's Clarification ("WQCD") and WQCD staff on the recent WQCC rulemaking for the Colorado Discharge Permit System Regulations, Regulation #61 (5 CCR 1002-61) for construction activities at oil and gas sites that disturb one (1) to five (5) acres of land. During the January 9, 2006, WQCC hearing the WQCD submitted two (2) proposals for consideration. The proposal that was adopted by the WQCC Commission was for the WQCD to maintain regulatory authority for stormwater discharge permits for oil and gas construction sites, both those that disturb more than five (5) acres and those that disturb between one (1) and five (5) acres. The other concept was to split the permitting for oil and gas construction sites. Sites that disturbed five (5) or more acres

would continue to be covered under the WQCD's existing stormwater discharge permit system and sites that disturbed between one (1) and five (5) acres would be covered under a new type of WQCD stormwater discharge permit that would have referenced COGCC Rules. This proposal did not receive support from the oil and gas industry or other outside stakeholders.

David Dillon, Margaret Ash, and Randall Ferguson attended the WQCC hearing to answer questions and to provide information regarding COGCC rules, procedures and policies. During the hearing, the WQCC Commissioners decided not to change the existing requirements for stormwater discharge permits at oil and gas construction sites. The WQCD is in the process of training county health department personnel to assist in conducting stormwater management inspections, including those at oil and gas construction sites. COGCC staff will continue to cooperate with the WQCD on stormwater compliance issues associated with the oil and gas industry.

#### Water Quality Control Division's Clarification to Oil and Gas Industry Regarding Stormwater Discharge Permit Requirements

Attached is a letter from Kathryn Dolan, Stormwater Program Coordinator for the Permits Section of the WQCD, which explains that the WQCC has decided to maintain the existing requirements with the WQCD for stormwater discharge permitting of oil and gas construction sites. It also explains that operators must submit a complete permit application by March 30, 2006 for all small oil and gas construction sites, defined as those between one (1) and five (5) acres. The WQCD expects sites that disturb five (5) or more acres, or that are part of a larger common plan of development, to have already have stormwater permit coverage.

#### COGCC Stormwater and Erosion Control

Stormwater training for COGCC operations staff has been scheduled for March 2, 2006. The training will be conducted in-house by Altitude Training Associates. Staff members that attend the class and pass the required test will be certified as Erosion Control Specialists.

The process to revise the Field Inspection Form to capture data elements related to stormwater and best management practices is continuing. These revisions are being done in conjunction with other modifications to the form that have been requested by various staff members.

#### ◆ Onsite Inspection Policy

Under the Policy For Onsite Inspections On Lands Where The Surface Owner Is Not A Party To A Surface Use Agreement, which was effective for Applications for Permits-to-Drill ("APD") submitted after February 15, 2005, the COGCC has received to date a total of thirty-four (34) requests for onsite inspections. Nine (9) onsite inspections have been conducted and two (2) are in the process of being scheduled. Of the remaining requests, fourteen (14) requests were withdrawn and nine (9) 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 thirty-four requests for Onsite Inspection, twenty (20) were for locations in Weld County, seven (7) for Las Animas County, two (2) for Garfield County, two (2) for Yuma County, and one (1) each for Archuleta, La Plata, and Boulder Counties.

During the December 2005 COGCC hearings, the Commission approved a change to the policy that will now allow surface owners who have executed a mineral lease to avail themselves of the provisions of the policy.

◆ March 2006 Hearing Docket

A preliminary docket for the March 2006 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 by clicking on the Applicant and the Docket Number, respectively.

To sign up for e-mail notification of hearing notices and applications please see the announcement and instructions on our main web page.

◆ COGCC Forms Changes

To meet the requirements of the new Survey Rules and other requested changes, the Application for Permit-to-Drill, Form 2, the Sundry Notice, Form 4, the Drilling Completion Report, Form 5, the Completed Interval Report, Form 5A, and the Well Abandonment Report, Form 6, have been or will be modified. The new versions of the forms are available as Adobe™ PDF files and Excel spreadsheets, and are downloadable from the COGCC website (<http://www.oil-gas.state.co.us>) on the forms page. Forms will be mailed upon request by calling (303) 894-2100 extension 100.

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

The COGCC information system, COGIS, is made up of many different components that are used by the Commission, staff, industry, government agencies and many others.

• Internet

The COGCC determined it was most cost effective to develop applications and information in an Internet-available format. This allows for the same tools to be utilized in different environments, thus eliminating the re-creation of applications. The Internet connection was moved to a new network structure which provides a much more secure environment. The following are tabs on the Internet menu bar:

○ General

- This page has links to basic information concerning the Commission, its function, and oil and gas development in Colorado. The annual statistics and the weekly/monthly statistics are available here.

○ Contacts

- This page has links to people and agencies that are involved with oil and gas regulation and related issues in the state. The page also contains phone lists and geographic areas of responsibility for COGCC staff.
- Library
  - This page contains links to documents resulting from Commission studies, activity reports, and statistical downloads.
- Hearings
  - This page has links to the current and previous hearing schedules, which allow for review of the dockets, agendas, applications and their outcome. It also has information that is useful when considering filing an application for hearing or finding information about Commissioners.
- Rules
  - This page contains links to the Commission statute, Rules and Regulations, and policies.
- Orders
  - This application provides searchable capability to the Commission's orders. The search by location is still under construction as we create the map layer for all spacing orders.
- Forms
  - All are available as Adobe Acrobat documents that can be downloaded, completed, printed and mailed; some are available as Excel and Word documents. Some example and instruction documents are viewable. Eventually, online forms will be available here, but the exact time frame is unknown.
- Staff Report
  - Current and previous staff reports are viewable here.
- Permits
  - This application shows the last 12 months of approved permits and current pending permits; it may be filtered by county.
- Database
  - This application enables users to query well, production, and operator information. These queried databases contain the most current set of data and are updated throughout the day.
- Local Gov
  - This application provides database searches for local government contact information and oil and gas activity within a selected area.
- Images
  - This application is an interface to the COGCC's historical paper files. All well files, logs, and hearing files have been scanned. This application is not user friendly and the preferred method is to use the database queries and click on the "docs" icon for wells and other facilities, or to use the Orders application.
- Maps
  - This interactive map application allows the user to zoom, pan, and select types of information to display. This application will also display the database information for wells by selection tools or double clicking 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 (“GPS”) data.
  - The GIS Administrator creates daily updates for the Internet map data downloads.
- COGIS Tools
  - This set of applications allows 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

▪ 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. COGCC will start working to establish a format for electronic submission of directional survey data. Included in this process, COGCC will be surveying the logging companies with proposed formats for their review. Once a format is established, an application will be created to submit 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.

- 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 backlogs 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.
- New 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.
- Hearing and Environmental File Indexing Project  
Indexing of the hearing files has been completed and the files have been archived. The indexing of the environmental files continues. The reclamation project files have been scanned and indexed. The spill and complaint reports along with the pit data are 100% complete.
- LAS File Upload  
This project provides operators with a technique to submit digital well logs to the COGCC over the Internet. The application is available from the “Forms” page on COGCC web site <http://www.oil-gas.state.co.us>. To utilize the system, operators 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 digital logs are starting to show up on the COGCC website; the type of file precedes the log type in the document name. In addition to LAS files, there are PDS and PDF files which provide an easy-to-view graphical representation of the logs; these graphical files do not eliminate the LAS file requirement.
- Delinquent Operations Report  
The 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.
- US Standard XML Reporting Project  
COGCC, Ground Water Protection Council (“GWPC”), Bureau of Land Management (“BLM”), U.S. Minerals Management Service (“MMS”), American Petroleum Institute (“API”) and agencies from several other states have been working together to establish an XML file format for permitting wells and reporting well completions. The group has completed a business case

for this project and a Department of Energy (“DOE”) grant request has been submitted to fund the development. A similar project is currently being tested in California with a prototype standard, and is in the review process prior to becoming part of the national standard.

- Reports Online Project  
This project has been delayed due to security configuration issues related to server access, most of which have now been resolved. The remaining issues are with communications between applications used to deliver the reports.
- 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.
- 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.

## VIII. VARIANCES

A variance was granted to the Notice To All Operators Drilling Mesaverde Group Or Deeper Wells In The Mamm Creek Field Area In Garfield County Well Cementing Procedure And Reporting Requirements July 23, 2004. Delta Petroleum requested permission to run the cement bond log (“CBL”) on the Vega 34-13 Well after the 12-48 hour window specified in the notice. This approval is part of a very limited pilot test on the perimeter of the field intended by COGCC staff to evaluate an alternative to immediately running the CBL. The well is located approximately 18 miles southwest of the West Divide Creek gas seep and is only 1958’ inside of the area encompassing the 12 townships described in the notice. No problems have been experienced during drilling and completion on wells such as this on the perimeter of the field. It is COGCC staff’s belief that the notice can be revised to allow operators greater flexibility in obtaining the CBL without compromising safety, and that the resulting data will be of better quality. Other wells may be included depending on the outcome of the initial well in the pilot. It is COGCC staff’s intention to revise the notice if the results of the pilot demonstrate it is warranted.

### ***Drill permits up quite a bit***

By Kim McGuire  
Denver Post Staff Writer  
January 13, 2006

**T**he Colorado Oil and Gas Conservation Commission approved 4,363 drilling permits in 2005 - an all-time high for the state and a 50 percent increase from the previous year.

With gas prices expected to remain high, the commission expects the number of approvals to rise another 10 percent this year, said Brian Macke, the commission's director.

"We think the trend will continue, given tight supplies and increasing demand," Macke said.

After a recent decline, natural-gas prices are still up almost 8 percent in the last 12 months to \$8.94 per million British thermal units.

There were 28,944 active wells in Colorado at the end of 2005. That number is expected to increase to 31,000 wells producing by the end of 2006.

The biggest surge in drilling permits came out of Garfield County, home to the lucrative Piceance Basin in western Colorado.

In 2005, the commission approved 1,508 permits to drill in Garfield County, or about 34 percent of all permits issued in Colorado. The number of permits for 2005 reflects a doubling in activity from the previous year.

One of the major producers in the basin, EnCana Corp., expects to boost gas production 20 percent this year to about 360 million cubic feet, said Doug Hock, a company spokesman.

"The strong demand for natural gas coupled with EnCana's land position in the gas-rich Piceance Basin will continue high levels of activity in 2006," Hock said.

A cubic foot is a standard measure of gas, and 6,000 cubic feet of gas is the equivalent of one barrel of oil.

Despite the overall rise in gas prices, there are still obstacles facing energy companies drilling new wells in Colorado, such as the shortage of rigs.

In October, there were 80 active rigs in the state.

Dan Larson, a Durango-based spokesman for BP American Production Co., said the company plans to drill about 50 wells in the San Juan basin in southern Colorado this year - about the same as in 2005.

If the company could secure a second rig, it might be able to drill 25 more wells, he said.

"We are very hopeful we can have a second rig in place by the middle of the year," Larson said.

The drastic increase in permit applications filed at the commission has led to a backlog of about 757 applications, compared with a backlog of 283 permits in 2004.

To resolve the backlog, the commission has asked the state legislature for \$848,689 to fund nine full-time positions, including two employees to help with the permitting process.

## ***State gives COGCC paperwork power***

January 14, 2006

By Joe Hanel | *Herald Denver Bureau*

Durango Herald

**O**verworked oil and gas regulators got reinforcements from the state Legislature this week to help reduce a backlog of drilling permits.

Late last year, the Colorado Oil and Gas Conservation Commission asked for \$150,000 in emergency money to hire five contract workers to tackle the paperwork, which comes from a record-high number of permit applications. This week, the Joint Budget Committee added an extra \$50,000 that the gas commission had not requested.

But commission workers know they can use the money.

"Oh my gosh, yes," said Wendy Schultz, the COGCC's budgeting expert. The new money is enough to pay for the equivalent of 1½ contract workers.

Last year, the commission approved 4,363 applications to drill. La Plata County accounted for 115 of those permits - 3 percent of the state total.

A backlog of 739 drilling permits had piled up by December - about twice as many as the COGCC processed in an average month in 2005.

Some of the new contractors have already been hired and are being trained.

"As their learning curve ramps up, they'll be able to work more independently and quicker," said COGCC spokeswoman Tricia Beaver.

The commission tries to process permits within 30 days. At the current rate of applications, the new people will help achieve the 30-day goal by June, according to a Joint Budget Committee analysis.

All of the new contract jobs are in Denver. The COGCC is also asking the Legislature for nine new permanent staffers in its request for next year's budget. The commission posts its full-time job openings online at [www.oil-gas.state.co.us](http://www.oil-gas.state.co.us). The phone number is (303) 894-2100.

## ***Gas firms pump \$310M into community Fort Lewis study shows industry has big impact on local economy***

January 22, 2006

By Jesse Harlan Alderman | *Herald Staff Writer*

**F**orget the myth that profits from natural-gas production in La Plata County disappear into some multinational vacuum, says a study by two Fort Lewis College economists.

For every dollar spent by the natural-gas industry, an additional \$1.43 is generated in sales at local supermarkets, restaurants and retail outlets. According to the 21-page report, *The Economic Impact of the Natural Gas Industry in La Plata County: 2003-2004*, gas industry employees pump \$310 million annually into the county. And that's assuming only 50 percent of the employees' income is spent locally.

The report was prepared by Deborah Walker and Robert Sonora of FLC's School of Business Administration. The professors examined just how much gas-industry taxes, employment and royalty payments affect the local economy.

The La Plata Energy Council funded the study, which is expected to cost about \$10,000, Executive Director Christi Zeller said. The council is made up of 34 companies involved in the business of gas drilling, including BP.

Companies that drill wells employ 305 workers. However, the industry as a whole creates 928 jobs or an additional 623 employees, the economists report. That's almost 5 percent of the county work force.

Those employees average an annual salary of about \$84,000, almost three times the wages of the average worker.

Perhaps the most important fact, the study says, is that much of the money circulates locally. Economists call this the "multiplier effect."

That \$1.43 generated in additional sales, BP spokesman Dan Larson said, dispels the myth that profits from gas production leave the area.

"Economists have their own tools to judge how far a dollar goes coming in from a tourist, a skier or a rafter," he said. "They can find how long it stays in the county. What this study shows is that we are a significant multiplier."

But study author Walker said the number might be low compared to other local industries. For example, the construction industry has a multiplier effect of \$1.72, the food service industry \$1.67, retail \$1.61 and hotels and motels \$1.56.

Natural gas companies like BP import supplies and contract labor from larger drilling centers, particularly northern New Mexico.

The money sent elsewhere helps explain the smaller multiplier number, Walker said. However, much of that loss is offset by the high salaries that gas companies pay to local employees, she said.

County Commissioner Wally White said he cannot underestimate the importance of the gas industry's contributions to county coffers.

The study demonstrates how much of a cushion the industry provides. Without gas taxes, property owners could see as high as a 221 percent increase in taxes, the report says. Commercial property owners might pay as much as 609 percent more in taxes.

Because gas is a resource that will eventually deplete, the county must prepare for a future without the crutch of industry taxes, White said. He proposed that the county aim to recruit more technology companies and private investment firms to locate here.



White also questioned whether the study overestimates the industry's financial benefits. The economists failed to investigate if county property is devalued by nearby wells. The county shoulders other costs, too.

"That doesn't address economic cost to county in terms of road maintenance and air quality," he said. "These interests need to be looked at."

*jalderman@durangoherald.com*

## ***Williams plans pipeline through Piceance***

January 12, 2006

By Donna Gray

Glenwood Springs Post Independent Staff

**N**atural gas reserves in the resource-rich Piceance Basin will have another outlet next year if Williams subsidiary Northwest Pipeline wins approval for a natural gas pipeline from the Federal Energy Regulatory Commission.

Northwest Pipeline applied for approval of a 38-mile, 30-inch transmission pipeline Jan. 4.

The line would run from Williams' natural gas processing plant in Parachute to the Greasewood Hub, 15 miles southwest of Meeker, where Piceance Basin pipelines connect with interstate lines.

The Piceance Basin, one of the richest natural gas fields in the United States, does not have enough pipelines in place to get the resource to nationwide markets.

The 6,000-square-mile basin straddles Interstate 70 and the Colorado River in Garfield and Mesa counties, and extends north into Rio Blanco County and south into Delta and Gunnison counties.

In November, EnCana announced it plans to build a central gas processing plant and pipelines in a 93-mile corridor in the central Piceance Basin. The pipelines will run from Logan Wash, south of Meeker, to Dragon Station in Uintah County, Utah.

Two new and capacious pipelines are also about to come on line that will carry far larger quantities of gas out of the Piceance.

Wyoming Interstate Co. is constructing a 124-mile, 24-inch pipeline from the Greasewood Hub to Wamsutter, Wyo. The pipeline is expected to be operational this month.

Entrega Gas Pipeline plans a 36-inch pipeline, which will also originate at the Greasewood Hub and travel north to Wamsutter.

Williams' line would connect with Wyoming Interstate and Colorado Interstate Gas pipelines.

Construction on the \$55 million pipeline is expected to begin in August, pending FERC approval, according to Northwest Pipeline project manager Hank Henrie. The line should be operational by January 2007.

Northwest has an extensive gas transmission system in New Mexico, Colorado, Utah, Wyoming, Idaho, Oregon and Washington.

The gas transported in the Parachute Lateral will go to another Williams subsidiary, Williams Power, which operates electrical generation plants in the Pacific Northwest, Henrie said.

Williams will also expand its Parachute plant this year, adding seven new compressors that will increase its production from 300 million to 800 million cubic feet of gas per day.

Infrastructure expansion comes in response to Williams' increased production. The company, the second largest producer in Garfield County after EnCana, has said it plans to drill 400 wells this year and 450 wells in 2007. The company now has 1,240 wells producing 400 million cubic feet of natural gas per day, Williams district manager Steve Soychak said.

## ***Salazar gives kudos to EnCana Oil and Gas for environmental efforts***

January 17, 2006  
By Mike McKibbin  
The Daily Sentinel  
Parachute

**U**.S. Rep. John Salazar praised EnCana Oil and Gas for the extra, voluntary measures it has taken to protect wildlife, air and water from its natural-gas activities north of Parachute, but he said more needs to be done to lessen the effects of energy development.

Salazar, D-Colo., listened Tuesday to a presentation about EnCana's environmental protection efforts on its 44,000-acre North Parachute Ranch and then toured a small portion of the property. That included Salazar's first up-close inspection of a drilling rig in operation.

"I still have some questions," Salazar said after his visit. "It's very impressive what they're doing, but I still think we need to find ways to minimize the footprint" of gas development.

Each well pad, where up to 28 wells are directionally drilled, can temporarily take up to three or four acres, EnCana officials said.

EnCana drilled 50 wells on the ranch last year and plans to drill 100 to 120 this year, spokesman Doug Hock said.

Salazar said his fact-finding visit was helpful because Congress will debate gas-development-related issues when it convenes at the end of the month.

"The biggest challenge in this area will be to make sure we responsibly develop our natural resources, which has a positive economic impact on the communities around here, but lessen

the environmental impact,” he said. “You’ll never get rid of that, which is another reason I will continue to push for renewable energy.”

The man Salazar succeeded, former U.S. Rep. Scott McInnis, was one of the EnCana officials to brief Salazar. McInnis is a consultant to EnCana on the effort.

EnCana’s property is adjacent to the western edge of the plateau. The BLM hopes to release a final plan for the area, including how much and where energy development will be allowed, this year.

EnCana Environmental Coordinator Kim Kaal briefed Salazar on several environmental studies done on the land, formerly owned by Unocal and acquired by EnCana in 2004.

Those included mule deer and elk winter ranges, greater sage grouse habitat, Colorado River cutthroat trout, raptors and monitoring the quality of air and water. EnCana also uses underground pipelines to deliver water to well sites, a move that reduces the number of truck trips by about 600 per well, to mitigate drilling impacts.

EnCana Director of Regulatory and Governmental Affairs David Petrie said the company’s goal in all its operations is to “get the gas out of the ground and leave the area better than we found it at the end of the day.”

“It was a tough sell to get our president and board to agree to spend about \$5 million for voluntary studies, but they did it,” he said.

Mike McKibbin can be reached via e-mail at [mmckibbin@gjds.com](mailto:mmckibbin@gjds.com)

# State logs record for drilling permits

115 permits OK'd in '05 in La Plata County

## The Associated Press

DENVER — The 4,363 oil and gas drilling permits approved in Colorado last year was a record and a 50 percent jump from 2004.

About 34 percent of the permits, or 1,508, approved last year by the Colorado Oil and

Gas Conservation Commission were in the Piceance Basin in the western part of the state. For La Plata County, 115 permits — 3 percent of the state's permits — were approved.

Brian Macke, the commission's director, said he expects the number of permits to rise another 10 percent this year because natural gas prices will likely remain high.

"We think the trend will continue given tight supplies and increasing demand," Macke said.

Gas prices increased about 8 percent in the last 12 months to

*"We think the trend will continue given tight supplies and increasing demand."*

**Brian Macke,  
Colorado Oil and Gas  
Conservation Commission**

\$8.96 for the equivalent of 10,000 million British thermal units of gas.

Dan Larson, Durango-based spokesman for BP America Pro-

duction Co., said the company plans to drill about 50 wells in the San Juan Basin this year, or about the same as last year. He said BP might be able to drill 25 more wells if it can obtain a second rig.

Encana Oil and Gas USA, one of the major producers in the Piceance Basin, expects to increase its activity by 20 percent.

"The strong demand for natural gas coupled with Encana's land position in the gas-rich Piceance Basin will continue high levels of activity in 2006," company spokesman Doug

Hock said.

Energy companies say such obstacles as a shortage of drilling rigs is keeping production from shooting even higher.

In October, there were 80 active rigs in the state.

The boost in permit applications has created a backlog of about 757 applications, compared with a backlog of 283 permits in 2004.

There were 28,944 active wells in Colorado at the end of 2005. The total is expected to increase to 31,000 active wells by the end of this year.

JANUARY 28, 2006 ■ GRAND JUNCTION, COLORADO

# More gas jobs coming this way

By **MIKE SACCONI**  
The Daily Sentinel

A long-term gas processing agreement between Enterprise Products Partners and Canadian energy giant EnCana Oil and Gas could create as many as 20 permanent jobs in Colorado's Piceance Basin, a company

## Firm to double output in Piceance Basin

spokesman said Friday.

Randy Burkhalter, a spokesman with Enterprise, said the projected cryogenic plant and other natural-gas processing fa-

cilities would more than double the company's natural-gas production in the basin — up to 750 million cubic feet of gas per day.

The Piceance Basin accounts for several thousand square miles of natural gas-rich land, including land in Mesa County. Enterprise's new facility will be

based in Rio Blanco County.

Although he could not comment on the direct impact of the new plant, which is slated to be built by mid-2007, he said it would be a boon not only for the local energy economy, but

See **JOBS**

# Stormwater guidelines stay in place for oil, gas

Grand Junction

By SALLY SPAULDING  
The Daily Sentinel

1-11-06

DENVER — The Colorado Water Quality Control Commission voted unanimously Tuesday to uphold stormwater regulations for oil and gas construction activities, a decision Grand Junction water officials applauded.

"We, as a city, spend a lot of time and effort protecting our water supply, so we're very happy the state has decided to take the most stringent approach it can," said Greg Trainor, utilities manager for the city.

A federal energy bill approved last year called into question the state's ability to regulate stormwater runoff for the oil and gas industry. The bill exempted such companies from various clean water restrictions, including the need to apply for stormwater discharge permits.

The Colorado Oil and Gas Association, an industry group, maintained the state did not have the authority to continue its program, filing suit over the issue.

That litigation was put on hold until Tuesday's hearing, when the commission considered whether, in view of the energy bill, any changes should be made to Colorado's requirements.

The state's stormwater program requires companies to adhere to a variety of restrictions, ranging from advance planning to erecting silt guards to keep steep slopes from washing into rivers and streams.

Members of the state's Water Quality Control Commission determined the state could continue its program, after hearing testimony from the Environmental Protection Agency, the Attorney General's Office and various city and county officials Monday.

"We're hearing from our own state counsel that we have authority to have this program," said Sybill Navas, a commissioner from Vail. "Obviously, this program is needed. There is the opportunity for (oil and gas construction) to have a huge impact. We would be negligent not to do this."

The Water Quality Control Commission also voted to keep the entire stormwater discharge program with the water quality control division rather than transfer a portion of the authority to the Colorado Oil and Gas Conservation Commission.

The Colorado Oil and Gas Association had requested jurisdiction over stormwater management be transferred to the Colorado Oil and Gas Conservation Commission.

The oil and gas commission, however, only recently adopted rules regarding stormwater management and does not require an advance plan for oil and gas construction activities. "It's apparent their program is not equal to the existing stormwater program," said Brian

See STWV

## STWV: 'We would be negligent not to do this'

Continued from Page One

Nazareus, water quality control commission chair.

Randy See of Western Colorado Congress, a conservation group, said the Water Quality Control Commission's decision was "very important" for all of Colorado, including the Western Slope where thousands of wells are drilled each year.

"This decision gives local government more control over land use in their communities," See said. "The federal government wasn't taking a role in providing protection, and the state was willing to do it."

The decision may work to give local governments in the Grand Valley more control when it comes to oil and gas drilling.

In February, a federal oil and gas lease sale will offer

thousands of acres for oil and gas development in the city of Grand Junction's watershed on Grand Mesa.

Portions of the town of Palisade's watershed also are slated for the auction block.

Tuesday's decision should make it easier for the two local governments to protect their water supplies from stormwater pollution, Trainor said, if the parcels are leased.

## JOBS: Pipeline part of plan

Continued from Page One

would also create around 400 temporary construction jobs in the process.

A second phase of building is being considered by Enterprise Products Partners, Burkhalter said, that could increase natural-gas production up to 1.3 billion cubic feet per day.

"This contract enables Enterprise to extend our natural gas processing business to the Rocky Mountains, one of the fastest growing natural-gas producing regions in the United States," Enterprise President Robert Phillips said.

As part of Enterprise's construction in the basin, the company plans to build a 50-mile natural-gas pipeline to connect the new facility to its Mid-American Pipeline, which transports natural gas products from Colorado to markets in Texas and Kansas.

Colorado Oil Gas Conservation Commission  
Monthly Statistics

YEAR	MO	Baker - Hughes rig count	Drilling						Permits						Unedited Historic Records	Public Visits		Well Oper Change	
			Apvd	Rcvd	2322	202	229	18	22	362	381	Apvd	Rcvd	Injection		Apvd	Rcvd		Active Wells
2003	Total		2249	2322	202	229	18	22	362	381						610	755	261956	3637
2004	JAN	45	200	240	12	10	0	1	36	7						37	49	31236	378
	FEB	46	206	217	7	13	4	1	1	1						44	30	31292	239
	MAR	50	243	302	8	25	2	3	2	9						51	70	32931	358
	APR	51	254	194	10	8	6	2	34	36						58	64	33241	214
	MAY	52	196	240	9	17	1	2	4	17						41	56	31958	252
	JUN	51	258	228	18	13	3	4	6	4						38	46	32273	249
	JUL	52	208	236	6	6	0	3	7	4						40	43	30939	278
	AUG	60	236	268	14	19	0	1	8	42						33	39	35060	363
	SEP	59	258	295	16	17	6	4	33	47						40	61	38247	1919
	OCT	59	268	281	16	16	2	1	54	29						65	31	42069	498
	NOV	61	242	284	11	9	1	0	42	19						60	30	42433	327
	DEC	64	348	335	18	11	0	0	15	4						43	30	41448	731
2004	Total		2917	3120	145	164	25	22	242	219						550	549	423127	5806
2005	JAN	65	263	296	7	36	0	3	8	7						60	41	49839	2347
	FEB	70	249	343	29	14	1	1	17	10						44	71	51277	378
	MAR	73	336	413	33	27	2	4	36	26						59	34	60298	429
	APR	69	418	413	14	25	1	1	24	27						58	56	52606	397
	MAY	65	340	319	13	8	0	2	25	32						46	43	58881	300
	JUN	69	340	364	13	8	2	3	58	62						58	33	51402	403
	JUL	69	312	362	19	23	2	4	39	30						50	33	59322	359
	AUG	75	379	508	9	27	5	5	25	75						67	50	68526	658
	SEP	78	391	461	24	15	1	1	100	60						57	48	71123	501
	OCT	86	437	496	19	21	0	0	26	70						51	47	74016	450
	NOV	85	368	496	13	21	0	2	72	70						61	40	0	450
	DEC	83	530	496	15	21	3	0	32	70						58	44	0	450
2005	Total		4363	4967	208	246	17	26	462	539						669	540	597290	7122
	JAN	84	419	396	20	27	0	1	21	2						69	61	0	18
2006	Total		419	396	20	27	0	1	21	2						69	61	0	18

\*Internet statistics unavailable until equipment can be replaced

Colorado Oil Gas Conservation Commission  
Monthly Statistics

YEAR	MO	Operators				Bonds				Claim				Hearings				Violations				Complt				Spills				Remediation			
		New	Inactive	Release Ind.	Blnkt	Release Ind.	Replace	Ind.	Blnkt	Claim Ind.	Blnkt	Apps.	Order	NOAV	AOC	OFV	Complt	Spills	Rcvd	Comp	Field Insp												
2003	Total	81	72	58	31	124	3	0	45	31	161	7	2	157	222	79	45	7504															
2004	JAN	5	10	8	7	5	0	0	9	8	11	4	0	15	23	3	3	622															
	FEB	5	4	4	3	11	0	0	7	3	17	2	0	20	22	3	5	745															
	MAR	3	7	5	8	7	0	1	16	16	15	13	0	23	26	9	3	706															
	APR	7	8	7	4	11	0	1	4	4	53	1	0	15	22	3	0	568															
	MAY	12	3	0	0	10	0	0	8	7	27	2	0	10	23	6	8	984															
	JUN	13	6	0	0	10	0	0	NA	NA	24	NA	NA	14	17	3	7	716															
	JUL	8	2	4	2	12	0	0	9	4	15	4	0	11	16	6	1	566															
	AUG	16	4	2	6	10	0	0	4	3	16	3	1	11	24	2	3	662															
	SEP	8	7	8	0	12	0	0	4	4	19	0	0	16	17	6	22	709															
	OCT	8	3	3	2	13	0	0	0	0	9	0	0	9	19	4	1	623															
	NOV	10	6	9	1	9	0	0	1	1	10	0	2	6	8	0	1	398															
	DEC	10	3	5	3	8	0	0	NA	NA	19	NA	NA	4	13	8	6	417															
2004	Total	105	63	55	36	118	0	2	62	50	235	29	3	154	230	53	60	7716															
2005	JAN	10	3	3	7	10	0	1	7	3	18	0	1	11	20	0	45	622															
	FEB	8	6	4	2	13	0	1	6	6	6	0	0	11	23	0	17	529															
	MAR	8	10	8	3	12	0	0	3	5	6	0	0	19	21	4	5	725															
	APR	10	5	7	4	13	0	0	7	4	16	0	1	26	21	2	20	425															
	MAY	9	5	7	5	14	0	1	NA	NA	15	NA	NA	10	34	0	3	694															
	JUN	15	11	2	5	14	0	0	7	7	20	3	0	12	39	2	0	649															
	JUL	14	9	7	5	14	0	0	6	4	37	0	0	23	27	0	0	536															
	AUG	10	2	1	2	6	0	0	4	2	34	0	0	16	27	0	0	563															
	SEP	17	5	7	5	12	0	0	3	2	14	0	0	23	31	4	0	707															
	OCT	14	4	6	2	12	0	0	7	6	32	0	0	31	23	2	0	418															
	NOV	18	9	3	6	12	1	16	NA	NA	32	NA	NA	31	23	0	2	633															
	DEC	12	3	5	2	17	1	4	10	6	32	2	2	31	23	4	0	580															
2005	Total	145	72	60	48	149	2	23	60	45	262	5	4	244	312	18	92	7081															
	JAN	15	5	17	5	13	0	0	11	10	5	2	1	15	26	4	0	590															
2006	Total	15	5	17	5	13	0	0	11	10	5	2	1	15	26	4	0	590															

Outstanding Environmental Response Fund and Bond Claim Projects		1/31/2006	
Plugging and Abandonment and Reclamation Projects			
Orphaned Wells and Sites			
FY 05-06 Projects			
PENDING PROJECTS			
	TOTAL	ERF	
PROJECT	PO	AMT	
	TOTAL	COST	
DESCRIPTION			
Weld	Keota Field Salt Kill	PENDING	Remediation & Reclamation 10 Acres Total
Weld	Winter #1	PENDING	Remediation Oil Contamination At Historic Battery Site
La Plata	BRYCE 1X - Site Preparation	PENDING	Site Prep. For Drilling Operation
La Plata	BRYCE 1X - Re-entry and Abandonment	PENDING	Well Re-entry and Remediation
Logan	State 1 Falcon Seaboard	PENDING	Clean-up Tanks, Debris, Oil Contamination
Delta	BLM Delta Project		BLM Match Monies 67% State 33% BLM
Delta	Billstrom Bros Well	PENDING	PA And Reclaim 1 well Near Delta
Delta	Cline Government 1 029-05018	PENDING	PA And Reclaim 1 well Near Delta
Delta	Cline Federal1- 029-05016	PENDING	PA And Reclaim 1 well Near Delta
	Total Encumbered and Pending	\$74,563	4 Projects Not Estimated But Planned
WORK COMPLETED			
Logan	W E Dickenson #1		Site Investigation Oil Contamination at Historic Pit Site
Logan	Raney & Green Salt Kill Evaluations	\$4,459	Initial Evaluations of Historic Salt Kill Sites
Logan	Padoroni #1 & #2 Site Cleanup	\$974	Pipe and Cement Block Cleanup
La Plata	Bryce 1X - Site Eval. And Wellbore Prep.	\$3,874	Digout to Bedrock, Install SRF CSG Section
Logan	Horsefly #1/Fogale Reclamation	\$5,000	Pit Reclamation and Debris Cleanup
Rio Blanco	Winkler #1 and #2	\$2,583	PA 2 Mancos Wells
Weld	Greasewood Cement Base II	\$17,200	Cement Base Cleanup 5 Sites
Washington	Deering #1	\$552	RE Top Plug Well Found By Farmer
Logan	McRoberts E-1	\$2,747	Historic Remediation Cement Blocks
Logan	Cedar Creek Ranch #1	\$1,030	Reclaim Abandoned Pit Area
Logan	Sheldon #1	\$3,106	Historic Reclamation-Pit and Cement Blocks
	Total Completed	\$43,416	



# STATE OF COLORADO

Bill Owens, Governor  
Dennis E. Ellis, Executive Director

Dedicated to protecting and improving the health and environment of the people of Colorado

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<http://www.cdphe.state.co.us>



Colorado Department  
of Public Health  
and Environment

Dear Sir or Madam:

February 1, 2006

This notice is in regard to stormwater permit coverage for oil and gas construction sites within Colorado. As you may be aware, at its January 9-10, 2006 hearing the Water Quality Control Commission decided to maintain the existing requirements within the Water Quality Control Division for stormwater permitting for oil and gas construction sites. (Background information on the hearing is available at <http://www.cdphe.state.co.us/op/wqcc/OtherRegs/61-2006/Reg61-2006.html>.)

For small oil and gas construction sites (i.e., between one and five acres of disturbed area, including construction of well pads, roads, pipelines, pumping stations, etc.), the stormwater discharge permit requirement went into effect June 30, 2005. The Division recognizes that passage of the federal Energy Bill last summer may have created some uncertainty regarding the status of this stormwater permitting requirement prior to the completion of the Commission's January rulemaking hearing. Therefore, the Division does not generally plan to actively seek enforcement for small oil and gas construction sites that are currently operating without permit coverage, as long as a complete permit application is submitted by no later than **March 30, 2006**, which is the effective date of minor revisions to the regulation, as a result of the January rulemaking hearing. Also, as per existing practice, the Division will not use submittal of an application for an existing site to instigate enforcement action. However, all sites must currently have BMPs in place to protect water quality. For any sites that may be having a direct negative impact on water quality, best management practices to abate the impact should be put into place and application for a permit should be made immediately. Where a direct negative water quality impact is occurring, enforcement may be pursued.

The Division expects sites that disturb five acres or more, or that are part of a larger common plan of development disturbing five acres or more, to already have stormwater permit coverage. Any such site without permit coverage must submit an application immediately.

The March 30, 2006 deadline only applies to small sites that have begun to or will break ground before that date. All other projects are subject to the existing requirement of applying at least 10 days before breaking ground.

If you have questions on stormwater permitting for oil and gas construction sites, please visit our website at <http://www.cdphe.state.co.us/wq/PermitsUnit/OGfactsheet.PDF>. For other questions, please contact our office at 303-692-3517, or at [CDPHE.wqstorm@state.co.us](mailto:CDPHE.wqstorm@state.co.us).

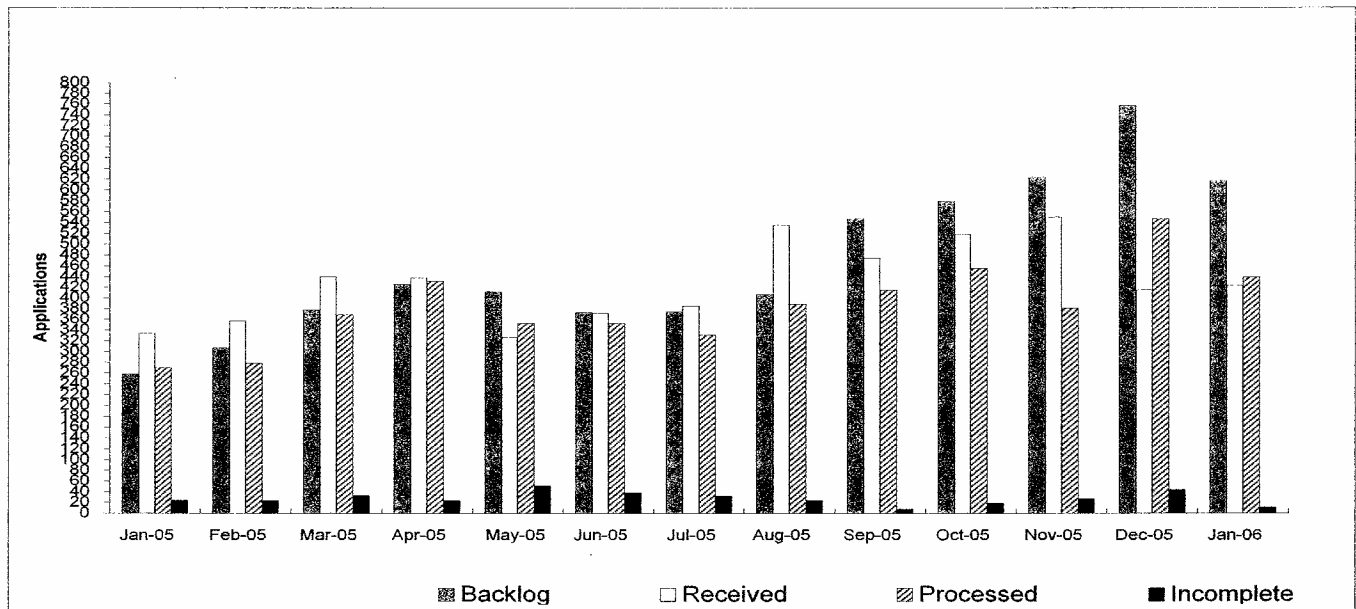
Sincerely,

Kathryn Dolan  
Stormwater Program Coordinator  
Permits Section, Water Quality Control Division

## Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
<b>Drilling</b>								
Jan-05	256	298	263	13	0	24	254	278
Feb-05	278	343	249	8	0	23	341	364
Mar-05	364	413	336	21	0	33	387	420
Apr-05	420	413	418	19	0	24	372	396
May-05	396	319	340	13	0	42	320	362
Jun-05	362	364	340	18	0	38	330	368
Jul-05	368	362	312	20	0	31	367	398
Aug-05	398	508	379	6	0	24	497	521
Sep-05	521	460	391	26	0	8	556	564
Oct-05	564	497	437	18	0	19	587	606
Nov-05	606	535	368	34	0	27	712	739
Dec-05	739	389	531	9	0	43	545	588
Jan-06	588	396	419	24	0	11	530	541
<b>Recompletion</b>								
Jan-05	2	36	7	2	0	0	29	29
Feb-05	29	14	29	0	0	0	14	14
Mar-05	14	27	33	2	0	0	6	6
Apr-05	6	25	14	1	0	0	16	16
May-05	16	8	13	0	0	9	2	11
Jun-05	11	8	13	0	0	1	5	6
Jul-05	6	23	19	1	0	1	8	9
Aug-05	9	27	9	1	0	0	26	26
Sep-05	26	15	24	1	0	0	16	16
Oct-05	16	21	19	0	0	0	16	18
Nov-05	18	15	13	1	0	0	19	19
Dec-05	18	26	15	0	0	1	26	29
Jan-06	29	27	20	0	0	0	36	36
<b>Total</b>								
Jan-05	258	334	270	15	0	24	283	307
Feb-05	307	357	278	8	0	23	355	378
Mar-05	378	440	369	23	0	33	393	426
Apr-05	426	438	432	20	0	24	391	412
May-05	412	327	353	13	0	51	322	373
Jun-05	373	372	353	18	0	39	335	374
Jul-05	374	385	331	21	0	32	375	407
Aug-05	407	535	388	7	0	24	523	547
Sep-05	547	475	415	27	0	8	572	580
Oct-05	580	518	456	18	0	19	603	624
Nov-05	624	550	381	35	0	27	731	758
Dec-05	757	415	546	9	0	44	573	617
Jan-06	617	423	439	24	0	11	566	577

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



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

# COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION

