

TO: COGCC Commissioners
FROM: Rich Griebing
DATE: April 29, 1998

cc: Jim Lochhead
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MEGA Board Representatives
Monthly Report Mailing List

MONTHLY STAFF REPORT

I. STATISTICS

- ◆ Our monthly statistics report is attached.

II. NORTHEAST COLORADO

- ◆ "J" Sand Infill Drilling in Wattenberg Field

Operators have indicated a need to file several additional "J" Sand infill applications to meet their summer drilling program needs in the event the Greater Wattenberg Rule is not adopted at today's hearing.

III. NORTHWEST COLORADO

- ◆ Northwest Colorado Oil and Gas Team

The last quarterly meeting of this team was held on April 9 at the Rifle Town Hall. Approximately 30 people attended the meeting of the team, which is made up of representatives from federal, state and local government, the oil and gas industry, and concerned citizens. Glenwood Springs BLM Resource Area Manager Michael Mottice provided the team with an excellent in-depth update of the current process to revise the Glenwood Springs Resource Area Environmental Impact Statement to reflect current oil and gas activity and to prepare for leasing a portion of the Naval Oil Shale Reserve lands for oil and gas later this year. Other topics discussed at the meeting included an update of current oil and gas activity in the area, an update of the water quality monitoring program near the gas well blowout several months ago in the Rulison Field, the expanded COGCC Piceance Basin Water Quality Baseline Study, COGCC plans to open a local Parachute field office, air

impacts from oil and gas operations, and the current COGCC rulemaking to address increased well density.

The next quarterly meeting of the team will be at a date and location to be determined. This team is co-chaired by Brian Macke and Rio Blanco County Commissioner Don Davis. Please contact Brian Macke at 894-2100 x122 to submit agenda topics for the next meeting. Attached are newspaper articles about the BLM EIS and EA processes.

◆ Parachute/Battlement Mesa COGCC Field Office

The COGCC is proceeding to negotiate a lease for office space in the Battlement Mesa area for a local field office. The office, which is expected to be opened on July 1, 1998, will provide a central location for the Northwest Colorado Area Engineer and Field Inspector to be accessible to operators and the public.

◆ Garfield County Williams Fork Formation Surface Casing and Leakoff Test Policy

After review of leakoff test data gathered during the drilling of Williams Fork formation wells in Garfield County during the past several months, the COGCC staff has modified the previous Permit Conditions. The following surface casing depths will still be required:

- Surface casing must be set at a minimum depth of 1,100 feet in the Rulison Field Overpressured Area.
- Surface casing must be set at a minimum depth of 10% of the total depth of the well outside of the Rulison Field Overpressured Area.

Because sufficient data has been acquired during the last several months, surface casing leakoff tests will no longer be required. All lost circulation zones and gas kicks are still required to be reported to the Northwest Colorado Area Engineer. The new policy dated April 1, 1998 is attached.

◆ IOGCC Selects Tom Brown, Inc. for Stewardship Award

The Interstate Oil and Gas Compact Commission has selected Tom Brown, Inc. as the winner of the Chairman's Stewardship Award in the category of an independent oil and gas company for their Impact Reduction/Wildlife Habitat Mitigation Project near Battlement Mesa. This award is presented annually to a major oil and gas company and a smaller independent company for outstanding projects which demonstrate compatibility between resource development and ecosystem conservation. The award will be presented by Governor Geringer of Wyoming at the June 22 IOGCC Midyear Meeting in Overland Park, Kansas. We would like to congratulate Tom Brown, Inc. for their efforts in the project and for winning the award. Attached is a an announcement letter for the award.

◆ Garfield County Commission Addresses Road and Bridge Impacts

The Garfield County Commission has been working to address impacts to roads and bridges caused by the oil and gas industry and other industries. The Commission has been consulting with the geotechnical engineering firm of Chen and Associates to prepare a study to quantify the impacts of various axle weight vehicles on the different types of county roads. The results

of the study will be used to develop a rational methodology for calculating road impact fees which can be applied fairly among various different industries.

◆ Garfield County COGCC Local Response

The COGCC continues to implement a program in Garfield County where a COGCC hearing officer is available in a public place one day per month to address and respond to citizen concerns. During both an April 16 meeting with the Battlement Mesa Service Association Oil and Gas Sub-Committee to discuss proposed COGCC rulemaking and the regularly scheduled outreach day at the Battlement Mesa Public Safety Building on April 17, Brian Macke met with eleven area citizens. Many of the local residents expressed great interest in the progress of the COGCC rulemaking.

Dates for the following months will be the third Friday of each month with the next visit on May 15 at the Battlement Mesa Public Safety Building. Continuation of this effort will be dependent upon the amount of public participation that is demonstrated during future dates. Our thanks go to the Battlement Mesa Oil and Gas Committee for making the necessary arrangements for the outreach location. Attached are newspaper articles about the latest outreach meeting and other Garfield County/Battlement Mesa topics.

◆ Battlement Mesa and Project Rulison Vicinity Well Permitting

Tom Brown, Inc. has finished drilling the third well between the town of Battlement Mesa and the Project Rulison site since the 40 acre increased density application was approved last year. The Bently #11-24 Well was drilled approximately 2 miles east of the developed portion of Battlement Mesa. Members of the Battlement Mesa Oil and Gas Committee have remarked that Tom Brown, Inc. continues to do a good job of minimizing the impact of drilling operations on the local community.

As previously agreed, the COGCC staff has been sending Applications for Permit to Drill for wells within a few miles of Project Rulison to the Department of Energy for their review. The attached letter from the Department of Energy confirms that the DOE will take gas samples for radionuclide analysis from two of the three recently drilled wells which are within three miles from Project Rulison, the Clem #15-14 and the Clem #15-23. The sampling is planned to occur during the week of May 11, 1998 when they are in the area performing the annual water sampling program for the EPA, which will be before the wells are connected to the sales pipeline.

Tom Brown, Inc. has submitted a Notice to the BLM of its intent to drill 7 wells in 1998 and possibly 9 wells in 1999 in the area south of Battlement Mesa on federal and immediately adjacent non-federal leasehold. This action has triggered the need for an Environmental Assessment which will require the opportunity for public input.

◆ Oil and Gas Vehicle Traffic on Garfield County Roads

Conversations with oil and gas operator and contractor personnel indicate that the operators are continuing to communicate their expectations of courteous and legal driving habits to the

field personnel. There have not been any recent complaints about oil and gas vehicles on Garfield County roads. Operators are commended for their efforts to address this issue.

- ◆ Garfield County Underground Blowout

On April 5 groundwater was tested at the Goad replacement water well. The Goad well is the water well that was contaminated by benzene from the blowout of the Barrett Resources RMV 108-4. The Goad replacement well currently has benzene levels of 190 ppb, down from 410 ppb in October. The water from this well is being successfully treated to below the 5 ppb WQCC standard for benzene. Monitor wells #1 and #3 were sampled on April 13 and 14. Monitor well #1 west of the Goad well has levels of benzene at 11 ppb, no change from the previous month. Monitor well #3 has no benzene, the same as the previous month. None of the other water wells or monitor wells sampled detected benzene.

The COGCC is requiring a change in the monitoring program proposed by Barrett's contractor. Monitoring will continue in the three monitor wells listed above and four drinking water wells for one year after BTEX levels fall below the CDPHE and WQCC standards at all of the seven monitored wells, see attachment. Considerable progress is being made in monitoring and mitigation following the RMV 108-4 incident. Further discussion on this topic in the monthly report will be focused on changes in plans or unanticipated changes in monitoring results.

- ◆ Proposed Piceance Basin Study Phase III

Additional water well sampling is proposed for the Piceance Basin for the spring of this fiscal year. An estimated additional 40 wells will be sampled in the basin. Sampling will concentrate in the areas that have the potential for future gas drilling and in areas sparsely sampled in the previous two studies. The additional sampling is proposed to fill the gaps in data not previously collected in Phase I and II.

The previous contractor for Phases I and II has been approved to perform Phase III. The project is slated to begin in May, 1998.

- ◆ Air Issues in Piceance Basin

The COGCC received a number of complaints, concerns and inquiries regarding air emissions and air quality impacts in the Piceance Basin. In response, Robin Reade found the subject oil & gas facilities to be in compliance with our rules, and that most of the complainants' concerns about air quality are under the jurisdiction of or are being addressed by other agencies.

Attached is an internal memo which was distributed to complainants in the Piceance Basin area. The memo describes other agencies' roles, and information suggested to be included when making complaints to the COGCC. It is likely that most complaints about air emissions, air quality and health effects will be referred to other agencies.

- ◆ TransColorado Pipeline Project

This 300 mile long natural gas pipeline project is being designed to transport natural gas from underutilized supplies in western Colorado to consumers in California and Midwest markets. The route of the project traverses through nine counties in western Colorado. The final stages

of local government and BLM EIS review are now taking place. Newspaper articles about TransColorado's efforts to obtain local government approval are attached.

- ◆ Naval Oil Shale Reserves (NOSR) I and III, Garfield County

BLM is in the early phases of planning prior to leasing an area which is expected to be somewhat larger than the 6000 acre developed area of NOSR III which was prescribed for leasing this year by recent legislation that transferred management from DOE to BLM.

IV. SOUTHWEST COLORADO

- ◆ La Plata County Cooperative Agreement

A COGCC hearing officer continues to maintain office hours at the La Plata County Courthouse the third Friday of each month to meet with concerned residents. During the February 20 session five residents met with COGCC Staffer Mark Weems. During the March 20 and April 17 sessions no concerned residents met with the COGCC representative.

Engineering Dynamics has been selected by staff to fulfill the third party expert review and practical recommendations regarding sound level data gathering methods and potential measures for cost-effective mitigation. This is specified in III.B.5. and C.1 in the Cooperative Agreement (CA). Estimated cost for this study is \$20,000 and will be funded by the Environmental Response Fund. We have contacted La Plata County and received their concurrence to conduct this study. The completion of the study will occur near the June 30, 1998 conclusion of the current CA.

- ◆ La Plata County Gas and Oil Regulatory Team (GORT)

The next GORT meeting will be Thursday, June 18 at 8:30 a.m. in the conference room at the La Plata County Fairgrounds.

- ◆ Pressure Falloff Test, Simon Land & Cattle Disposal Well #1 Well

Amoco has completed the test on this well and is currently evaluating the results.

- ◆ La Plata County ERF Project

The AO Martin and the JF Hill well have been plugged and abandoned for a total cost of \$85,000. Work to plug and abandon another Spatter well was scheduled to start April 27th. Estimated cost to plug this well is \$70,000. Funding to complete this work is provided by the Environmental Response Fund.

- ◆ Pine River Update

As directed by the Commission at March Hearing, staff met with representatives from Amoco on April 13th. At that meeting, staff requested Amoco to test their postulated water source in the Pictured Cliffs Formation by isolating and recovering a water sample from the Pictured Cliffs formation in the in the Dulin D #1 Well. Another meeting has been scheduled for May 20th. During the meeting, we will discuss the staff request to test the Dulin D #1 Well. We

will also discuss the update on Pine River that Amoco and the staff will present at the July 9 and 10 hearing.

- ◆ La Plata County ERF Project - Domestic Water Well Monitoring

The COGCC and the BLM will work together to conduct another phase of ground water sampling from domestic water wells. Approximately 90 water wells will be sampled. We will focus on water wells located in the vicinity of gas wells that have been repaired or that are being vented as a result of failed historic bradenhead tests. Ground water analytical results will be used to determine whether the gas well remediation efforts have resulted in a decrease in methane concentrations in the water wells. In addition, other water wells sampled during the 1993-994 La Plata County ground water investigation will be sampled again and analyzed so we can continue to monitor and to investigate whether changes in methane concentrations and water quality are occurring.

Expenditures for this project have been approved by DNR purchasing and field work is expected to begin in early April 1998.

V. SOUTHEAST COLORADO

- ◆ Eastern Colorado Land and Mineral Owners

We will be attending and making a presentation at the May 11 meeting of the Eastern Colorado Land and Mineral Owners at 8:00 p.m. at the Cheyenne County Fairgrounds, Cheyenne Wells, Colorado.

- ◆ Las Animas County

Robert Lucero of the Las Animas County Planning Department has been nominated as the new Local Government Designee for Las Animas County. Robert replaces Mike Ossola in this position. Mike Ossola is now County Commissioner for Las Animas County.

- ◆ City of Florence

Many wells were drilled around the turn of the century in the Florence/Canyon City Field for which there are no COGCC records. Some of those wells were orphaned without being properly plugged and abandoned. Because of high levels of methane found in and around the Lopez property located at 721 East 3rd Street, the COGCC is planning to plug and abandon the orphaned well adjacent to the Lopez property as soon as possible. Considering the uncertainty of how the gas is migrating, the possibility exists that plugging this well will have no effect on the methane levels in or near the Lopez residence. It was recommended that the Lopez home be ventilated to prevent the buildup of methane.

The COGCC is planning to meet with Fremont County and City of Florence officials to discuss the possibility of conducting a survey to determine the location of remaining orphaned wells. Any wells currently being used by local residents for domestic gas use will be required to be brought into compliance with COGCC rules. Environmental Response Fund monies could be requested to plug and abandon any remaining orphaned wells.

VI. ENVIRONMENTAL ISSUES

◆ Environmental Projects Budget FY 97-98

A revision to the ERF Environmental Projects Budget was made after the Commission approved the revised budget at the March hearing to accommodate the requirements of the Cooperative Agreement between the COGCC and the La Plata County Board of Commissioners. A sum of up to \$20,000 will be used to initiate a third-party noise study in la Plata County. The purpose of the study is to measure noise levels from existing oil & gas production facilities, and develop recommendations for cost-effective mitigation. The funds will be taken mainly from the EGD project and NORM survey shown on the FY97-98 budget spreadsheet.

◆ Notary Water Well Complaint, Weld County

COGCC staff conducted an extensive investigation to determine whether oil and gas operations were responsible for the thermogenic gas detected in Mr. Notary's well. Based upon the investigation results, staff does not have reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of any rule, has occurred that would cause migration of gas from a gas well through the subsurface and into the water well. Nonetheless, the operator of nearby gas wells has voluntarily agreed to pay for the drilling of a replacement water well for Mr. Notary. The drilling contractor has obtained a replacement well permit and we anticipate that the new well will be drilled in the near future.

◆ Water Quality Control Commission/Division Quarterly Meeting

The next quarterly meeting with WQCC will be held on June 15, 1998 at 3:00 p.m. at their offices.

◆ Changes to WQCC Rules

At their April 13, 1998 hearing, the WQCC unanimously agreed to adopt COGCC's proposed rule regarding the classification of ground water in the Weber Formation and the Navajo Sandstone within the Rangely Oil and Gas Field. With the adoption of this rule these ground waters will be classified as Limited Use Quality and the organic standards for benzene, toluene, ethylbenzene, and xylenes (BTEX), and benzo-a-pyrene will not apply to these waters when the source of these compounds is crude oil, condensate, or produced water, or other wastes that are intrinsically derived from primary field operations associated with the exploration, development, or production.

As a result of this and the previous rulemaking regarding the D, J, and O Sandstones in Logan County, approximately 50 percent of the injection wells in the state are now in compliance with WQCC standards and classifications for ground water. To achieve 100 percent compliance, COGCC staff will be proposing additional WQCC rulemaking during 1998-1999.

◆ EPA Enforcement on Spills

Attached is a news article that describes how EPA has taken enforcement action for spills on operators in other states. This is similar to the action taken at Rangely. We are continuing to monitor this issue.

The CDPHE-WQCD is continuing an investigation of spills at Wilson Creek Field. We issued NOAV's for spills, and requested a facility improvement plan as abatement. We are communicating with WQCD to ensure avoidance of dual enforcement.

◆ EPA Problem Pit Program

Robin Reade accompanied EPA and USFW staff on field inspections of production pits and commercial pits designated as "problem pits" from flyover surveys. The production pits were inspected by COGCC field personnel who ensured that operators cleaned up or closed the problem pits. These inspections with EPA and USFW confirmed that COGCC was taking care of the problems as promised. The last area of inspection is near Durango, where many of EPA's problem pits are on tribal lands.

A commercial oilfield waste disposal facility was shut down under a RCRA 7003 enforcement action by the EPA. Although the facility was permitted under the CDPHE - HWMD, the operation apparently was not in compliance and posed a threat to the environment. The EPA action results in closure and cleanup of the facility by the operator, under the supervision of the EPA. The facility operator is Mr. Lou Wyman, who also operates oil & gas wells. The COGCC has recently issued NOAV's to Wyman for well operations and pits. Should the facility operator claim bankruptcy, with no funds for the cleanup, the EPA will require the waste generators to perform the cleanup.

◆ Spill/Release Policy

We will meet in mid May with Dave Akres, WQCD - spill enforcement, and others, to discuss the jurisdictional overlap and define each agency's role in responding to and enforcing on spills/releases to surface waters. It appears that our statutes provide both agencies with authority over protecting waters of the state. One possible outcome of the meeting could be to begin a process to draft a new or revised MOU, which would then be proposed to the COGCC Commission for consideration.

After the meeting(s) with WQCD, we will revise the spill/release policy again, distribute the revised document, and hold a public meeting for interested parties to discuss the revisions. Subsequently, at the following hearing, the spill/release policy will be proposed to the COGCC Commission for consideration for adoption. This will likely occur sometime after the June hearing.

◆ Pit Program

We are tracking the requirements of the pit program, as initiated by rule changes in May 1995. The primary objectives of the program were to test all buried & partially buried tanks, vessels and structures, eliminate leaking tanks and pits in Sensitive Areas, and ensure all earthen pits remaining in service are permitted or have a report filed.

Inventory database: We are continuing to update the database with corrections and inventory data provided by operators and gatherers in letters sent in response to the COGCC NOAV letters.

Summarized data from the inventory database to date:

Total pits, buried & partially buried vessels:	12,715
Earthen pits	3,950
Concrete vaults	3,567
Steel tanks	2,017
Fiberglass tanks	1,707
Tin horns	451

Inventory enforcement: A cursory evaluation of letters sent by operators in response to the COGCC NOAV letters indicates categories that include the following:

- operators that were not in existence or did not own wells 7/1/95;
- domestic well owners that were not aware of these requirements;
- operators that owned no pits 7/1/95;
- operators with federal wells only; and
- operators claiming they had no notice of rule requirements.

Summary of program activity to date:

Operators that sent inventories 12/31/97:	280
NOAV letters sent:	639
Responses to NOAV letters to date:	458
AOC's signed:	26
Fines paid	20
Operators that sent followup inventories & closure rpts by 1/31/98:	34

◆ Oil and Gas NORM Disposal

Last month we sent a letter to the Rocky Mountain Low-Level Waste Compact in support of industry's, request to the Compact board to extend the mining waste exclusion to oil and gas NORM waste, thereby enabling the waste to be managed onsite or in UIC wells.

The Compact board met and agreed to revise existing rules to effect similar results, although they did not actually extend the exclusion as requested. We will continue to monitor progress of this issue.

Currently, the IOGCC NORM subcommittee is working on a set of draft, model regulations for NORM management. We reviewed the draft and submitted comments. The model regulations should be completed by fall, and will be recommended for rule adoption by each state.

VII. ORGANIZATION

- ◆ Our current organization chart is attached.

◆ Congratulations to Thom Kerr, Ron Schmela, and Tenzin Gyaltzen

We would like to congratulate the following staff for their recent promotions into the following positions:

Thom Kerr - Database Manager
Ron Schmela - GIS/Permitting Supervisor
Tenzin Gyaltzen - Network Administrator

These position changes were made as part of an ongoing reorganization to accommodate Marnan Peacock's retirement, the computer system overhaul, and a long-awaited transition from rulemaking to implementation.

◆ Office and Field Technician Position Openings at the COGCC

There are three position openings at the COGCC which are available due to a prior vacancy, Marnan Peacock's retirement, and efficiencies which will be gained through the computer system overhaul. These openings are in three of the existing thirty-five FTE positions. The positions are as follows:

- 2 Engineering/Physical Science Technician II (Denver Office Permit/Completion Technicians) - Available through vacancy and retirement.
- 1 Engineering/Physical Science Technician II (Northwest Colorado Field Inspector - based in the Battlement Mesa field office.) - Available through the new computer system efficiencies, and needed for an area of continually increasing activity.

The job announcements for these positions will be published in the near future.

VIII. PLANNING/ADMINISTRATION/OTHER

◆ Outstanding Oil and Gas Operations Awards Program

We are still accepting nominations for the award program. This is the second year for the program, which was a great success last year, in recognizing outstanding accomplishments by oil and gas operators in several categories. A stakeholder selection team will be convened in May and the award recipients selected in June. The awards will be presented by the Governor or a Governor's Representative during a press conference. The nomination form is attached.

◆ COGCC Letter to Colorado Real Estate Commission

Attached is your letter of February 9 advocating explicit disclosure of mineral interest ownership in real estate forms. I contacted Colorado Real Estate Commission Director Mike Gorham who indicated he will raise the issue at the Commission's May 12 meeting and may invite us to make a presentation at a future meeting. Consideration is being given to changes in the "Seller's Property Disclosure Form" or the "Contract to Buy or Sell Form".

◆ Potential Royalty Owner Information and Payment of Proceeds Legislation

Senator Bishop and Representative Russell George are the sponsors for SB 98-159 which has passed the Conference Committee.

◆ Regulation of Oil and Gas Production Legislation

Representative Dyer had introduced HB 98-1254, a bill concerning regulation of oil and gas production in Colorado, earlier in this year's legislative session. The bill had proposed changes the membership of the Oil and Gas Commission, added requirements for disclosure by Commissioners and Staff and introduced a local informal public meeting process. The bill was heard by the Senate Local Government Committee on February 11, where it was amended and voted down in a 7-6 vote. An editorial by Representative Dyer regarding this bill is attached.

◆ COGCC Certificate of Deposits Held for Financial Assurance

The COGCC has adopted a policy which will eventually bring it into compliance with the Division of Banking's Public Deposit Protection Act (PDPA) for Certificate of Deposits. This statute requires that any public funds on deposit with a PDPA bank be collateralized by the bank for 102% in excess of the FDIC provided insurance. The COGCC has applied for a PDPA number which it will provide to all PDPA compliant banks with Certificates of Deposit on record providing Financial Assurance to the COGCC. Those operators which have provided financial assurance through banks which are not PDPA compliant will be sent a notice asking them to move their financial assurance to a PDPA compliant institution at the time of their instrument's next renewal. There are currently 237 Certificates of Deposit with a value \$2,269,000 on deposit for financial assurance; 74 Certificates of Deposit, totaling \$718,000, might be required to be moved to a PDPA institution. Attached is a copy of the COGCC's PDPA policy.

◆ Enforcement

Staff has sent out letters requesting additional financial assurance to 19 operators of 100 wells or more as required by Rule 706. Fifteen operators have increased their financial assurance for plugging and abandonment to \$100,000.

◆ COGCC Computer System Overhaul

Work continues on development of the workflow system. This includes building the routing structure and adapting the forms to provide data editing features. A software requirements specification document has been drafted to outline the processing of production reports and what steps may be automated.

Work continues on the physical database model and data dictionary. These areas are being fine tuned as the workflow processes become more defined.

The Local Area Network is now operating on a new ethernet switch which will allow the client PCs to access the Windows NT servers and eventually the new system.

◆ Mobile File System

On April 14, installation of the new mobile file system was completed. All well files, cause files and pit files are now contained in the system, which consists of five mobile carriages and two stationary shelving systems. The new file system replaced approximately 90 standard file cabinets and will provide for more efficient file room use by COGCC staff and improved customer service. The funding for this project was included in the FY 97-98 Severance Tax

Budget Request. We would like to recognize Laura Posusta for her excellent work in coordinating the installation of the new system.

◆ Production Reporting by E-mail

This month, Williams Production, Aceite Energy Corp. and Plains Petroleum have submitted their production via E-mail and it has successfully been downloaded into the system. All operators are encouraged to submit their production reports in this manner to e-mail address: *dianne.lyons@state.co.us*. Attachments must meet the same guidelines required for diskette submission. Questions should be directed to Dianne Lyons at ext. 129.

◆ Production Reporting by Well and by Formation

COGCC staff held a workshop with Industry and other interested parties on April 21 to take comment on the proposed Form 7 "Monthly Report of Operations" and its associated data elements and to discuss rulemaking to implement production reporting by well. Because the new computer system is being developed, it is critical that decisions be made regarding how production will be reported. Attached is a memo and the most recent draft Form 7 which incorporates comments provided at the April 21 workshop. Those wishing to obtain a copy of the proposed production reporting form or to make comments should contact Brian Macke at 894-2100 x122.

◆ Department of Natural Resources Imaging Project

The COGCC is working with the Division of Water Resources to help prepare an imaging needs assessment document for the divisions and a Request for Proposal (RFP) for contractor bidding on the document imaging project. The Division of Water Resources is preparing to begin the project this fiscal year and the COGCC is requesting Severance Tax funding for the project beginning FY98-99. One of the project goals is to make COGCC document images accessible by the oil and gas industry and by the public in remote locations.

Work on the RFP is nearly completed. The tentative schedule for the procurement process is as follows:

May 8, 1998 - Request for Proposals (RFP) put out on the state BIDS system.

June 8, 1998 - Deadline for vendor RFP responses.

July 10, 1998 - Finish evaluating proposals.

July 17, 1998 - Select a vendor for the system.

Sept. 4, 1998 - Finish contract work.

Sept. 6, 1998- Vendor begins work on project.

Those who would like to provide project input should contact Thom Kerr at ext. 119.

◆ Minerals, Energy, Geology Advisory (MEGA) Board

The Oil and Gas Subcommittee will meet today and the full MEGA Board will meet from 9:00 a.m. to 4:00 p.m. on May 12. You have been invited to attend a social meeting with MEGA Board members from 5:00 to 7:00 p.m. on May 11.

◆ COGCC on the Internet

The COGCC continues to expand its Internet presence. As of March 1st, a listing of all drilling permit applications received are posted the day following receipt. The newest additions to the website include the draft proposed rules, the draft spill policy, the Quality Assurance Project Plan (QAPP) and the monthly staff report. The COGCC continues to redesign its Web pages to provide improved customer service. The public is invited to leave comments or suggestions for improvements at the COGCC Internet site. The address is: <http://www.dnr.state.co.us/oil-gas/>. The COGCC also has a general e-mail address: dnr.ogcc@state.co.us.

◆ Penalties Status

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

IX. INTERSTATE OIL AND GAS COMPACT COMMISSION (IOGCC)

The midyear meeting is scheduled for June 21 to 23 in Overland Park, Kansas.

X. VARIANCES GRANTED BY THE DIRECTOR UNDER RULE 502.b.

No variances have been granted under rule 502.b. since my last report.