

Oil and Gas Conservation Commission

Mission and philosophy

The mission of the Wyoming Oil and Gas Conservation Commission is to promote the beneficial and environmentally responsible development of Wyoming's oil and gas resources.

Results of outcomes

The commission promotes environmentally responsible development of the state's resources in several ways.

One way is to ensure that no one operates oil or gas wells without first providing acceptable surety or other guaranty. The reviewing employees strive to have bonds, letters of credit or certificates of deposit approved within five days. In FY01, 76 bonds, 16 letters of credit, 14 certificates of deposit and 11 cashier's checks were reviewed within three days. In addition to checking bonding, the agency's attorney reads the advance Wyoming Supreme Court opinions, categorizes them by applicability and legal concept. This information is entered into a database to be used when a particular issue arises. During FY01, 92 cases were reviewed and entered into the database for retrieval.

To assure proper workmanlike operations, the agency promotes awareness in the field that well locations will be checked for proper compliance. In this fiscal year, the agency's drilling inspectors conducted 367 inspections of plugged and abandoned wells for release from the operator's bond, 664 inspections of enhanced recovery wells, and 120 inspections of water disposal wells.

The commission has a commitment with the Federal Environmental Protection Agency (EPA) to witness mechanical integrity tests on Class II injection wells. This fiscal year, 725 tests were witnessed. In addition, inspectors witness MITs on producing wells that have been idle for at least five years. A goal of 40 was set, but 78 well tests were performed. Along with the EPA agreement, the agency checked 1,090 well files to ensure completeness and compliance with UIC and agency rules.

The increase in coalbed methane activity has demanded a field presence by at least four of the agency's eight drilling inspectors. This fiscal year, 272 primary cement jobs and top-offs were witnessed. Inspectors are constantly witnessing various stages of drilling and completing coalbed methane wells in addition to responding to complaints relative to field operations.

There are times when a well has to be plugged and no operator is found to be responsible for the work, or times when an operator had to forfeit a bond to comply with an order from the commission to plug and abandon and

General information

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Year established

1951

Statutory references

W.S. sections 30-5-101 through 30-5-126,
W.S. 1999

Number of authorized personnel

34 full-time, no part-time

Organization structure

Oil and Gas Conservation Commission

Clients served

Oil and gas industry, other state and federal agencies and public

Budget information

Earmarked funds	\$2,272,033
Federal funds	\$184,200
Other	\$299,925
Total	\$2,756,158

reclaim the surface. In the first instance, two wells in Spring Valley Field and one orphan well for Merit Productions were plugged. Bonds were forfeited by:

- Nicolaysen for one well,
- Unicorn Drilling for four wells,
- Petroleum Products for two wells,
- Pride Oil and Gas for three wells, and
- Antelope Production for three wells.

To promote the orderly development and drilling of oil and gas fields, staff reviews applications for permits to drill for appropriate spacing and proper bonding.

Well construction must meet industry and agency standards and citing of facilities such as pits must be protective of public health and the environment. Wells are tracked through the issuance of unique Apetroleum Institute numbers. The goal for this approval process is to have all the checking complete within two weeks of receiving the application.

From July 1, 2000, to June 30, 2001, the agency received 8,402 applications. Of those, only 738 were approved within two weeks. Approximately 1,100 permits were held in abeyance due to spacing hearings. This resulted in approximately 10 percent of the permits being approved in the two-week time frame. The sheer volume of permits received each day caused additional delays. As many as 593 applications for permits to drill were received on some days. Another group of wells was held for pre-site inspections when citing was near a waterway, a house or water well. In this case, too rapid handling of permits had the potential of causing a hardship on people or a negative impact on the environment. Staff to handle the increased volume was increased but it was still too much to accomplish.

An attempt to create no agency-related delays by scanning, approving and returning the approved sundries to operators within two days is another objective. Within these same two days, staff tries to update the computer files and file the hard copy in the well files. To improve the timing for sundries, electronic filing was allowed but it was discontinued, due to waiting on the state's e-portal requirements. Due to hundreds of requests from operators, the option of accepting the electronic filing of sundry notices will resume in mid September 2001. Files are currently being checked for incorrect latitudes and longitudes. A goal was to check at least 2,500 well locations each year. By the end of June 2001, more than 3,000 wells had been checked and corrected. As sundries are filed or files pulled for review, any missing documents are requested to update the computer and well history files with the new information.

Operators and other interested parties rely on statistical information provided by data submitted to the agency. The most requested information is with regard to production. To offer this information in a timely matter, the agency felt electronic filing was the answer. Therefore, another goal was to have 80 percent of the producers report their production electronically. For calendar year 2000, 96 of the 200

larger operators — those with 10 or more wells — were filing electronically; this is 48 percent. But, the 96 operators represent 73 percent of all wells reported.

Encouraging operators to restore to producing status those wells that have the potential of additional reserves or to plug wells and restore the locations of wells that are clearly non-productive is another objective. The agency's director and some staff members conduct meetings with operators who have idle wells. An annual plan is submitted by the operator and specific wells will be returned to production or plugged are discussed. The staff strives to meet with 25 percent of those operators on the idle well list.

Additional bonding is often necessary as required by the rules and regulations for idle wells. This topic is also discussed at meetings. In the calendar year 2000, there were meetings with 46 out of 135 operators on the idle-well list or 34 percent. Those meetings resulted in 91 wells being plugged, 47 restored to production, four converted to injection wells, and 69 mechanical integrity tests were performed on idle wells. In addition, the amount of bonding increased by approximately \$2.6 million as a result of these meetings.

An ongoing goal is to satisfy the training needs of agency staff. All training opportunities are posted for viewing. Two members took four computer classes. In addition, individual and team mentoring and collaboration with other entities are promoted. Staff members have participated in coalbed methane fairs in Sheridan and Gillette and conducted tours for the EPA, congressional delegations and their appointees, and members of interest groups. Two staff members attended the Underground Injection Control Program's state directors' meeting and another staff member was involved with the development of DEQ's hazardous waste program and participated in a conference on coal-bed methane with the EPA, the Bureau of Land Management (BLM) and the U.S. Forest Service. Staff also participated in the Petroleum Association of Wyoming's annual meeting and gave reports on agency activities. One or more of the staff members took advantage of professional talks through SPE, WGA and AIPG every week. Staff members have participated and listened to presentations at the gas fairs for the last five years. In addition, some have learned new computer programs for handling drilling applications, inputting well information and spud reports designed to increase the speed of processing paperwork. One of the drilling inspectors has trained three new inspectors and, in one case, this involved basic use of the computer and field procedures. The coal-bed methane development in the state has strained resources and put unending pressure on a small staff. Short-term temporary personnel handled a large part of the additional work involving data input, necessitating constant retraining. The agency did not seek any additional funding sources for this effort.

Staff members constantly continue to update the computer and well history files with the new documentation received. A goal to obtain additional formation technology personnel to assist with the project was not attained. The implementation of scanning logs and resuming the acceptance of electronic filing has necessitated the purchase of additional hardware and software. A continuing goal is the replacement of a quarter of the agency's computers each year to keep current with technology to better serve the agency's constituents.

Strategic plan changes

In April of 2001, the commission appointed a task force comprised of legislators, the Wyoming State Banking Commissioner, representatives from industry, the Wyoming Attorney General's office and commission staff to design and implement acceptable forms of letters of credit, certificates of deposit and pledge agreements. The task force presented testimony and forms that were accepted by the commission

One of the items of discussion was the need to change the statutes of the Wyoming Conservation Act to reflect the task force's decision. This matter is addressed in the new plan.

The agency began accepting the electronic filing of sundry notices in September 2001. Industry representatives have made hundreds of requests that the agency resume electronic filing of non-notarized sundry notices. This program had been terminated due to postponement of the requirements for the e-portal program.

Due to a cooperative agreement initiated by the BLM, the commission is implementing a short-term program to scan in all logs in the Powder River Basin. A change in the next plan is to expand that program to include all basins in the state.

Oil and Gas Conservation Commission organizational chart

