



DEPARTMENT OF NATURAL RESOURCES

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DATE: November 29, 2004

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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 approvals to date, the approved Applications for Permits-to-Drill ("APDs") for calendar year 2004 are projected at an annual total of 2,750, which is an increase over previous projections.

II. NORTHWEST COLORADO

Attached are newspaper articles of local interest.

◆ Northwest Colorado Oil and Gas Forum

The last meeting of the Northwest Colorado Oil and Gas Forum was held on November 18, 2004 at the Garfield County Fairgrounds. The meeting was well attended by approximately 100 citizens, industry representatives and state, federal and local government representatives. Commissioner John Ashby also attended the meeting. Agenda items discussed at the meeting included:

- An update on Northwest Colorado activity by COGCC staff, Bureau of Land Management ("BLM") staff and industry representatives.
- A Garfield County oil and gas update on the proposed fine project, an air quality study and topics discussed by the Energy Advisory Board.
- A status update by COGCC staff on remedial activity at the Schwartz (O2) and Arbaney (P3) pads.
- A West Divide Creek gas seep update by EnCana representatives.
- A presentation on the nature of ground water resources of Garfield County and the character of water wells in the area by Dr. Anthony Gorody of Universal Geoscience Inc.
- A public comment period.

Each presentation included a question and answer period.

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, 2004 at a location to be determined.** 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 need to 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. Previous observations by COGCC staff of the diminished aerial extent, volume, and activity of the seep, since the remedial cementing of the Schwartz 2-15B Well on April 5, 2004 continues to be confirmed by ongoing inspections of the seep area by representatives of the COGCC, Garfield County, and EnCana.

Benzene has reappeared in 3 of the 6 monthly monitored surface water sampling locations in West Divide Creek. The concentrations of benzene remain low, ranging from 1.1 to 6.5 micrograms per liter (ug/l), and are at the monitoring stations within the seep. Benzene has not been detected either upstream or downstream of the seep. EnCana has increased the sample frequency from monthly to daily (starting October 26, 2004) and the in-stream air sparging system has also been reinstalled. The appearance of benzene in the most 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 creek flow is only approximately 20 percent of the maximum flow during May of this year. 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 29 domestic water wells, 4 irrigation wells, 11 ponds, and 4 springs as part of this investigation. BTEX has 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. Initial sampling results show the ground water contaminant plume to be localized in the immediate area of the seep with little evidence of contamination

movement downgradient of the seep area. Sampling and hydrogeological evaluation of the shallow ground water in the contamination plume area is necessary for selection of an appropriate ground water remediation action. EnCana is currently evaluating remedial options for the ground water clean-up.

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.

◆ 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 one or more local projects to be proposed by Garfield County, Western Colorado Congress, and the Grand Valley Citizens Alliance. Three projects have been proposed by the parties:

1. A public education project regarding oil and gas issues.
2. An evaluation of public health effects of oil and gas industry on Garfield County residents.
3. A hydrogeological study of the ground water and surface water resources of an area within Garfield County, specifically, in 4 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.

There will be a presentation to the Commission on public projects at the November hearing.

◆ Former Dietrich Water Well Investigation Update

EnCana has submitted a Site Investigation and Remediation Workplan, Form 27 (received on October 28, 2004) in response to the October 8, 2004 NOAV. The former Dietrich water well has been impacted by thermogenic natural gas that is isotopically and compositionally similar to Williams Fork Formation production gas. To determine the source of this gas COGCC staff and EnCana are investigating all of the gas production wells in the vicinity of the property, with the focus on the P-3 wellpad, which is located approximately 800 feet northwest of the water well. Further engineering review of the 5 wells on that pad has identified 1 well with bradenhead pressure requiring remedial cementing. Analytical sampling of the bradenhead gas from this well, however, has not been decisive in identifying this well as the cause of the gas in the Dietrich water well. Further investigation by both the COGCC staff and EnCana as to the cause of this water well impact is continuing. The former Dietrich water well is on property that has been purchased by EnCana.

III. SOUTHWEST COLORADO

◆ Gas and Oil Regulatory Team (GORT) Meeting

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

◆ 3M Technical Committee Meeting

COGCC staff will identify the conditions of approval for the recent Fruitland Coal orders and send this list to the team members. The team members will then evaluate the list and make recommendations to the team to modify, eliminate, or add conditions to this list. The modifications will be discussed at the next 3M meeting scheduled for December 9, 2004. Team recommendations from this meeting will be discussed at the next GORT meeting on March 18, 2005. If any modifications, eliminations or additions are recommended, they will be presented to the Commission at a hearing for approval.

IV. ORGANIZATION

◆ Staff Organization

Our current organization chart is attached.

Karyn Zimmerman was hired beginning on November 8, 2004 to fill the vacant Records Administrator position. Her position has been temporarily re-assigned to perform the duties associated with the newly created Executive Assistant position while the new position description is being finalized

COGCC staff has prepared a draft strategic plan for Commission review which will help determine how vacant positions should be filled.

V. PLANNING/ADMINISTRATION/OTHER

◆ Annual Report to the Water Quality Control Commission/Water Quality Control Division

As required by SB89-181 the COGCC environmental staff has submitted our annual written report to the Water Quality Control Commission ("WQCC") and Water Quality Control Division ("WQCD"). A summary of the report was presented to the WQCC at its November 8, 2004 hearing. The report is available on our website.

◆ Enforcement of Requirements for Survey Plats Submitted With Applications for Permit-to-Drill ("APDs")

It has recently been brought to the attention of the COGCC by a concerned member of the surveying community that the COGCC was not sufficiently checking for all of the detailed rule requirements for survey plats submitted with APDs.

As a result, a new step was added to the COGCC drilling permit application review process. The permitting staff developed a detailed checklist that includes 26 COGCC rule requirements for the survey plats. If a survey plat does not meet all of the COGCC rule requirements, a

copy of the deficient checklist is attached to the copy of the approved permit to drill that is sent back to the operator. The checklist has the following permit condition items listed at the bottom:

- A notification to the operator that the survey plat that was submitted with the APD was found to be in non-compliance with Rule 303.c., as per the checklist.
- A requirement to submit a revised survey plat.
- A notice that from August 26, 2004 to October 31, 2004 the COGCC granted an automatic variance to Rule 303.c. (with the above requirement that a revised survey plat will be submitted.)
- A statement that beginning November 1, 2004 no additional variances to Rule 303.c. will be granted. Beginning on November 1, 2004, if a survey plat is not in compliance with Rule 303.c. the operator will be notified and the permit will be placed on hold until an adequate replacement is supplied to the COGCC.

The new checklist, which has been attached to approved APDs since August 26, 2004 has created a lot of attention from operators who have been calling the permitting staff and requesting meetings to become more educated about what is required. The well survey plat checklist will be scanned along with the other permitting documents and will be available on the COGCC web site to demonstrate that the plats were examined for compliance.

Since the November 1, 2004 deadline for bringing survey plats into compliance, the majority of APDs have been submitted with acceptable survey plats and have not had to be placed on hold because of survey plat problems. We would like to thank the majority of operators who have worked quickly to address the survey plat issue.

◆ Public Outreach Opportunities

Brian Macke participated in a meeting of various energy related leaders that was conducted by Club 20 on October 27, 2004 in Glenwood Springs. The purpose of the meeting was to discuss opportunities and challenges related to the development of Colorado's vast energy reserves and how organizations such as Club 20 and others can best plan for the future. Brian Macke was invited to participate in a follow-up meeting on November 22, 2004 that was organized by the Club 20 Energy Advisory Panel to attempt to reach consensus recommendations as to how split-estate issues could be resolved.

Brian Macke was invited to speak about oil and gas development in Colorado at the annual meeting of the Colorado Cooperation Conference which was held in Colorado Springs on November 20, 2004. The Colorado Cooperation Conference is a forum of diverse interests from around the state who meet to discuss various issues of primary concern in Colorado.

◆ Penalties Status

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

◆ January Hearing Docket

A preliminary docket for the January 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.
 - The spacing orders are being evaluated and posted on the maps, with approximately seventy-five percent (75%) of the state having been reviewed.
- 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).
 - 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 a little less than 28,000 well records that have not been updated.
- Imaging
 - This application provides the capability to convert the paper documents received by the Commission to electronically available documents.
 - A new index cleanup project has been started to cleanup and input the document name in the index information in the hearing document images. Over 850 hearing files have been reviewed, rescanned where necessary and indexed.
- 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 application.
- 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
 - A new application to allow for the filing of digital logs on the Internet is being developed to facilitate the collection of these large files. This application is in BETA test and will soon be available to all users.
 - There are approximately 200 operators reporting production electronically.
 - 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 their completions. The group has completed a business case for this project and a DOE grant request has been submitted to fund the development.
- Problems
 - The report server has been unavailable due to configuration issues with the new security systems. These issues will be resolved and the system will be more functional in the near future.

VI. VARIANCES

A variance to Rule 318.a., requiring 1200 feet between bottomhole locations, was granted to Tom Brown Inc. for the N. Parachute locations in Garfield County located on the H22 pad in Section 22-T5S-R96W. Tom Brown owns both the surface and the minerals. Tom Brown is drilling an 8 well pilot project to gather reservoir data to determine if a 10 acre well density is the optimum spacing to develop the Williams Fork, Iles, Wasatch, Ohio Creek formations.

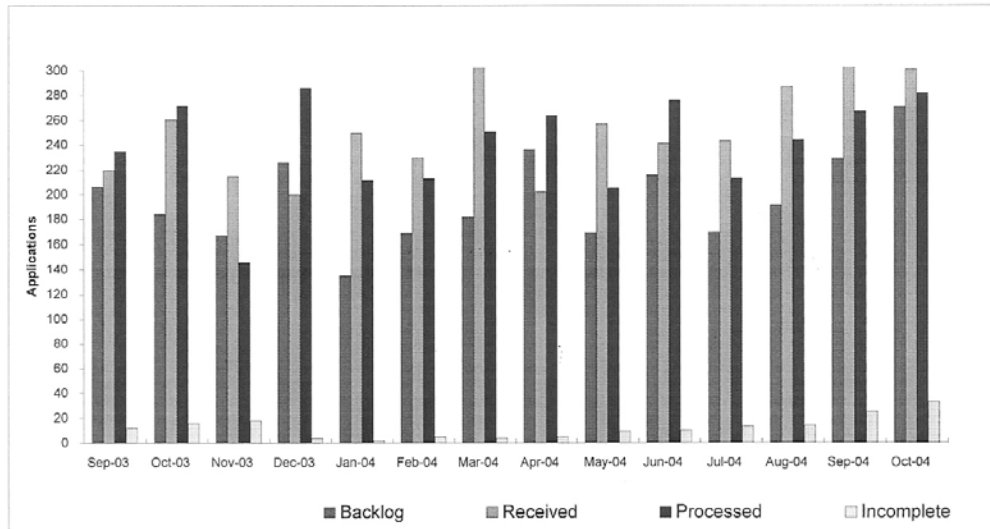
A variance to Rule 326.b. requiring a mechanical integrity test for wells shut-in longer than 2 years was granted to Cedar Ridge LLC for the Merrit 29 #4, Turcotte 21-1, and the Turcotte 1-3R Wells located in Township 30 South, Ranges 65 and 66 West, 6th P.M. in Huerfano County. These wells are pressure monitoring wells completed with 2 7/8" casing. The small casing size makes a mechanical integrity test impractical.

Colorado Oil & Gas Conservation Commission

Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
Drilling								
Sep-03	201	188	209	6	0	12	162	174
Oct-03	174	228	244	6	0	16	136	152
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	237	208	8	0	12	172	184
Aug-04	184	268	230	4	0	13	205	218
Sep-04	218	296	251	4	0	25	234	259
Oct-04	259	283	268	9	0	32	233	265
Recompletion								
Sep-03	5	32	26	1	0	0	10	10
Oct-03	10	33	28	0	0	0	15	15
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	18	14	0	0	1	15	16
Total								
Sep-03	206	220	235	7	0	12	172	184
Oct-03	184	261	272	6	0	16	151	167
Nov-03	167	215	148	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	243	213	8	0	13	178	191
Aug-04	191	287	244	5	0	14	215	229
Sep-04	229	313	267	4	0	25	246	271
Oct-04	271	301	282	9	0	33	248	281

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				Injection				Pits				Active Wells	Unedited Historic Records	Public Visits			Well Oper Change
			Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Apvd	Rcvd	Data	Office	Internet							
2001	Total		2271	2301	164	152	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	357						
	FEB	46	206	217	7	13	4	1	1	0	25423				44	30	31292	238						
	MAR	50	243	302	8	25	2	3	2	6	25561				51	70	32931	356						
	APR	51	254	194	8	10	5	2	34	36	25666				58	64	33241	215						
	MAY	52	196	240	9	17	1	2	3	12	25732				41	56	31958	251						
	JUN	51	258	228	18	13	3	4	6	4	25870				38	46	32273	242						
	JUL	52	209	238	5	4	0	1	7	1	26017				40	43	30939	279						
	AUG	60	230	268	14	18	0	1	8	40	26108				33	39	35060	348						
	SEP	59	251	296	16	17	4	4	33	42	26421				40	61	38247	1853						
	OCT	59	268	283	14	18	2	1	54	23	26657				65	31	42069	374						
2004	Total		2315	2506	111	145	21	20	184	171					447	489	339246	4513						

Apvd = Approved, Rcvd = Received, Ind = Individual, Bknt = BanNet, Appa = Application for Hearing, NOAV = Notice of Alleged Violation, AOC = Administrative Order of Consent, OFV = Order Finding Violation, Crmpt = Complaint, Comp = Completed

Colorado Oil Gas Conservation Commission
Monthly Statistics

YEAR	MO	Operators		Release		Bonds		Claim		Hearings		Violations		Remediation		Field Insp			
		New	Inactive	Ind.	Blanket	Replace	Ind.	Blanket	Apps.	Order	NOAV	AOC	OFV	Cmplt	Spills		Rcvd	Comp	
2001	Total	77	57	33	28	104	2	2	1	53	40	259	9	2	217	202	97	98	7240
2002	JAN	7	9	3	3	6	0	0	0	6	7	19	1	2	16	20	17	0	415
	FEB	10	4	1	0	5	0	0	0	6	4	34	0	1	11	29	6	6	449
	MAR	6	8	3	3	10	0	0	0	3	2	19	0	2	5	32	8	5	572
	APR	7	10	8	3	10	1	0	0	5	4	28	0	0	10	11	9	10	353
	MAY	5	11	6	14	6	0	0	0	NA	NA	29	NA	NA	16	19	4	7	805
	JUN	5	12	3	10	8	0	1	6	4	4	17	0	1	11	20	5	8	857
	JUL	2	6	2	7	12	1	0	6	5	5	26	2	0	23	14	10	3	936
	AUG	6	11	6	5	8	0	0	5	4	7	2	1	1	17	14	2	2	654
	SEP	4	5	8	3	8	0	0	17	16	20	0	14	21	13	5	2	2	369
	OCT	3	12	8	6	5	0	0	3	2	10	0	0	17	10	7	7	3	346
	NOV	5	3	3	0	15	0	0	NA	NA	1	1	NA	NA	15	12	4	3	377
	DEC	3	6	11	4	5	0	0	6	4	5	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	8	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	1	0	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	2	622	
	FEB	5	4	4	3	11	0	0	7	3	17	2	0	19	22	5	4	745	
	MAR	3	7	5	8	7	0	1	16	16	15	13	0	22	24	9	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	713	
	JUL	8	2	4	2	12	0	0	9	4	12	4	0	8	16	14	5	563	
	AUG	16	4	2	6	10	0	0	4	3	15	3	1	9	23	6	3	656	
	SEP	8	7	8	0	12	0	0	4	4	18	0	0	14	8	18	22	550	
	OCT	8	3	3	2	13	0	0	0	0	9	0	0	3	6	6	1	494	
2004	Total	85	54	41	32	101	0	2	61	49	200	29	1	128	183	81	57	6599	

Apvd = Approved, Rcvd = Received, Ind = Individual, Blanket = Blanket, Appe = Application for Hearing, NOAV = Notice of Alleged Violation, AOC = Administrative Order of Consent, OFV = Order Finding Violation, Cmplt = Complaint, Comp = Completed

BLM says citizen proposal can't be officially recognized

By SALLY SPAULDING
The Daily Sentinel

No matter who wins the election Nov. 2, the Bureau of Land Management will auction oil and gas leases one week later, but proposed leasing parcels southwest of Grand Junction have some environmentalists crying foul.

"With the vast amount of land already leased and the huge number of drilling permits already in the pipeline, it simply makes no sense to lease these natural, public lands," said Pete Kolbensschlag, West-

ern Slope field organizer for the Colorado Environmental Coalition.

Local citizens and environmental groups have proposed the 14,000-acre Granite Creek area near Gateway as wilderness, touting the area's opportunities for solitude, recreation and naturalness as well as its spectacular views of the La Sal Mountains, the Dolores and Colorado River canyons and the distant Bookcliff Mountains.

Citizen proposals for wilderness, however, are not officially recognized by the BLM.

"We gave the citizen pro-

posal the same consideration we would give any comment from the public, but (Granite Creek) is not an area the BLM recognizes as proposed wilderness," said Steven Hall, BLM spokesman.

Under BLM policy, areas the agency finds suitable for designation are named Wilderness Study Areas. There are currently five study areas in the Grand Junction area, Hall said. In those areas, it is illegal for the BLM to sell leases.



See BLM, page 6A

ROBERT GARCÍA/The Daily Sentinel

BLM: Part of the area is too steep to support oil and gas activity

► Continued from Page One

Only Congress can officially designate an area as wilderness, and the Granite Creek area, part of the remote Dolores Triangle known for its big-game hunting and trout fishing, has yet to be approved.

First Congressional District Democrat Diana DeGette proposed the Colorado Wilderness Act in 2003 that would designate the area as official wilderness.

According to her spokesman, Josh Freed, the legislation is pending a hearing.

"Realistically, a lot depends on the make-up of the next Congress as to what will happen with the act," Freed said.

Environmentalists say leasing the area before Congress has had a chance to weigh in on the issue is unfair.

"If there's drilling, this area will become disqualified under the Wilderness Act, and it would be impossible to get the act passed," Kolbensschlag said.

With drilling, drills are not the only disturbance, Kolbensschlag said. The associated

roads, oil pads and waste pits would create a web of disruption, he said.

Hall said a variety of stipulations exist on the land in Granite Creek, with 60 percent of the parcels proposed for lease under a "no-surface occupancy stipulation," meaning the ground's surface could not be disturbed by oil and gas drilling.

Twenty percent of the area is too steep to support oil and gas activities, and 50 percent of the area is under a winter range stipulation, as the area has been named important winter

habitat for elk and deer by the Division of Wildlife.

The restrictions provide tools to protect the existing resources of the area, Hall said, but the stipulations may be waived by the BLM in the future.

"The fact that these stipulations are waivable gives us a degree of uncertainty," said Kolbensschlag. "It's some good news, but it's not enough for us to be OK with this."

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Colorado on track to set records for oil, gas production

By THE ASSOCIATED PRESS

DENVER — Colorado is on track to set records this year for oil and gas drilling permits and natural-gas production.

The Colorado Oil and Gas Conservation Commission issued 2,145 drilling permits during the first nine months of the year, and more than 90 percent were for gas wells.

At that rate, the state would issue 2,700 permits by year's end, said Brian Macke, the commission's acting director. The previous high was 2,378 in 1980.

Last year's total was 2,245, the third highest in state history.

The commission also estimated that the state would produce a record 1.1 trillion cubic feet of natural gas this year, up

10 percent from last year.

"Natural gas and oil prices are very strong right now, and that is encouraging a great deal of energy development in the state," Macke said.

Households and electrical power plants have been fueling gas demand. About 16 percent of the nation's electricity was generated from natural gas last year, compared with 11 percent in the early 1990s.

Rising prices will also drive up home heating costs. The average gas bills for customers of Xcel Energy, the state's largest utility, are expected to jump 26 percent in December.

Colorado produced about 600 billion cubic feet of natural

See RECORDS, page 6A ➤

RECORDS: Value was \$6.05 billion last year

➤ Continued from Page One

gas in the first nine months of the year. That number probably will be revised upward, Macke said.

La Plata County leads the state in natural-gas production, followed by Weld and Garfield.

The three counties account for more than 80 percent of Colorado's total production.

Colorado oil and gas production has made a comeback in recent years, mostly because of gas. Total oil and gas production is likely to reach 21.9 million barrels in 2004, 2.8 percent more than 2003 and 7.4 percent more

than 2002, the oil and gas commission estimated.

A barrel of oil is the equivalent of 6,000 cubic feet of gas.

The total value of Colorado's natural gas, coal, oil and mineral production was a record \$6.05 billion last year, 49 percent more than in 2002, the Colorado Geological Survey said.

EnCana to cut back drilling

[By Dennis Webb](#), Post Independent
October 29, 2004

In what EnCana officials are describing as an effort to be a good neighbor, the company on Thursday announced plans to cut back its drilling operations in the Mamm Creek gas field south of Rifle and Silt by a third.

Garfield County's largest natural gas producer plans to redeploy five of 15 rigs now in the Mamm Creek field, company spokesman Walt Lowry said.

No decision has been made on where the rigs will be moved, but some may be put to work elsewhere in the county, and others could end up in other counties or even other states.

"We feel it's the right thing to do, to redeploy those rigs," Lowry said. "We believe that that will have significant positive impacts on the local neighbors there and the communities there."

Peggy Utesch, who lives south of Silt and deals with the impacts of EnCana's drilling, cheered its decision.

"From the perspective of the landowners who live in the Mamm Creek field, that's great news," she said. "I think it's a victory for landowners that have been impacted in this area."

Doug Dennison, Garfield County's oil and gas auditor, also welcomed the decision.

"I think a lot of us just felt that just the sheer volumes of activity were contributing to the problems they were having," he said.

Reducing drilling will cut back on related traffic, Dennison said. He noted that EnCana also has faced questions of whether it is adequately supervising drilling crews, with so much drilling going on.

Members of the Colorado Oil and Gas Conservation Commission raised that issue when they levied a \$371,200 fine on EnCana for a gas seep in the Divide Creek area south of Silt this year that contaminated surface waters.

"I'm hopeful that this will reduce the number of issues that we all have to deal with," Dennison said. "I think it's a great gesture. We'll just have to see how it works out."

EnCana has more than 800 wells in the Mamm Creek field.

Lowry said EnCana's decision wasn't in response to anyone's request, but was an outgrowth of continuing discussions with residents, community leaders, and state lawmakers and oil and gas regulators. Both Dennison and Utesch first heard about the decision Thursday.

Russ George, a Rifle resident and director of the state Department of Natural Resources, said EnCana had suggested the Mamm Creek cutback to oil and gas regulators as part of a broader plan by the company to address issues related to its operations.

"As I listen to the broad array of impacts, one of them does seem to be accelerated activity, which causes more rigs, more trucks, all of the impacts that come from that that are harmful or disturbing to the community, so a reduction in that should be good," George said.

Lowry said EnCana concluded the current development level "was impacting the community to a point where we decided

it was in their best interests to redeploy rigs and lessen that impact."

Lowry said the gas production rates from wells being drilled in the Mamm Creek field had no bearing on EnCana's decision. Drilling there continues to yield "extremely high" amounts of gas, he said.

EnCana's decision wasn't directly caused by the gas seep problem, which it has said occurred in part due to unusual geology in that area, Lowry said. Rather, the seep was just one of many impacts that contributed to the decision.

"It's just a general area impact that we're talking about lessening," he said.

Utesch noted that a hydrogeologic study proposed to be funded by the EnCana fine proceeds would cover a "very large area" around the seep, and residents have contended it makes sense to stop drilling in that area until it can be studied.

George said water problems caused by EnCana's operations need to be addressed, and efforts to resolve them are ongoing.

Utesch said some residents had speculated that EnCana might move some of its operations to land it recently acquired from Unocal north of Interstate 70, to avoid problems it runs into drilling on property owned by others.

Lowry said it's possible some rigs would be transferred to EnCana's north Piceance Basin operation, which runs from north of Interstate 70 in Garfield County up into Rio Blanco County. Others might end up south of Parachute or near DeBeque, he said.

Utesch, secretary-treasurer of the Grand Valley Citizens Alliance, said she recognizes that rigs leaving her neighborhood may be moving into someone else's. She said the GVCA continues to have concerns about things such as energy production's impacts on air and water quality.

"With a lot of concentrated drilling south of Parachute ... those issues will still exist," she said.

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Article Published: Wednesday, November 10, 2004

Drilling permits hit record State's 2,379th for the year exceeds high set during early '80s energy boom

By [Steve Raabe](#)
[Denver Post Staff Writer](#)

Colorado's energy boom reached a new high Tuesday when state regulators issued a record-setting drilling permit.

The Colorado Oil and Gas Conservation Commission issued permit No. 2,379 for the year Tuesday, beating by one the record set in 1980 during the height of Colorado's last energy boom.

The permit was granted to Denver-based Laramie Energy for a natural-gas well in western Colorado's Piceance Basin, one of the nation's focal points in energy development.

Strong demand for natural gas and high prices have Colorado energy companies drilling as fast as they can find available rigs.

New records also are likely to be set this year in the amount and value of produced oil and gas, said Brian Macke, director of the state oil and gas commission.

The value of Colorado energy production this year is expected to hit \$6.6 billion, one-third more than last year's \$5 billion.

Macke said Colorado and the Rocky Mountain West will continue to have strong drilling activity because production in the formerly prolific areas of Louisiana, Oklahoma and Texas has begun to decline.

At the same time, demand for natural gas has increased, largely because most new power plants in the United States are fueled by gas.

"We believe the dynamics are in place to have sustained high natural-gas prices for quite some time," Macke said.

The drilling surge has padded corporate coffers - many Colorado energy companies are earning record profits this year - but also has increased conflicts between the companies and landowners on whose property wells are being drilled.

"They're trying to railroad us and drill their way through us with no checks and balances," said Joni Steiner, who operates an environmental education center near Trinidad, where thousands of coal-bed methane wells have been drilled in recent years.

"As a landowner, it completely crushes you that this happens, and you have no right to stop it," Steiner said. "We don't wish to have that a part of our life."

In most cases, owners of sub-surface minerals have the right to develop the resources if they follow state regulations. Conflict can develop when surface landowners don't control the underlying mineral rights.

Energy executives say they try to balance landowner concerns with the public's strong demand for more natural gas.

"We spend a lot of time with community involvement," Peter Dea, chief executive of Western Gas Resources, said in a recent interview. "We try for win-win situations, but it doesn't always work out that way."

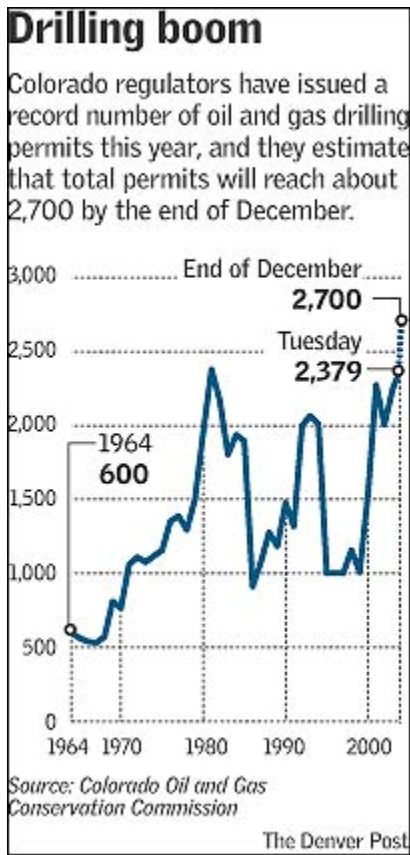
Colorado's most active area for drilling this year is Weld County, with 29 percent of total permits. Next is Garfield County with 26 percent, followed in order by Las Animas, Yuma, Rio Blanco, Washington and La Plata counties.

Weld County's Wattenberg oil and gas field has proved attractive to Oklahoma City-based Kerr-McGee Corp., the firm that gained a major Colorado presence this year by purchasing Westport Resources of Denver for \$3.4 billion.

"We have a large inventory of economically attractive projects at Wattenberg field," said Dave Hager, Kerr-McGee senior vice president. "We expect to be active at Wattenberg for many years to come."

Colorado energy firms have been the focus of three additional mergers or acquisitions this year. EnCana acquired Tom Brown Inc. for \$2.7 billion, Evergreen Resources was purchased for \$1.7 billion by Pioneer Natural Resources and Petro-Canada paid \$534 million for Prima Energy.

Staff writer Steve Raabe can be reached at 303-820-1948 or sraabe@denverpost.com.



Article Published: Sunday, November 07, 2004

Oil booms anew on Eastern Plains Drilling permits skyrocket in Washington County, and signs of economic life return in wake of '80s bust.

By [Steve Raabe](#)
[Denver Post Staff Writer](#)

Akron

The tantalizing signs of Colorado's next oil boom can be seen in the lunchtime bustle at Rachael Nicar's formerly shuttered Crestwood Cafe.

They're seen in the rising occupancy levels at John Song's Akron Motel.

They're seen in the hopeful eyes of Washington County Commissioner Quentin Vance, who has watched the county's fiscal health deteriorate since the last oil boom of the early 1980s.

And they're seen especially around the sage-dotted prairie of northeastern Colorado, where a series of drilling rigs probe around the clock to tap a nearly forgotten resource that's suddenly in vogue again.

Oil is back.

Crude doesn't yet come close to Colorado's high-profile natural gas, which has attracted national attention for its large reserves.

But oil, propelled by record high prices and strong demand, is preparing to surface in Colorado at levels not seen since the go-go days of the 1970s and '80s.

Crude oil reached a record high of more than \$55 per barrel last month. Analysts say worldwide supplies are so tight that any hint of disruption - oil-field labor strikes, pipeline ruptures, terrorist sabotage - is likely to keep prices near all-time highs.

The lucrative market is reflected in a surge of oil-drilling permits throughout Colorado. Activity is especially strong in Washington County, an area of about 5,000 residents that has been hit hard over the past decade by drought and poor crop prices.

"For quite a long time, oil production in Colorado was flat or diminishing, but now we're starting to see an incline," said Brian Macke, director of the Colorado Oil and Gas Conservation Commission.

High oil prices now make it profitable to drill for eastern Colorado's oil. The region's relatively small oil formations attracted little attention when oil fell below \$20 a barrel in the 1980s. But with oil near \$50, producers see potential profits in drilling wells that cost an average of \$275,000 each.

Colorado oil production began growing slowly in 2001, but largely as an indirect result of a natural-gas boom. Most gas wells also yield small amounts of oil, but a surge of recent drilling is targeting oil alone.

Weld County, the state's oil-production king, is awash in new wells. Drilling permits are up 18 percent this year through October, with two months of new permits still to come.

The arid mesas around Rangely in northwestern Colorado, where once-prolific oil fields had fallen into decline during the 1990s, now show new potential. Petroleum giant ChevronTexaco is experimenting with new technologies for oil recovery.

The oil boom, however, is most dramatic in Washington County.

The largely agricultural county has seen oil-drilling permits explode, more than quadrupling from 26 last year to 106 through October.

From the cab of his black Ford F-250 pickup, Don Kincheloe has an upfront view of the oil boom.

Kincheloe is the drilling superintendent of Denver-based Delta Petroleum, the company that is almost single-handedly leading Washington County's surge in oil exploration.

Armed with modern 3-D seismic mapping technology that has uncovered previously hidden oil deposits, Delta started drilling in June and plans to have about 50 wells completed by year's end. Within the next several years, the firm plans to drill as many as 700 wells.

"It's really taking off," said Kincheloe, bouncing along a rutted county road on his way to the Big Dog Rig No. 2, which is drilling one of Delta's newest wells. "This is putting a lot of people to work and pumping a lot of money into the economy."

Kincheloe estimates that for every 100 wells drilled, 1,000 workers are employed in positions such as surveyors, geologists, road builders, mechanics, fuel suppliers and pipeline builders.

Not to mention roughnecks, the mud-splattered poster boys of drilling who wrestle drill bits and casing pipes into wells reaching 4,000 feet below ground.

Delta's contract drilling crews work shifts of 12 hours on, 12 hours off for seven consecutive days, followed by seven days off. The average starting wage is \$20 an hour for work that is tough, dirty and dangerous.

"It's not unusual to see these guys missing some fingers," Kincheloe said.

Although the roughnecks aren't Delta Petroleum employees - they work for contract drilling firms - Kincheloe follows a Delta tradition by reaching into the back of his pickup and treating the crews to bags of candy and cookies.

Washington County's oil potential became evident in 2002 when "Tiger" Mike Davis, a Colorado wildcat driller of the 1950s and '60s, decided to revisit an area that previously had produced only small amounts of oil.

"I never did too well around there 40 years ago, but I just had a feeling that somebody could find something if they kept drilling," said Davis, now a Las Vegas resident who declines to disclose his age but is believed to be in his 80s.

Using modern seismic exploration techniques, he drilled a handful of wells on 100 acres that yielded 900,000 barrels of oil, a surprisingly large amount from a comparatively postage stamp-sized land parcel.

The results from the initial wells were so good that it seemed almost certain the oil extended into surrounding areas.

Davis, a lone operator, lacked the capacity to launch a wide-scale drilling program, so he sold his 80,000 acres of leases and producing wells in 2003 to Delta Petroleum for \$13 million.

The field's initial success prompted Delta to explore adjacent acreage. The tests were good, and with a promising prospect in hand, Delta quickly increased its leasehold to 300,000 acres.

The oil-bearing formations in Washington County are relatively small, but they gush when drilled, said Roger Parker, president and chief executive of Delta Petroleum.

"When you find it, it tends to be prolific," he said.

An added bonus for Delta is that Washington County landowners and local government officials tend to welcome the drilling boom - a stark contrast to anti-drilling sentiment that surfaces regularly on Colorado's Western Slope.

The area's farmers and ranchers typically own the rights to oil and gas under their land, unlike many of their Western Slope counterparts, who don't own the mineral rights. As a result, most of the Washington County landowners receive a royalty of one-eighth of the production value, plus lease payments ranging from \$5 to \$25 per acre.

Washington County also stands to benefit by higher property-tax assessments on land with oil production.

"Increased drilling activity leads to higher assessed valuation, which leads to more economic activity," said Larry Worth of the Northeast Colorado Association of Local Governments.

The windfall from increased oil production will take time to reach county coffers, however. Oil sold in 2005 will be reported to the county assessor in 2006, with resulting taxes due in January 2007.

In the meantime, county seat Akron continues to struggle with business failures and flaccid economic activity.

"Every store on Main Street was full when I got here 20 years ago," said Washington County Commissioner Bruce Johnson.

Now, the main drag is pockmarked with boarded storefronts and empty windows, a result of fragile farm economics and the slowdown of oil and gas drilling in the 1980s and '90s.

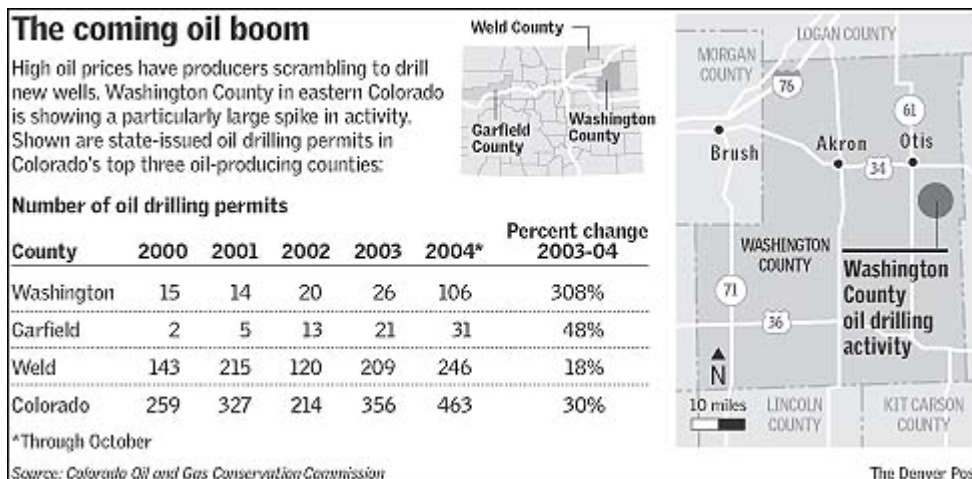
Seismographic crews that stayed in Akron earlier this year while conducting oil tests gave some business owners a reason to hope.

"It's been slow, but we've seen a little more activity," said John Song, whose Akron Motel charges \$39 for a single room.

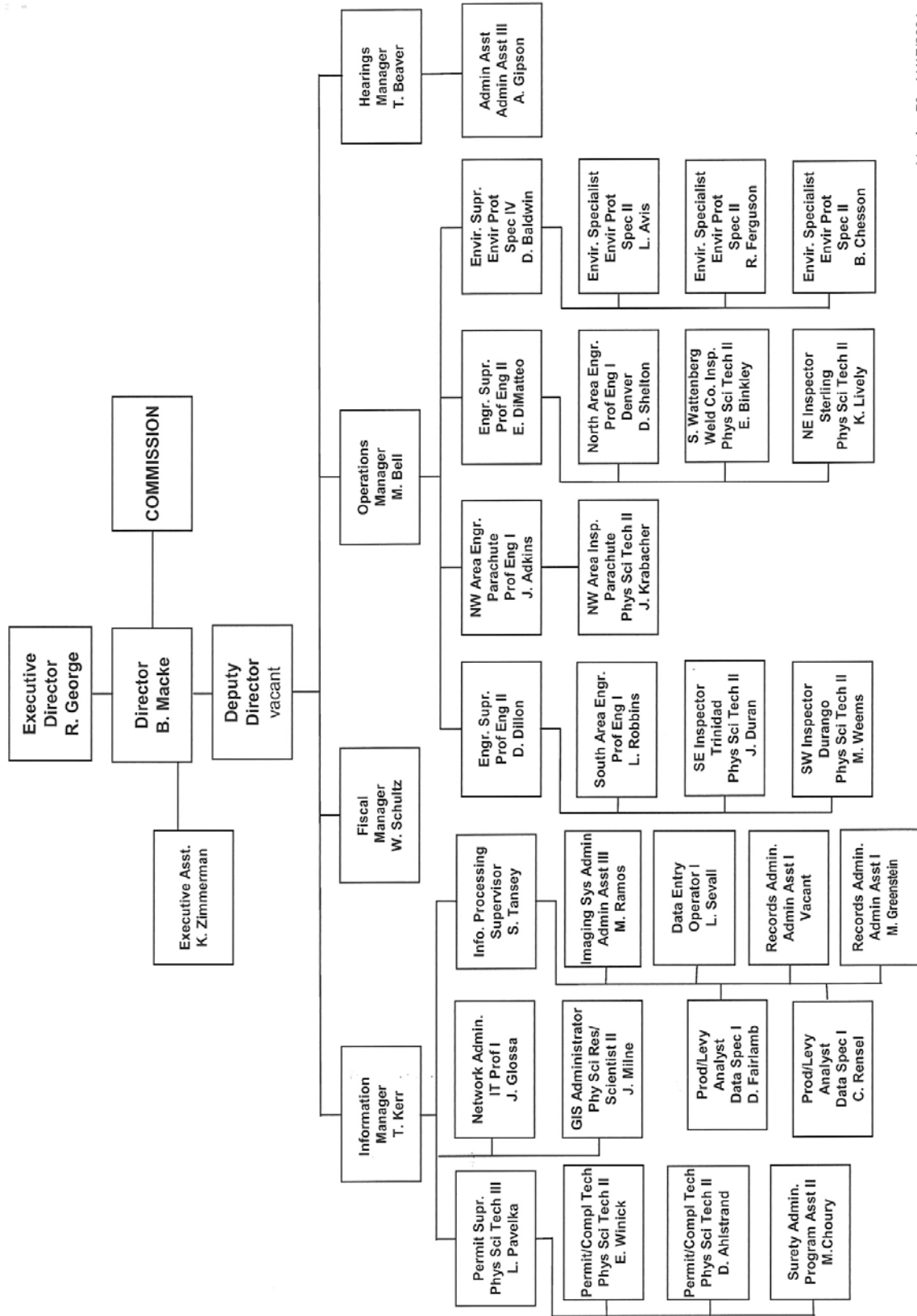
Rachael Nicar reopened the Crestwood Cafe in August after the restaurant had been closed for most of the past two years. A handful of seismograph workers became regular customers shortly after she opened, and more are expected by the end of the year.

"Some people say Akron is a dying town, and maybe it is," she said. "But we're holding our own. We're not making a whole lot of money, but we're paying the bills."

Staff writer Steve Raabe can be reached at 303-820-1948 or sraabe@denverpost.com.



COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION



PENALTY PAYMENT STATUS

11/19/04

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	\$283,608	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	8	\$453,200	6	\$72,000	0	\$0	0	\$0
Totals	231	\$1,785,925	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.b.	Bond forfeited 11/01/95	Yes
1V-82	06/19/95	Joseph V. Dodge	\$14,000	Rules 210.b., 305., 307., 317.b.(3), 804.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	09/04/96	Mr. Jim Snyder	\$10,000	Rules 308., 317.i., APD		Yes
1V-124	07/07/97	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.		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., 205., 309.	McCormick in bankruptcy-Bond claimed	Yes
1V-177	08/19/99	Faith Energy Exploration, Inc.	\$3,500	Rules 308A., 308E., 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	Woodsley Oil Company	\$6,000	Rule 326.b.		Yes
1V-221	03/25/02	Domar Oil & Gas, Inc.	\$5,000	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: January 2005

No.	Cause	Applicant/Attorney or Representative	Date Rec'd	Field Formation County	Matter	Remarks
0501-SP-01	191	Bill Barrett Corporation/ William A. Keeffe	11/22/2004	Mam Creek Williams Fork Garfield	Request for an order to establish various drilling and spacing units, the ability to drill the equivalent of one well per ten acres and new setbacks for various sections in Townships 6 and 7 South, Ranges 91 and 92 West, 6th P.M.	
0501-AW-01	139 and 440	Tom Brown Inc./ Michael J. Wozniak	11/19/2004	Rulison & Parachule Williams Fork Garfield	Request for an order to increase well density in 640-acre and 320-acre drilling and spacing units to the equivalent of one well per 20 acres and establish new setbacks for various sections in Township 7 South, Ranges 95 and 96 West, 6th P.M.	
0501-AW-02	139 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.	
0501-AW-03	525	Encana Oil & Gas/ Michael J. Wozniak	11/22/2004	Rulison Iles 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.	
0501-AW-04	166	Laramie Energy, LLC Carlton 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.	
0501-AW-05	105	Eliora LLC Claudia C. Baesler	11/22/2004	McClave McClave Sand Bent	Request for an order to allow an additional well to be drilled on the 640-acre drilling and spacing unit consisting of Section 24, Township 21 South, Range 48 West, 6th P.M., located no closer than 600 feet from the boundaries of the drilling and spacing unit.	
0501-OV-01	1V	Staff Recommendation	11/24/2004	Elbert	Request for an Order Finding Violation finding Lifestyle Energy Corp. in violation of of Rule 1004 a., improper reclamation for the Letschuck #1 Well located in the NW1/4 SE1/4 of Section 22, Township 8 South, Range 61 West, 6th P.M.	

Well name and number:

Survey Plat Check list

number	Item	
	8-1/2" x 11" scaled drawing of the entire section	
1	Dimensions on adjacent exterior section lines sufficient to completely describe the quarter section containing the proposed well shall be indicated	
1a	If dimensions are not field measured, state how the dimensions were determined	
2	For directional drilling into an adjacent section, that section shall also be shown on the location plat and dimensions on exterior section lines sufficient to completely describe the quarter section containing the proposed productive interval and bottom hole location shall be indicated.	
3	For irregular, partial or truncated sections, dimensions will be furnished to completely describe the <u>entire</u> section containing the proposed well.	
4	The field-measured distances from the nearer north/south and nearer east/west section lines shall be measured at ninety (90) degrees from said section lines to the well location and referenced on the plat.	
4.1*	For unsurveyed land grants and other areas where an official public land survey system does not exist the well locations shall be spotted as footages on a protracted section plat using Global Positioning System (GPS) technology and also reported as latitude and longitude in accordance with the requirements set forth below: in 4A, 4B, 4C	
4A*	All GPS data reported to the Commission shall be differentially corrected using base station data or other correction sources. The base station or other correction source shall be identified and reported with the coordinate values.	
4B*	Coordinates shall be reported as latitude and longitude in decimal degrees to an accuracy of at least five (5) decimal places (e.g.; latitude 37.12345 N, longitude 104.45632 W).	
4C*	All data shall be referenced to the North American Datum (NAD) of 1927.	
4D	The date of the survey shall be reported.	
5	A map legend	
6	A North Arrow	
7	A scale expressed as an equivalent (e.g. - 1" = 1000').	
8	A bar scale.	
9	The ground elevation.	
10	The basis of the elevation (how it was calculated or its source).	
11	The basis of bearing or interior angles used.	
12	Complete description of monuments and/or collateral evidence found; all aliquot corners used shall be described.	
13	The legal land description by section, township, range, principal meridian, baseline and county.	
14	Operator name	
15	Well name and number	
16	Date of completion of scaled drawing	

17a	All visible improvements within two hundred (200) feet of a wellhead (or, in a high density area within four hundred (400) feet of a wellhead) shall be physically tied in and plotted on the well location plat or on an addendum, with a horizontal distance and approximate bearing from the well location.
17b	<p>Visible improvements shall include, but not be limited to, all buildings, publicly maintained roads and trails, major above-ground utility lines, railroads, pipelines, mines, oil wells, gas wells, injection wells, water wells, visible plugged wells, sewers with manholes, standing bodies of water, and natural channels including permanent canals and ditches through which water flows.</p> <p>If there are no visible improvements within two hundred (200) feet of a wellhead (or in a high density area within four hundred (400) feet of a wellhead), it shall be so noted on the Permit-to-Drill, Form 2.</p> <p>Surface use shall be described within the two hundred (200) foot radius of a wellhead (or in a high density area within the four hundred (400) foot radius of a wellhead).</p> <p>* Only required for unsurveyed land grants and other areas where an official public land survey system does not exist.</p> <p>The survey plat you submitted with your permit was found to be in non-compliance with COGCC rule 303c. See above checklist. You are required to submit a revised survey plat. From August 26, 2004 to Oct 31, 2004 we are granting an automatic variance to rule 303c; beginning on November 1, 2004 no more variances to rule 303c will be granted. If a survey plat is not in compliance with rule 303c the operator will be notified and the permit will be placed on hold until an adequate replacement is supplied to the COGCC.</p> <p>Visible improvements shall include, but not be limited to, all buildings, publicly maintained roads and trails, major above-ground utility lines, railroads, pipelines, mines, oil wells, gas wells, injection wells, water wells, visible plugged wells, sewers with manholes, standing bodies of water, and natural channels including permanent canals and ditches through which water flows.</p>
17c	If there are no visible improvements within two hundred (200) feet of a wellhead (or in a high density area within four hundred (400) feet of a wellhead), it shall be so noted on the Permit-to-Drill, Form 2.
18	Surface use shall be described within the two hundred (200) foot radius of a wellhead (or in a high density area within the four hundred (400) foot radius of a wellhead).

* Only required for unsurveyed land grants and other areas where an official public land survey system does not exist.

The survey plat you submitted with your permit was found to be in non-compliance with COGCC rule 303c. See above checklist. You are required to submit a revised survey plat. From August 26, 2004 to Oct 31, 2004 we are granting an automatic variance to rule 303c; beginning on November 1, 2004 no more variances to rule 303c will be granted. If a survey plat is not in compliance with rule 303c the operator will be notified and the permit will be placed on hold until an adequate replacement is supplied to the COGCC.