

STATEMENT OF PEGGY UTESCH

Law and Order in the Oil & Gas Fields Report

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February 2, 2005

I'm a Colorado native who lives on Divide Creek south of Silt, where I work from home as a writer and graphic designer. Divide Creek is one of the last agriculturally producing areas on the I-70 corridor, contributing about 2 million dollars annually to the county's coffers. I'm also a member of the Western Colorado Congress and serve on the board of the Grand Valley Citizens' Alliance.

Four years ago, as I began educating myself about the gas drilling issues facing Divide Creek, I learned that although the Colorado Oil and Gas Conservation Commission (COGCC) has a thick volume of rules and regulations stipulating how gas wells are to be drilled and operated, few of those rules are enforced.

The problem is lack of staff and oversight from both the BLM and the COGCC inspectors. We are in a situation where watchful and concerned residents are reporting accidents and violations because there are only two state inspectors for the 20 counties of Colorado's Western Slope.

Within a 3-mile radius of my home, residents have discovered and reported the following incidents within the last 18 months:

- A drilling waste pit being illegally filled in
- A condensate tank that overflowed twice
- A condensate tank that over pressurized, causing the safety system to release hundreds of gallons of paraffin oil into the air, that was carried across hay fields and irrigation ditches
- The illegal drilling of two wells for which permits had not been issued
- A 2,500 gallon diesel fuel spill
- The Divide Creek Seep accident, where faulty well bore cementing allowed 115.5 million cubic feet of gas to escape underground and subsequently leak to the surface, contaminating water wells, springs, irrigation water and crop land
- Between 1994 and 2004, the COGCC issued 36 notices of alleged violation. Ten of those have been issued to one operator, EnCana, in the last three years. Unfortunately, the fines are inadequate to impact industry behavior. A few thousand dollars each are a mere slap on the hand for a company whose 2003 earnings were \$2.4 BILLION dollars

There are about 2,000 wells in Garfield County, with an estimated 17,000 to be drilled in the next ten years. At current levels, COGCC inspectors should inspect about three wells daily all year long, but that isn't happening. What will happen when we have ten times this many wells?

COGCC's mission statement says that in addition to facilitating gas development, they must equally protect public health and safety. It is clear they have seriously neglected the second half of their mission.

There are two immediate solutions that can have a positive impact on the problems: The COGCC fine structure must be increased so that fines are large enough to correct industry's bad behavior. In addition, adequate numbers of inspectors, both at the state and federal level, must be hired to ensure that air and water quality, our land and the people who live here are protected from the impacts of an industry that isn't required to play by the rules.