

STATE OF COLORADO
OIL AND GAS CONSERVATION COMMISSION

DEPARTMENT OF NATURAL RESOURCES
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February 15, 1991

Dear Ignacio-Blanco Field Operator:

Drilling and completion activity in the Fruitland Coal has reached record levels in the past two years. As of mid-January, 951 wells have been drilled or permitted. We expect this development to add significant gas production to Colorado. OGCC is committed to this development. However, it must be done without compromising the environment. All of you are aware of the documented cases of methane contaminated groundwater in the Bondad and Cedar Hills areas. OGCC has adopted new field rules for Ignacio-Blanco that will require operators to verify mechanical integrity of existing completions, and more effectively control surface impoundment of E&P waste.

On December 17, 1990, rules 10 and 11 of Order 112-85 were adopted. Implementation of these rules will be carried out as follows:

Rule 10

Bradenhead testing will be required on all wells in Ignacio-Blanco field, whether on production, shut in, or temporarily abandoned. All annular spaces between adjacent casings must be equipped with a visible access to the annulus for convenient testing for pressure and fluid flow. If the access is below ground level, it must be excavated so that any upstream valves are visible and open status verified. Keep in mind that bradenhead testing will be required on a periodic basis, and that all fittings, access, and valving should be set-up as a permanent part of the wellhead configuration.

Frequency of testing-All wells will be tested by July 1, 1991. All wells in the environmentally sensitive areas described on attachment 1 will be tested immediately, with results reported by March 31, 1991. Re-testing will be required annually, unless otherwise ordered by the appropriate regulatory agency. A complete wellbore sketch (example attached), if not previously submitted, including all cement volumes, cement tops and how determined, and formation tops up to the Ojo Alamo, will be submitted with each bradenhead test form. Copies of the new form 17 are included. Instructions are on the reverse side.

Rule 11

All pits on fee lands must be permitted through OGCC according to rule 325. All pits on federally administered lands will continue to be addressed by the current federal regulations. The general 5 bbl/day exemption no longer applies in Ignacio-Blanco field. All operators with unpermitted pits should make application on Form 15, with appropriate supporting data, to comply with rule 11.

In environmentally sensitive areas as described on attachment 1, only pits with approved impermeable liners or closed vessels will be allowed. In other areas, permit conditions will be dictated by depth to groundwater, nature of overlying strata, and any other relevant factors. Permits for all affected pits must be obtained by July 1, 1991.

Jurisdictional Questions

For wells on non-federal, non-Indian lands, submit all documentation to OGCC. For wells under federal or Indian jurisdiction, submit one copy of all documentation to OGCC. Contact the appropriate agency if you have any questions. As the bradenhead testing will be witnessed on a random basis, notify the appropriate local field office (OGCC, BLM or SUIT) of your schedule prior to conducting tests.

We ask for your unconditional cooperation in complying with these new field rules. If you have any questions, please call.

Yours truly,



John R. Stowell, P.E.
Deputy Director

enc: forms, attachments