

**TO: COGCC Commissioners**  
**FROM: Rich Griebing**  
**DATE: October 19, 1998**

cc: Wade Buchanan  
Ron Cattany  
Dan McAuliffe  
Cindy McNeill  
Doug Robotham  
Kathy Kanda  
Bob Poelstra  
Sue Griswold  
Joan Avery  
Larry Shuford  
Division Directors  
OGCC Employees  
MEGA Board Representatives  
Monthly Report Mailing List

## MONTHLY STAFF REPORT

### I. STATISTICS

- ◆ Our monthly statistics report is attached.

### II. NORTHEAST COLORADO

- ◆ North Washington Water Well Users Association

Logging and running the video of the well is scheduled for October 20 through 22, 1998.

### III. NORTHWEST COLORADO

- ◆ Northwest Colorado Oil and Gas Team

The next quarterly meeting of the team will be on Thursday, November 12 from 10:00 a.m. until 2:00 p.m. at the Rifle City Hall. The team, which is made up of representatives from federal, state and local government, the oil and gas industry, and concerned citizens, is co-chaired by Brian Macke and Garfield County Commissioner Larry McCown. The team meetings continue to be an excellent forum for communication about oil and gas issues between industry, government, and the public. Some of the agenda items will include updates on oil and gas activity in the area, the BLM Glenwood Springs Resource Area Draft Supplemental EIS and NOSR leasing plans, and other issues of local concern. Please contact Brian Macke at 303-894-2100 x122 to submit agenda topics for the next meeting.

- ◆ Parachute/Battlement Mesa COGCC Field Office

The COGCC has opened the Parachute/Battlement Mesa COGCC Field Office. The office provides a central location for the Northwest Colorado Area Engineer and Field Inspector to be accessible to operators and the public. The office is located in the central business strip mall near the Battlement Mesa City Market, and will be officially open every Monday, Wednesday, and Friday from 8:30 a.m. until 4:30 p.m. Because this office is open to the public on a continuous basis, the monthly outreach meetings formerly conducted at the Battlement Mesa Public Safety Building have been discontinued. Operators and citizens are encouraged to make appointments for meetings with COGCC staff to ensure that adequate time is available to address their issues.

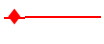
The address and telephone number for the Parachute/Battlement Mesa field office is:

Colorado Oil & Gas Conservation Commission  
Parachute Field Office  
73 Sipprelle Drive  
Parachute, CO 81635  
(970) 285-9000

Attached is a newspaper article about the new office.

◆ Garfield County Commission Addresses Road and Bridge Impacts

The Garfield County Commissioners adopted a resolution in August to increase overweight and oversized vehicle permit fees from \$8 per vehicle to \$15 per vehicle plus \$5 per axle. The road and bridge bond was also increased from a maximum of \$100,000 per operator to a maximum of \$500,000. The Garfield County Commissioners are continuing to study adopting a fee per well to address road and bridge impacts. Attached is a newspaper article about the resolution.



◆ Battlement Mesa and Project Rulison Vicinity Issues

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 preparation of a BLM Environmental Assessment that will be issued at a date yet to be determined for a two-week public comment period.

The Department of Energy, Nevada Operations Office has received the results of sampling and analysis for gaseous radioactivity from the Tom Brown Production Inc. Clem #15-14 and #15-23 natural gas wells in Garfield County. These two wells were drilled during 1998 between a two and one-half and three mile radius from the Project Rulison 1969 nuclear natural gas stimulation experiment site. Both samples were below levels of detection for radionuclides. Attached is a report about the analysis from the DOE.

◆ BLM Glenwood Springs Resource Area Draft Supplemental Environmental Impact Statement

The end of the public comment period for the BLM Glenwood Springs Resource Area Draft Supplemental Environmental Impact Statement (SEIS) has been extended from September 17 to November 23. The time period has been extended to allow the BLM additional time to provide new information concerning air quality for public review and to address the numerous public comments that have been submitted in order to make appropriate changes in the final SEIS. The extension of the comment period will extend the lease sale of the Naval Oil Shale Reserves (NOSR) lands originally scheduled for November 1998 to March 1999. Attached are newspaper articles about the public comment period extension.

The Draft SEIS focuses on the area having a high oil and gas potential, primarily in the area along the I-70 corridor between Silt and Parachute. The purposes of the SEIS are:

- To provide public disclosure of the impacts of higher than expected rates of gas well development than was foreseen in the 1991 Final Environmental Impact Analysis.
- To provide an improved information base for managing gas development impacts.
- To prepare a set of standard operating procedures that could be used to manage future oil and gas development.
- To permit the review and modification of lease stipulations that could be applied to future leases or used as Conditions of Approval on existing leases.
- To develop mitigation measures to be applied to new leases in the Naval Oil Shale Reserve.

◆ Oil and Gas Vehicle Traffic on Garfield County Roads

Attached is a newspaper article reporting comments made by Garfield County Sheriff Tom Dalessandri about the oil and gas industry at a recent public debate meeting in Parachute. In a follow-up conversation with Sheriff Dalessandri, he expressed his ongoing concern about oil and gas industry related vehicle traffic on Garfield County roads. The Sheriff said that he has not had any specific complaints except for one incident related to the use of noisy “jake brakes” during late night hours near a residence. Oil and gas operators and contractor personnel are encouraged to continue to communicate their expectations of courteous and legal driving habits to the field personnel.

◆ Gas Well Flaring Operations in Garfield County

Operators are reminded that Rule 317 requires notification of emergency dispatch as provided by the Local Government Designee prior to gas well flaring operations. The Garfield County Sheriffs Department is concerned that flaring operations are being conducted without the required notification and are planning to document these occurrences.

◆ TransColorado Pipeline Project

Construction on the second phase of TransColorado is continuing. This 300 mile long natural gas pipeline project has been 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. It will extend from 25 miles east of Rangely to Farmington, New Mexico and have a capacity of up to 300 MMCFD.

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

BLM continues to prepare for leasing approximately 7,700 acres of the developed area of NOSR III referred to as the NOSR Production Area. These lands were prescribed for leasing late in 1998 by recent legislation that transferred management from DOE to BLM. The extension of the comment period for the BLM Glenwood Springs Resource Area Draft Supplemental Environmental Impact Statement (SEIS) will extend the lease sale of the Naval Oil Shale Reserves (NOSR) lands originally scheduled for November 1998 to March 1999. The lease stipulations that are developed in the Glenwood Springs Resource Area Supplemental Environmental Impact Statement will apply to the new leases in the NOSR Production Area.

#### **IV. SOUTHWEST COLORADO**

##### ◆ La Plata County Local Public Forums

Tricia Beaver, Cindy McNeill and I held local public forums as per rule 508 to address 9 Amoco applications for increased well density in La Plata County. Commissioner Matheson attended both forums, held October 7 in Ignacio and October 8 in Durango. Videos of both forums have been provided to each of you. The hearing officer reports were posted to the website October 14 and copies were provided to each of you.

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

The last GORT meeting was held on September 23, 1998. Topics at the meeting included the Engineering Dynamics noise study, Fruitland Coal applications for increased density, an update on the JM Huber development plan, Pine River update, and a Valencia Canyon update.

The next meeting is scheduled for December 10, 1998 at 8:30 a.m. at the La Plata County Fairgrounds.

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

The COGCC and the BLM have conducted another phase of ground water sampling from domestic water wells. 119 water wells have been sampled. We focused 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 1993-94 La Plata County ground water investigation have been sampled again and analyzed so we can continue to monitor and to investigate whether changes in methane concentrations and water quality are occurring.

Sampling is complete and analytical results for water and gas samples are being received. Staff and BLM are currently evaluating the analytical results and compiling them into individual letters that will be sent to well owners. A final report containing all data also is being produced for distribution to interested parties.

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

We have issued a Notice of Alleged Violation to Amoco regarding this well following our discussion with you during the September hearing. A copy of the NOAV calling for shut in by November 1 along with supporting documentation has been provided to each of you.

- ◆ Pine River Recommendation

Staff recommendations for the Pine River Ranches site have been provided to you as per your earlier request for a noticed discussion at tomorrow's hearing.

- ◆ La Plata County Noise Study Update

The Noise Study was completed September 29<sup>th</sup>. Copies have been provided to each of you and are available from the front desk. At the request of La Plata County Commissioners we have scheduled a working session with them at the La Plata County Courthouse from 1:30 to 3:30 p.m. on Tuesday, October 27.

## V. SOUTHEAST COLORADO

- ◆ Las Animas County Local Public Forum

In response to a request from Las Animas County, we are scheduling a Rule 508 local public forum to receive comment on Chandler's spacing application for 160-acre well density in the Hill Ranch area. The forum is scheduled for November 19 at 5:00 p.m. in Trinidad.

- ◆ Las Animas County Planning Commission

Debbie Baldwin and Bob VanSickle met with Bob Lucero and four members of the Planning Commission on Monday, October 5. Also in attendance were representatives of the Division of Water Resources and Division of Wildlife. The meeting was requested by Francis Cuckow, Chairman, and focused on produced water quality and water rights issues.

- ◆ Southern Las Animas County Homeowners Associations

At the request of Homeowners Associations in a specific portion of Southern Las Animas County where domestic water wells and coalbed methane wells are completed in the same shallow zones, we are initiating a process to look for alternate sources of domestic water.

## VI. ENVIRONMENTAL ISSUES

- ◆ Water Quality Control Commission/Division Quarterly Meeting

The next quarterly meeting with WQCC is being scheduled for early November.

- ◆ EPA Problem Pit Program

USF&W increased their aerial surveys during the bird migration season. They found 14 locations where pits were oil-covered, while flying over the Anton/Akron area the first week in October. Robin Reade and Ed Binkley are following up.

The EPA Problem Oil Pits (POP) workgroup has indicated it is considering performing a study on the impacts of produced water pits on groundwater in Colorado. We have encouraged the workgroup to solicit input from the joint industry environmental committee before commencing the study. We have also referred the workgroup to the extensive published data that is already available on this topic.

- ◆ COGCC Pit Program

With the assistance of a temporary employee, the existing pit permit files were reviewed and pertinent data entered into the inventory database. This makes existing pit permits searchable in the database.

## VII. ORGANIZATION

- ◆ Our current organization chart is attached.

We would like to welcome Jeff Glossa, who has accepted an offer for the position of Permit/Completion Technician and will start in that position on November 2. It has been necessary to fill this position to accommodate a reorganization of the GIS/Permitting section to prepare for GIS implementation. Jeff brings with him a strong background of experience working as a geologist in the oil and gas industry.

## VIII. PLANNING/ADMINISTRATION/OTHER

- ◆ COGCC Letter to Colorado Real Estate Commission (CREC)

Attached is a copy of my letter containing the alternate draft language for the "Contract to Buy or Sell Form" submitted to the CREC. I plan to attend their November 5 hearing to advocate adoption of this language.

- ◆ COGCC Computer System Overhaul

Walter Breedlove has joined the project as a Reporting System Developer and conversion analyst. He will work with Marnan who has almost completed the analysis of the Commission's reporting requirements. Marnan will continue to assist in the development of the reports and data conversion.

Production testing has begun on the Financial Assurance and Operator Registration workflows. This test will provide an initial debugging of interfaces between the major components of the system. The plan is to fully transition the data in this area to the new system replacing the Access® database that is currently used to administer the financial assurance provided by operators.

- ◆ Production Reporting by E-mail

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 (303) 894-2100 x129.

◆ Production Reporting by Well and by Formation

During the July hearing the Commission adopted the new Form 7 "Monthly Report of Operations" to allow the industry as much time as possible to prepare for the production reporting change before the January 1999 production month. Because the new computer system is being developed, it was critical that the decision was made regarding how production will be reported. Attached is a notice that was sent to all operators of oil and gas production and injection wells in Colorado. The notice was sent with a list of all API numbers for each operator's wells.

◆ Department of Natural Resources Imaging Project

The COGCC/Division of Water Resources awarded the Request for Proposal (RFP) bid to Avacom. Avacom is an IBM partner and the proposed software is IBM's VisualInfo. The contract is current being drafted and is projected to be completed by the end of the month. Central Services has not bid on the conversion of the historic documents (backfile). Should they refuse to do so we will need to create another RFP to deal with the backfile conversion.

◆ Minerals, Energy, Geology Advisory (MEGA) Board

The oil and gas subcommittee met Tuesday, October 13. The next meeting of the full Board is scheduled for October 22-23 in Victor.

◆ COGCC on the Internet

The COGCC continues to expand its Internet presence. As of March 1<sup>st</sup>, a listing of all drilling permit applications received has been posted the day following receipt. The newest additions to the website include the newly adopted 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 *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. We will update you regarding some of these items in executive session.

◆ December Hearing Docket

A preliminary docket for December is provided for your review.

**IX. INTERSTATE OIL AND GAS COMPACT COMMISSION (IOGCC)**

I will be attending the Annual IOGCC meeting in Salt Lake City December 5 - 8.

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

I have not granted any variances since my last report.

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