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DATE: March 20, 2006

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MONTHLY STAFF REPORT

I. STATISTICS

- ◆ Our monthly statistics report is attached. Based on data available to date, 836 Applications for Permits-to-Drill (“APDs”) were approved as of March 13, for 2006. At that pace, it is estimated that approximately 4,238 APDs will be approved in calendar year 2006. This represents roughly an equivalent to the previous record high of 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 March 13th are:

County	2006 (% of Total)	2005	2004	2003
Garfield	246 (29%)	1508	796	566
Weld	207 (25%)	901	832	757
Las Animas	71 (8%)	413	332	180
Rio Blanco	63 (8%)	161	154	179
Yuma	59 (7%)	782	237	138
Mesa	48 (6%)	136	54	27

- ◆ The following table shows a summary of the oil and gas well permits that require new well locations that have been approved by the COGCC from 2000 through 2006 year to date. The summary shows the number of 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 estate lands, and where surface damage bonds have been posted on severed estate lands. Additionally, the spreadsheet on page 24 details this information by type of mineral owner.

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
2003	2,155	1,435 (67%)	720 (33%)	298 (14%)	422 (19%)	419 (19%)	3 (<1%)	0 (0%)
2004	2,802	1,764 (63%)	1,038 (37%)	406 (14%)	632 (23%)	625 (22%)	6 (<1%)	1 (<1%)
2005	4,314	2,923 (68%)	1,391 (32%)	745 (17%)	646 (15%)	637 (15%)	7 (<1%)	2 (<1%)
2006 As Of 3/14/06	829	602 (73%)	227 (27%)	144 (17%)	83 (10%)	83 (10%)	0 (0%)	0 (0%)

II. NORTHWEST COLORADO

Attached are newspaper articles of local interest.

◆ Northwest Colorado Oil and Gas Forum

The March 9, 2006 meeting of the Northwest Colorado Oil and Gas Forum was held from 10:00 a.m. until 2:00 p.m. 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. Approximately 60 people attended and updates on activity in northwest Colorado were provided by the COGCC, industry representatives, the BLM and Garfield County.

The next meeting at the Northwest Colorado Oil and Gas Forum has been tentatively scheduled for Thursday, June 15, 2006 from 10:00 a.m. until 2:00 p.m. at the Garfield County fairgrounds in Rifle. All parties wishing to be placed on the agenda for presentations need to contact Jaime Adkins at 970-285-9000 or via email to: jaime.adkins@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 includes the sampling of 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 the presence gas and benzene, toluene, ethylbenzene, and xylenes (BTEX) compounds. 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 RFP announcement for this project was posted on the Colorado Department of Personnel and Administration, Division of Finance and Procurement: State Purchasing Office's web page on February 7, 2006, and an announcement concerning the project and web page link to the Purchasing Office web page was placed on the COGCC home page. The requests for bids period closed on March 9, 2006. The COGCC staff is currently evaluating the proposals and anticipates awarding the contract to the successful bidder in late March 2006. The project will be completed in December 2006.

◆ Local Project Status Update

URS Corporation (URS) has finished the Hydrogeological Characterization Project in Garfield County south of Rifle and Silt. The results of the study will be presented by URS at a public meeting in Rifle at the Events Center on March 16, 2006 at 6:30 PM. COGCC and Garfield County will also be present at the meeting. Copies of the report have been provided to the COGCC Commissioners and it will be made available on the COGCC and Garfield County websites soon. Garfield County and COGCC staff are in the process of evaluating the recommendations for Phase II.

III. SOUTHWEST COLORADO

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

The most recent soil gas survey was conducted on January 30, 2006. The report has been posted on the website Library, "Studies in the San Juan Basin."

Aztec Well Servicing Rig No. 124 has been contracted to re-enter the Bryce 1X Well in La Plata County. The date for beginning operations has been delayed due to safety concerns expressed by Aztec Well Service. We are continuing discussions with Aztec regarding proper well control equipment and the risk of shallow natural gas.

Coalbed Methane ("CBM") Stream Depletion Assessment Study

The report has been finalized and will be discussed in a meeting on April 3, 2006 of the DNR agencies that have been involved with the project. Shortly thereafter, the report will be available for distribution to all interested parties and will be posted on the DWR and COGCC websites. Estimates of the amount of water discharging from the Fruitland Formation were similar to those of previous studies, and it appears that the Glover analysis provides a useable first-order determination of depletion for most of the areas within the San Juan Basin in Colorado.

◆ Gas and Oil Regulatory Team (GORT) Meeting

The GORT meeting was held in La Plata County on March 9, 2006. Approximately 30 people attended including representatives of industry, Southern Ute Indian Tribe, USFS, US BLM, La Plata County, San Juan Citizens Alliance, and other interested members of the public. Presentations were made by COGCC staff and LTE about ongoing efforts at the Bryce 1-X Well and the results of the Fruitland Formation Outcrop Monitoring in Archuleta County. Thanks to COGCC Commissioner Kimberly Gerhardt and La Plata County Commissioner Wally White for attending the meeting.

The next GORT meeting is scheduled for September 7, 2006 at 8:30 a.m. at the La Plata County Fairgrounds.

IV. SOUTHEAST COLORADO

◆ Raton Basin Surface Water Discharge Sampling

The COGCC has received two complaints in the last month related to surface water discharge of coal bed methane produced water. Both discharges are covered under a CDPHE-WQCD permit and in both cases the facilities appear to be in compliance with permit requirements. However, the permit system does not appear to fully address the landowners' concerns. COGCC staff will continue discussions with the WQCD staff and operators regarding permitted discharge of produced water in the Raton Basin and potential environmental consequences.

◆ Kiowa County

As a result of the field inspections conducted in November 2005, a 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. In response to the NOAV, the operator has conducted a limited soil investigation and has submitted a site reclamation plan.

V. NORTHEAST COLORADO

Greater Wattenberg Area Baseline Study

As part of a FY 2006 budgetary request, the COGCC received funding to conduct 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 anticipates publication of the official request for proposal (RFP) in late March 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.

Orphaned BLM well plugged using ERF and BLM monies

Kevin Lively, the COGCC NE Area inspector, with the assistance of Dennis Murphy and Lynn Lewis of the BLM Uncompahgre Field Office, and in cooperation with the Army Corp of Engineers and the Bureau of Reclamation, plugged the Billstrom Brothers #2, an abandoned carbon dioxide well on the banks of the Gunnison River in Delta County. The plugging and reclamation work was performed from February 20 through February 24, 2006.

This well was drilled in the 1930s and has consistently leaked CO₂ gas and salt water through seeps surrounding the well and into the Gunnison River for over 70 years. The BLM identified the plugging of the Billstrom Brothers #2 Well as a priority project since it would improve both the visual character of the area and mitigate human health and safety issues associated with the well. It also would serve to help reduce salt loading to the Gunnison/Colorado River system.

The COGCC and the BLM have previously signed a funding agreement which allows the COGCC to plug wells and reclaim well sites on federal lands using a matching fund arrangement. This agreement calls for the COGCC to pay for two thirds of the cost and the BLM one third of the cost for projects on federal land. The BLM has encumbered approximately \$21,000 for this purpose.

The Billstrom Brothers #2 well site could not be accessed from the side of the river where it was located due to an adjacent large water ditch which rose 20 feet above the well site. As a result, it was decided to bring in heavy equipment from across the river. To accommodate safe access while fording the Gunnison River to the well site, the agencies requested the Bureau of Reclamation reduce flows in the river to 300 cubic feet per second (cfs). Combined with the North Fork flow of approximately 400 cfs, flows at the project site were at about 700 cfs. This effectively reduced the flow in the river by approximately one third. No dredging or filling of the crossing was required. Permission from private surface owners and the Army Corp of Engineers was obtained for access on both sides of the river.

The well consisted of one string of 8 $\frac{5}{8}$ " casing to a recorded depth of 165 feet and the casing appeared to be cemented in place. The total depth of the well was 406 ft. The wellbore was cleaned out with drill pipe to bedrock to a depth of 185 feet (the recorded top of the producing zone). Four attempts were made over two days to bring cement to surface before obtaining success. A total of 490 sacks of cement were used to plug the well. Wellbore circulation was never established. Casing was dug up to a depth of 5 feet and was cut off and capped with a quarter inch plate of steel with the API number welded on top. The hole was filled in and the site and access areas were reclaimed to BLM standards.

Attached on page 26 is a letter of thanks from the Colorado State BLM office to the COGCC regarding the Billstrom Brothers #2 Well plugging project.

◆ Greater Wattenberg Area – Bradenhead Retest Program

Between 1995-1997 an extensive bradenhead test program was conducted by COGCC field staff of randomly selected wells within the Greater Wattenberg Area (GWA). Recently COGCC staff reviewed over 600 of these tests in a selected area that encompassed Townships 1 to 6 North and Ranges 65 to 68 West. There were a total of 112 wells that either exhibited bradenhead pressures greater than 100 psi, or the bradenhead was open at the time of the test, and/or the bradenhead was hooked to the flowline.

A total of 110 wells were re-tested by COGCC staff as part of Phase 1 of the Bradenhead Retest Program. Final results indicated that 19 wells still measured a bradenhead pressure greater than 100 psi. This represents approximately 17% of the 110 wells re-tested. Other wells were also tested for bradenhead pressures as a result of complaint investigations or random inspections. An additional 7 wells measured bradenhead pressures greater than 100 psi.

On March 18, 1985, the Commission issued Order No. A-1-3 which established requirements for drilling and completion practices of oil and gas wells for an area in a portion of the Denver Basin Front Range Corridor in order to protect the environment and prevent pollution. Bradenhead monitoring was required for those wells located from Townships 4 to 7 North and Ranges 64 to E $\frac{1}{2}$ 68 West. On March 16, 1994, the Commission issued Order No. A-1-3A which modified those rules.

Subsequently, on May 27, 1996, and June 25, 1996, the Commission held a hearing to consider the adoption of rules pertaining to safety, blowout prevention, and plugging and abandonment. These rule changes resulted in Order Nos A-1-3 and A-1-3A, rescinded on June 25, 1996, and replaced with Order No. A-1-3B.

As a result of the aforementioned Orders, between 1991 and 1994 operators submitted bradenhead monitoring reports on approximately 1,380 wells. A review of these reports by COGCC staff indicated 30 wells with bradenhead pressures greater than 100 psi and 154 wells with the bradenhead reported as open. Phase 2 of the Bradenhead Retest Program will require operators to conduct bradenhead tests on these 184 wells and report the results to the COGCC. Approximately 40 of these tests will be required to be witnessed by COGCC staff.

VI. ORGANIZATION

◆ Staff Organization

Our current organizational chart is attached.

Effective February 23, 2006, the COGCC has reorganized its former Operations Section into two units, which are now the Engineering Section and the Environmental Section. The former COGCC Operations Section has been expanding during the last year with the addition of two new field inspectors and an environmental protection specialist. The FY 06-07 budget request that is currently being considered by the legislature now includes eleven new FTE and one new contract position. Eight of these new positions are planned to be in the Operations Section, with four of the positions being added to the Engineering unit and four of the positions being added to the Environmental unit. To best meet the opportunities and the challenges of this expansion of staff in the former Operations Section, an organizational change was necessary to place a fair workload on the management tier and to be prepared for the upcoming changes. David Dillon's working title has become Engineering Manager, and Debbie Baldwin's working title has become Environmental Manager, with both managers directly reporting to the COGCC Director.

VII. PLANNING/ADMINISTRATION/OTHER

◆ Public Outreach Opportunities

Brian Macke provided an update on Colorado oil and gas activity and COGCC regulation during the luncheon 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. There were approximately 160 people in attendance, many of whom expressed a strong interest in oil and gas development in Colorado.

◆ Noise Data Project

All COGCC field inspectors have been directed to measure noise levels at representative well sites and compressor stations throughout the state. The field inspectors will gather data for four months and should provide us with approximately 400 data points. The analyzing and correlating of the noise level data will be performed by Denver office staff.

◆ Fiscal Year 2006-07 Budget Request Approved by the Joint Budget Committee

On February 15, 2006, the Joint Budget Committee (JBC) approved the following additional resources:

Eleven New Full Time Positions (\$946,216):

- Legal Assistant
- Engineering/Environmental Technician
- Well Permit Technician
- NW Area Environmental Protection Specialist
- SW Area Environmental Protection Specialist
- SE Area Environmental Protection Specialist*
- NE Area Environmental Protection Specialist*
- NW Area Field Inspector
- Central Area Field Inspector
- Enforcement Officer
- Supervising Engineer

Five New Contract Positions (\$331,200):

- Application Programmer
- Well Permit Technician*
- Engineering/Environmental Technician*
- Records Administrators (2)*

New Line Items:

- Environmental Assistance and Complaint Resolution (\$312,033)**
- Emergency Response (\$1,500,000)**
- Special Environmental Protection and Mitigation Studies (\$500,000)*
- Phase II Raton Basin Gas Seep Investigation (\$188,625)

* These items were not included in our November budget request, but were recommended by JBC staff and approved by the JBC.

** Additional funding for the Environmental Assistance Projects line was requested, but JBC staff recommended eliminating that line item and creating these two new line items at significantly higher levels of funding. The JBC approved the restructuring and funding level recommendations.

We sincerely appreciate all of the additional resources approved by the JBC and look forward to the final passage of the Long Bill.

2005 Outstanding Oil and Gas Operations Awards

The deadline for the COGCC 2005 Outstanding Operations Award is June 1, 2006. 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.

◆ Environmental Response Fund (ERF) Project Status

Attached on page 28 is an Excel spreadsheet listing ERF projects both completed and pending for Fiscal Year 2005 – 2006. Pending projects only show funds appropriated or spent to date.

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

Attached on page 27 is the February 1, 2006 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 was conducted on March 2 and 3, 2006. The training class was conducted in-house by Altitude Training Associates and was also attended by representatives from several oil and gas and environmental consulting companies.

◆ 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-eight (38) requests for onsite inspections. Eleven (11) onsite inspections have been conducted and one (1) is in the process of being scheduled. Of the remaining requests, sixteen (16) requests were withdrawn and ten (10) 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-eight requests for Onsite Inspection, twenty-two (22) were for locations in Weld County, eight (8) for Las Animas County, two (2) for Garfield County, two (2) for Yuma County, two (2) for La Plata County and one (1) each for Archuleta and Boulder Counties.

◆ April 2006 Hearing Docket

A preliminary docket for the April 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

New Tools on the WEB

During February two new tools were added to the website to assist with the entering of data relating to locations. The first tool is a Footage calculator. The calculator will take the latitude and longitude as measured in NAD 1983 and calculate new footages based on the original permit information. The second tool 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 tools are found in the Help area of the website.

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 the 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 the COGCC web site <http://www.oil-gas.state.co.us>. To utilize the system, the operator will need to submit a Designation of Agent Form, Form 1a. COGCC staff is working with operators and logging companies to gain compliance with the digital log submission requirement. The digital logs are starting to show up on the web; 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, GWPC, BLM, MMS, 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 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 percent (80%) 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 Delta Petroleum 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, which was referred to in Order No. 1V-276. Delta Petroleum requested permission to run the cement bond log (CBL) on the Vega 34-23 and 34-24 wells 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 the merits of delaying the CBL. The wells are located approximately 18 miles southwest of the Divide Creek Gas Seep and are approximately 1950 feet inside of the area encompassing the 12 townships described in the Notice. No problems have been experienced during drilling and completion of 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. A variance was granted last month on one other well on the same well pad. Additional wells may be included in the pilot depending on the outcome of the wells on the initial well pad in the pilot. COGCC staff intends to revise the Notice if the results of the pilot demonstrate it is warranted.

Williams plans more drilling in Piceance Basin

By Bob Kretschman
The Daily Sentinel

Tuesday, February 28, 2006

Williams Cos. plans to drill about 100 more natural gas wells this year in the Piceance Basin than it did last year, a company spokesman said Tuesday.

The company released its 2005 financial results Tuesday, along with an outlook for this year that described western Colorado's Piceance Basin as "the company's cornerstone for production and reserves growth."

Williams spokesman Kelly Swan said the company plans to drill about 450 wells in the Piceance Basin this year, compared with 350 wells in 2005.

"The Piceance Basin is very important to Williams, as well as overall the nation's energy supply," he said.

Williams currently has 19 drill rigs operating in the Piceance Basin, and the company plans to add 10 new rigs this year, Swan said.

The new rigs, designed by drilling company Helmerich & Payne, are suited especially for the Piceance, he said.

They require less pad space and drill more efficiently than conventional rigs, he said.

Two of the rigs have been delivered since the beginning of 2006, and the rest are due by year's end.

When they are operational, Williams will have as many as 26 drill rigs operating in the Piceance Basin, Swan said.

Williams' plans in the Piceance this year are more bullish than those of EnCana, which said in mid-February it will scale back its previously announced drilling plans because of higher costs and moderating natural gas prices.

Instead of drilling 350 new wells in the Piceance this year, EnCana said it will drill about 250, the same number of wells it drilled in 2005.

Swan said Williams is pushing ahead with increased drilling plans this year. The company faces higher costs to drill, "but we've been able to manage it effectively."

He said higher natural gas prices in recent years have also helped make increased drilling more cost-effective.

Williams reported Tuesday its net income in 2005 totaled \$313.6 million, up from \$163.7 million in 2004.

The company said a portion of the increase can be attributed to increased natural gas production and higher realized average prices for production sold.

COGA drops suit on storm-water regulations

By Donna Gray
Glenwood Springs Post Independent
February 7, 2006

An oil and gas industry trade association has dropped a lawsuit against the state Water Quality Control Commission. The Colorado Oil and Gas Association sought to block storm-water regulations adopted by the WQCC.

COGA filed the suit in March 2005. It maintained that because of federal law, states are prohibited from mandating that it obtain storm-water permits.

The new regulations took effect on June 30, and cover gas well sites of one to five acres that are under construction. Natural-gas operators disturbing more than one acre of ground are now required to file a storm-water management plan with the Water Quality Control Division and obtain a discharge permit.

Those regulations do not apply once well pads, roads and pipelines are built, because they're covered by the Colorado Oil and Gas Conservation Commission.

Storm-water permits are used to help limit runoff of sediment when earth is disturbed by construction-related activities.

"We thought the Water Quality Control division ... indicated a willingness to examine the details of the (permitting) program, and that means (we have) an opportunity to work with them," said Ken Wonstolen, COGA senior vice president and general counsel. "We think we ought to explore those (details) before going to court."

Wonstolen would not "go public" with those details, he said, before discussing them with the WQCC.

Local governments - including the Garfield County Commissioners - environmental groups and the Colorado River Water Conservation District, supported keeping the rules in place.

"We are pleased the lawsuit has ended," said Jim Pokrandt, spokesman for the Colorado River Water Conservation District. "We interpret it as acknowledgment by the oil and gas industry that regulation of storm-water discharge associated with oil and gas construction is necessary to protect water quality, and that the Water Quality and Control Commission is the appropriate entity to do it."

Five-decibel noise-reduction rule for oil and gas activity to be reconsidered

By Sally Spaulding
The Daily Sentinel – Grand Junction
Tuesday, February 14, 2006

A state commission will reconsider a rule it made in December that requires a five-decibel reduction in noise standards for oil and gas activity in residential, agricultural and rural zones.

The Colorado Oil and Gas Conservation Commission decided Monday it will revisit the issue in September, gathering more information on the impacts the rule could have on industry.

Officials with the Colorado Oil and Gas Association, a trade group, argued earlier the noise reduction rule didn't adequately consider the cost to companies.

"There wasn't any cost-benefit analysis done (by the commission) on the rule-making," said Ken Wonstolen, senior vice president and general counsel for COGA.

"Some of those noise reduction measures tend to increase costs exponentially."

A COGA witness to the December COGCC hearing claimed that a compressor building designed to achieve a 45-decibel noise level would cost approximately \$500,000, as opposed to \$200,000 for a similar building designed to achieve a 50-decibel noise level.

Officials from Garfield County, as well as other counties with similar impacts from widespread oil and gas activity, pressed for the noise reduction at the December hearing.

The December noise standard ordered oil and gas operations, such as compressor stations, to produce only 50 decibels during the day and 45 decibels at night.

The previous rule required 55- and 50-decibel standards.

The five-decibel drop applied only to new construction after Jan. 1, 2007, said Brian Macke, COGCC director.

"A five-decibel difference is actually 56 percent quieter in terms of noise pressure," he said.

Ten decibels is roughly a doubling of sound, meaning 50 decibels would be twice as loud as 40 decibels.

A normal conversation is said to be about 50 decibels, with a whisper at 30, Macke said.

Officials with COGA claimed they were deprived of due process and that the commission's decision in December "was not based on sound scientific and technical evidence."

"The whole thing needs more careful consideration, and over the next six months, we'll all get a good database on the situation for a more informed decision," Wonstolen said.

Hands off the energy money, Club 20 committee warns

Thursday, March 02, 2006

By Gary Harmon

The Daily Sentinel

Tax money from energy development should remain in the areas in which it was drilled or mined, said a committee of Western Slope activists hoping to stave off raids by the more populous areas of the state.

The energy committee of Western Slope lobbying and promotional organization Club 20 vowed to oppose taxes that would “fall primarily on western Colorado industries when the revenue is earmarked primarily for the benefit of Front Range urban areas and programs.”

More energy-development money should be provided to local governments in energy-rich regions of the state, said the committee.

“The gist of it is: ‘Don’t come after energy-impact dollars, period,’ ” Mesa County Commissioner Craig Meis said.

The beginning of the energy boom in western Colorado sparked a series of proposals for money from energy development, from bills in the Legislature to proposed initiatives that would go to voters in November.

Among the ideas that remain alive are a proposed initiative that would use the severance tax to raise money for deferred maintenance of schools and a bill before the Legislature to net any severance-tax money above \$110 million and funnel it into capital construction and property-tax relief.

Today, a measure by Rep. Alice Madden, D-Boulder, to pump \$450,000 a year in energy-development tax revenues to the University of Colorado School of Law for energy planning is scheduled for a floor vote in the House.

Colorado collected \$33 million in severance taxes in fiscal year 2002-03 and \$152 million in 2004-05, according to state figures.

The Club 20 energy committee’s unanimous recommendation sends the resolution to the full organization, which meets next month in Grand Junction.

The recommended resolution urges that any proposals involving energy-impact money “should be developed in full consultation with Western Slope legislators, community leaders and mineral-industry leaders who stand to be adversely affected.”

Fight brews over money from oil, gas **Western Slope lawmakers say severance-tax windfall 'is ours'**

By Joe Hanel
Herald Denver Bureau
February 19, 2006

DENVER - One of life's little joys is to put on an old coat and find \$10 in the pocket. It's almost like free money.

Colorado lawmakers know the feeling, but for them, it's more than a single \$10 bill. It's millions.

The money comes from the booming oil and gas business, and the industry's "severance taxes" are rolling in - a projected \$242 million this year, which is four times as much as it was five years ago.

Gas-producing counties like La Plata and Montezuma already have dibs on a chunk of it, but the bounty is attracting attention throughout Colorado's cash-starved government. After years of budget slashing, lawmakers want the money to restore cuts, but Western Slope legislators say the money was never intended to shore up the state's financial picture.

"I have concerns that this is just going to be a slush fund to fund this program or that," said Rep. Josh Penry, R-Grand Junction.

Already, a fight is brewing over the money.

It's ours, say Western Slope lawmakers, including Sen. Jim Isgar, D-Hesperus, and Rep. Mark Larson, R-Cortez.

It belongs to everyone, say others, including Sen. Dave Owen, a Republican whose Weld County district has more wells than any other county.

Owen has powerful allies.

Senate President Joan Fitz-Gerald, D-Golden, gave Owen permission to introduce a bill after the deadline as long as he funneled two-thirds of the extra money into building maintenance for the next two years, when severance tax receipts are expected to be the highest.

La Plata County has received \$23 million in grants from the severance-tax account since 2004, tops in the state. It uses more than half of its grants to keep up roads that suffer under heavy industry traffic, said Wayne Bedor, the county's finance director. The county is asking for \$300,000 to help pay for \$1.5 million in road equipment.

"We really beat the heck out of our heavy equipment, like graders," Bedor said.

Gas companies pay severance taxes as well as county property taxes, which are levied according to the value of the gas extracted and the value of the gas equipment. La Plata County has the state's fifth-lowest property-tax rate, in part because of oil and gas taxes. Severance taxes also are based on the value of gas extracted, but companies can deduct their county property taxes from the severance taxes they pay to the state.

State law restricts how the severance-tax money can be spent - half is set aside for gas-producing counties, and the rest is split between water projects and the Department of Natural Resources, which includes state oil and gas regulators.

But legislators have a way around the law. After all, they wrote it.

And they have plenty of ideas.

Different bills would spend severance tax money on building maintenance, a proposed high-tech coal power plant at an undetermined location, a budget stabilization fund or roads. Larson, the Cortez Republican, wants to fund roads, but not through the severance tax.

"I will resist that," Larson said. "As much as I want transportation, that's the proverbial slippery slope."

Larson said the "so-called windfall" from oil and gas is fleeting, and should be used for its original purpose - to help communities pay for the impacts of drilling.

"We've been fighting these same issues - urban-rural - since I've been in the Legislature," Larson said.

While legislators are debating how to spend the money, one political activist wants voters to make this decision directly, by refunding it in a way similar to the Taxpayer's Bill of Rights. Jon Caldara, an opponent of Referendum C last year, is working on a ballot initiative that would cap the amount of severance tax money the state can collect and cut a check to utility customers with the rest. Referendum C, passed by voters Nov. 1, allows the Legislature to retain money that otherwise would have been refunded under the Taxpayer's Bill of Rights.

Penry called Caldara a "big-city Robin Hood," taking money that counties need to deal with the impacts of drilling and sending it across the state, mostly to people in the Front Range cities.

"This initiative pits urban against rural interests, big cities versus small towns," Penry said.

On Friday, however, Caldara said he would pursue a compromise ballot measure that instead would refund extra Referendum C money, instead of severance tax money.

Gov. Bill Owens has already signed into law a \$24 million addition to heating help for the poor. The money comes from the severance tax.

About a dozen more bills aim to grab another \$43 million in severance-tax money, according to an analysis by the Joint Budget Committee's nonpartisan staff. There won't be enough money to pay for all the bills under the current law, according to the JBC report.

On Thursday, Isgar won approval from the Senate Agriculture Committee to take all the leftover severance-tax money in the Department of Natural Resources budget and spend it on water projects. Isgar said his bill fits under the current severance-tax law. Last year, the department spent only about one-third of the \$27 million it got from the severance tax.

Fitz-Gerald knows about the Western Slope's fears for the money.

"I understand," Fitz-Gerald said. "But we have an opportunity here to take care of some things that have gone wanting for a long time."

Everything that gets severance-tax money now still would get it under Sen. Owen's plan, Fitz-Gerald said.

She said House and Senate leaders and the Joint Budget Committee need to sit down for a strategy session on all of the severance-tax ideas, but she didn't know when that meeting will happen.

Isgar echoed the idea.

"Everybody's looking at it, and we ought to sit down and talk about this," he said.

Gov. Owens has discussed the issue with House and Senate leaders, but not for the past two weeks, and he didn't have a position on any of the bills. He knows Western Slope residents worry about it, though. He also has made road funding a priority.

"The Western Slope has needs for capital construction and roads, just like the rest of the state," Owens said.

Gas well to be plugged in April

By Herald Staff Report
Durango Herald
March 3, 2006

In April, the Colorado Oil and Gas Commission will plug the abandoned well blamed for a trailer explosion in the Bondad area last year.

The commission will need to loan a rig from Williams Exploration Co. to seal the Bryce 1-X, a buried 1930s era well that funneled leaking methane into the home of Charles Yoakum. An explosion in the home seriously burned Yoakum.

The rig will not be available until April, said commission spokeswoman Tricia Beaver. The commission is also looking to contract an independent firm to conduct the excavation of the troublesome well.

In December, the state Legislature approved more than \$900,000 for the Bondad cleanup.

More than half the price tag is to rent a drilling rig for 20 days of 24-hour operations to plug the 4,800-foot-deep Bryce 1-X.

Colorado Oil Gas Conservation Commission
Monthly Statistics

YEAR	MO	Baker - Hughes rig count	Permits												Unedited Historic Records	Public Visits			Well Oper Change
			Drilling			Recompletion			Injection			Pits				Active Wells	Data	Office	
			Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd					
2003	Total		2249	2322	202	229	18	22	22	362	381				610	755	261956	3637	
2004	JAN	45	200	240	12	10	0	1	1	36	7	25283			37	49	31236	378	
	FEB	46	206	217	7	13	4	1	1	1	1	25423			44	30	31292	239	
	MAR	50	243	302	8	25	2	3	2	2	9	25561			51	70	32931	358	
	APR	51	254	194	10	8	6	2	2	34	36	25666			58	64	33241	214	
	MAY	52	196	240	9	17	1	2	4	4	17	25732			41	56	31958	252	
	JUN	51	258	228	18	13	3	4	4	6	4	25870			38	46	32273	249	
	JUL	52	208	236	6	6	0	3	7	7	4	26017			40	43	30939	278	
	AUG	60	236	268	14	19	0	1	8	42	26108			33	39	35060	363		
	SEP	59	258	295	16	17	6	4	33	47	26421			40	61	38247	1919		
	OCT	59	268	281	16	16	2	1	54	29	26657			65	31	42069	498		
	NOV	61	242	284	11	9	1	0	42	19	26819			60	30	42433	327		
	DEC	64	348	335	18	11	0	0	15	4	26968			43	30	41448	731		
2004	Total		2917	3120	145	164	25	22	242	219				550	549	423127	5806		
2005	JAN	65	263	296	7	36	0	3	8	7	27262			60	41	49839	2351		
	FEB	70	249	343	29	14	1	1	17	10	27427			44	71	51277	378		
	MAR	73	336	413	33	27	2	4	36	26	27595			59	34	60298	429		
	APR	69	418	413	14	25	1	1	24	27	27723			58	56	52606	397		
	MAY	65	340	319	13	8	0	2	25	32	27853			46	43	58881	300		
	JUN	69	340	364	13	8	2	3	58	62	28032			58	33	51402	405		
	JUL	69	312	362	19	23	2	4	39	30	28164			50	33	59322	371		
	AUG	75	379	508	9	27	5	5	25	75	28364			67	50	68526	658		
	SEP	78	391	461	24	15	1	1	100	60	28631			57	48	71123	501		
	OCT	86	437	496	19	21	0	0	26	70	28720			51	47	74016	450		
	NOV	85	368	496	13	21	0	2	72	70	28866			61	40	69913	450		
	DEC	83	530	496	15	21	3	0	32	70	28952			58	44	68819	450		
2005	Total		4363	4967	208	246	17	26	462	539				669	540	736022	7140		
	JAN	84	419	396	20	27	1	0	21	2	29181			69	61	82939	219		
	FEB	84	267	501	26	20	0	0	4	2	29384			25	58	82692	16		
2006	Total		686	897	46	47	1	0	25	4				94	119	165631	235		

Colorado Oil Gas Conservation Commission
Monthly Statistics

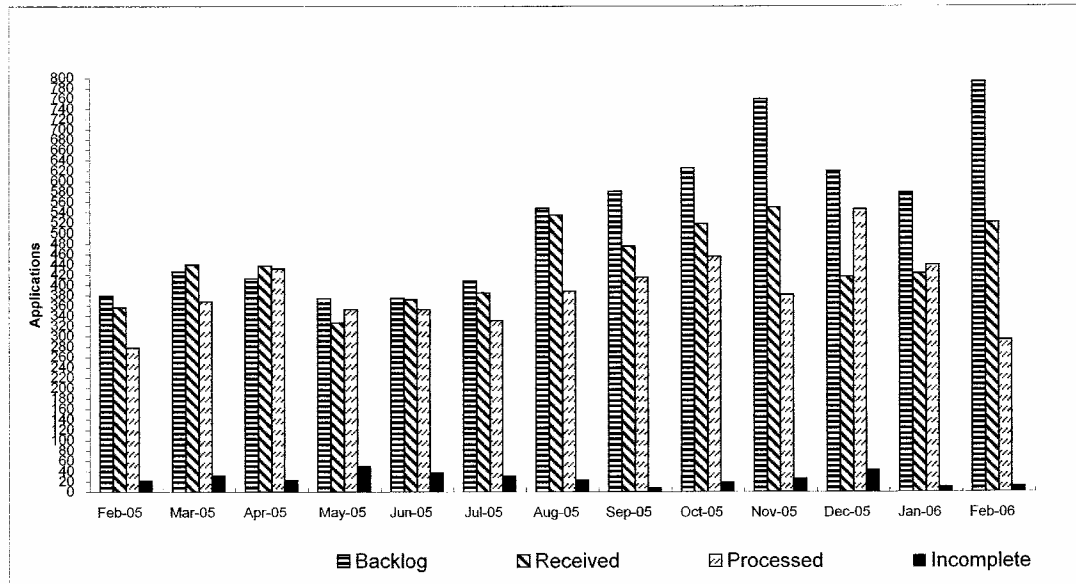
YEAR	MO	Operators		Release		Bonds		Claim		Hearings		Violations		Remediation		Field Insp		
		New	Inactive	Ind.	Blnt	Replace	Ind.	Blnt	Order	NOAV	AOC	OFV	Cmplt	Spills	Rcvd		Comp	
2003	Total	81	72	58	31	124	3	0	45	31	161	7	2	157	222	79	45	7504
2004	JAN	5	10	8	7	5	0	0	9	8	11	4	0	15	23	3	3	622
	FEB	5	4	4	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	623
	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	20	21	4	5	725
	APR	10	5	7	4	13	0	0	7	4	16	0	1	26	21	2	20	426
	MAY	9	5	7	5	14	0	1	NA	NA	15	NA	NA	10	34	0	3	695
	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	2	0	707
	OCT	14	4	6	2	12	0	0	7	6	32	0	0	31	23	2	0	496
	NOV	18	9	3	6	12	1	16	NA	NA	32	NA	NA	31	23	0	2	778
	DEC	12	3	5	2	17	1	4	10	6	32	2	2	31	23	2	0	721
2005	Total	145	72	60	48	149	2	23	60	45	262	5	4	245	312	14	92	7448
	JAN	15	5	17	5	13	0	0	11	10	5	2	1	19	28	0	0	697
	FEB	16	2	6	4	14	0	0	9	6	9	2	0	16	29	6	0	497
2006	Total	31	7	23	9	27	0	0	20	16	14	4	1	35	57	6	0	1194

Colorado Oil & Gas Conservation Commission

Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
Drilling								
Feb-05	279	343	249	8	0	23	342	365
Mar-05	365	413	336	21	0	33	388	421
Apr-05	421	413	418	19	0	24	373	397
May-05	397	319	340	13	0	42	321	363
Jun-05	363	364	340	18	0	38	331	369
Jul-05	369	362	312	20	0	31	368	399
Aug-05	399	508	379	6	0	24	498	522
Sep-05	522	460	391	26	0	8	557	565
Oct-05	565	497	437	18	0	19	588	607
Nov-05	607	535	388	34	0	27	713	740
Dec-05	740	390	531	9	0	43	547	690
Jan-06	590	396	419	24	0	11	532	543
Feb-06	543	501	267	14	0	12	751	763
Recompletion								
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	28	29
Jan-06	29	27	20	0	0	0	36	36
Feb-06	36	20	26	0	0	0	30	30
Total								
Feb-05	308	357	278	8	0	23	356	379
Mar-05	379	440	369	23	0	33	394	427
Apr-05	427	438	432	20	0	24	391	413
May-05	413	327	353	13	0	51	323	374
Jun-05	374	372	353	18	0	39	336	375
Jul-05	375	385	331	21	0	32	376	408
Aug-05	408	535	388	7	0	24	524	548
Sep-05	548	475	415	27	0	8	573	581
Oct-05	581	518	456	18	0	19	604	625
Nov-05	625	550	381	35	0	27	732	759
Dec-05	758	416	546	9	0	44	575	619
Jan-06	619	423	439	24	0	11	568	579
Feb-06	579	521	293	14	0	12	781	793

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

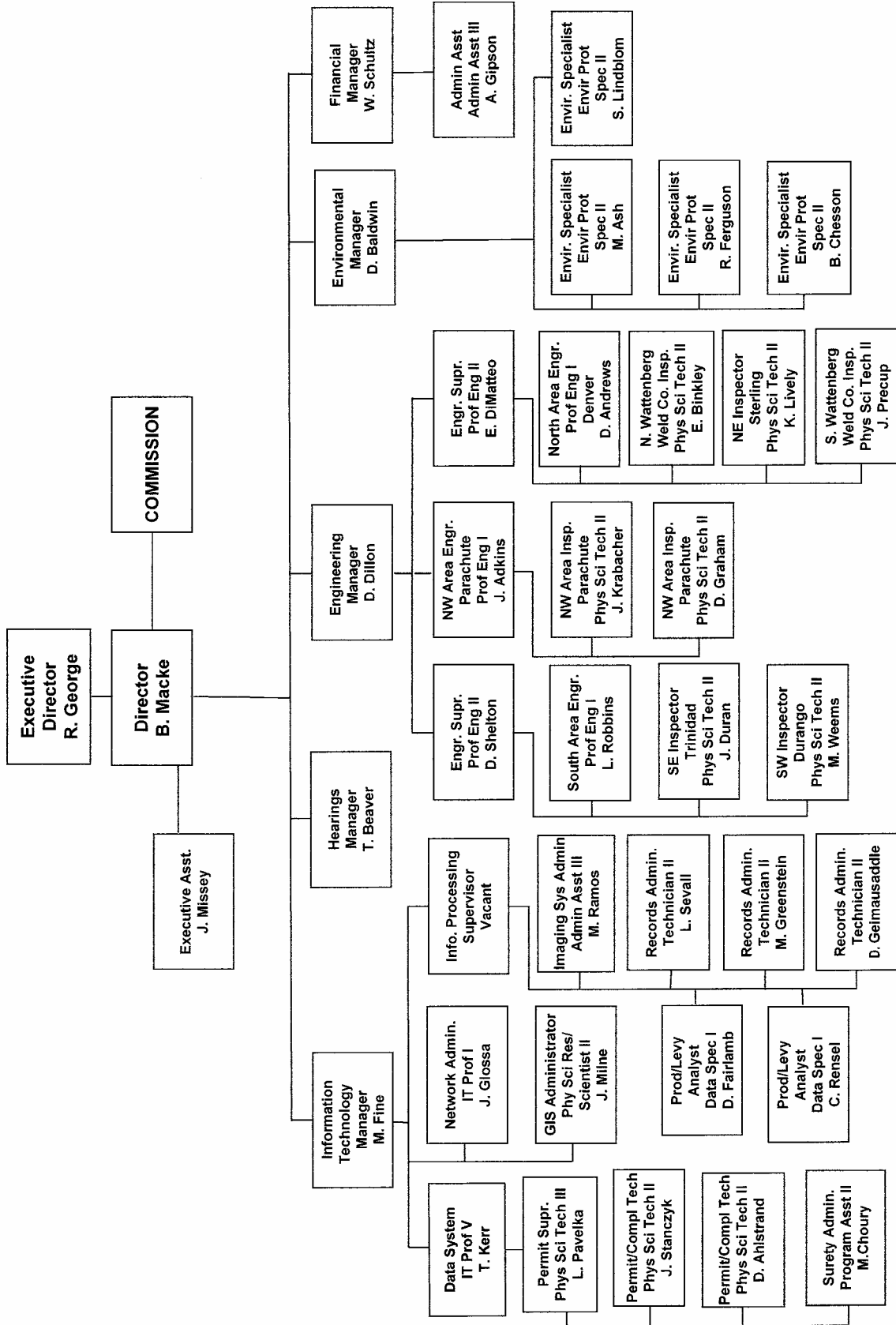


Backlog = Incomplete + In-process = Remaining permits from previous month

Colorado Oil and Gas Conservation Commission															
Drilling Permit Review of Mineral Estate Ownership and Operator Ingress Resolution															
Mineral Ownership	Year	Number of New Drill Permits		Common Ownership of Mineral and Surface Estate		Severed Mineral Ownership		Surface Use Agreement		Blanket Bond		\$2K Individual Bond		\$5K Individual Bond	
		Permits	Percentage of Total New Drill Permits	Permits	Percentage of Total New Drill Permits	Permits	Percentage of Total New Drill Permits	Permits	Percentage of Permits on Severed Mineral Estate	Permits	Percentage of Permits on Severed Mineral Estate	Permits	Percentage of Permits on Severed Mineral Estate	Permits	Percentage of Permits on Severed Mineral Estate
FEDERAL	2000	220	82.73%	182	17.27%	38	17.27%	8	21.05%	30	78.95%	0	0.00%	0	0.00%
FEE	2000	1038	64.45%	669	35.55%	369	35.55%	107	29.00%	261	70.73%	1	0.27%	0	0.00%
INDIAN	2000	49	95.92%	47	4.08%	2	4.08%	2	100.00%	0	0.00%	0	0.00%	0	0.00%
STATE	2000	59	67.80%	19	32.20%	19	32.20%	3	15.79%	16	84.21%	0	0.00%	0	0.00%
Total		1366	68.67%	938	31.33%	428	31.33%	120	28.04%	307	71.73%	1	0.23%	0	0.00%
FEDERAL	2001	342	82.16%	281	17.84%	61	17.84%	16	26.23%	45	73.77%	0	0.00%	0	0.00%
FEE	2001	1593	67.04%	1068	32.96%	525	32.96%	157	29.90%	362	68.95%	6	1.14%	0	0.00%
INDIAN	2001	24	83.33%	20	16.67%	4	16.67%	3	75.00%	1	25.00%	0	0.00%	0	0.00%
STATE	2001	108	80.56%	21	19.44%	21	19.44%	4	19.05%	17	80.95%	0	0.00%	0	0.00%
Total		2067	70.44%	1456	29.56%	611	29.56%	180	29.46%	425	69.56%	6	0.98%	0	0.00%
FEDERAL	2002	288	77.78%	224	22.22%	64	22.22%	18	28.13%	46	71.88%	0	0.00%	0	0.00%
FEE	2002	1412	64.31%	908	35.69%	504	35.69%	178	35.32%	319	63.29%	4	0.79%	3	0.60%
INDIAN	2002	36	72.22%	26	27.78%	10	27.78%	9	100.00%	0	0.00%	0	0.00%	0	0.00%
STATE	2002	79	79.75%	16	20.25%	16	20.25%	9	56.25%	6	37.50%	0	0.00%	1	6.25%
Total		1815	67.27%	1221	32.73%	594	32.73%	215	36.20%	371	62.46%	4	0.67%	4	0.67%
FEDERAL	2003	335	82.69%	277	17.31%	58	17.31%	38	65.52%	20	34.48%	0	0.00%	0	0.00%
FEE	2003	1716	63.52%	1090	36.48%	626	36.48%	238	38.02%	385	61.50%	3	0.48%	0	0.00%
INDIAN	2003	55	70.91%	39	29.09%	16	29.09%	15	93.75%	1	6.25%	0	0.00%	0	0.00%
STATE	2003	49	63.27%	31	36.73%	18	36.73%	6	33.33%	12	66.67%	0	0.00%	0	0.00%
Total		2155	66.88%	1437	33.32%	718	33.32%	297	41.36%	418	58.22%	3	0.42%	0	0.00%
FEDERAL	2004	523	81.64%	427	18.36%	96	18.36%	53	55.21%	43	44.79%	0	0.00%	0	0.00%
FEE	2004	2126	58.98%	1254	41.02%	872	41.02%	326	37.39%	539	61.81%	6	0.69%	1	0.11%
INDIAN	2004	26	80.77%	21	19.23%	5	19.23%	3	60.00%	2	40.00%	0	0.00%	0	0.00%
STATE	2004	127	50.39%	64	49.61%	63	49.61%	23	36.51%	40	63.49%	0	0.00%	0	0.00%
Total		2802	63.03%	1766	36.97%	1036	36.97%	405	39.09%	624	60.23%	6	0.58%	1	0.10%
FEDERAL	2005	697	78.62%	548	21.38%	149	21.38%	129	86.58%	20	13.42%	0	0.00%	0	0.00%
FEE	2005	3443	66.51%	2290	33.49%	1153	33.49%	581	50.39%	563	48.63%	7	0.61%	2	0.17%
INDIAN	2005	28	92.86%	26	7.14%	2	7.14%	2	100.00%	0	0.00%	0	0.00%	0	0.00%
STATE	2005	146	44.52%	65	44.52%	81	55.48%	29	35.80%	52	64.20%	0	0.00%	0	0.00%
Total		4314	67.90%	2929	32.10%	1385	32.10%	741	53.50%	635	45.85%	7	0.51%	2	0.14%
FEDERAL	2006	131	87.02%	114	12.98%	17	12.98%	14	82.35%	3	17.65%	0	0.00%	0	0.00%
FEE	2006	618	67.64%	418	32.36%	200	32.36%	123	61.50%	77	38.50%	0	0.00%	0	0.00%
INDIAN	2006	11	100.00%	0	0.00%	0	0.00%	0	0	0	0	0	0	0	0
STATE	2006	15	86.67%	13	13.33%	2	13.33%	1	50.00%	1	50.00%	0	0.00%	0	0.00%
Total		775	71.74%	556	28.26%	219	28.26%	138	63.01%	81	36.99%	0	0.00%	0	0.00%

This spreadsheet is a review of the oil and gas drilling permits issued in Colorado since 2000. The permits analyzed are those that have no existing well therefore a new ingress and egress arrangement should be created with the surface owner where the surface is not party to the oil lease agreement. If the operator is unsuccessful in negotiating a surface use agreement then they may post a bond.

COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION





IN REPLY REFER TO:

3160
CO-922

United States Department of the Interior

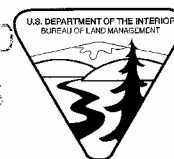
BUREAU OF LAND MANAGEMENT
Colorado State Office
2850 Youngfield Street
Lakewood, Colorado 80215-7093

MAR 10 2006

RECEIVED

MAR 13 06

COGCC



www.co.blm.gov

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

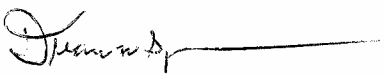
Dear Mr. Macke:

During the week of February 20, 2006, the Colorado Oil and Gas Conservation Commission (COGCC) and the Bureau of Land Management (BLM) successfully plugged and abandoned a well that has been leaking into the Gunnison River for many decades. The well, Billstrom Brothers No. 2 (API #05-029-05014), was drilled in 1936 as a source of CO₂. Subsequent to that time the well began leaking and has been flowing salt water into the Gunnison River. During the last six years the correction of this problem has become a priority for the BLM because of the salt loading into the Gunnison River.

We would like to express our sincere appreciation for the participation of Kevin Lively in the plugging of the well. Without Kevin's dedication and perseverance, the plugging of the well would not have occurred. Kevin's adroit skills in securing the many contractors and resources needed and securing the coordination necessary to adequately plug the well were indispensable.

Many thanks to Kevin and the COGCC for working with the BLM to accomplish this important project. We appreciate your willingness to resolve issues and implement solutions of concern to us both.

Sincerely,

for 
Lynn Rust
Deputy State Director
Energy, Lands and Minerals

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

4300 Cherry Creek Dr. S. Laboratory Services Division
Denver, Colorado 80246-1530 8100 Lowry Blvd.
Phone (303) 692-2000 Denver, Colorado 80230-6928
TDD Line (303) 691-7700 (303) 692-3090
Located in Glendale, Colorado
<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.

Sincerely,

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

OUTSTANDING ENVIRONMENTAL RESPONSE FUND AND BOND CLAIM PROJECTS									
PLUGGING AND ABANDONMENT AND RECLAMATION PROJECTS									
ORPHANED WELLS AND SITES									
FY 05- 06 PROJECTS									
PENDING PROJECTS									
	PROJECT	TOTAL PO	ERF AMT	TOTAL COST	DESCRIPTION				
WELD	KEOTA FIELD SALT KILL	\$21,524	PENDING		REMEDATION & RECLAMATION 10 ACRES TOTAL				
WELD	WINTER #1	\$20,300	IN PROCESS		REMEDATION OIL CONTAMINATION AT HISTORIC BATTERY SITE				
LAPLATA	BRYCE 1X - SITE PREPARATION	\$22,839	PENDING		SITE PREP FOR DRILLING OPERATION				
LAPLATA	BRYCE 1X - RE-ENTRY AND ABANDONMENT	UNK	PENDING		WELL RE ENTRY AND REMEDIATION				
LOGAN	STATE 1 FALCON SEABOARD	\$9,900	IN PROCESS		CLEAN UP TANKS, DEBRIS, OIL CONTAMINATION				
DELTA	BLM DELTA PROJECTS				BLM MATCH MONIES 67% STATE 33% BLM				
DELTA	CLINE GOVERNMENT 1 029-05018	UNK	PENDING		PA AND RECLAIM 1 WELL NEAR DELTA				
DELTA	CLINE FEDERAL 1 - 029-05016	UNK	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			\$4,459	SITE INVESTIGATION OIL CONTAMINATION AT HISTORIC PIT SITE				
DELTA	BILLSTROM BROS WELL			\$64,634	PA AND RECLAIM 1 WELL NEAR DELTA/BLM				
LOGAN	RAMEY & GREEN SALT KILL EVALUATIONS			\$1,892	INITIAL EVALUATIONS OF HISTORIC SALT KILL SITES				
LOGAN	PADRONI #1 & #2 SITE CLEANUP			\$974	PIPE AND CEMENT BLOCK CLEANUP				
LAPLATA	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			\$108,050					

HEARING DOCKET: APRIL 2006

Docket Number	Cause	Applicant/Attorney or Representative	Application Received	Field Formation County	Matter	Remarks
0602-EX-01	440	Williams Production FMT Co./ William A. Keefe	12/28/2005	Grand Valley Williams Fork Garfield	Request for an order allowing an exception location to Order No. 440-23, for the downhole location of the GM-42-1 Well located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 1, Township 7 South, Range 96 West, 6th P.M.	Continued from February.
0604-AW-03	112	Elm Ridge Expl. Co. LLC./ David R. Little	1/30/2006	Ignacio-Blanco Fruitland coal seams La Plata	Request for an order to allow up to four (4) wells in each 320-acre drilling and spacing unit for certain lands in Township 33 North, Ranges 7 through 9 West, N.M.P.M., with the permitted well to be located no closer than 660 feet from the unit boundary.	
0604-SP-16	440	Apollo Energy, LLC/ Stephen J. Suijvan	1/30/2006	Parachute Williams Fork Garfield	Request to amend spacing and allow the equivalent of one well per 10 acres, with the permitted well to be located no closer than 100 feet from the unit boundary, for certain lands in Sections 15 and 22, Township 7 South, Range 95 West, 6th P.M.	
0604-SP-17	191	Antero Resources Co./ William A. Keefe	2/22/2006	Mamm Creek Williams Fork Garfield	Request for an order to establish 320-acre drilling and spacing units consisting of the S $\frac{1}{2}$ of Sections 14 through 17 and the N $\frac{1}{2}$ of Section 17, all in Township 6 South, Range 92 West, 6th P.M., and 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 unit boundary.	
0604-SP-18	139 & 510	Noble Energy Inc. Gregory R. Danielson/ Jamie L. Jost	3/6/2006	Rulison Williams Fork/lies Garfield/Mesa	Request for an order to establish 40-acre drilling and spacing units for certain lands in Township 7 South, Range 94 West, 6th P.M., Townships 7 and 8 South, Ranges 95 and 96 West, 6th P.M., and to allow the option of up to four (4) wells per unit, with the permitted well to be located no closer than 200 feet from the unit boundary.	

PRELIMINARY
04/27/2006

0604-SP-19	143	Maralex Resources, Inc./ Craig R. Carver	3/3/2006	Divide Creek Mesaverde Group Garfield	Request for an order to vacate certain lands in Township 7 South, Range 91 West, 6th P.M. from the provisions of Cause No. 143 and place the lands under the Rules and Regulations of the Commission.	
0604-SP-20	139, 440, 479, 495, 510	Williams Production RMT Co./ William A. Keefe	3/2/2006	Grand Valley/ Rulison/Allen Point Williams Fork Garfield	Request to amend spacing and allow the equivalent of one well per 10 acres, with the permitted well to be located no closer than 100 feet from the unit boundary, for certain lands in Township 6 South, Ranges 93 through 95 West, and Townships 6 and 7 South, Ranges 96 and 97 West, 6th P.M.	
0604-EX-04	1	Delta Petroleum Co./ Micheal J. Wozniak	3/6/2006	Vega Mesaverde Mesa	Request for an order to reduce the setback of wells located within the Vega Federal Exploratory Unit from 600' to 200' for certain lands in Townships 9 and 10 South, Range 93 West, 6th P.M.	
0604-EX-05	112	BP America Production Co./ Erika Z. Enger	3/10/2006	Ignacio-Blanco Fruitland coal seams Archuleta	Request for an order allowing an exception to the permitted location in Order No. 112-157, for a horizontal well to be located no closer than 600 feet from the boundaries of the E½ drilling and spacing unit and for the 130 foot setback to the interior quarter section on line to be eliminated for the Glover GU #2 Well in Section 2, Township 32 North, Range 6 West, N.M.P.M.	
0604-UP-05	139	Williams Production RMT Co./ William A. Keefe	3/7/2006	Parachute Williams Fork Garfield	Request for an order to pool all non-consenting interests for the drilling and completion of the Diamond Elk PA 21-12, Diamond Elk PA 22-12, Diamond Elk PA 41-12 and Diamond Elk PA 42-12 wells located in Section 12, Township 7 South, Range 95 West, 6th P.M.	

