

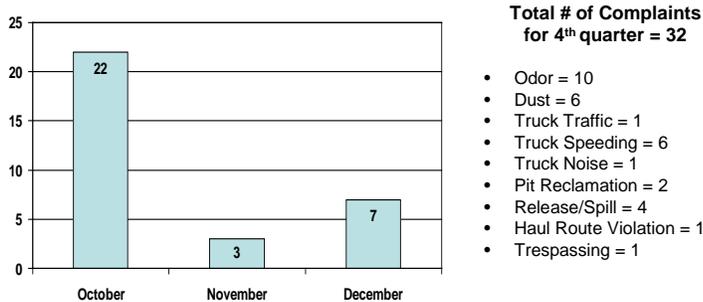
# MEMORANDUM

TO: BOCC  
FROM: Judy Jordan  
RE: O&G 4<sup>th</sup> Quarter Report: October – December 2008  
DATE:  
CC: Ed Green, Department Heads, Elected Officials

## Complaints

The following chart shows the complaints received by the O&G Department in each month of this reporting period.

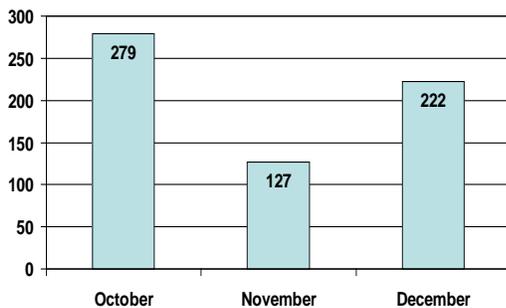
GarCo O&G Complaint Report  
October – December, 2008



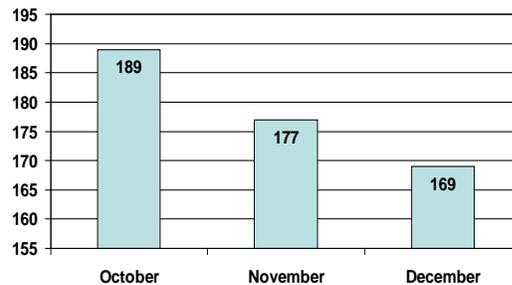
## Drilling Activities

The following charts depict the drilling activities over the reporting period.

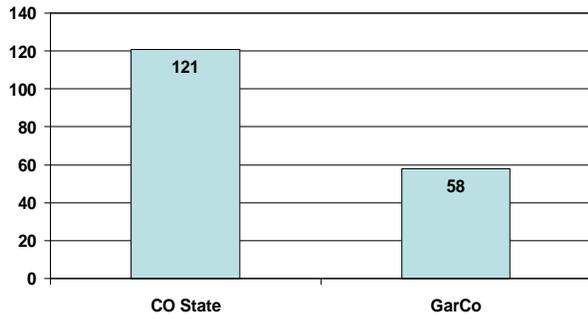
COGCC Approved APD's  
October – December 2008



APD's reviewed by GarCo O&G  
October – December, 2008

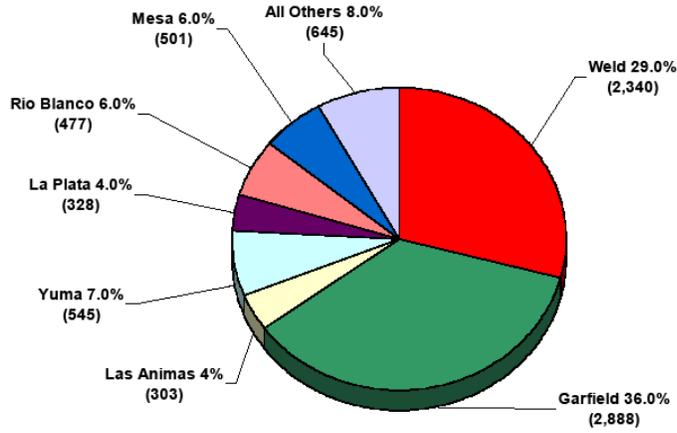


2008 Drilling Rigs running in Colorado and GarCo as of 12/5/08



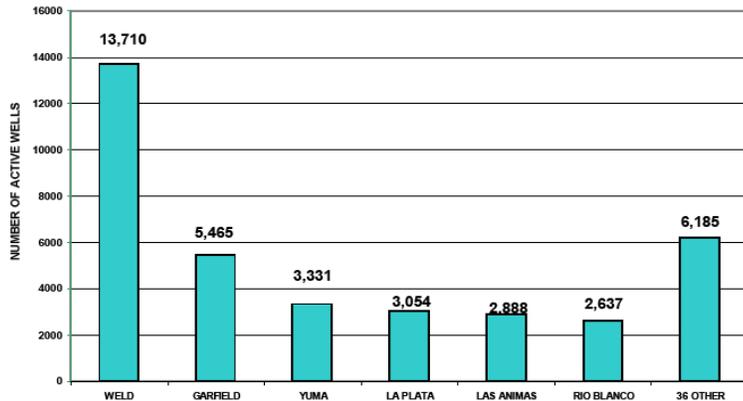
**COLORADO OIL AND GAS 2008 DRILLING PERMITS BY COUNTY**

as of 01-07-09



**NUMBER OF ACTIVE COLORADO OIL & GAS WELLS BY COUNTY**

84.0% of Colorado's 37,270 active wells are located in these 6 counties (01-07-09)



## **General**

The COGCC approved 2888 applications for permits to drill in Garfield County in 2008, the greatest number in any single year.

The charts above describe O&G's standard activities during the fourth quarter of 2008. Each of the complaints listed in this report was investigated and recorded in the complaint database.

Although not technically reportable about the last quarter of 2008, it is important to note that the rig count has dropped sharply in January 2009. Industry publications and production engineers consistently cite the price of gas, which is extremely low, as the reason for dropping rigs. They also report that other planned construction and expansion activities are being slowed by the tight credit market.

### **Major Meetings Attended**

Oil Shale Symposium at CSM October 14 – 17, 2008.

COGCC/Chevron Comprehensive Drilling Plan Kickoff meeting 11/13/08.

Colorado River District Meeting on White/Yampa Energy Demand Report 11/24/08.

COGCC meeting on Rulison Sampling Plan 11/19/08.

DOW/Marathon Comprehensive Drilling Plan kickoff meeting 12/9/08.

### **Presentations**

Gave presentation on socioeconomic conditions at Oil Shale Symposium 10/17/08.

Gave presentation on oil and gas activities at Wilderness Workshop meeting 10/30/08.

Gave presentation to affected public on Mamm Creek hydrologic conditions 11/20/08 at Burning Mountain Fire Hall.

### **Incidents**

Antero experienced a loss of well control at a location off of County Rd 345. Although the cause is under investigation, it appeared that fluids were emitted to the air and onto the well pad. Antero believed they retained the liquids on the pad, but the gases were clearly ejected into the air and dispersed by the wind. Two local residents contacted the Oil and Gas Department with concerns about potential contamination of their property or health effects. One observed a residue that formed on the roof of an out-building and within livestock feeding facilities. Antero had notified the Department of the problem and promised to contact the concerned residents to request permission for their environmental consultant to collect samples from their properties. Antero has recently been in touch to offer an update on their sampling effort. Antero has been very cooperative and forthcoming.

Orion Energy's contractor lost control of a water pipe, which slid down the north slope of Jolley Mesa into the Colorado River. Fortunately, no one was injured, but the County is considering implementing rules or procedures (through Building & Planning) that should help prevent such incidents in the future.

Laramie II reported that one of their contractors was killed in an accident on one of their pipeline sites on September 8. They notified the County of the incident and are investigating the cause.

Chevron spilled a small quantity of drilling mud in October. They contained the spill to within approximately 300 yards of the release, and notified all the required regulators as well as the County. Since the spill was quickly contained, and it did not reach any surface water, they believe that the environmental degradation is minimal, but they are conducting a cleanup operation.

## **Regulatory Developments**

The COGCC completed its regulatory changes and the Commission unanimously passed the new rules. They decided to implement the rules on state and fee lands on April 1 and on federal lands on May 1, 2009. The rules do have to be approved by the legislature and there is some buzz to the effect that industry may appeal them in court, so the process is by no means concluded with certainty.

The BLM promulgated its commercial oil shale leasing regulations on November 18, 2009. Among other things, the regulations establish royalty rates.

The Building and Planning Department has revamped its regulations and Fred Jarman has graciously agreed to provide a primer on the changes to the Energy Advisory Board in one of the upcoming meetings this spring.

## **EAB**

Following debate over having a candidate's forum last fall, the EAB undertook a re-examination of its purpose, mission and procedures. There was a widespread recognition among members that circumstances in the county and the industry have changed. This, in turn, prompted a new look at the boundaries of the citizen representation areas and the tasks listed in the BOCC's original authorizing resolution of the EAB. After next month's review by the EAB of its committees' recommendations, I anticipate that EAB representatives will request time before the BOCC to present findings and recommendations.

## **Special Reports/Studies**

As was reported previously, the second phase of the Mamm Creek study has been completed and results and conclusions have been published. USGS has undertaken a separate study in this same area, focusing on the age of the groundwater. The results of their work will help to clarify the nature of the flow system, and especially the degree of upward migration from the deeper, gas-bearing horizons into the shallower aquifer that is used by County residents for irrigation and drinking water.

## **Rulison**

The meeting held by COGCC in November was primarily a report of findings of the sampling plan that was implemented to monitor drilling sites within 3 miles of the nuclear emplacement well. It was attended by representatives of the three operating companies with leases in the 3-mile radius, COGCC, DOE, CDPHE and URS consultants. They reported that no nuclear materials that they believed were related to Rulison were found in any of the sampling. I questioned whether the group believed it was worth the expense to the operators to continue sampling at the far reaches of the 3-miles radius and was told that indeed the sampling plan is to be revised to eliminate those distant areas that are unlikely to yield useful data.

Neighbors of the Rulison test site have continued to express concerns about the site and COGCC Director, Dave Neslin and I discussed Garfield County's offer of last year to coordinate a mediated discussion among all the Rulison stakeholders. He declined to accept our offer, but did want my help in coordinating a meeting with the neighbors of the site in order to report the sampling results and plan modification. A group of those neighbors who are represented by Gunnison attorney Luke Danielson filed suit in Colorado district court against COGCC regarding COGCC's rejection of their standing to challenge drilling permits. COGCC has since failed to respond to either of my two requests to schedule the meeting about the sampling.

**Other Activities**

With Human Resource's help, which is very much appreciated, we are in the process of reviewing applicants for a field staff position and a summer intern.

Chevron and Noble contacted the Oil and Gas Department to invite participation in the development of their Comprehensive Drilling Plans (CDPs). The CDP provision in the proposed rules, although voluntary, is one of the most useful to the County because it allows us to plan our response or preparations for the effects on County infrastructure and resources. The COGCC has final approval authority for the CDPs, but in order to be approved, DOW, CDPHE and the LGD have to be consulted. The procedure for coordinating the CDPs among these entities has not been spelled out, so the operators are wrestling with meeting logistics to obtain the required input. It is important for the County to gain early involvement in this development process in order to ensure efficient review of the plans and to ensure that our input is given early enough to influence its development. Therefore, we are working with the operators, DOW, CDPHE and internal departments to try to develop a procedure that allows for smooth coordination.