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DATE: September 18, 2006

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MONTHLY STAFF REPORT

I. STATISTICS

- ◆ Our monthly statistics report is attached. As of September 7, 2006, there have been 3,725 Applications for Permits-to-Drill (“APDs”) approved. At this pace, it is estimated that approximately 5,438 APDs will be approved in calendar year 2006. This represents a 24% increase over 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 seven counties as of September 7th are:

County	2006 (% of Total)	2005	2004
Garfield	1092 (29%)	1508	796
Weld	850 (23%)	901	832
Yuma	500 (13%)	782	237
Las Animas	320 (9%)	413	332
Rio Blanco	266 (7%)	161	154
Mesa	189 (5%)	136	54
La Plata	164 (4%)	117	102

- ◆ The following table shows a summary of oil and gas well permits requiring new well locations that have been approved by the COGCC in 2005 and through September 7, 2006. 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 lands, and where surface damage bonds have been posted on severed lands.

Calendar Year	Permits For New Oil And Gas Wells	Surface Owner Party To A Mineral Lease	Surface Owner Is Not Party To A Mineral Lease	Surface Use Agreements	Total Permitted Under A Surface Use Bond	\$25,000 Blanket Surface Damage Bond	\$2,000 Individual Surface Damage Bond For Non-Irrigated Land	\$5,000 Individual Surface Damage Bond for Irrigated Land
2005	4,314	2,923 (68%)	1,391 (32%)	745 (17%)	646 (15%)	637 (15%)	7 (<1%)	2 (<1%)
2006 as of 9/7/06	3,691	2519 (68%)	1172 (32%)	760 (20%)	412 (11%)	409 (11%)	3 (0%)	0 (0%)

II. NORTHWEST COLORADO

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

- ◆ Northwest Colorado Oil and Gas Forum

The next meeting of the Northwest Colorado Oil and Gas Forum has been scheduled for September 21, 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 meeting agenda should contact Jaime Adkins at 970-285-9000 or via email to: jaime.adkins@state.co.us.

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

As part of the FY 2006 budget 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. This is an area that historically has 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.

S.S. Papadopoulos & Associates, the selected contractor, started the field data collection portion of this project on July 30, 2006, and completed all sampling activities on August 16, 2006. Seventy domestic water wells were sampled in portions of Township 6 South, Ranges 91 through 93 West, and Township 5 South, Ranges 91 and 92 West, for general water quality

and the presence of methane 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.

Project tasks are ongoing and include entering field and laboratory data into a COGCC compatible project database and report preparation.

◆ PRESCO Environmental Monitoring – Rulison Area

In July 2006, COGCC received the 2005 Gas Well Drilling Monitoring Report from PRESCO, Inc., which describes the procedures and results of radiation monitoring during drilling, completion, and production of gas wells near the Project Rulison test site in Garfield County. Monitoring activities included screening of drill cuttings and mud, natural gas sampling, produced water sampling and environmental dosimetry badge analysis. Results of produced water and gas sample analysis were received by COGCC in August 2006. COGCC staff is currently reviewing the report and the analytical results. Preliminary data evaluation indicates that no radiation above background concentrations was detected at any location.

◆ Local Project Status Update

Garfield County is currently preparing the Request for Proposal (RFP) bid package for the Phase II Hydrogeological Characterization Project. They anticipate that the RFP will be published by the middle of September 2006.

The Phase I Hydrogeological Characterization Project Report is available on the COGCC website (www.oil-gas.state.co.us, Library, Piceance Basin).

III. **SOUTHWEST COLORADO**

◆ Coalbed Methane (“CBM”) Stream Depletion Assessment Study

The final report for this study is now available on the Division of Water Resources website (www.water.state.co.us) and a link to the report is also posted on the COGCC website homepage (www.oil-gas.state.co.us).

◆ 2005 Fruitland Outcrop Monitoring Report - La Plata County

The report of the results of the 2005 Fruitland Formation outcrop monitoring is available on the COGCC website (www.oil-gas.state.co.us, Library, San Juan Basin). The detailed mapping was performed from June 8, 2005, through June 17, 2005. The Pine River subdivision was added to the outcrop monitoring this year. The detailed seep mapping generally showed that methane concentrations in historically active seep areas are higher than previously detected. The higher methane concentrations were most evident at the historical seep areas in the Florida River, Texas Creek, and the upland areas of Carbon Junction. A presentation will be made to the Commission at the September 2006 hearing.

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

COGCC staff completed preliminary plugging operations on the Bryce 1X well on August 17, 2006. A total of 185 sacks of cement were used to plug the well with the final cement top at approximately 1500 feet. The top of the Fruitland Coal is at 2184 feet. A string of 2-7/8" tubing was left hanging in the well "open ended" to allow the gas trapped in the shallower formations to vent to the atmosphere. The total cost of plugging operations to date, included the construction of the location, is approximately \$300,000.

On August 28, 2006, LT Environmental, Inc. (LTE) conducted a soil gas survey of the area around the Bryce 1-X Well. COGCC staff is pleased to report that the results of that work indicate the aerial extent and concentration of the methane in the gravel terrace deposit have decreased dramatically. The results of this survey have been provided in this report and LTE will make a brief presentation at the September hearing. The next soil gas survey is scheduled for the week of September 25, 2006.

Also on August 28, 2006, Lynn Fechter from Four Corners Geoscience, Inc., collected water samples from the water wells of the nearby houses and fire station for methane analysis. Methane concentrations in the water wells that have previously tested high are still very high. Another sampling event is scheduled for the week of September 25, 2006. If methane concentrations do not begin to decrease soon, then staff will evaluate whether active remediation of the shallow ground water aquifers should be attempted.

◆ Gas and Oil Regulatory Team (GORT) Meeting

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

◆ Gas Seep Mitigation Advisory Committee

Debbie Baldwin attended the September meeting. A presentation will be made by representatives of the committee and their consultants to the Commission at the September 2006 hearing. The work completed to date and the direction and scope of future work will be discussed.

IV. NORTHEASTERN COLORADO

◆ Greater Wattenberg Area Baseline Study

As part of the FY 2006 budget request, the COGCC received funding to conduct a gas and water quality investigation in the Greater Wattenberg Area (GWA) of the D-J Basin. Approximately seventy-eight (78) gas wells and eleven (11) Laramie/Fox Hills water wells in selected townships within the GWA will be sampled. LT Environmental, Inc. (LTE) submitted the successful bid. The contract has been signed by LTE and the COGCC and is pending final approval by the Department of Natural Resources Procurement office, the State Attorney General, and State Controller. We hope to be able to begin work on this project by October 1, 2006.

◆ GWA – Rule 318A Water Well Testing Requirements

Amended Rule 318A was approved at the December 2005 Commission hearing and went into effect on March 1, 2006. As of August 30, 2006, the permitting staff has approved approximately sixty-five (65) Applications for Permit-to-Drill (APDs) with the condition of approval stamp stating “OPERATOR MUST MEET WATER WELL TESTING REQUIREMENTS AS PER AMENDED RULE 318A.”

To date, operators have provided analytical results from ten water wells to satisfy the water well testing requirements for that individual section. COGCC staff will provide the Commission with a quarterly report on Rule 318A water well testing requirements.

◆ Keota Field – Remediation and Reclamation

The Keota Field, located approximately six miles south of Grover, Colorado, in Weld County, was discovered in 1951. Historic practices by various operators resulted in four areas, totaling approximately 10 acres of pastureland, where soils had been severely impacted by produced water. As a result of numerous violations and non-compliance, the surety bond for McCormick Oil & Gas Company was claimed in 1999 (Order No. 1V-175).

Reclamation of the Keota Field began in 2000 when COGCC staff obtained land owners permission to bury approximately 33 cement bases within the field area. During 2001, initial attempts to remediate the 10 acres of impacted soil included tilling and the application of a commercial product known as Reclaim-W. Staff’s evaluation of the results of this initial soil remediation indicated that additional work was necessary.

In February 2003, URS Corporation (URS) collected soil samples from the four areas in a grid pattern to characterize the impacted soils more fully. URS used the analytical results to develop a remediation workplan, which was then implemented. During the spring of 2004 the impacted soils were deeply “ripped” and then treated by applying recommended volumes of agricultural grade gypsum and sulphur. The areas were seeded in the fall of 2005.

Recently the areas were inspected by both COGCC and URS personnel. The impacted areas have shown encouraging signs of re-vegetation and the landowner is reportedly very satisfied by the results. Approximately \$96,555 has been spent on the remediation and reclamation efforts.

V. SOUTHEAST COLORADO

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

LT Environmental Inc. and Apogee Scientific Inc. have been selected to conduct the Phase II Raton Basin Seep Mapping Project. A contract is being developed and COGCC staff anticipate that work on this project will begin in mid October 2006.

◆ Water Well Impacts - Las Animas County

COGCC staff and Pioneer Natural Resources, Inc. (Pioneer) continue to investigate and respond to complaints resulting from impacts to two domestic water wells in the North Fork Ranch Area (NFRA) of Las Animas County. The water well impacts were initially investigated on July 20, 2006. During the investigation COGCC staff observed water being blown out and over the well casing of one of the domestic wells and the water in both wells was discolored, exhibited a noticeable odor, and contained fine grained sediment. Subsequent sampling and analysis indicate that the water quality of the wells had been impacted, including an increase in dissolved methane concentrations.

Based on the results of the complaint investigation two Notices of Alleged Violation (NOAV) were issued to Pioneer. In response to the NOAVs, Pioneer has submitted a Site Investigation and Remediation Plan, Form 27 (Plan) and other documents as required. The Plan has been initiated and Pioneer continues to work cooperatively with the COGCC and the impacted landowners. Pioneer has sampled the impacted water wells six times and continues to provide city drinking water to both households.

Currently, Pioneer is working with the affected landowners and their consulting hydrologist on a project to drill and construct new/replacement water wells. Pioneer is also interviewing the CBM well drilling contractor personnel to establish a detailed timeline of the events leading up to the incident that appears to have caused the water well impacts. Pioneer has also voluntarily agreed with the COGCC to suspend its drilling operations in the four sections close to the Molokai 13-36 Well (Sections 25, 26, 35, 36 T32S, R68W) within the NFRA. Pioneer is not drilling on the NFRA at this time.

Pioneer has also attempted to contact all of the other landowners in the NFRA subdivision and has offered to test their water wells to determine the quality of the water in their wells and to ensure that the extent of the impacts has been defined. Approximately six landowners have responded to Pioneer's offer.

On August 24, 2006, Pioneer held a meeting with the residents of the NFRA to update them about the ongoing remediation and investigation. Pioneer presented information on drilling operations at the Molokai 13-36 Well, the geology of the area, and the results of the recent water quality tests. Members of Pioneer's geosciences, environmental-regulatory, operations, and drilling departments attended the meeting. COGCC staff, including Debbie Baldwin, Dave Shelton, and John Duran also attended the meeting and answered many questions.

In addition to the discussion of the impacts to the two water wells, several landowners brought up their concern about a "sonic boom" that was heard at the Molokai location. Pioneer is re-interviewing its contractors and personnel to attempt to determine what the cause of this loud noise was and whether it is somehow related to the subsequent impacts to the water wells.

The COGCC also received a complaint from the NFRA, alleging an impact to another water well; however, analytical data does not appear to indicate that this well has been impacted. COGCC staff is attempting to obtain the analytical results from a baseline sample collected by NFRA's consultant in 2005. When these data are made available, then staff will be able to compare them with the results from the recent sample and be better able to determine whether the water quality has been impacted.

◆ Stormwater Complaint Las Animas County

On August 17, 2006, the COGCC received a complaint from a landowner in the Left Hand Fork Area of Las Animas County concerning stormwater runoff from several oil and gas construction sites. The complaint included several photographs that appeared to show stormwater runoff containing significant amounts of sediment and foam entering a surface water drainage. COGCC staff investigated the complaint and identified significant erosion and runoff issues. Few best management practices (BMPs) had been installed during the construction of the lease roads and well pads. BMPs that had been installed were not effective. After reviewing the complaint, including photographs from the complainant, it appeared that stormwater runoff was causing a direct negative impact to surface water; therefore, as described in the COGCC stormwater policy, staff referred this complaint to the Water Quality Control Division.

VI. ORGANIZATION

◆ Staff Organization

Oral board examinations were given during the week of August 21, 2006, to a total of ten (10) candidates for the four (4) new Environmental Protection Specialist (EPS) II positions. The job locations for these EPS II positions are Greeley, Rifle, Durango, and Trinidad and some of the candidates have applied for multiple locations. We hope to schedule the final interviews with the candidates during the weeks of September 11 and 18, 2006.

Jaime Adkins has been promoted to the newly created Engineering Supervisor position for the Rifle – Parachute area. Jaime has been with the COGCC for over 12 years and has worked the northwestern portion of the state since he joined the Commission. Jaime has demonstrated his ability to handle this additional responsibility by acting in a supervisory role for the last few years.

VII. PLANNING/ADMINISTRATION/OTHER

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

The Colorado Geological Survey has published an RFP for contractors to bid on the "Coalbed Methane Stream Depletion Assessment Study of the Raton and Piceance Basins." The purpose of this study is to develop a quantitative assessment of the levels of stream depletion (or reduction in formation outflows) that may be occurring as a result of the removal of water by CBM wells. This work will be similar to the study done last year in the San Juan Basin and extends the assessment to other CBM producing basins of Colorado. This study is a joint effort by the Colorado Geological Survey, Colorado Oil and Gas Conservation Commission, and the State Engineer's Office, Division of Water Resources.

The RFP can be accessed at: www.geosurvey.state.co.us. Click on "What's New".

◆ USFS – Enforcement Regarding Bird Deaths in Oil and Gas Heater/Treaters and Other Fired Equipment

On August 29, 2006, COGCC engineering and environmental staff met with Special Agent Jim Hampton, United States Fish and Wildlife Service (USFWS) – Office of Law Enforcement, to discuss the issue of migratory bird deaths associated with heater/treaters and other fired equipment. This is a nationwide initiative. Earlier this year USFWS conducted inspections of many oil and gas facilities in Region 6, including Colorado and other western states, and found the remains of hundreds of migratory birds inside all styles and types of heater/treater equipment. It appears that the birds fly into the stacks or other openings in the heater/treaters and can not get out. The reason for this behavior is not known, but once inside the birds asphyxiate or are burned.

Although this is a significant problem that needs to be addressed, the fix appears to be relatively simply and inexpensive. A mesh or wire screen covering the openings to the heater/treaters may be all that is required.

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

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

Agent Hampton mentioned that during the USFWS inspections produced water pits were also observed. He was pleased to report that of the approximately 50 oil and gas well sites inspected in Colorado only one pit had oil on it. The pumper was at the location at the time of the inspection and was able to remove the oil right away. Agent Hampton acknowledged that overall operators in Colorado are doing a very good job of keeping oil off produced water pits.

Noise Data Project

COGCC staff has completed gathering data for the COGCC noise survey. A total of 206 oil field sites were visited and four “A scale” data points and four “C scale” data points were obtained at each site along with information on the type of installation, distance to nearest residence, and any sound mitigation measures. Forty compressor stations, 42 Ajax driven pumping units, 37 gas engine driven pumping units, and 31 drilling rigs were surveyed along with other types of installations. All surveys were taken between February and August 2006.

Noise survey data will be presented to the Commission during the noise rulemaking portion of the September hearing.

◆ Public Outreach Opportunities

The COGCC provided an informational exhibit display in the Department of Natural Resources building at the Colorado State Fair that was open from August 25 through September 4, 2006. Several COGCC employees volunteered to staff the exhibit display to greet the public and provide information about oil and gas operations in Colorado and about COGCC activities. We would like to sincerely thank the COGCC staff members who participated in this important outreach effort.

Brian Macke provided a presentation about oil and gas development in Colorado and COGCC regulatory activities during an oil and gas panel discussion at the annual Fall Meeting of Club 20 in Grand Junction on Saturday, September 9, 2006. Representatives from the Bureau of Land Management and the U.S. Forest Service were also on the panel to discuss the federal lands oil and gas leasing process.

Brian Macke and Tricia Beaver participated in a community informational meeting in Crestone at the Baca Grande Property Owners Association building on September 12, 2006, to discuss the two-well natural gas exploratory well drilling program that is being planned in the San Luis Valley area by Lexam Exploration. See page 21 for a newspaper article about the project.

Brian Macke provided a presentation about oil and gas development in Colorado and COGCC regulatory activities during an energy panel discussion at a weekend summit on Colorado's Energy Future sponsored by the Vail Symposium in Beaver Creek on Saturday, September 16, 2006.

Northwest Area Engineer Jaime Adkins provided a 20-minute presentation at the Grand Junction Lions Club luncheon on August 29, 2006. He reviewed the mission of the COGCC and the status of development throughout the state, and in the northwest area in particular. The Lions Club is made up of prominent businessmen, civic leaders and concerned citizens and the presentation was well received. Approximately 140 people attended.

Brian Macke has been invited to provide a presentation about COGCC activities and regulation at the American Planning Association Colorado Annual Conference in Telluride on Friday, September 22, 2006.

The COGCC has been invited to provide a presentation about COGCC activities and regulation at a meeting of the Colorado Rural Electric Association in Grand Junction on Monday, September 25, 2006.

◆ Severance Tax Performance Audit

For the past several months, the Office of the State Auditor has been conducting a Severance Tax Performance Audit, which included a review of state agencies within the Department of Revenue and the Department of Natural Resources, including the COGCC and the Division of Minerals and Geology. The purpose of the audit was to review the State's activities related to accurately determining and collecting all severance taxes owed to the State. The processes used by the Department of Revenue and the Department of Natural Resources were evaluated to ensure that oil and gas production is accurately measured and severance taxes are accurately reported and collected.

Recommendation No. 1 from the report, which was the sole recommendation related to the COGCC, was: “The Colorado Oil and Gas Conservation Commission should strengthen controls over oil and gas production measurement by adopting rules requiring producers to provide evidence of the proper maintenance and calibration of production measurement equipment and by working with the Department of Revenue to ensure calibration report data are available and accessible.”

The response of the COGCC to Recommendation No. 1 was: The Colorado Oil and Gas Conservation Commission will work with the Department of Revenue and other stakeholders to review the adequacy of the Commission’s production measurement rules and recommend any necessary rule changes. Specific attention will be given to the requirements that meter calibration reports must be included in the records that the oil and gas operators keep on file and available for inspection. The Commission’s regulatory authority allows the Commission to assist the Department of Revenue in their oil and gas severance tax audits. The Commission will evaluate, with the Department of Revenue, the appropriate role for the Commission during the audit and enforcement process. The Commission will implement the appropriate rules and processes to ensure that meter calibration verification issues are identified and resolved.” The implementation date that was agreed to by the COGCC was June 2007.

◆ Onsite Inspection Policy

Under the Policy For Onsite Inspections On Lands Where The Surface Owner Is Not A Party To A Surface Use Agreement, which was effective for Applications for Permits-to-Drill (“APD”) submitted after February 15, 2005, the COGCC has received to date a total of fifty-four (54) requests for onsite inspections. Fourteen (14) onsite inspections have been conducted, twenty-three (23) requests for inspections have been withdrawn, and seventeen (17) 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 fifty-four requests for Onsite Inspection, thirty-one (31) were for locations in Weld County, twelve (12) for Las Animas County, three (3) for Yuma County, two (2) each for Garfield and La Plata Counties and one (1) each for Archuleta, Boulder, Kiowa, and Adams Counties.

◆ Environmental Response Fund (ERF) Project Status

Attached on page 25 is an Excel spreadsheet listing both completed and pending ERF projects for Fiscal Year ‘06 – ‘07. Pending projects only show funds appropriated or spent to date.

◆ September 2006 Hearing Docket

A preliminary docket for the September 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**

BLM Lease Stipulations Map Layers Now Available

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

LAS File Upload

Beginning August 24, 2006, all digital well logs submitted to the COGCC over the Internet are to be in LAS (log ASCII) format. In addition to the LAS file, an operator can submit the same log file in a PDS format, but the PDS format can not replace the LAS requirement. To submit digital well logs over the Internet, an application must be completed. The application is available from the “Forms” page on 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 rule still requires the operator to submit a paper copy of each well log. (Rule 308A)

Production Information Update

The project to incorporate the production data from before 1999 into the COGIS database environment has been delayed due to technical problems with the development. The release of the new information system is now scheduled for the end of September, 2006. The web pages for Production Data inquiries are being modified to handle the addition of this information. The data for these years is associated by lease instead of by well requiring new types of queries to be created. A new feature on the production data pages will be the ability to download the result sets of the queries.

Helpful Applications on the WEB

Two applications on the COGCC website are there to help operators with the entering of data relating to locations. The first is a Footage calculator. The calculator will take a new latitude and longitude and calculate new footage calls based on the location supplied at the time of permitting. The tool should only be used to compare locations where latitude and longitude were supplied on the permit as required by the December 1, 2005 rule change. The second application converts Latitude and Longitude as measured in degrees, minutes, and seconds into decimal degrees. The decimal degree format is what COGIS is expecting on all forms requiring lat/long coordinates. Both of these applications can be found in the Help area of the website.

Mapping Directional Wellbores Project

This is an industry-sponsored project to make the directional wellbores visible on the Internet map. The project is underway with the application development nearing completion for the COGCC GIS and database applications. The COGCC, along with other states, is working with the Ground Water Protection Council to establish a standard format for electronic submission of directional survey data. The states are gathering their requirements for review and are working towards a delivery date of December 2006 for this format. Once the format is approved, an application will be created for Colorado to receive the directional surveys electronically. Many thanks to Mr. Dewey Gerdorn of Petroleum Development Corporation for his insight regarding the need for such a data set.

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.

Survey Rules Implementation Project

The forms used by operators to submit information on location of wells and completion reports have been modified to accept latitude and longitude data. The form processor applications and database tables have been updated to handle these changes to the forms. The online maps and GIS download files have been updated to switch the datum used to NAD 1983.

Delinquent Operations Report

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.

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 under Rule 502.b. was granted to Antero Resources Corporation to allow two well pads to be built in the SW¹/₄ NW¹/₄ of Section 12, Township 6 South, Range 93 West, 6th P.M. This is a variance to Order No. 510-16. Waivers were obtained from the affected surface owners and Garfield County had no objection.

A variance under Rule 502.b. was granted to Williams Production RMT Company for an exception to the downhole location of the PA 41-0 Well located in the NE¹/₄ NE¹/₄ of Section 9, Township 7 South, Range 95 West, 6th P.M. to allow the well to be located less than 600 feet from the unit boundary. Requests for waivers were sent to the affected owners and no objections to the granting of the variance were received by the COGCC staff.

Record energy pace

Permits for oil, gas drilling in state could rise 19% from '05

August 18, 2006

By Gargi Chakrabarty,
Rocky Mountain News

With about four months left in 2006, Colorado's booming energy industry is on track to surpass an earlier estimate and log yet another record year.

The state issued 3,022 permits to drill oil and gas wells from Jan. 1 through Aug. 1, according to a Colorado Oil and Gas Conservation Commission report released this week.

At that pace, Colorado is projected to issue a record 5,178 permits by year's end, higher than the commission's April estimate of 4,650 permits. The new estimate would be a 19 percent jump from the record 4,363 permits approved in 2005. And last year was nearly 50 percent higher than the 2,917 permits approved in 2004.

"That's pretty big," said Ken Wonstolen, a senior vice president for the Colorado Oil & Gas Association. "Even though there has been some moderation in natural gas prices, there has been no reduction in the activity levels."

Garfield County led with 898 permits, 30 percent higher than the year-earlier period. Weld County was No. 2 with 694 permits, followed by Yuma County, which had 425 permits.

Many factors are behind the unprecedented drilling.

Colorado has a rich reserve of natural gas, especially in the Piceance, Wattenberg and San Juan basins. But most of that gas is trapped in layers of rock. Companies have spent millions of dollars in advanced rigs and drilling technologies to pry open the gas.

Recent spikes in natural gas prices have made it economical for companies to apply those technologies, recover the gas and deliver it to the market.

Companies are investing in the Rocky Mountain area more than in past years because it is the only region with growing natural gas production in the lower 48 states. Other areas such as the Gulf of Mexico and the midcontinent are seeing declining production.

Houston consultant Wood Mackenzie estimates oil and gas companies in the Rocky Mountains are on track to invest \$25 billion through 2010 to drill about 43,000 new wells.

That forecast is based on its analysis of the business plans of the top 34 companies operating in this region.

"The Rocky Mountain region has gained considerable momentum and industry recognition over the past decade and currently plays an ever-increasing role as a key U.S. resource in offsetting the overall supply declines in the other lower 48 (state) gas basins," said Andrew Strachan, a researcher for Wood Mackenzie.

More drilling means more oil and gas.

Based on recent reports, the commission estimates that Colorado will produce a record 3.37 billion cubic feet of natural gas per day by the end of this year - 6 percent higher than a year ago.

The state has more than 30,000 producing wells.

The Colorado Geological Survey estimates the value of the state's oil, gas and carbon dioxide production will be higher than 2005's record \$9.5 billion.

That was nearly 40 percent higher than 2004's \$6.8 million.

Higher production and value mean more royalties and severance tax, and subsequently more revenue for local and state governments, the oil and gas industry often points out.

The combined total of royalties on federal land, state severance taxes, Colorado State Land Board mineral royalties, and rentals and county property taxes on mineral properties was \$530 million in 2005 - 38 percent higher than \$384.5 million in 2004.

But more drilling also means more conflicts - with communities, environmental activists and, in some cases, local governments.

The federal Bureau of Land Management came under fire this month for allowing oil and gas drilling in the watersheds of Palisade and Grand Junction with a one-year suspension, sidestepping objections of local governments and activists.

A week later, the agency leased 14,400 acres of roadless Forest Service land in Mesa County near Grand Junction.

Scientists studying air quality in this region and the perpetual summer smog believe that part of the problem is tied to ozone-forming chemicals related to oil and gas drilling.

State regulators are looking into tighter emission controls for the industry, although Wonstolen said various studies prove that the energy industry contributes a very little to the ozone concentration in the air.

Roan Plateau opened to natural gas drilling

BLM's compromise includes restrictions to save environment

September 8, 2006

By Todd Hartman And Ellen Miller
Rocky Mountain News

GLENWOOD SPRINGS - Federal land managers opened the door to drilling in one of Colorado's richest natural gas reserves Thursday, unveiling a compromise proposal that endeavors to reap the mineral riches under the Western Slope's Roan Plateau while protecting its wildlife and environment.

The long-awaited proposal caps years of contentious debate among industry, green groups and numerous public agencies on how to go about extracting natural gas from underneath 115 square miles of federal land within the ecologically diverse plateau region north of Interstate 70, bookended by the small towns of Rifle and Parachute.

The proposed "resource management plan," released by Bureau of Land Management and Colorado officials, comes with an array of conditions designed to limit the effect of drilling on wildlife and streams - even taking into consideration the views for drivers along I-70. A BLM spokesman described the proposal as "one of the most restrictive BLM has written to date."

Even so, environmentalists and some politicians, including U.S. Sen. Ken Salazar, D-Colo., expressed disappointment and anger that the plan will open up the top of the 9,000-foot plateau region to drilling.

It's an outcome local communities had long pleaded against, fearing it would crimp the millions of dollars spent annually by hunters, anglers and outdoor recreation lovers who treasure the Roan region for its varied landscape which is home to elk, mule deer and mountain lions, lakes and waterfalls, and aspen forests and wildflowers.

"It's not as if we don't have a lot of drilling going on . . . the drilling in Garfield County is staggering. And the Roan was one of those areas where concerned citizens felt we should go a step further in protecting," said Clare Bastable, Western Slope conservation coordinator for the Colorado Mountain Club.

Under the BLM's preferred scenario, half of the plateau region would remain off limits to any drilling activity. Only small pockets of land - 350 acres - atop the plateau could be disturbed at any one time and wells would be clustered together on drill pads that would have to be at least one-half mile apart.

In addition, BLM officials say development would be limited to higher ridges "away from ecologically sensitive canyons and streams." And, in an unusual twist, to better monitor and control disturbance atop the plateau only one company will be allowed to conduct all the work on behalf of all the leaseholders, the agency said.

Leases will be available to any interested energy company but leaseholders will have to agree on a single firm to do the drilling and establish wells.

Industry officials said they supported the efforts to protect the Roan's environment, but were critical of the components of the proposal they said would drag the drilling process out over decades, and reduce "competitive interest" in acquiring leases to drill.

Kathy Hall, Western Slope representative for the Colorado Oil & Gas Association, said her first look at the plan shows "a lot is unknown. It's a new process." She questioned whether a single operator doing the work for all of the companies that eventually obtain leases would be practical.

"If you reduce competitive bidding, you reduce BLM revenues to the federal treasury," she said. "Why bid on something you can't control?"

Ken Wonstolen, general counsel for the association, called the BLM's ecological protection restrictions on the Roan "virtually unprecedented," and could cite only one other place, Otero Mesa in New Mexico, where the agency confines land disturbance to small blocks of land at a time, as called for atop the Roan.

The BLM's decision walks a fine line. On one side have been political pressures from Washington, D.C., to open more public lands to oil and gas exploration.

Vice President Dick Cheney has specifically cited the Roan for fast-track development.

On the other side are loud, local concerns that the region be left alone, or as unblemished as possible, in deference to an economy dependent on recreation and wildlife watching.

"This is not a perfect plan," said Russell George, executive director of Colorado's Department of Natural Resources and a man known for his ability to build consensus. "In government, our obligation is to balance things for all citizens to accommodate as many interests as possible."

George, who hails from Rifle, said he assigned 13 people from various divisions of the DNR to work on the plan with the BLM and locals in Garfield and Rio Blanco counties. He highlighted staged development "one ridge top at a time," clustering drilling facilities, setting aside more than 23,000 acres of wildlife security areas, forming a Parachute Creek Water Management Area to protect water resources and limiting development to one operator.

Even with such restrictions, George said, officials believe industry can recover 90 percent of the natural gas under the plateau.

That's important to energy advocates, who project that the nearly 9 trillion cubic feet of natural gas under the plateau could heat more than two million homes for 20 to 30 years in a time of rising natural gas demand and prices.

Indeed, the Roan is estimated to be home to one-third of Colorado's natural gas reserves and represents more than 4 percent of the nation's 201 trillion cubic feet of proven reserves, according to figures provided by the BLM.

"It is, I think, an innovative plan and we realize not all the elements of the plan will please everybody," said Sally Wisely, director of BLM's state office.

"It will allow oil and gas development on top, but it will be tightly controlled.

"We're committed and obligated to follow our plan."

While environmentalists took pains to note that the BLM was in a difficult political position, serving conflicting masters, they were skeptical that the government would follow through with enforcing all the good intentions outlined in the plan.

"Does the BLM have the people and the resources to make it happen?" asked Steve Smith, with the regional office of the Wilderness Society.

Taking measure of the Roan Plateau

• Resources

115 square miles federal land in the BLM's Roan Plateau planning area; not including 126,000 acres (197 square miles) of public and private land also within the planning area.

8.9 trillion cubic feet estimated natural gas reserves, more than 4 percent of the nation's reserves.

75,000 number of public comments on BLM's 2004 draft presenting four development alternatives.

22,000 acres on the Roan with "wilderness characteristics."

1,570 estimated number of new wells that would be permitted in the planning area, with 210 atop the plateau, 1,360 below on a total of 193 pads over 20 years.

21,034 acres within four proposed areas of "critical environmental concern."

259 miles routes for motorized travel on federal land.

•Wildlife

33 species of mammals - including elk, mule deer, black bear and mountain lion - living on the Roan, in addition to 125 species of birds and 12 species of reptiles and amphibians.

The birds include the American peregrine falcon, a species removed from the federal endangered species list in 1999, the federally threatened bald eagle, and nesting golden eagles.

The Roan is also prime habitat for the Columbian sharp-tailed grouse and greater sage grouse, both listed as species of special concern by the Colorado Division of Wildlife.

8 number of streams on the Roan meeting requirements to be designated part of the Wild and Scenic Rivers System. The plateau's waterways are home to several populations of Colorado River cutthroat trout, which are distinguished by their genetic purity.

• What's next

The release of BLM's proposal is not a final decision. A so-called Record of Decision won't be signed until the completion of a 30-day period for the public to protest the proposal. Gov. Bill Owens also has 60 days to review the plan for consistency with state law.

Tax revenues roll in, but questions remain

Civic leaders see cash influx, but tax law may take it away

September 1, 2006

By Gary Harmon

The Daily Sentinel

Severance tax money poured into western Colorado counties Thursday, with Mesa and Garfield counties and their communities capturing the majority of the cash statewide.

Mesa County and its towns received more than \$5.5 million from the annual distribution, while Garfield County and its communities got more than \$3.7 million from money collected from production of oil and gas, coal and minerals.

Exactly how much the local governments will keep, though, is open to question.

Mesa County's sharp increase, from \$1.1 million a year ago to \$2.9 million this year, poses the possibility the county could exceed its revenue limits under the state Constitution.

"We need to evaluate how much of the revenues we'll be allowed to keep," County Administrator Jon Peacock said. "We won't be in any rush to appropriate them if, in fact, they're ours."

The Mesa County Commission could temporarily reduce its property taxes or other sources of revenue to offset the severance-tax money and hold revenues to constitutional limits, Peacock said.

If allowed to keep the money, the commission has discussed spending it on public works stressed by oil-and-gas development, such as roads, or on efforts to diversify the county economy, he said.

Overall, the department distributed nearly \$17 million statewide from the severance tax fund, with \$9.3 million, or 56 percent going to Mesa and Garfield, the two counties most heavily affected by the oil-and-gas boom.

Grand Junction saw its share rise slightly, from nearly \$1.5 million to more than \$1.7 million.

The additional money "could be a little problem with TABOR, but not huge," said Ron Lappi, administrative services and finance director for the city.

The likely outcome will be an adjustment in the city's property-tax levy to accommodate both the severance tax and increased sales-tax revenues, Lappi said.

De Beque, which last year received nothing, this year received \$155,000 in the distribution, which is based on the number of energy-industry employees who live in affected communities.

"Everybody recognized zero was a joke," Town Administrator Davis Farrar said.

Still, the town didn't budget any money this year from the severance tax fund and will likely earmark the check for one-time capital spending.

"We can't put it into operations," Farrar said. "It's too risky."

Overall, Mesa County and its incorporated communities saw their combined share of the distribution rise from \$2.8 million in 2005 to nearly \$5.8 million this year.

Other communities and their shares are:

Collbran, from \$10,000 to \$27,000.

Fruita, \$152,000 to \$570,000.

Palisade, \$35,000 to \$114,000.

Garfield County saw its combined share increase to \$3.8 million, up from \$2.1 million, with the county itself getting the largest boost, from \$1 million to \$2.4 million.

Parachute saw a slight increase, from \$580,000 to \$589,000, while Rifle's share increased to \$576,000 from \$442,000. Silt's share went up from \$55,000 to \$96,000.

Glenwood Springs received \$42,000, up from \$11,000, and New Castle \$48,000, up from \$20,000.

Other cities received smaller amounts of money from the fund.

Mesa and Garfield counties also received the largest shares of federal mineral lease money, which also is distributed according to energy-industry employees.

Mesa received \$2.3 million and Garfield \$1.4 million.

The five counties in northwest Colorado received 87 percent of the more than \$6.5 million distributed.

Moffat County received \$802,000; Routt, \$720,000 and Rio Blanco, \$474,000.

Unearthing controversy

A Canadian minerals exploration firm wants to exercise rights to test drill for natural gas on the Baca National Wildlife Refuge.

September 3, 2006

By Erin Smith

The Pueblo Chieftain

CRESTONE - A Canadian company wants to drill a pair of natural gas exploration wells on the San Luis Valley's new national wildlife area, the Baca National Wildlife Refuge.

Lexam Explorations maintains a legal right to drill on the land, and notes previous test drilling for gold and oil took place in the early 1990s.

A 1972 agreement gives access to the land's mineral rights to private companies.

Still, the prospect of test drilling taking place so soon after the land's September 2004 dedication as a national wildlife refuge is raising questions among some San Luis Valley residents.

Also, some doubt whether large amounts of natural gas even exist.

Ron Garcia, manager of the wildlife area on behalf of the U.S. Fish and Wildlife Service, said the agency will soon host a second community meeting to address residents' questions.

Recently, "Lexam came to the refuge and said they planned to exercise their right to drill two exploration wells to do a three-dimensional seismic survey," Garcia explained.

When residents learned of the proposal, the public began bombarding his agency, the U.S. Fish and Wildlife Service, with questions, Garcia said.

"I decided to get everyone together," Garcia said.

Early on, "There were a lot of misconceptions about property rights," Garcia said. "Many people did not know that surface rights can be separated from subsurface rights."

The next community meeting on the issue - the second one hosted by local officials - will take place at 6:30 p.m. Sept. 12 at the Baca Grande Property Owners Association building.

Lexam executives, as well as representatives from the Colorado Oil and Gas Conservation Commission, the agency that governs drilling permits, plan to attend, Garcia said.

No firm date for when the drilling will take place has been released publicly.

Lexam continues to cooperate with local officials, Garcia said.

Further, the company willingly agreed to modify some of its plans at the request of the U.S. Fish and Wildlife Service, even though the agency does not govern the permitting process, he said.

The company initially wanted to drill in a wetland meadow but agreed to select a different site when told the refuge features some of the cleanest wetland meadows in the San Luis Valley, Garcia said.

The area also features wildlife, including an isolated, historic population of Rio Grande suckers and Rio Grande chubs, and is home to some sensitive flora, including the slender spider flower, he said.

"We were concerned because it is an especially sensitive area," Garcia said.

"They returned to their geologists and decided to look elsewhere."

The current proposal for the wells would put them 1.5 miles and 2 miles west of the Baca Subdivisions' western boundary in the Willow Creek meadows.

A two-track road is already in place to access one of the well sites, but the road will likely require upgrading. The other well will require the construction of a new road about 1 mile long.

The wells will disturb about two acres of land each, Garcia said.

The refuge covers about 92,500 acres.

In the event any test drilling takes place, the environment must be protected and the site restored to its original condition when the project is done, Garcia said. Garcia said the U.S. Fish and Wildlife Service will continue to work to keep the community involved in the talks.

The Sonoran Institute, an organization that promotes community decisions that respect the land and environment, will also take part in the talks.

Of the mineral rights at the refuge, Lexam now owns 75 percent of the rights and Conoco-Phillips owns 25 percent, according to Lexam's Web site.

The rights have changed hands several times over the years.

According to Garcia, Lexam acquired its rights from Challenger Gold.

Challenger Gold received the rights from American Water Development Inc., a company that sought to sell water from the Baca property to the Front Range but later failed.

AWDI acquired the rights from Tosco Corporation, an oil refiner.

Lexam, a minerals exploration company based in Toronto, Canada, maintains a 14-year interest in the area, starting with gold and then oil and now natural gas.

According to the company's Web site:

"Work on the Colorado oil and gas project began in 1992 with the discovery of oil in 28 shallow-drill holes situated on the western flank of the Sangre de Cristo Mountains.

"Lexam was testing a gold exploration target and, to everyone's surprise, found oil in an area where none was expected," the company states.

Crews extended the test drilling an additional three miles to the west and the results left the company encouraged about the future potential energy resources in the area, the company said.

Prior to 1992, "geologists believed that no rocks favorable for producing hydrocarbons were present" in the area, the Lexam site states.

Baca resident Chris Canaly, who heads the San Luis Valley Eco-System Council, voiced unease over the proposal. "It is unfortunate that the mineral rights were severed in 1972," Canaly said.

She cited concerns over drilling's impact on the watershed, the municipal water system and the aquifer.

Moreover, the chances of finding viable oil and gas at the sites are unlikely, based on her own research, she said. "I would be interested to see why they are doing this," she said.

Another cause of concern to Canaly: Lexam is not the only energy company with renewed interest in the area.

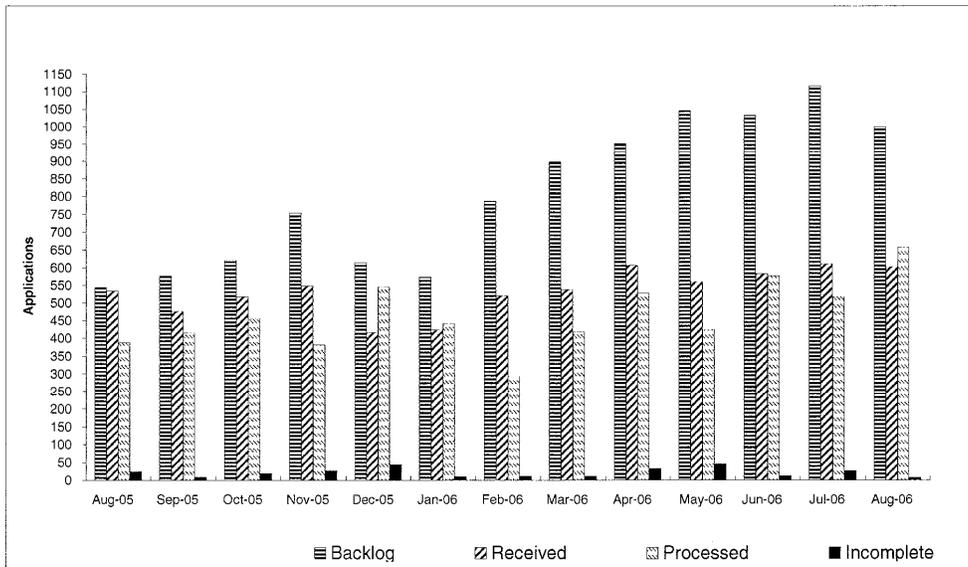
There has been an increase in permit requests for the west side of the San Luis Valley, she said. "There's lots of speculation. It's become a real feeding frenzy," Canaly said.

Colorado Oil & Gas Conservation Commission

Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
Drilling								
Aug-05	395	508	379	6	0	24	494	518
Sep-05	518	461	391	26	0	8	554	562
Oct-05	562	497	437	18	0	19	585	604
Nov-05	604	534	368	34	0	27	709	736
Dec-05	736	390	531	9	0	43	543	586
Jan-06	586	396	420	24	0	11	527	538
Feb-06	538	501	267	14	0	12	746	758
Mar-06	758	508	392	8	0	12	854	866
Apr-06	866	594	501	24	0	32	903	935
May-06	935	532	398	41	0	44	984	1028
Jun-06	1028	546	563	19	0	13	979	992
Jul-06	992	573	482	9	0	26	1048	1074
Aug-06	1074	578	626	58	0	7	961	968
Recompletion								
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	18	18
Nov-05	18	15	14	1	0	0	18	18
Dec-05	18	26	15	0	0	1	28	29
Jan-06	29	28	21	0	0	0	36	36
Feb-06	36	20	27	0	0	0	29	29
Mar-06	29	31	26	2	0	0	32	32
Apr-06	32	13	27	1	0	0	17	17
May-06	17	29	26	2	0	1	17	18
Jun-06	18	38	15	0	0	0	41	41
Jul-06	41	38	36	0	0	0	43	43
Aug-06	43	25	32	3	0	0	33	33
Total								
Aug-05	404	535	388	7	0	24	520	544
Sep-05	544	476	415	27	0	8	570	578
Oct-05	578	518	456	18	0	19	603	622
Nov-05	622	549	382	35	0	27	727	754
Dec-05	754	416	546	9	0	44	571	615
Jan-06	615	424	441	24	0	11	563	574
Feb-06	574	521	294	14	0	12	775	787
Mar-06	787	539	418	10	0	12	886	898
Apr-06	898	607	528	25	0	32	920	952
May-06	952	561	424	43	0	45	1001	1046
Jun-06	1046	584	578	19	0	13	1020	1033
Jul-06	1033	611	518	9	0	26	1091	1117
Aug-06	1117	603	658	61	0	7	994	1001

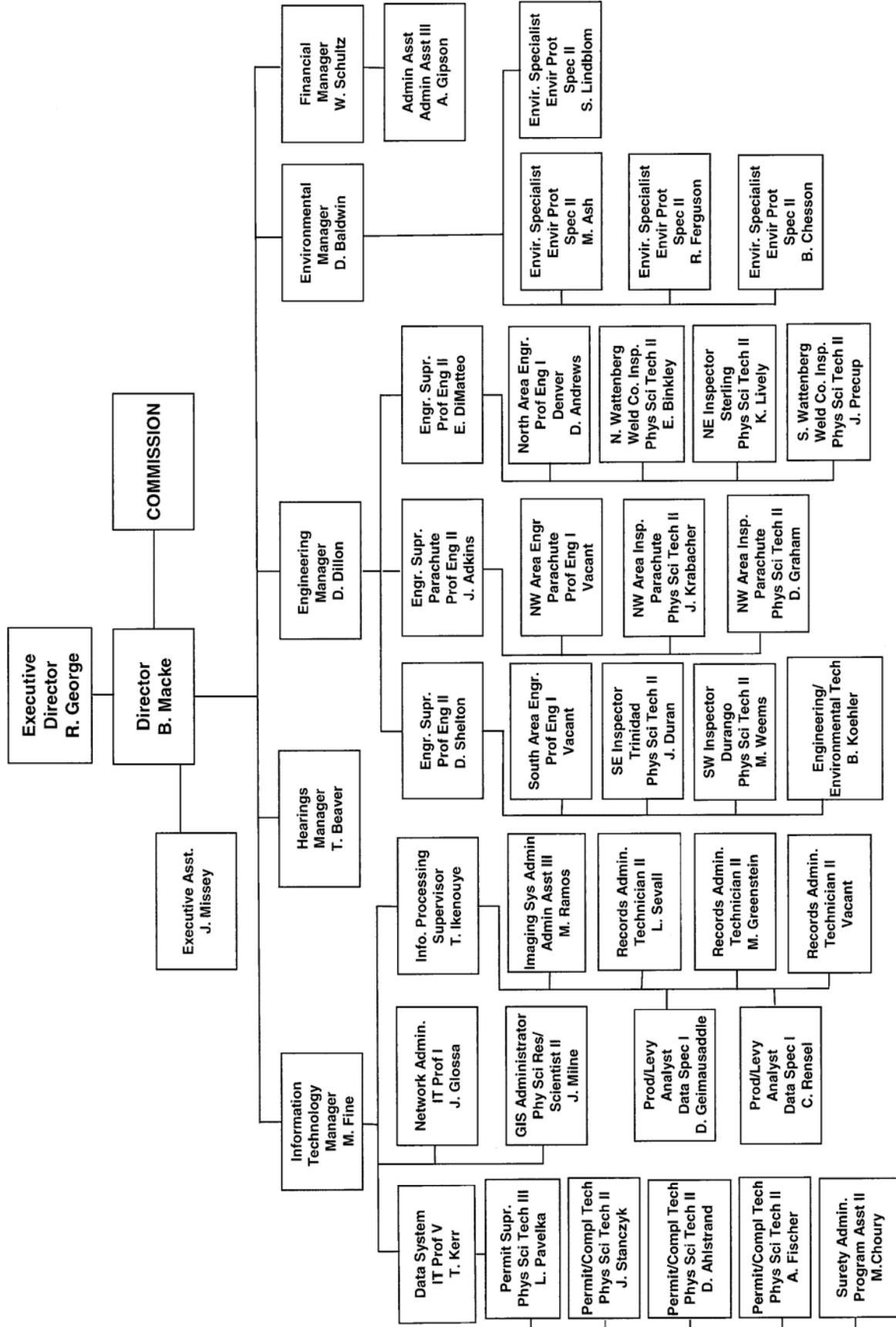
Incomplete are permits that have missing or inaccurate data and cannot be approved.



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

Outstanding Environmental Response Fund and Bond Claim Projects							09/07/2006
Plugging and Abandonment and Reclamation Projects							
Orphaned Wells and Sites							
FY 06-07 Projects							
PLANNED PROJECTS							
	PROJECT					DESCRIPTION	
Garfield	Pittenger Abandonment		Planned FY 06-07			Final Abandonment and Reclamation	
Logan	West Padroni O sand Assessment		Planned FY 06-07			Evaluate/Assess 5 sites with oil contamination	
Logan	West Padroni O sand Remediation		Planned FY 06-07			Cleanup, remediation and reclamation 5 sites	
Montezuma	Sierra Field Oil Contamination Assessment		Planned FY 06-07			Evaluate/Assess 1 site with oil contamination	
Montezuma	Sierra Field Oil Contamination Remediation		Planned FY 06-07			Cleanup, remediation and reclamation 5 sites	
PENDING PROJECTS							
	PROJECT	ESTIMATED COST	BOND AMT	ERF AMT	SPENT TO DATE	DESCRIPTION	
La Plata	Bryce 1X						
	Site Eval. And Wellbore Prep.	\$0	\$0	\$3,874	\$3,874	Digout to Bedrock, Install SRF CSG Section	
	Drill Bits	\$7,000	\$0	\$4,900	\$4,900	Bits	
	Consultant	\$21,000	\$0	\$5,228	\$5,228	Final Bill	
	Dirt Work	\$22,839	\$0	\$16,160	\$16,160	Build Location	
	Bryce 1-X Pit Cleanup		Planned FY 06-07			Abandon and Reclaim Plugging Pit	
	Environmental Monitoring	\$131,000	\$0	\$32,041	\$32,041	Area Gas Detection	
	Well Re-entry and Bottom Hole Abandonment	\$300,000	\$0	PENDING		Work Completed 8/06	
	Bryce 1-X Pit Top Plugging		Planned FY 06-07			Finish PA work after venting	
	Bryce 1X Current Total				\$62,202		
Garfield	Pittenger Bond Claim - wellbore assessment	\$2,501	\$2,500	\$1		Evaluate and Prepare well for final PA	
						Bond amount \$2500	
	Total Encumbered and Pending	\$484,340					
WORK COMPLETED							
La Plata	Sierra Field Reclamation	\$4,700			\$4,700	Well head cutoffs, cleanup and recontour	
	Total Completed				\$129,104		

COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION



Colorado Oil Gas Conservation Commission
Monthly Statistics

YEAR	MO	Baker - Hughes rig count	Permits												Unedited Historic Records	Public Visits			Well Oper Change
			Drilling		Recompletion		Injection		Pits		Active Wells	Data	Office	Internet					
		Apv'd	Rcv'd	Apv'd	Rcv'd	Apv'd	Rcv'd	Apv'd	Rcv'd	Apv'd					Rcv'd				
2003	Total		2249	2322	202	229	18	22	362	381		610	755	261956	3637				
2004	JAN	45	200	240	12	10	0	1	36	7	25283	37	49	31236	378				
	FEB	46	206	217	7	13	4	1	1	1	25423	44	30	31292	239				
	MAR	50	243	302	8	25	2	3	2	9	25561	51	70	32931	358				
	APR	51	254	194	10	8	6	2	34	36	25666	58	64	33241	214				
	MAY	52	196	240	9	17	1	2	4	17	25732	41	56	31958	252				
	JUN	51	258	228	18	13	3	4	6	4	25870	38	46	32273	249				
	JUL	52	208	236	6	6	0	3	7	4	26017	40	43	30939	278				
	AUG	60	236	268	14	19	0	1	8	42	26108	33	39	35060	363				
	SEP	59	258	295	16	17	6	4	33	47	26421	40	61	38247	1919				
	OCT	59	268	281	16	16	2	1	54	29	26657	65	31	42069	498				
	NOV	61	242	284	11	9	1	0	42	19	26819	60	30	42433	327				
	DEC	64	348	335	18	11	0	0	15	4	26968	43	30	41448	731				
2004	Total		2917	3120	145	164	25	22	242	219		550	549	423127	5806				
2005	JAN	65	263	296	7	36	0	3	8	7	27262	60	41	49839	2357				
	FEB	70	249	343	29	14	1	1	17	10	27427	44	71	51277	378				
	MAR	73	336	413	33	27	3	4	36	26	27595	59	34	60298	432				
	APR	69	418	413	14	25	1	1	25	27	27723	58	56	52606	396				
	MAY	65	340	321	13	8	0	2	25	32	27853	46	43	58881	308				
	JUN	69	340	360	13	9	2	3	58	62	28032	58	33	51402	402				
	JUL	69	312	363	19	23	3	4	39	30	28164	50	33	59322	361				
	AUG	75	377	504	9	27	5	5	25	75	28364	67	50	68526	679				
	SEP	78	389	460	24	16	3	1	101	60	28631	57	48	71123	512				
	OCT	86	437	505	19	19	1	0	26	70	28720	51	47	74016	462				
	NOV	85	368	537	13	15	0	3	72	25	28866	61	40	69913	625				
	DEC	83	530	390	15	26	3	0	33	47	28952	58	44	68819	772				
2005	Total		4359	4905	208	245	22	27	465	471		669	540	736022	7684				
	JAN	84	419	396	21	28	2	0	21	2	29181	69	61	82939	673				
	FEB	84	267	501	27	20	0	8	4	5	29384	25	58	82692	453				
	MAR	81	392	508	26	31	0	3	3	1	29751	35	92	114941	529				
	APR	88	501	594	27	13	4	6	33	23	29907	30	152	96193	782				
	MAY	89	398	534	26	27	0	4	19	22	30185	52	60	97575	611				
	JUN	90	563	544	15	37	1	2	41	47	30324	64	61	93241	1149				
	JUL	92	482	573	36	35	7	2	8	52	30397	71	44	94089	369				
	AUG	93	626	578	32	25	2	1	22	30	30613	40	102	86915	22				
2006	Total		3648	4228	210	216	16	26	151	182		386	630	748585	4588				

Colorado Oil Gas Conservation Commission
Monthly Statistics

YEAR	MO	Operators		Release		Bonds		Claim		Hearings		Violations		Remediation		Field Insp		
		New	Inactive	Ind.	Blnkt	Ind.	Replace	Ind.	Blnkt	Apps.	Order	NOAV	AOC	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	530
	MAR	8	10	8	3	12	0	0	3	5	6	0	0	21	21	2	3	725
	APR	10	5	7	4	13	0	0	7	4	16	0	1	26	22	2	20	427
	MAY	9	5	7	5	14	0	1	NA	NA	15	NA	NA	10	34	0	3	697
	JUN	15	11	2	5	14	0	0	7	7	20	3	0	12	39	2	0	650
	JUL	14	9	7	5	14	0	0	6	4	37	0	0	22	28	0	0	538
	AUG	10	2	1	2	6	0	0	4	2	36	0	0	19	28	0	0	565
	SEP	17	5	7	5	12	0	0	3	2	15	0	0	24	31	2	0	708
	OCT	14	4	6	2	12	0	0	7	6	34	0	0	35	23	4	0	499
	NOV	18	9	3	6	12	1	16	NA	NA	14	NA	NA	24	22	2	2	779
	DEC	12	3	5	2	17	1	4	10	6	38	2	2	13	35	4	0	749
2005	Total	145	72	60	48	149	2	23	60	45	255	5	4	228	326	18	90	7490
	JAN	15	5	17	5	13	0	0	11	10	5	2	1	21	31	0	0	1085
	FEB	16	2	6	4	14	0	0	9	6	10	2	0	17	37	4	1	937
	MAR	13	5	5	3	16	0	1	10	5	44	1	2	20	33	6	0	679
	APR	14	8	5	8	13	1	0	9	8	32	0	0	33	38	2	0	598
	MAY	12	5	6	4	10	0	0	NA	NA	16	NA	NA	29	23	0	0	872
	JUN	18	3	2	8	18	0	0	16	16	11	2	0	18	33	2	0	391
	JUL	10	9	2	7	8	0	0	14	11	14	1	2	27	28	0	0	309
	AUG	9	11	7	5	13	0	0	7	6	11	0	0	34	16	4	0	189
2006	Total	107	48	50	44	105	1	1	76	62	143	8	5	199	239	18	1	5060

HEARING DOCKET: October 2006

Docket Number	Cause	Applicant/Attorney or Representative	Application Received	Field Formation County	Matter	Remarks
0609-AW-17	112	Four Star Oil & Gas./ William A. Keefe	7/28/2006	Ignacio-Bianco Fruitland Coal Seams La Plata	Request for an order to allow up to four (4) wells to be optionally drilled in the 320-acre drilling and spacing units for certain lands in Townships 32 and 33 North, Ranges 9 and 10 West, N.M.P.M., with the permitted well to be located no closer than 660 feet from the unit boundary.	Continued from September
0609-SP-43	399	Delta Petroleum Corp./ Michael J. Wozniak	7/31/2006	Vega Williams Fork Mesa	Request for an order to establish 20-acre drilling and spacing units for certain lands in Township 10 South, Range 93 West, 6th P.M., with the permitted well to be located no closer than 200 feet from the unit boundary.	Continued from September
0610-AW-21	510	Chevron USA Inc./ William A. Keefe	8/24/2006	Grand Valley Williams Fork/ Iles/Sego Garfield	Request for an order to allow the equivalent of one well per 10 acres, with the permitted well to be located no closer than 100 feet for the Williams Fork Formation and no closer than 600 feet for the Iles and Sego Formations, from the lease line for certain lands in Township 6 South, Range 98 West, 6th P.M.	
0610-AW-23	191	Windsor Energy Group, LLC./ William A. Keefe	8/24/2006	Mamm Creek Williams Fork/Iles Garfield	Request for an order to allow the equivalent of one well per 10 acres, with the permitted well to be located no closer than 100 feet from the lease line for certain lands in Section 18, Township 7 South, Range 91 West, 6th P.M.	
0610-AW-22	528	Whiting Oil and Gas Corp./ William A. Keefe	8/29/2006	Piceance Creek Williams Fork/Iles/Sego Rio Blanco	Request for an order to allow the equivalent of one well per 10 acres, with the permitted well to be located no closer than 100 feet for the Williams Fork Formation and no closer than 400 feet for the Iles and Sego Formations, from the lease line for Section 3, Township 2 South, Range 97 West, 6th P.M.	
0610-UP-12	440	Williams Production RMT Co./ William A. Keefe	8/30/2006	Parachute Williams Fork Garfield	Request to pool all non-consenting interests in the 320-acre drilling and spacing unit consisting of the S½ of Section 6, Township 7 South, Range 95 West, 6th P.M.	

PRELIMINARY
09/14/2006

0610-UP-13	510	Williams Production RMT Co./ William A. Keefe	8/30/2006	Grand Valley Williams Fork Garfield	Request to pool all non-consenting interests in the 160-acre drilling and spacing unit consisting of the NE¼ of Section 27, Township 7 South, Range 96 West, 6th P.M.
0610-AW-24	139	Williams Production RMT Co./ William A. Keefe	8/31/2006	Rulison Williams Fork Garfield	Request for an order to 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, Range 94 West, 6th P.M.
0610-AW-30	191	Antero Resources Piceance Corp./ William A. Keefe	8/31/2006	Mamm Creek Williams Fork/Iles Garfield	Request for an order to allow the equivalent of one well per 10 acres, with the permitted well to be located no closer than 100 feet for the Williams Fork Formation and 400 feet for the Iles Formation, from the lease line for certain lands in Section 8, Township 6 South, Range 92 West, 6th P.M.
0610-SP-44	191	Antero Resources Piceance Corp./ William A. Keefe	8/31/2006	Mamm Creek Williams Fork/Iles Garfield	Request for an order to establish an approximate 186.3-acre drilling and spacing unit for certain lands in Township 6 South, Range 93 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 200 feet for the Williams Fork Formation and 400 feet for the Iles Formation from the unit boundary.
0610-SP-45	191	Antero Resources Piceance Corp./ William A. Keefe	8/31/2006	Mamm Creek Williams Fork/Iles Garfield	Request for an order to establish an approximate 50.23-acre drilling and spacing unit for certain lands 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 200 feet for the Williams Fork Formation and 400 feet for the Iles Formation from the unit boundary.
0610-SP-46	191	Antero Resources Piceance Corp./ William A. Keefe	9/1/2006	Mamm Creek Williams Fork/Iles Garfield	Request for an order to vacate the 320-acre drilling and spacing units for the S½ of Section 15, Township 6 South, Range 92 West, 6th P.M. established in Order Nos. 191-24 and 25, and establish various drilling and spacing units for these lands.
0610-SP-47	191	Antero Resources Piceance Corp./ William A. Keefe	9/1/2006	Mamm Creek Williams Fork/Iles Garfield	Request for an order to vacate the 320-acre drilling and spacing units for the S½ of Section 11, Township 6 South, Range 93 West, 6th P.M. established in Order Nos. 191-15 and 25, and establish two approximate 160-acre drilling and spacing units for said lands.

0610-SP-48	191	Antero Resources Piceance Corp./ William A. Keefe	9/1/2006	Mamm Creek Williams Fork/Iles Garfield	Request for an order to vacate the 320-acre drilling and spacing units for the E $\frac{1}{2}$ of Section 15, Township 6 South, Range 92 West, 6th P.M. established in Order Nos. 191-21 and establish two approximate 160-acre drilling and spacing units for said lands.
0610-AW-31	440	EnCana Oil & Gas (USA) Inc./ Michael J. Wozniak	9/5/2006	Rulison Williams Fork/Iles Garfield	Request for an order to allow the equivalent of one well per 200 acres, with the permitted well to be located no closer than 200 feet for the Williams Fork Formation and 400 feet for the Iles Formation, from the unit boundary for the E $\frac{1}{2}$ of Section 16, Township 7 South, Range 95 West, 6th P.M.
0610-UP-14	407	Kerr-McGee Oil & Gas Onshore LP/ Michael J. Wozniak	9/5/2006	Wattenberg Codell-Niobrara Weld	Request to pool all non-consenting interests in the 160-acre drilling and spacing unit consisting of the W $\frac{1}{2}$ NE $\frac{1}{4}$ and the E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 24, Township 5 North, Range 66 West, 6th P.M.
0610-UP-15	407	Kerr-McGee Oil & Gas Onshore LP/ Michael J. Wozniak	9/5/2006	Wattenberg Codell-Niobrara Weld	Request to pool all non-consenting interests in the 80-acre drilling and spacing unit consisting of the W $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 24, Township 5 North, Range 66 West, 6th P.M.
0610-UP-16	407	Kerr-McGee Oil & Gas Onshore LP/ Michael J. Wozniak	9/5/2006	Wattenberg Codell-Niobrara Weld	Request to pool all non-consenting interests in the 160-acre drilling and spacing unit consisting of the S $\frac{1}{2}$ NW $\frac{1}{4}$ and the N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 24, Township 5 North, Range 66 West, 6th P.M.
0610-UP-17	407	Kerr-McGee Oil & Gas Onshore LP/ Michael J. Wozniak	9/5/2006	Wattenberg Codell-Niobrara Weld	Request to pool all non-consenting interests in the 160-acre drilling and spacing unit consisting of the NE $\frac{1}{4}$ of Section 24, Township 5 North, Range 66 West, 6th P.M.
0610-AW-25	166	Laramie Energy LLC./ William G. Odell	9/6/2006	Plateau Mesaverde Mesa	Request for an order to 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 10 South, Ranges 94 and 95 West, 6th P.M.
0610-AW-26	386	Laramie Energy LLC./ William G. Odell	9/6/2006	Hightower Mesaverde Mesa	Request for an order to allow the equivalent of one well per 10 acres, with the permitted well to be located no closer than 100 feet from the lease line for Sections 20 and 21, Township 9 South, Range 92 West, 6th P.M.
0610-AW-27	429	Laramie Energy LLC./ William G. Odell	9/6/2006	Brush Creek Mesaverde Mesa	Request for an order to allow the equivalent of one well per 10 acres, with the permitted well to be located no closer than 100 feet from the lease line for certain lands in Township 9 South, Ranges 93 and 94 West, 6th P.M.

0610-AW-28	529	Laramie Energy LLC./ William G. Odell	9/6/2006	Hell's Gulch Mesaverde Mesa	Request for an order to allow the equivalent of one well per 10 acres, with the permitted well to be located no closer than 100 feet from the lease line for certain lands in Townships 8 and 9 South, Range 92 West, 6th P.M.
0610-AW-29	510	Laramie Energy LLC./ William G. Odell	9/6/2006	Logan Trail Mesaverde Garfield	Request for an order to allow the equivalent of one well per 10 acres, with the permitted well to be located no closer than 100 feet from the lease line for certain lands in Township 7 South, Range 97 West, 6th P.M.
0610-EX-08	7	Citation Oil & Gas Corp./ Randall M. Case	9/8/2006	Padroni West Dakota O-Sand Logan	Request for an order allowing an exception location to Order No. 7-3, for the surface location of the DuBois 7H Well located in the SW¼ SE¼ of Section 6, Township 9 North, Range 52 West, 6th P.M. and a bottom hole location in the NE¼ NE¼ of Section 7, Township 9 North, Range 52 West, 6th P.M. to be located no closer than 200 feet from the south boundary of the NE¼ NE¼ of Section 7 and no closer than 400 feet to any existing well producing from the Dakota O-Sand Formation and to pool all non-consenting interests for the drilling and completion of the DuBois 7H Well.