



DEPARTMENT OF NATURAL RESOURCES

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DATE: January 10, 2005

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Division Directors

COGCC Employees

MEGA Board Representatives

Monthly Report Mailing List

MONTHLY STAFF REPORT

I. STATISTICS

Our monthly statistics report is attached. Based on data available to date, the approved Applications for Permits-to-Drill ("APDs") for calendar year 2004 ended at a total of 2,905, which is a dramatic increase over previous projections and a new Colorado all time record high. This total represents a 22% increase over the last record high Colorado drilling permit number of 2,378 set in 1981, and a 29% increase over the 2003 total of 2249.

The 2004 drilling permit totals for the top six counties are:

	<u>2004 (% of Total)</u>	<u>2003</u>
Weld County	831 (29%)	757
Garfield County	792 (27%)	567
Las Animas County	330 (11%)	180
Yuma County	237 (8%)	138
Rio Blanco County	153 (5%)	179
Washington County	129 (4%)	34

We would like to commend Permitting Supervisor Linda Pavelka and Permitting Technicians Elaine Winick and Dennis Ahlstrand for doing a great job during a record setting year.

II. NORTHWEST COLORADO

Attached are newspaper articles of local interest.

◆ Northwest Colorado Oil and Gas Forum

The next meeting of the Northwest Colorado Oil and Gas Forum will be held from **10:00 a.m. until 2:00 p.m. on Thursday, February 17, 2005 at Garfield County Fairgrounds, Rifle, CO**

(in the new indoor arena meeting facility). 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 currently being held four times during the year. The meeting frequency may be adjusted if changing circumstances create a need to do so.

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

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

COGCC and EnCana's investigation of the gas seep in West Divide Creek continues.

The recent reappearance of benzene in weekly monitored surface water sampling locations in West Divide Creek appears to be related to very low water flow and frozen water conditions in the creek. Since the last staff report, only surface sample location DSC2 (the monitoring location directly within the creek seep) continues to have detectable concentrations of benzene. Benzene has not been detected either upstream or downstream of the seep, including new monitoring locations DSC7 and DCS8 implemented in response to the October 2003 reappearance of benzene in the creek. EnCana has also expanded the in-stream air sparging system to provide additional coverage of the creek around the DSC2 sample location. The appearance of benzene in the recent surface water samples is not unexpected given that the shallow ground water at the seep has concentrations of benzene ranging up to 450 ug/l and the low creek flow. Fluctuations in the shallow water table and surface water flow at the creek will result in ground water discharging into the creek or surface water recharging the water table at different times of the year depending upon precipitation and/or snow melt.

EnCana continues to sample 28 domestic water wells, 2 irrigation wells, 1 pond, 2 springs, 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, benzene, ethylbenzene, and xylenes have not been detected in any of the water samples collected from these features. EnCana now is collecting water samples from these sites on a monthly basis, except for 3 domestic water wells where high concentrations of biogenic methane have been observed, which are being sampled on a weekly basis. EnCana continues to supply water to area residences, as requested. Low concentrations of toluene have been observed at several sample sites in recent samplings. Recent resampling of those locations has shown that the toluene detections are the result of sampling error and/or laboratory contamination.

Sampling data from the 27 ground water monitoring wells for Phase II Ground Water Investigation at the creek show a localized shallow ground water BTEX plume coincident with area of main gas seepage. Monthly sampling results show the ground water contaminant plume to be localized in the immediate area of the seep. Remediation of the impacted ground water is discussed in the following section.

The gas seep survey and gas characterization for an approximately 9 square mile area around the Schwartz 2-15B Well and West Divide Creek gas seep area has been completed. Results of the survey are pending and expected near the end of January.

The final Biological Monitoring and Assessment Report summary report for the West Divide Creek Seep prepared by Colorado Mountain College is expected to be completed in early January.

◆ Local Project Status Update

During the August 16-17, 2004 Commission hearing in Glenwood Springs, Colorado, EnCana stipulated to an amended Order Finding Violation finding EnCana responsible for numerous violations of the COGCC rules and regulations that resulted in the release of natural gas and other related compounds from the Williams Fork Formation to West Divide Creek from the Schwartz 2-15B Well. The subsequent fine levied by the Commission and agreed to by EnCana was \$371,200 and has been earmarked for funding three projects.

The largest of these is a hydrogeological study of the ground water and surface water resources of an area within Garfield County, specifically, in four townships south of Silt and Rifle, Colorado (T6SR92W, T6SR93W, T7SR92W, and T7SR93W). The study will focus on the hydrogeology of the Wasatch Formation, in which most water wells are completed, and the surface water resources of West and East Divide, West, Middle and East Mamm, and Dry Creeks, and the ground water in the alluvium adjacent to these creeks.

Garfield County's RFP for this project has been reviewed by COGCC staff and will be finalized and put out for competitive bidding by the middle of January 2005. COGCC staff will participate in the pre-bid meeting and evaluation of the bids. It is anticipated that the contract will be awarded sometime in early February 2005.

An agreement that will formalize the procedures for managing the project and compensating contractors is being developed and will be signed by Garfield County, EnCana, and the COGCC prior to beginning the work. The details of the other two projects will be developed based upon the results of the hydrogeologic study.

◆ West Divide Creek Seep Shallow Ground Water Contamination Remediation Pilot Test

EnCana is currently evaluating a low-flow air sparging system remedial option for the ground water clean-up. Results of the initial pilot test are very encouraging and the COGCC staff feels that this remediation technique appears to be effective and the most appropriate technique in addressing shallow ground water impact from the gas seep. Decisions on implementation of a "full scale" remediation system for the shallow ground water contamination will be made later this spring after further pilot testing is completed.

III. SOUTHWEST COLORADO

◆ Gas and Oil Regulatory Team (GORT) Meeting

The next GORT meeting is scheduled for March 18, 2005.

◆ 3M Technical Peer Review Team Meeting

The 3M Technical Peer Review Team (TPRT) met on December 9, 2004. Approximately 25 people attended the meeting including representatives from La Plata County, Southern Ute

Indian Tribe (SUIT), US BLM, USFS, and five companies with coalbed methane operations in La Plata County. LT Environmental (LTE) presented the results of the 2004 Fruitland Outcrop Monitoring with recommendations for changes to Order Nos. 112-156 and 112-157 requirements. Comparison of the detailed mapping data from 2002 through 2004 appears to show that across the project area increases in methane concentration and the areal extent of methane seepage are more frequent than decreases. COGCC staff discussed our concern about this, in particular where increased gas seepage has the potential to affect public health, safety, and welfare and the environment. We are evaluating our response to this ongoing problem.

In addition, Dick Baughman (SUIT geologist) presented a summary of the pressure data collected from Fruitland monitoring wells located south of the SUIT line and Bill Hawkins (BP) initiated discussion about modifying the bottomhole monitoring requirements. Butch Knowlton and Mike Matheson (La Plata County) expressed the County's concern about the potential for coal fires to start along the Fruitland outcrop and the need to monitor to ensure that, should a fire start, it would be discovered quickly and mitigated. Butch also commended some operators for doing a good job in supplying the County with their emergency preparedness plans, updated emergency contacts, locations of drilling rigs, and activities that require flaring. He stressed that some operators need to do a better job with supplying this critical information and keeping it updated.

The next meeting is scheduled for January 27, 2005. Industry will present its draft recommendations for modifications to the existing requirements for bottomhole pressure and outcrop monitoring and La Plata County will present its recommendations for modifications to the existing requirement for Emergency Preparedness Plans. These will be discussed and finalized so that the recommended changes can be discussed at the next GORT meeting on March 18, 2005. If any modifications are agreed to, then they will be presented to the Commission at a hearing for consideration, approval and incorporation into amended orders.

◆ Order No. 112-156 - Fruitland Outcrop Monitoring – October 2004 Report

The entire report is available on the COGCC website, www.oil-gas.state.co.us under Library, titled Studies in the San Juan Basin, 2004 Fruitland Outcrop Monitoring Report.

IV. ORGANIZATION

◆ Staff Organization

Our current organization chart is attached.

Effective December 21, 2004, Morris Bell's working title changed from Operations Manager to Deputy Director of Operations. While Morris will continue and signature authority with his current duties, this change will provide an additional well defined point of contact when the Director is not immediately available.

The Office Manager position has been reallocated to an Executive Assistant position and as of January 1, 2005 Karyn Zimmerman has officially filled the position. Karyn was hired on November 8, 2004 to fill the vacant Records Administration position and that position was temporarily re-assigned to perform the Executive Assistant duties.

Darla Geimausaddle was hired on January 1, 2005 to fill the Records Administration position.

V. PLANNING/ADMINISTRATION/OTHER

◆ Noise Regulation Update

The Noise Regulation stakeholders group met on December 2, 2003. Representatives of industry, county government, environmental groups, and agriculture were present and discussed possible changes in how the COGCC's noise regulations are enforced. The possible changes discussed included revising the distance noise is measured from a noise source, revising the decibel levels allowed in certain areas, and enforcing special noise levels for low frequency noise. The next stakeholders meeting is scheduled for January 12, 2005.

◆ Public Outreach Opportunities

Brian Macke participated in the second meeting of the "Energy Brainstorming Forum" which has been organized by Club 20 that was held on December 3, 2004 in Glenwood Springs. The group discussed the December 2, 2004 draft of the proposed COGCC Onsite Inspection Policy. The group consists of various energy industry representatives, state and local government officials, and key legislators who are seeking solutions to energy development related issues, including split estate issues.

Brian Macke and other COGCC staff have been invited to participate in an oil and gas training session for the San Miguel County Planning Commission and county staff in Telluride on January 14, 2005. COGCC staff will provide a discussion of COGCC rules and regulations and a description of the Local Governmental Designee program.

Brian Macke has been invited to provide a presentation of oil and gas activity in Colorado and an update on the COGCC to the Denver Metro Chamber of Commerce during the annual Club 20 Denver Legislative Trip on January 20, 2005.

COGCC Commissioners and some of the COGCC staff are invited to attend the annual Department of Natural Resources Legislative Reception at the Colorado Museum of History on Thursday, March 10 at 5:00 p.m. The COGCC is planning to have its exhibit display available at the reception.

◆ Penalties Status

Attached is a revised table showing the status of penalties paid and penalties pending collection.

◆ February Hearing Docket

A preliminary docket for the February 2005 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

In an effort to meet requirements due to rule changes and to streamline COGCC staff and operator processes, the Application for Permit-to-Drill, Form 2, the Sundry Notice, Form 4 and the Certificate of Clearance and/or Change of Operator, Form 10 have been revised. The new versions of the forms are available as Adobe™ PDF file downloads from the COGCC website (<http://oil-gas.state.co.us>) on the forms page. Forms will be mailed upon request, by calling (303) 894-2100 extension 100.

It has been suggested that the Completed Interval Report, Form 5A is lacking sufficient dates to capture the completion date and the date of first production. Any comments on other suggested changes should be sent to thom.kerr@state.co.us.

◆ 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 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
 - These are Adobe Acrobat documents that can be downloaded, completed, printed and mailed. 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, with attachments, 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.
- 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, contacts, staff).
- 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
 - 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

- Hearing and Environmental File Indexing Project
 The indexing of the hearing files is proceeding with over 1588 files indexed. Most all of the Cause Numbers from 100 to 524 have been indexed, with just Cause Nos. 1 through 99 remaining. The NGPA hearing files will be the last files indexed. One person is currently working on indexing the environmental files. Reclamation project files are being scanned and indexed, starting with the largest reclamation projects. Only a few of these have been scanned, with completion expected by June 30, 2005.
- LAS File Upload
 This project will provide operators with a method to submit digital well logs to the COGCC over the Internet. It is in final Beta testing with select operators and will be undergoing recommended changes. This project, originally planned for completion in September, has been delayed primarily due to the need to change the contractor at the outset of the project. Beta testing should conclude in January and the application should be released in February.
- Network Refresh Project
 This project is the replacement of the local area network equipment and the link to the Department for enterprise applications, email and Internet. The equipment is being replaced due to age, and the link is being replaced to provide redundancy and additional bandwidth. The project is at the procurement phase and is expected to be completed by mid March.

- GIS Online Map Application changes
 - Oil or gas field type (oil, gas, CO₂)
 - Colorado places and labels (Current and historic cities, towns, etc.)
 - Zoom to Colorado Places layer features
 - Cities Labels
 - 1:250,000 Topos
 - 1:24,000 Topos
 - Named Peaks

- New Drilling Permit Instructions
This newly created document is available on the Forms page, however, there will be a link to it on the home page for several weeks. There are also links to other pertinent documents related to permit requirements.

- Spacing Orders Project
The spacing orders are being evaluated and posted on the maps, with approximately seventy-five percent (75%) of the state having been reviewed.

- Database Cleanup Project
The database cleanup project has been halted, with almost 35,000 historic well records updated. The project was stopped due to funding availability. There are just under 28,000 well records that have not been updated.

- 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. This project is currently being tested in California with a prototype standard that will then begin a larger review process prior to becoming a national standard.

- Reports Online Project
This project has been delayed for a long period of time due to security configuration issues related to server access, most of which have now been resolved. Remaining issues with communications between applications used to deliver the reports are still being worked through.

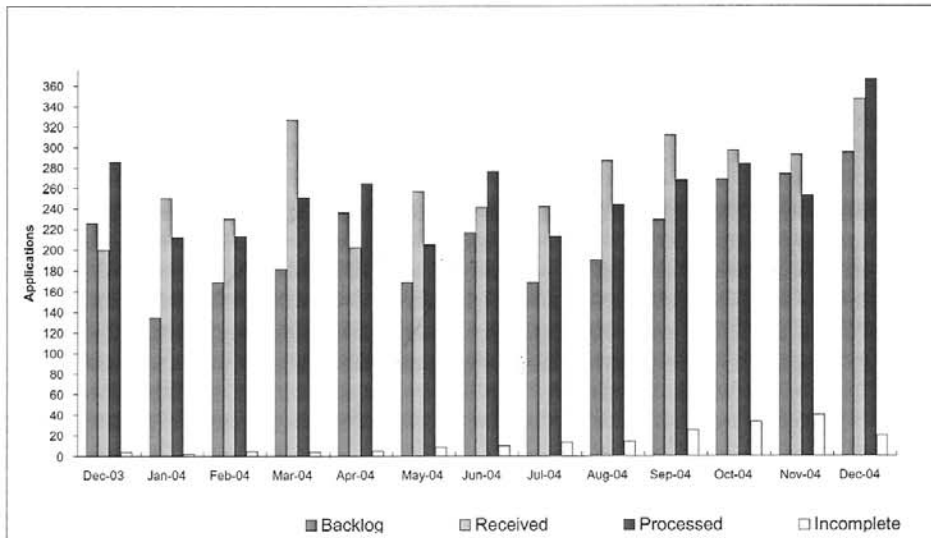
VI. VARIANCES

A Rule 502.b. variance to Order No. 112-157 was granted to Energen Resources Corporation for the Jaramillo 32-6 No. 12-2 Well located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 12, Township 32 North, Range 6 West, N.M.P.M., allowing the bottom hole to be located 330' north and 330' west of the drilling window.

Colorado Oil & Gas Conservation Commission Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
Drilling								
Nov-03	152	204	142	5	0	18	191	209
Dec-03	209	183	259	5	0	4	124	128
Jan-04	128	240	200	2	0	2	164	166
Feb-04	166	217	206	4	0	5	168	173
Mar-04	173	302	243	5	0	4	223	227
Apr-04	227	194	254	5	0	4	158	162
May-04	162	240	196	4	0	9	193	202
Jun-04	202	228	258	9	0	10	153	163
Jul-04	163	236	208	8	0	12	171	183
Aug-04	183	268	230	3	0	13	205	218
Sep-04	218	295	252	4	0	25	232	257
Oct-04	257	281	268	8	0	32	230	262
Nov-04	262	284	242	18	0	39	247	286
Dec-04	286	336	348	4	0	20	250	270
Recompletion								
Nov-03	15	11	4	5	0	0	17	17
Dec-03	17	17	27	0	0	0	7	7
Jan-04	7	10	12	2	0	0	3	3
Feb-04	3	13	7	0	0	0	9	9
Mar-04	9	25	8	17	0	0	9	9
Apr-04	9	8	10	0	0	1	6	7
May-04	7	17	9	1	0	0	14	14
Jun-04	14	13	18	3	0	0	6	6
Jul-04	6	6	5	0	0	1	6	7
Aug-04	7	19	14	1	0	1	10	11
Sep-04	11	17	16	0	0	0	12	12
Oct-04	12	16	16	0	0	1	11	12
Nov-04	12	9	11	1	0	1	8	9
Dec-04	9	11	18	0	0	0	2	2
Total								
Nov-03	167	215	146	10	0	18	208	226
Dec-03	226	200	286	5	0	4	131	135
Jan-04	135	250	212	4	0	2	167	169
Feb-04	169	230	213	4	0	5	177	182
Mar-04	182	327	251	22	0	4	232	236
Apr-04	236	202	264	5	0	5	164	169
May-04	169	257	205	5	0	9	207	216
Jun-04	216	241	276	12	0	10	159	169
Jul-04	169	242	213	8	0	13	177	190
Aug-04	190	287	244	4	0	14	215	229
Sep-04	229	312	268	4	0	25	244	269
Oct-04	269	297	284	8	0	33	241	274
Nov-04	274	293	253	19	0	40	255	295
Dec-04	295	347	366	4	0	20	252	272

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



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

Colorado Oil Gas Conservation Commission
Monthly Statistics

YEAR	MO	Baker - Hughes rig count	Drilling				Recompletion				Permits				Injection				Pits				Active Wells		Unedited Historic Records		Public Visits		Well Oper Change
			Apvd	Rcvd	2301	164	152	164	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Data	Office	Internet				
2001	Total		2271	2301	164	152	22	22	22	235	246											925	1306	104824	6413				
2002	JAN	25	162	178	4	4	2	0	43	27	22873										73	95	11673	1000					
	FEB	27	164	210	9	7	2	1	9	25	22911										76	68	13679	209					
	MAR	25	194	173	8	12	2	3	31	11	22930										58	55	13184	183					
	APR	28	175	177	11	12	3	4	2	26	23040										65	67	12935	737					
	MAY	33	173	202	15	26	6	7	41	10	23098										64	90	14492	207					
	JUN	34	183	124	27	19	0	1	1	5	23156										57	69	13747	499					
	JUL	31	140	171	20	16	2	1	7	30	23242										51	105	14801	199					
	AUG	30	177	167	3	8	1	1	36	14	23273										50	71	15554	209					
	SEP	24	117	170	7	17	2	3	13	37	23352										65	46	15810	184					
	OCT	25	209	188	25	14	5	4	12	11	23488										45	59	18423	539					
	NOV	24	170	148	37	36	3	0	8	31	23608										63	68	15932	348					
	DEC	27	144	143	8	6	2	0	49	2	23711										51	81	15460	241					
2002	Total		2008	2051	174	177	30	25	252	229											718	874	175690	4555					
2003	JAN	31	177	183	8	11	2	2	3	15	23963										82	88	16623	506					
	FEB	32	158	163	21	18	1	0	1	3	24118										62	77	19140	191					
	MAR	30	167	180	5	4	1	2	15	9	24212										51	55	18922	177					
	APR	35	172	179	4	7	2	7	5	24	24363										63	123	21679	198					
	MAY	37	184	198	18	23	5	0	29	132	24445										52	99	22307	477					
	JUN	37	170	190	24	40	0	0	32	21	24489										59	65	20883	339					
	JUL	40	201	200	28	21	0	4	136	17	24589										50	48	22779	417					
	AUG	43	166	226	9	12	0	2	2	32	24655										53	43	17900	245					
	SEP	48	209	188	26	32	2	2	13	30	24808										41	31	22718	234					
	OCT	46	244	228	28	33	2	2	5	54	24901										41	38	29413	389					
	NOV	44	142	204	4	11	1	0	6	13	24911										22	38	27961	208					
	DEC	44	259	183	27	17	2	1	115	31	25042										34	50	21631	256					
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	356					
	FEB	46	206	217	7	13	4	1	1	0	25423										44	30	31292	238					
	MAR	50	243	302	8	25	2	3	2	7	25561										51	70	32931	356					
	APR	51	254	194	10	8	5	2	34	36	25666										58	64	33241	215					
	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	243					
	JUL	52	208	236	5	6	0	1	7	4	26017										40	43	30939	280					
	AUG	60	230	268	14	19	0	1	8	42	26108										33	39	35060	356					
	SEP	59	252	295	16	17	6	4	33	46	26421										40	61	38247	1904					
	OCT	59	268	281	16	16	2	1	54	29	26657										65	31	42069	501					
	NOV	61	242	284	11	9	1	0	38	19	26819										60	30	42433	274					
	DEC	64	348	336	18	11	0	0	15	0	26968										43	30	41448	101					
2004	Total		2905	3121	144	164	24	20	238	211											550	549	423127	5076					

Apvd = Approved, Rcvd = Received, Ind = Individual, Blnkt = Blanket, Apps = Application for Hoisting, NDAV = Notice of Alleged Violation, AOC = Administrative Order of Consent, OFV = Order Finding Violation, Cmpmt = Complaint, Comp = Completed

Colorado Oil Gas Conservation Commission
Monthly Statistics

YEAR	MO	Operators		Release		Bonds			Claim		Hearings		Violations			Remediation		Field Insp
		New	Inactive	Ind.	Blknt.	Replace	Ind.	Blknt.	Apps.	Order	NOAV	AOC	OFV	Spills	Rcvd	Comp		
2001	Total	77	57	33	28	104	2	1	53	40	259	9	2	217	202	97	98	7240
2002	JAN	7	9	3	3	6	0	0	0	7	19	1	2	16	20	17	0	415
	FEB	10	4	1	0	5	0	0	6	4	34	0	1	11	29	6	6	449
	MAR	6	8	3	3	10	0	0	3	2	19	0	2	5	32	8	5	572
	APR	7	10	8	3	10	1	0	5	4	28	0	0	10	11	9	10	353
	MAY	5	11	6	14	6	0	0	NA	NA	29	NA	NA	16	19	4	7	805
	JUN	5	12	3	10	8	0	1	6	4	17	0	1	11	20	5	8	857
	JUL	2	6	2	7	12	1	0	6	5	26	2	0	23	14	10	3	936
	AUG	6	11	6	5	8	0	0	5	4	72	1	1	17	14	2	2	654
	SEP	4	5	8	3	8	0	0	17	16	20	0	14	21	13	5	2	369
	OCT	3	12	8	6	5	0	0	3	2	10	0	0	17	10	7	7	346
	NOV	5	3	3	0	15	0	0	NA	NA	1	NA	NA	15	12	4	3	377
	DEC	3	6	11	4	5	0	0	6	4	5	1	0	14	12	3	5	366
2002	Total	63	97	62	58	98	2	1	63	52	280	5	21	176	206	80	58	6499
2003	JAN	8	6	8	3	5	0	0	3	4	30	1	0	5	20	6	1	522
	FEB	10	7	2	2	10	0	0	4	2	10	1	0	9	16	3	8	590
	MAR	6	8	5	4	13	0	0	7	3	8	1	0	13	17	4	1	655
	APR	6	4	9	1	7	0	0	7	5	24	0	1	22	17	6	1	645
	MAY	5	3	2	5	10	0	0	NA	NA	8	NA	NA	14	17	6	3	857
	JUN	3	6	2	3	8	3	0	7	4	5	1	0	20	20	5	9	765
	JUL	5	6	3	2	15	0	0	0	1	17	0	0	17	23	3	1	529
	AUG	6	7	4	1	8	0	0	6	7	12	2	0	9	14	5	2	631
	SEP	8	12	10	0	10	0	0	3	2	16	0	0	13	21	4	1	702
	OCT	10	7	6	7	12	0	0	2	2	9	0	1	14	24	13	7	589
	NOV	5	3	2	3	12	0	0	NA	NA	9	NA	NA	8	18	21	8	514
	DEC	9	3	5	0	14	0	0	5	2	13	1	0	13	15	3	3	505
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	10	4	0	15	23	3	3	622
	FEB	5	4	4	3	11	0	0	7	3	17	2	0	19	22	5	5	745
	MAR	3	7	5	8	7	0	1	16	16	15	13	0	23	24	13	3	706
	APR	7	8	7	4	11	0	1	4	4	53	1	0	14	22	3	0	566
	MAY	12	3	0	0	10	0	0	8	7	27	2	0	10	22	8	8	984
	JUN	13	6	0	0	10	0	0	NA	NA	24	NA	NA	14	17	9	9	714
	JUL	8	2	4	2	12	0	0	9	4	12	4	0	11	16	14	5	568
	AUG	16	4	2	6	10	0	0	4	3	15	3	1	9	23	4	3	661
	SEP	8	7	8	0	12	0	0	4	4	19	0	0	16	15	10	22	596
	OCT	8	3	3	2	13	0	0	0	0	9	0	0	7	17	10	1	511
	NOV	10	6	9	1	9	0	0	1	1	10	0	2	6	4	0	1	303
	DEC	10	3	5	3	8	0	0	NA	NA	19	NA	NA	2	10	10	8	205
2004	Total	105	63	55	36	118	0	2	62	50	230	29	3	146	215	89	68	7181

Apprd = Approved, Rcvd = Received, Ind = Individual, Blknt = Blanket, Apps = Application for Hearing, NOAV = Notice of Alleged Violation, AOC = Administrative Order of Consent, OFV = Order Finding Violation, Crpnt = Complaint, Comp = Completed

GarCo may see drilling of up to 80 wells a year

By MIKE McKIBBIN
The Daily Sentinel

RIFLE — A new natural-gas operator with a familiar name to Garfield County residents plans to drill up to 80 wells annually, starting next year, and it wants state regulators to approve the closest downhole well spacing in Colorado for an area south of Silt.

Officials with Bill Barrett Corp. of Denver met with area residents in Rifle this week to introduce themselves and explain their plans.

The company includes some key officials with Barrett Resources Corp., a gas operator in the Parachute area for about 20 years. That company was purchased by the Williams Cos. of Tulsa, Okla., several years ago and now operates under the Williams Production name.

Bill Barrett acquired the assets of CalPine, a small gas operator, earlier this year. CalPine drilled four wells and filed applications for six more south of Silt and Rifle in the last year, according to the Colorado Oil and Gas Conservation Commission Web site.

Bill Barrett spokesman Jim Felton said the company welcomed the chance to identify potential issues before they begin operations.

"We realize we're going to have to walk the talk" on proper development practices and how they deal with surface owners, Felton said.

Many area residents were experienced in dealing with the gas industry, Felton said, because of the level of activity already present

with operators such as EnCana Oil and Gas. "So we know the proof will be when the rubber hits the road," he said.

Area resident George Robinson said he wants to make sure Barrett "comes in and does it right."

"I know I'm not going to stop them, and I'm confident we can work things out," he said.

"But they have to step up to the plate, too, and not do some of the things EnCana has done."

Barrett may seek to cross Robinson's property on County Road 326 to drill a well pad on adjacent property.

County Oil and Gas Auditor Doug Dennison said issues such as truck traffic, noise and water protection

were discussed.

"They did say they would honor the two-mile moratorium" on gas development around the West Divide Creek gas seep site, he said.

The oil and gas commission ordered that moratorium after problems with an EnCana-drilled well led gas to bubble up in the creek.

Dennison said he plans to ask county commissioners if they want to take a stance on Barrett's 10-acre downhole spacing plans. Such a designation means directionally-drilled wells could drain gas as close as every 10 acres underground, while the surface spacing of well pads would be much wider.

Area resident George Robinson said he wants to make sure Bill Barrett "comes in and does it right."

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Thursday, December 30, 2004

Aspen Daily News

"If you don't want it printed, don't let it happen."

517 E. HOPKINS * ASPEN, COLORADO 81611 * PHONE: (970) 925-2220

Critics: drilling on top of Roan Plateau not worthwhile

By Judith Kohler/Associated Press Writer

DENVER - Drilling on top of the Roan Plateau would produce up to only 15 percent of the natural gas that federal land managers say is available from the northwestern Colorado landmark, according to environmental and citizens' groups.

The groups said Wednesday that the Bureau of Land Management's own projections of production over 20 years show that drilling the plateau's top isn't worth the potential disruption of wildlife and damage to the biologically diverse habitat.

BLM spokesman Steven Hall called the calculations by the groups, which oppose drilling on top of the plateau, "really a bit of a shameless bait and switch."

"It's not any kind of Enron accounting," Pete Kolbenschlager of the Colorado Environmental Coalition shot back. "Fundamentally, the figures are the BLM's."

The BLM is holding public hearings and gathering comments until March 4 on its proposal to open more federal land on the plateau to oil and gas drilling over the next 20 years. The draft environmental impact statement includes five scenarios, ranging from no new drilling to allowing 1,582 more wells.

Hall said the final plan will be written after analyzing the input and could contain a completely new proposal.

The Roan Plateau, which towers 3,000 feet above the Colorado River valley about 150 miles west of Denver, already the site of a drilling boom, is a magnet for industry because of its vast gas reserves.

Ken Wonstolen, senior vice president of the Colorado Oil and Gas Association, has called the area "some of the most valuable ground around." An after hours message left for Wonstolen Wednesday was not immediately returned.

The BLM estimates gas reserves in the area at 15 trillion cubic feet. The agency's drilling plan would apply only to the 73,602 acres it oversees.

In a recent The Wilderness Society report that is strongly disputed by the BLM, the group quotes U.S. Geological Survey data show the reserves are actually closer to less than one-half trillion cubic feet.

Under the BLM's preferred plan, drilling the top of the plateau would yield only 4 percent of the gas that the agency believes can be extracted, according to calculations by environmental groups.

The yield from the top ranges from 1 percent to 15 percent in the other four options, according to their estimates.

"Under every alternative, using the BLM's figures, only a marginal amount of gas would come from the top of the plateau," Kolbenschlag said.

He and others argue the amount of gas isn't worth disturbing an area that's home to deer and elk herds, bears, mountain lions and rare fish and plants. The Colorado Division of Wildlife has estimated hunting on the plateau generates nearly \$4 million a year for the area economy.

Hall of the BLM said those estimates are disingenuous because they are based on the agency's proposal to defer drilling on the plateau's top until 80 percent of the wells at the base are fully developed. He said that artificially lowers the amount of gas available from the top in the environmentalists' calculations.

"Everybody comes to the public square armed with their own facts. At the BLM, we really a bipartisan group because we talk to everybody," Hall said.

Simply drilling the federal land already leased would allow recovery of 75 percent of the gas as outlined in some of the proposals, said Steve Smith, regional director of The Wilderness Society.

"I think they can still have a very reasonable gas supply without drilling on the top," Smith said.

Training offered for gas-well work

Daily Sentinel

Tuesday, January 04, 2005

RIFLE — Natural-gas workers can receive required training on proper gas well control procedures next week in Rifle, the first time blowout prevention instruction has been made available in one of the highest-producing gas regions in the country.

Colorado Mountain College will offer the six-day class at its Rifle campus.

“This is something that an energy company has to provide its employees,” said college Workforce Training Coordinator Carolyn Tucker. “So if a worker has that training beforehand, they’re much more valuable.”

The class, offered in partnership with San Juan College’s Regional Energy Training Center in Farmington, N.M., was recently certified by the International Association of Drilling Contractors.

“We jumped at the chance to bring an IADC-certified class to our community,” said Tucker. “The IADC certification means a great deal to the oil and gas industry. To bring such a certified class here means our local workforce can take advantage of excellent, state-of-the-art well control training that they would otherwise have to travel out of state for.”

Students will only pay about a third of what they would be charged through other training facilities, Tucker said of the \$725 per person cost that includes all training materials, simulator exercises and a calculator. Enrollment is limited to 12 students.

Classroom lecture, discussion and “hands-on” practical experience with computer-based simulators that create real-life well control scenarios in the drilling, completion and workover phases will be covered.

“They can program any type of local geological conditions into the simulator,” Tucker said, such as the tight sands commonly found in Garfield and surrounding counties.

Since most of the training involves math, a review class is scheduled from 1 to 4:30 p.m. Jan. 9 to let students review key concepts.

For information and to register, call Tucker at (970) 384-8517 or via e-mail at ctucker@coloradomtn.edu.

Groups dispute BLM timetable for Roan Plateau

Sunday, December 12, 2004

By MIKE McKIBBIN

The Daily Sentinel

RIFLE — Natural-gas development could begin on top of the Roan Plateau in seven or eight years, not the 16 years the Bureau of Land Management has identified, according to environmentalists.

A bureau official said the BLM already recognized the first wells could be drilled sooner than 16 years.

The BLM released a draft Roan Plateau management plan and environmental impact statement on Nov. 19. A 90-day public comment period began Dec. 3 and will end March 2, 2005. Three public meetings are scheduled next week to explain the plan and gather input.

Along with energy development, the plan will manage off-road vehicle use, backcountry and wilderness-oriented recreation and habitat protection, livestock grazing and other uses.

The Roan Plateau rises 3,500 feet, just west of Rifle and north of Interstate 70. It is an undeveloped, 73,602-acre island of public land amid a quickly growing complex of gas wells, said Colorado Environmental Coalition West Slope Field Director Pete Kolbensschlag. The group is a member of the Save Roan Plateau campaign and has led the effort to prevent gas drilling on top of the plateau for the last few years.

"I was a little suspicious when they came out with the plan and said they would defer drilling on top for 16 years in a 20-year plan," Kolbensschlag said. "I think it's totally fictitious to say no drilling will occur for 16 years."

The preferred alternative would defer mineral leasing until 80 percent of the anticipated wells beneath the cliffs have been drilled. That was estimated to occur in 16 years. Then, just 51 wells would be drilled over the rest of the 20-year life of the plan, under that alternative.

Clare Bastable, Western Slope conservation coordinator for the Colorado Mountain Club, is part of the Save Roan Plateau campaign. She said current drilling rates move the 80 percent threshold to perhaps six to eight years.

"They used 2001 drilling rates to develop the plan," she said. "Anyone who's spent any time in western Garfield County knows drilling has gone through the roof."

BLM Glenwood Springs Field Office Associate Manager Steve Bennett said no one can accurately predict when the threshold will be reached.

"We acknowledged in there that it could be as soon as 10 years or as late as 20," he said. "It all depends on the drilling rate. We still believe our estimate is reasonable, but we'll consider comments on changing those numbers, too."

Bennett said the current rate includes private and public lands outside the Roan planning area.

Once drilling begins on top, hundreds or thousands of wells will follow, Kolbensschlag said, not just 51.

Bennett said if the threshold is reached sooner than 16 years, it would be likely to see more than 51 wells drilled on top.

“Our stated goal is to manage the area with one (well pad) every 160 acres,” he said. “That’s the spacing the (Colorado Department of Natural Resources) recommended. I think if the industry wanted to get all the gas under that restriction, they’d have to use directional drilling.”

The campaign wants to protect one-third of the area from gas development through a “middle-ground” solution they said would still make available 86 percent of the gas likely to be produced from the area, Bastable said. It would concentrate wells at the base of the plateau.

Bastable said the campaign will urge citizens to contact elected officials to urge them to protect public lands such as the plateau. People can also write letters to their local newspapers in support of the campaign’s proposal, Bastable said.

“We are leaving no stone unturned,” she said. “We’d rather not go to any legal action (to protest the final plan). We’d rather they respond to the public process.”

All three public meetings on the Roan Plateau plan will be held from 6:30 to 8:30 p.m. They are: Monday at the Battlement Mesa Activity Center, 0398 Arroyo Drive; Wednesday at the Garfield County Fairgrounds, 1001 Railroad Ave.; and Thursday at the Glenwood Springs Community Center, 100 Wulfsohn Road.

Mike McKibbin can be reached via e-mail at mmckibbin@gids.com.

Drilling on Roan Plateau is inevitable, BLM official says

Friday, December 17, 2004

By MIKE McKIBBIN

The Daily Sentinel

GLENWOOD SPRINGS — Natural-gas development on top of the Roan Plateau will not be prevented under whatever final management plan for the area is adopted, Bureau of Land Management officials told a crowd of about 90 people Thursday night in Glenwood Springs.

The area's surface resources will be protected, though, with various designations, stipulations and drilling-permit conditions under the terms of the final plan.

The statements came at the third public meeting this week to explain the five draft management alternatives the BLM has proposed for the 73,602-acre area north of Interstate 70 between Rifle and Parachute.

"Two years ago, at a meeting just like this, many of us spoke up for an alternative that would not allow any drilling on top of the plateau," Glenwood Springs resident Jerry Vanderbeek said. "What happened with the BLM's thinking to come up with a preferred alternative that does allow drilling on top" in time?

Glenwood Springs Field Office Associate Manager Steve Bennett said the earlier, preliminary alternative, known as alternative F, was not the bureau's "preferred" alternative it must identify in draft management plans.

"Within this range of alternatives, we still have those elements," he said. "We can consider those as we go into the final plan."

Planning and Environmental Coordinator Greg Goodenow said the preferred alternative, No. 3, was the one that responded to the concerns of the various local governments in the area.

It includes a "deferred leasing and drilling" provision that would not allow drilling on top until 80 percent of the anticipated wells over the 20-year life of the plan are drilled around the base.

Carbondale Town Trustee Russ Criswell said local government supported alternative F two years ago "and we still support the basic premise of not drilling wells on top. But I don't see you taking that into consideration."

Project Manager Allen Crockett said the congressional act that transferred the former Naval Oil Shale Reserves from the Energy Department to the Interior Department said the land "must be made available for leasing, so all these alternatives make most or all of the area available. But the BLM also operates under the (Federal Land Policy and Management Act) that calls for multiple use."

"No gas wells will be permitted solely based on this document," Goodenow said. "A gas lease is a contract that can only include the stipulations and restrictions that are in the final plan, that's true."

Each well requires a drilling permit, which allows the BLM to have some more control over how it is developed.

The BLM will take public comments on the draft plan and environmental impact statement BLM through March 4.

Area governments are expected to hold public meetings in coming months to gather more comments and then give their input to the BLM by the March 4 deadline.

Rulison drilling delayed

[By Dennis Webb](#)

Post Independent
December 3, 2004

A Texas company has postponed plans to drill near the site of the Project Rulison underground nuclear explosion, but only until next year.

Presco Inc. had hoped to drill some wells this fall, but operational issues have delayed the work until April 2005 at the earliest, said Kim R.W. Bennetts, vice president of exploration and production for the company.

Lack of access to drilling rigs and transportation pipelines are two of the factors behind the delay, Bennetts said.

However, Presco plans to proceed with drilling in the vicinity of the Rulison-area property where the federal government set off a proton bomb underground in 1969. The purpose was to see whether the explosion could free natural gas from sandstone formations about 8,500 feet underground.

The test was deemed a failure due to the radioactivity in the gas, but the federal and state governments say nearby gas drilling shouldn't present a danger.

However, the Colorado Oil and Gas Conservation Commission in February ruled that Presco could not drill within a half-mile radius of the test site bore hole without approval from the U.S. Department of Energy. That's an area covering about 500 acres.

Presco had previously been required not to drill on 40 acres around "ground zero" of the Project Rulison site.

Area residents have voiced concern that the drilling could lead to radioactive contamination of well water and other public safety threats.

Presco has been meeting with residents to explain its plans and also is voluntarily sampling water wells, surface springs and seeps for radioactivity, naturally occurring methane and pollution, Bennetts said. It is doing some of that testing this week, and a total of more than a dozen sites will be tested.

"We're just doing it just because we want to make sure people are satisfied," Bennetts said.

"We're going to try to bend over backwards to do what we can to assure everyone's safety, including our own," he said.

Presco's delays result in part from what Bennetts described as a monopolization of a limited number of drill rigs by the big natural gas producers in Garfield County. Because companies such as EnCana Oil & Gas do so much drilling in the county, they are preferred customers and can sign long-term contracts with drillers and other production-related contractors.

"It's more difficult for us to get a drilling rig," Bennetts said. "We may have to bring in a rig from somewhere else."

Presco's plans also have been delayed by EnCana's purchase of Tom Brown Inc., another local

energy producer. Presco had been partnering with Tom Brown on its project in Garfield County, but EnCana has other priority areas in the county for drilling, Bennetts said.

Bennetts said the delays are disappointing in some respects, but also provide Presco with an opportunity to work to avoid problems such as those EnCana has experienced with the seeping of natural gas into West Divide Creek south of Silt. The state fined EnCana a record \$371,200 this summer for that seep.

Bennetts said the main concerns Presco is hearing from residents have to do with the standard problems arising from gas development, such as water pollution and truck traffic. But he said a small number remain worried about a radioactive catastrophe resulting from Presco's drilling.

Bennetts said he respects those concerns, even if he doesn't share them, and Presco is trying to do what it can to assure the public that it can proceed with drilling safely.

Wesley Kent is among those with properties in the Rulison area who continue to fear the possible results of drilling near the Project Rulison site.

Kent attended the recent Northwest Colorado Oil and Gas Forum in Rifle, where a resident south of Silt, Laura Amos, told of the state issuing EnCana a notice of alleged violation early this year due to contamination of her water well by gas believed to have come from an EnCana well.

"This same thing could occur where I live," Kent said. "I can't imagine what kind of cleanup you'd have on that."

Kent fears that radioactive gas could end up being shipped in pipelines to homes. And he wonders why drilling should be allowed so close to the nuclear test site when there are so many other places to drill in the area.

Kent said he thinks Presco is doing the best it can to proceed in a safe manner. But as a smaller producer, its finances are limited, and even if it was a much bigger company he questions whether it can drill in a manner that protects the public.

But Bennetts cites both Department of Energy and Colorado Oil and Gas Conservation Commission findings that drilling can safely occur near the test site.

All the gas freed by the nuclear blast was produced and burned off at the surface, Bennetts said. The radioactivity at the site wasn't high to begin with, and since has decreased to below background levels, he said.

The blast formed a sealed cavity underground, according to state and federal authorities.

"Even if you drilled a well into that cavity again, there's very little radioactivity remaining to be produced," Bennetts said.

But authorities say drilling limits will prevent the cavity from being touched. COGCC director Brian Macke said the COGCC was "very careful" in its decision governing drilling in the area, and will require strict conditions such as reports from Presco showing tracking of directional drilling to make sure the cavity isn't disturbed.

Bennetts said it's in Presco's own interests to drill safely in the area.

"We couldn't sell radioactive gas and we wouldn't," he said. "I'm going to be out there. I've got a geologist next door to me who's going to be out there. We wouldn't be out there if there's going to be a problem."

In fact, Bennetts pointed out, Presco already drilled one well about one and a half miles west of the Project Rulison site. That well isn't producing gas yet because Presco couldn't get it hooked up to a pipeline. Bennetts expects the company to complete work on the well this spring.

Though it's not required, Presco will have gas from the well tested for radioactivity, he said.

"We're spending money that we're not required to spend," he said.

Gas testing will be required for wells closer to the site. Presco also plans to test the mud and cuttings from some of the wells it drills. The gas samples will be sent to an Energy Department lab in Illinois.

Presco currently plans to drill between 12 and 15 wells on several thousand acres of land between a half-mile and three miles from the nuclear test site, Bennetts said. It plans to proceed with that drilling first rather than immediately seeking Department of Energy approval for wells closer to the test site, he said. Presco currently plans to drill between 12 and 15 wells on several thousand acres of land between a half-mile and three miles from the nuclear test site, Bennetts said. It plans to proceed with that drilling first rather than immediately seeking Department of Energy approval for wells closer to the test site, he said.

BLM agrees to EnCana plan for 327 wells on county border

By Dennis Webb

December 8, 2004

Post Independent

The Bureau of Land Management has signed off on a plan that could result in EnCana Oil & Gas drilling 327 wells from 120 pads on the border of Garfield and Rio Blanco counties.

The BLM's White River Field Office, based in Meeker, approved a geographic area plan submitted by EnCana for the Piceance Basin's Figure Four federal unit, an area whose outline roughly resembles the numeral 4. The land totals 17,385 acres, and is located southwest of Meeker and northwest of Parachute.

About 6,700 acres are federal land, about 9,200 acres are private land with federal mineral rights, and the rest consists of private surface lands with private mineral rights. The land is fairly evenly split between Garfield and Rio Blanco counties.

The plan is intended to be a management tool to plan for oil and gas development and analyze impacts over a broad area. EnCana still must file applications to drill individual wells.

The BLM conducted an environmental assessment and approved the plan with a list of conditions aimed at minimizing environmental impacts.

"The approved mitigation measures result in a Finding of No Significant Impact on the human environment," the BLM stated in its plan approval.

"Therefore, an environmental impact statement is not necessary to further analyze the environmental effects of the proposed action."

The BLM has ordered the relocation of 20 proposed well pad locations, and/or their corresponding access locations, to reduce environmental impacts. Another 32 pad sites and/or access roads underwent more minor shifts in location or orientation.

The plan allows long-term disturbance of 480 acres, and includes 33 miles of new roads and 35 miles of upgraded roads. It would result in about 71 miles of pipelines for gas and water produced in drilling, and two compressor stations.

"As part of this GAP we have tried to mitigate impacts associated with natural gas development while still developing an important energy resource," BLM White River field manager Kent Walter said. "EnCana will use directional drilling and existing roads where possible to minimize impacts to other resources in the area."

Thirteen exploratory natural gas wells were previously drilled in the federal unit, and several of them indicated further drilling would be commercially viable, the BLM said in its plan. It also said the project is in keeping with Garfield County's comprehensive plan and zoning for the area, which provide for resource extraction.

"In brief, the project would be consistent with the planning objectives and goals of Garfield County, provided conditional or special use permits are obtained where required and are complied with by

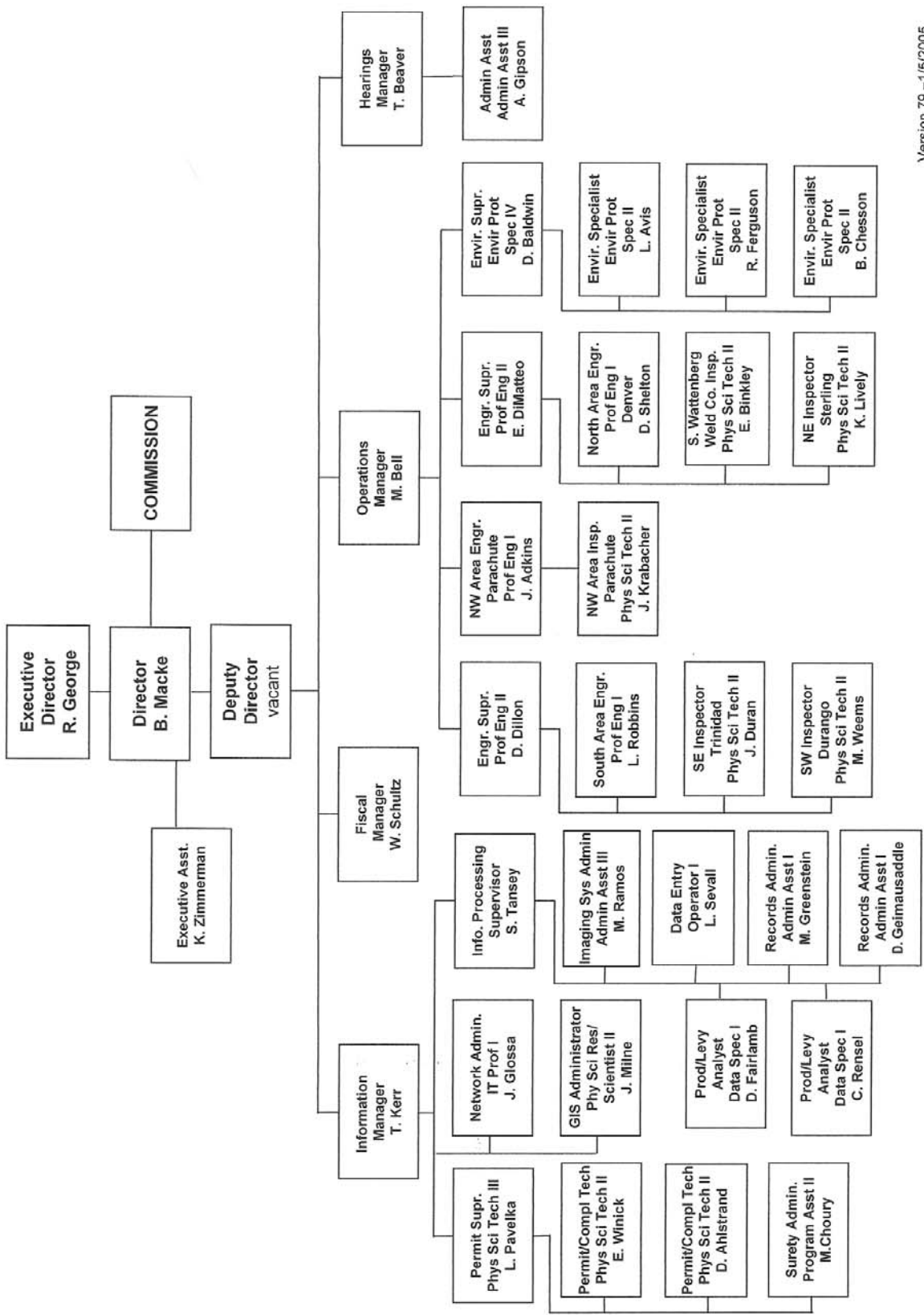
EnCana," the plan states.

The plan anticipates that the drilling work would be carried out over a three- to four-year period, beginning as soon as this year. Work would be seasonal due to the elevation and north-facing aspect of much of the land involved.

An estimated 175 workers would be needed for the energy development. The plan projects that it would add an average of 86 commuter roundtrips per day from communities such as Meeker, Rifle, Silt and Rangely.

In November, the BLM approved a plan for EnCana to drill up to 100 natural gas wells on Grass Mesa south of Rifle over the next two to three years. That planning area includes nearly 10,000 acres, with more than 40 percent of it public and nearly 60 percent private. In November, the BLM approved a plan for EnCana to drill up to 100 natural gas wells on Grass Mesa south of Rifle over the next two to three years. That planning area includes nearly 10,000 acres, with more than 40 percent of it public and nearly 60 percent private.

COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION



PENALTY PAYMENT STATUS
01/06/05

I. PENALTIES ASSESSED/PAID

Fiscal Year	# of Orders Issued	\$ Amount Assessed	# of Orders Paid	\$ Amount Paid	# of Orders Waived	\$ Amount of Orders Waived	# of Orders Paid through Collections	\$ Amount of Assessed Penalties Later Uncollectable
90-91	4	\$32,300	4	\$32,300	0	\$0	n/a	\$0
91-92	0	\$0	0	\$0	0	\$0	n/a	\$1,500
92-93	6	\$10,000	2	\$6,500	0	\$0	n/a	\$47,608
93-94	12	\$263,608	7	\$105,000	0	\$0	n/a	\$18,247
94-95	10	\$83,817	4	\$21,805	4	\$139,000	n/a	\$0
95-96	29	\$238,250	19	\$154,000	3	\$20,750	n/a	\$0
96-97	13	\$79,500	8	\$29,500	0	\$0	n/a	\$32,750
97-98	30	\$140,500	22	\$74,750	0	\$1,000	n/a	\$2,000
98-99	19	\$74,000	18	\$66,500	2	\$25,000	n/a	\$2,000
99-00	23	\$110,500	12	\$59,460	0	\$3,000	2	\$11,000
00-01	18	\$85,500	16	\$30,500	0	\$6,000	0	\$0
01-02	10	\$38,000	5	\$23,000	0	\$0	0	\$0
02-03	23	\$47,750	7	\$24,750	0	\$0	0	\$0
03-04	26	\$129,000	24	\$85,000	0	\$0	0	\$0
04-05	9	\$478,200	6	\$72,000	0	\$0	0	\$0
Totals	232	\$1,810,925	154	\$785,065	9	\$194,750	2	\$115,105

II. DELINQUENT PENALTIES

Order Number	Date Issued	Violating Entity	Penalty Assessed	Violations	Status	Referred to Collections
1V-58	03/15/93	Gear Drilling Company	\$2,000	Rule 305, 319.a.(2)	Work completed per order	Yes
1V-73	08/23/94	Western Oil Company	\$2,300	Rule 317.a.8	Bond forfeited 11/01/95	Yes
1V-82	05/19/95	Joseph V. Dodge	\$14,000	Rules 210.b., 305., 307., 317.b.(3), 604.a.(4)	\$30,000 bond claimed 11/96/penalty unpaid/No assets.	Yes
1V-93	11/21/95	Tipps Drilling Co.	\$60,000	Rules 604.a.4., 902.e.&f.	AOC negotiated	Yes
1V-110	05/21/96	Kana Resources, Inc.	\$3,500	Rules 303.a., 306., 317.b.1.	District Court decision entered/\$10,000 bond claimed	Yes
1V-114	08/04/96	Mr. Jim Snyder	\$10,000	Rules 308., 317.l., APD		Yes
1V-124	07/01/97	Nerdilhc Company Inc.	\$9,000	Rules 326.b.1., 319.b., 210.b.		Yes
1V-132	11/24/97	Eros, Inc.	\$24,000	Rules 319.b., 326.b.	\$30,000 bond claimed 5/98	Yes
1V-167	01/05/99	Pacific Midland Production	\$1,000	Rule 326.b.	Bond claimed	Yes
1V-170	03/25/99	Allen Oil & Gas, LLC	\$12,000	Rules 904., 905., 603.g., 906., 909.b.(2) &(5), 91	Work to be completed by July 1, 1999.	Yes
1V-175	08/19/99	McCormick Oil & Gas Co.	\$18,000	Rules 1004., 319.b.(3), 326.b., 206., 309.	McCormick in bankruptcy-Bond claimed	Yes
1V-177	08/19/99	Faith Energy Exploration, Inc.	\$3,500	Rules 308A., 308B., 326.b.	Bond Claimed	Yes
1V-191	02/15/00	Cascade Oil	\$1,000	Rule 326.b.(1)	Bond claimed	Yes
1V-202	11/30/00	Robert Ziegler	\$2,000	Rule 326.b.	Bond claimed	Yes
1V-204	12/19/00	Allen Oil & Gas, LLC	\$60,000	Rule 326.b., 324A.a., 904., 905., 906.b.(1), 90	Bond claimed	Yes
1V-211	05/31/01	Sierra Production	\$500	Rule 302.a.		Yes
1V-212	05/31/01	Caprice Oil & Gas Co.	\$500	Rule 302.a.		Yes
1V-218	01/11/02	Rocky Mtn. Operating Co.	\$2,000	Rule 326.b.(1)		Yes
1V-219	01/11/02	Rocky Mtn. Operating Co.	\$1,000	Rule 326.b.(1)		Yes
1V-220	02/25/02	Woolsey Oil Company	\$6,000	Rule 326.b.		Yes
1V-221	03/25/02	Domar Oil & Gas, Inc.	\$6,000	Rules 302., 304., 319.b., 709.		Yes
1V-227 - 1V-236	09/21/02	DJ Production Svcs, Inc.	\$14,000	Rule 309., 310A., 319.b.(1), 319.b.(3), 326.b.		Yes
1V-237	09/21/02	DJ Production Svcs, Inc.	\$1,500	Rule 326.b.		Yes
1V-239	09/21/02	DJ Production Svcs, Inc.	\$500	Rule 309.		Yes
1V-240	09/21/02	DJ Production Svcs, Inc.	\$1,500	Rule 324A.a., 907.a., 910.a.		Yes
1V-245	06/02/03	Fredrick Shaffer	\$4,000	Rule 326.b.		Yes
Total Penalties Pending Collection			\$255,800			

HEARING DOCKET:**February 2005**Preliminary
01/05/2005

No.	Cause	Applicant/Attorney or Representative	Date Rec'd	Field Formation County	Matter	Remarks
0502-AW-06	139, 140, 479 & 510	Williams Production RMT Co/ William A. Keefe	12/22/2004	Rulison, Parachute, Grand Valley Williams Fork Garfield	Request for an order to increase well density in existing drilling and spacing units to the equivalent of one well per 10 acres and establish new setbacks for various sections in Townships 6 and 7 South, Ranges 94 through 96 West, 6th P.M.	
0502-AW-07	510	Williams Production RMT Co/ William A. Keefe	12/22/2004	Rulison, Parachute, Grand Valley Williams Fork Garfield	Request for an order to allow the equivalent of one well per ten acres to be drilled no closer than 100 feet from the boundaries of the lease line, for various sections in Township 7 South, Range 96 West, 6th P.M.	
0502-AW-08	207	Samson Resources Company/ Carlton L. Ekberg	12/27/2004	Powder Wash Fort Union Moffat	Request to allow an additional well to be located on the 160-acre drilling and spacing units in Section 16, Township 11 North, Range 97 West, 6th P.M. with the permitted well to be located no closer than 600 feet from the unit boundary and 900 feet from another well.	
0502-EX-01	191	Bill Barrett Corporation/ William A. Keefe	12/22/2004	Mam Creek Williams Fork Garfield	Request for an order to allow an exception to the permitted well location for wells to be located less than 600 feet from the boundary of the Gibson Gulch Federal Unit for Sections 19 through 21 and 28 through 33 in Township 6 South, Ranges 91 West, 6th P.M.	
0502-SP-02	139	Noble Energy Inc./ Gregory R. Danielson	12/27/2004	Rulison Williams Fork Garfield & Mesa	Request for an order to establish 40-acre drilling and spacing units for certain lands in Township 85, Range 95 and 96 West, 6th P.M., with the permitted well to be located no closer than 100 feet from the unit boundary.	
0502-SP-03	232, 407 & 499	Bonanza Creek Operating Co/ J. Michael Morgan	12/27/2004	Wattenberg Dakota, J Sand, Codell & Niobrara Weld	Request to reduce the 320-acre drilling and spacing unit consisting of the S1/2 of Section 31, Township 5 North, Range 63 West, 6th P.M. into four 80-acre drilling and spacing units for wells drilled in each quarter section, and to segregate the S1/2 of said Section 31 into two 160-acre drilling and spacing units for wells drilled in the center of each quarter section.	
0501-AW-02	479 and 510	Encana Oil & Gas/ Michael J. Wozniak	11/22/2004	Rulison Williams Fork Garfield	Request for an order to increase well density in existing drilling and spacing units to the equivalent of one well per 10 acres and establish new setbacks for various sections in Townships 4, 5 and 6 South, Ranges 95 and 96 West, 6th P.M.	Continued from January
0501-AW-03	525	Encana Oil & Gas/ Michael J. Wozniak	11/22/2004	Rulison lles Garfield	Request for an order to increase well density to the equivalent of one well per 10 acres and establish new setbacks for various sections in Townships 4, 5 and 6 South, Ranges 95 and 96 West, 6th P.M.	Continued from January

0501-AW-04	166	Laramie Energy, LLC/ Carleton L. Ekberg	11/23/2004	Plateau Mesaverde Mesa	Request for an order to increase the number of wells allowed to a total of 4 wells per 160-acre drilling and spacing unit in various sections in Townships 9 and 10 South, Ranges 94 and 95 West, 6th P.M.	Continued from January
0411-OV-34	1V	Staff Recommendation	10/04/2004	Kiowa	OFV-Rule 1004 a. failure by Joseph Strabala to properly reclaim Wedel #1 Well located in the SW ^{1/4} NW ^{1/4} of Section 26, Township 17 South, Range 48 West, 6th P.M.	Continued from November 2004
0410-OV-32	1V	Staff Recommendation	11/08/2004	Greenwood Topeka Baca	OFV-Rule 326.b. and 603.j. failure by Wallace Oil and Gas to perform a mechanical integrity test within two (2) years of being shut-in and failure to maintain well sites for the Newman No. 1-7 Well, the Waitkins No. 1 Well and the Hume No. 17-1 Well located in various sections Township 32 South Range 41 West, 6th P.M.	Continued from October 2004