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RECEIVED

MAY 19 05

COGCC

**Garfield County****BOARD OF COUNTY COMMISSIONERS**

May 17, 2005

Brian Macke, Director

Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

RE: Proposed Presco Order Amendment Language

Dear Brian:

The Board of County Commissioners have had an opportunity to consider substantial additional material received after the tender of our letter of May 10, 2005. Additionally, we have had an opportunity to obtain review of that material by various technical experts. In light of the additional material and reviews obtained during the course of the last week, the majority of the Board of County Commissioners (Commissioner Hout dissenting) have agreed that they should modify their May 10, 2005 request as follows:

At page 3, first full paragraph, which paragraph would now read:

In addition to all of the foregoing, the BOCC assumes that approval of a Modified Order and Conditions of Approval for the specific proposed well will result in withdrawal of the current Presco application for the drilling of down hole locations within the one half (½) mile buffer area. The majority of the Board of County Commissioners (Commissioner Hout dissenting) agreed that Presco may resubmit that application for down hole in-buffer locations no earlier than the 1st of June, 2006, with the following conditions:

1. Presco will submit all technical data, information and reports supporting its position that down hole locations can be safely and productively drilled to Garfield County and designated Garfield County technical experts no later than September 1, 2005 to the extent such data, information, opinions and reports are currently in the

possession of Presco, Inc., its agents, contractors and advisors.

2. To the extent that Presco develops information, data, opinions and reports subsequent to the 1st of June, 2005, which information will support its request of June 1, 2006, for the approval of down hole in-buffer locations, that information will be submitted to Garfield County and its designated technical advisors no later than the 1st of January, 2006.
3. Presco shall be required to engage in an interactive exchange with the COGCC, its staff, as well as Garfield County staff and technical advisors to achieve appropriate conditions for down hole in-buffer locations designed to mitigate any adverse safety impacts from drilling in such locations, including all technical and safety issues deemed necessary through such discussions.
4. If Presco fails to agree to such conditions or fails to strictly comply with the provision of the necessary information to allow evaluation by Garfield County and COGCC technical advisors, no application for down hole in-buffer drilling will be accepted by the COGCC until completion of the next DOE Modeling Report currently anticipated for September 2007.
5. The COGCC and Presco Inc. will submit all data, information, reports and applications of Presco for down hole in-buffer drilling supporting that application to the Colorado Department of Health for their review, comment and necessary oversight.

While the BOCC still believes that the final report of the DOE would be invaluable in evaluating the down hole in-buffer locations, the majority of the Board believes that the current proposal to drill a single well with surface in and down hole out locations may provide valuable data and information to evaluate subsequent applications. It is our understanding that modifications of the existing order, as well as conditions attached

to the current APD, will apply to a single well. This understanding is based on direct representations to our staff and County Commissioners. If Presco is willing to accept these recommendations, Garfield County does not believe it will need to participate in the June 6, 2005, hearings. Additionally, it believes that the June 11, 2005, hearings may be stricken pending further applications for such drilling in 2006.

The remainder of our correspondence of May 10, 2005, remains unaltered although we recognize that there may need to be technical discussions concerning the applicability of our paragraph 4(e). Please advise us as soon as possible concerning the status of the June 6, 2005, hearing to consider modifications of the existing order regarding buffering on the Rulison nuclear blast site.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
OF GARFIELD COUNTY, COLORADO

By



John Martin, Chairman

BOCC:DKD:pko
Attachments

cc: Bill Keefe, Esq.
BOCC
Doug Dennison, Oil & Gas Liaison

John Martin
Glenwood Springs, CO

Larry McCown
Rifle, CO

Trési Houpt
Glenwood Springs, CO



May 10, 2005

Brian Macke, Director
Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

RE: Proposed Presco Order Amendment Language

Dear Brian:

We have had an opportunity to review your proposed conditions to be attached to an Approval for Presco, Inc. Battlement Mesa 25-12 Well SWNE 25-7S-95W. By a narrow majority (2:1), the Board of County Commissioners ("BOCC") agreed that Presco could proceed with its current APD for the subject well without objection from the BOCC, if Presco complies with certain conditions. If the Colorado Oil & Gas Commission proceeds with approval of this specific well under Presco's proposed conditions or modifications to those conditions, the majority of the BOCC have the following issues and concerns it would like to see addressed:

1. The Modified Order, should clearly limit any future approvals in the vicinity of the Rulison Blast Site. (Austral Oil Hayward #25-95 Well in Lot 11 of the NE1/4 of the SW1/4 S 25, T 7, Range 95 West of the 6 P.M.) All approvals should be limited to proposals to complete those wells outside of the one half (1/2) mile buffer zone established from the center of the nuclear blast site, regardless of the location at which the surface is entered.

2. The proposed Modified Order, second paragraph, 4th line, next to last word, strike the word "may," substituting the word "shall."

3. All bullet points in the middle of the Modified Order should be numbered, adding a paragraph 4 to read as follows:

4. In addition to all other requirements of this Modified Order, any Approved Permit to Drill that meets the conditions of this Modified Order shall include, but shall not be limited to, all conditions set forth in Exhibit "A", attached hereto. (Exhibit "A" shall be the final agreed Conditions of Approval for the specific well for which Presco is now requesting an APD.)

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4. In regard to the Conditions of Approval for the specific well now proposed by Presco, we would ask that the following issues be addressed:

- a. Condition 3 should be amended to provide as follows:

That Presco must perform the continuous radioactive monitoring requirements described in the plan of February 3, 2005, as such plan has been modified to meet the requirements of the COGCC.
- b. Also in current paragraph 3, the term "background levels" should be clearly defined as part of the Conditions of Approval. The background levels will define performance under both the "approved plan" and the Conditions of Approval.
- c. In regard to paragraph 4, the plan for mitigation and contingency for the handling/disposal of radioactive material should be addressed to any material withdrawn from The Williams Fork Formation, not simply brought to the ground surface. Any contaminated material removed from the Williams Fork Formation has the potential to contaminate soil, aquifer and gas in the intervening formations. Additionally, a well drilled into a currently uncontaminated area may cause the migration of gas through the Williams Fork Formation, hence contaminating areas in the Williams Fork Formation that are currently uncontaminated. This issue was partially addressed in the 2004 DOE Report. We are not certain of a method by which this problem can be addressed.
- d. Paragraph 5 should include a requirement to mitigate all radioactive activity, not simply monitor.
- e. Of great importance to the BOCC is a method to monitor and control fracturing of the subsurface to prevent any such fracturing from intercepting contaminated areas. Our current information, received from various experts at the Colorado School of Mines, indicates that fracturing can extend twelve to thirteen hundred (1,200 - 1,300) feet from the down hole location of the well. Based upon the 2004 DOE Report, such extent of fracturing runs a risk of such intervention of contaminated materials. Therefore, we are asking that the Colorado Oil & Gas Commission strictly limit the Presco well to fracturing that will extend no more than three hundred (300) feet from the down hole location.

In addition to all of the foregoing, the BOCC assumes that approval of a Modified Order and Conditions of Approval for the specific proposed well will result in withdrawal of the current Presco application for the drilling of down hole locations within the one half (½) mile buffer area. Commissioner Houpt does not agree to any drilling in the Rulison Blast Site Buffer Zone pending receipt of the final DOE report. All three (3) Commissioners agree that if a conditional approval is rendered for surface locations within the Buffer Zone, it should be made subject to an agreement by Presco that it will not submit any application for down hole locations within the buffer area until the DOE can complete additional testing, modeling and data collection to provide necessary assurances that the health and safety of the citizens of this County are not placed in jeopardy by drilling in the vicinity of the nuclear blast site. Through written correspondence, the DOE has assured the BOCC that such a report will be forthcoming by the middle of 2007. Until DOE completes such a report, we do not believe that any private entity or local public agency will be able to properly address the nuclear contamination issues that exist at this site.

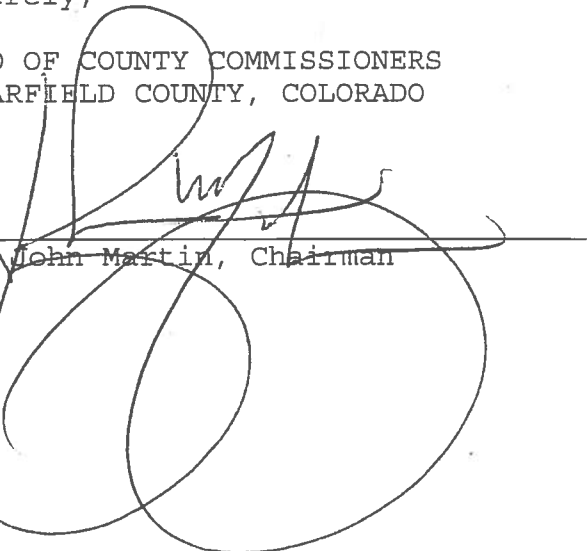
The BOCC understands that a hearing has been set for hearing on July 11 and 12, 2005. It is our understanding that if Presco accepts an APD under the conditions set forth in the draft tendered to the County on April 22, 2005, Presco will withdraw its current application for drilling of down hole locations within the buffer zone set for hearing on July 11 and 12, 2005. With such withdrawal, those hearing dates will be stricken. Pursuant to the agreement to accept conditional drilling under the terms of this correspondence, Presco will agree that it will not resubmit an application for down hole drilling until completion of the DOE report referenced above.

Thank you for your consideration of these matters.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
OF GARFIELD COUNTY, COLORADO

By


John Martin, Chairman

BOCC:DKD:pko

cc: