

NEWS RELEASE

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2003 OUTSTANDING OIL AND GAS OPERATIONS AWARDS

Colorado Oil and Gas Conservation Commission (COGCC) Chairman Peter Mueller presented the 2003 Colorado Oil and Gas Conservation Commission Outstanding Operations Awards on August 11, 2004 at the Colorado Oil & Gas Association Rocky Mountain Natural Gas Strategy Conference and Investment Forum.

Early each year, the COGCC places a call for nominations for the awards, which are presented annually and are intended to recognize the extraordinary achievements of the oil and gas industry in Colorado in several operational, environmental and community involvement categories. These awards honor year 2003 projects that merit special recognition.

Five Colorado operators were honored this year. The honorees are: Williams Production RMT Company, BP America Production Company, Evergreen Resources, Inc., ChevronTexaco, and Gunnison Energy Corporation.

Williams Production RMT Company was recognized with a Noise Impact Mitigation Award for the modification of two compression facilities to go beyond COGCC rules to address a landowner's concerns.

Noise Impact Mitigation: When additional compression was added to two existing facilities northwest of Parachute, a landowner residing approximately 0.8 miles away from the nearest compressor engines expressed his concerns regarding the sound emanating from the compressor engines. Sound survey measurements recorded at the affected landowner's property line were within the limits allowed by COGCC Rules and Regulations. However, in response to the landowner's concerns, Williams erected sound walls outside of the building directly in front of the engine cooling fans. When the landowner remained unsatisfied with the sound levels, Williams purchased and installed six cooler inlet silencers. Post-installation sound readings measured at the property line of the concerned landowner were 39.8 dBA, a reduction of 7 dBA.

BP America Production Company was recognized with a Well Completion/Stimulation and Community Relations Award for developing effective stimulations for directionally drilled CBM wells and supporting the United Way of Southwest Colorado.

Well Completion/Stimulation: Each year BP is drilling more, and higher-angle, directional wells as part of its coalbed methane infill drilling program in the San Juan Basin. The directional wells are utilized to access gas resources from acceptable drilling locations due to topographical and cultural surface constraints. In 2003, BP was experiencing a significantly higher occurrence of premature screen-outs on the fracture stimulations of its high-angle directional wells. These premature screen-outs resulted in additional costs to clean out the wells and to re-stimulate, and usually resulted in poor well performance. Concern over the high failure rate of fracture stimulations in high-angle wells cast doubt over the ability to utilize directional drilling as a means of reaching challenging infill locations. A 2003 redesign of these high-angle stimulations decreased premature screen-outs from 50% down to 0%. With the success of this stimulation redesign, high-angle wells can be effectively stimulated. This success will allow more challenging infill locations to be drilled and effectively stimulated.

Community Relations: For more than a decade, BP has supported the United Way of Southwest Colorado. In 2003, BP led all donor companies with total donations of \$24,000, including the donation of surplus tubing for the annual United Way auction. BP employees volunteer many hours of their time to United Way. One BP employee chairs the United Way board of directors and another is on the Community Investment Committee helping determine which charities receive United Way funding. According to the President of the United Way of Southwest Colorado, “our local nonprofit community is very lucky to have such a community-oriented business in our midst”.

Evergreen Resources, Inc. was recognized with a Visual and Noise Impact Mitigation Award for its modification of two compressor sites in Las Animas County in order to go beyond COGCC rules in addressing landowner concerns.

Visual and Noise Impact Mitigation: In 2003, Evergreen expanded two compressor stations to avoid construction of additional compressor stations in agricultural/residential areas. Evergreen moved the compressor sites from the top of a ridge line, built berms around the station, and enclosed the compressors with buildings designed with state-of-the-art acoustic dampening materials. Acoustic models and studies, and subsequent acoustic measurements, confirmed that five compressors with the modifications created less noise than the previous three compressors. Evergreen conducted these activities at two stations which it acquired from other operators.

ChevronTexaco was recognized with an Application of New Technology Award for the installation of existing lift technology equipped with new computer controls to address surface owner concerns.

Application of New Technology: The Dynapump, a computerized hydraulic driven sucker rod pump, offers many operational benefits over conventional beam pumping units. The Dynapump has a much smaller footprint and possesses a lower profile than a conventional unit having similar lifting capacities. The Dynapump also is quieter due to the operational efficiency that allows for prime movers many times smaller than what would be required by a conventional unit. The use of this lift system reduces the visual and noise impacts associated with beam lift equipment. ChevronTexaco, concerned about the potential public impact of its operation south of Durango, felt that the Dynapump could address many of these concerns.

Gunnison Energy Corporation was recognized with an Exploration, Water Quality Protection, Community Relations, and Local Government Coordination Award for its efforts surrounding the drilling of four exploration wells in Delta County.

Exploration, Water Quality Protection, Community Relations and Local Government Coordination: Historically, there has been very little oil and gas exploration in Delta County and the citizens of the county were concerned about the impacts to fresh water sources. To address these concerns, Gunnison Energy contracted with an engineering company to conduct an exhaustive study examining the fresh water resources in the area. This study indicated that as long as good engineering practices were in place during drilling and completion there would be no adverse impacts to water resources. Gunnison Energy conducted several public meetings to explain its program and receive public comment. Delta County Commissioners initially rejected Gunnison Energy's special use permits. But, after feedback received through active community outreach programs, the county reversed its position and approved the permits. Gunnison Energy's relations with the County government have drastically improved; they continue to enjoy working in a very close relationship with County officials.