

# Oil and Gas 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 requires oil and gas operators to provide an acceptable surety or other guaranty prior to operating in Wyoming. This promotes environmentally responsible development of the state's resources and ensures accountability by the operators for their actions. The agency's employees strive to have the bonds, letters of credit, or certificates of deposit reviewed within five days. To streamline this process, the agency's attorney and legal assistant assumed responsibility for handling all incoming sureties, reducing the number of employees handling the sureties and the time from receipt to review of the surety. In FY 04, 264 bonds, 5 letters of credit and 15 certificates of deposit were reviewed within five working days. In September 2003 the agency was assigned new legal counsel. To become proficient in oil and gas law and other pertinent legal areas, counsel reviewed countless cases and reorganized them by issue. Our attorney attended three legal education seminars specifically on oil and gas law. Finally, we updated our Westlaw subscription to allow access to all relevant legal materials and participated in Westlaw training to improve online research capabilities.

To assure proper workmanlike operations, the agency promotes an awareness in the field that well locations will be checked for proper compliance. In this fiscal year, the agency's drilling inspectors conducted 1,493 inspections of plugged and abandoned wells for release from the operator's bond and 247 inspections of enhanced recovery and water disposal wells. The Commission has a commitment with the Environmental Protection Agency (EPA) to witness mechanical integrity tests on Class II injection wells. This fiscal year 649 tests were witnessed. In addition, inspectors witness MITs on producing wells that have been idle for at least 5 years. Tests were performed on 148 such wells. In accordance with the EPA agreement, we checked 678 well files to ensure completeness and compliance with Underground Injection Control program and agency rules. The increase in coalbed methane activity has demanded a field presence by at least five of our nine drilling inspectors. This fiscal year 1,202 primary cement jobs and top-offs were witnessed as well as 461 pre-site inspections. Inspectors are constantly witnessing various stages of drilling and completing coalbed methane wells in addition

### General information

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### Year established

1951

### Statutory references

Sections 30-5-101 through 30-5-126, W.S. 2003

### Authorized personnel

36 full-time; 1 part-time

### Organizational structure

Oil and Gas Conservation Commission

### Clients served

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

### Budget information

Earmarked Funds.....	\$9,519,508
(includes 3,844,936 for new building and 356,458 for furniture)	
Federal Funds.....	179,500
Other.....	373,149
<b>Total.....</b>	<b>\$10,072,157</b>

to responding to complaints from the public 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 reclaim the surface. In the first instance, three (3) wells were plugged with mil levy funds, one for Petroleum Products and two for Bock & Jackson. Bonds were forfeited by Leighland, 3 wells; Viola, 1 well, Ammonite, 8 wells; Wyatt Petroleum, 1 well; and a battery area cleaned up for Minnelusa Oil using State Lands' funds. One well was re-plugged by the operator but supervised by a drilling inspector for Midwest Refining.

To promote the orderly development and drilling of oil and gas fields, the staff reviews Applications for Permit to Drill (APD) for appropriate spacing and proper bonding. Well construction must meet industry and agency standards and siting of facilities such as pits must be protective of public health and the environment. Wells are tracked through the issuance of unique American Petroleum Institute (API) numbers. The goal for this approval process is to have all the checking complete within two weeks of receiving the application. From July 1, 2003, to June 30, 2004, the agency received 9,181 applications. Of those, 1,099 were approved within two weeks. Approximately 134 permits were held in abeyance due to spacing hearings. Also, 201 applications were denied. This resulted in approximately 12 percent of the permits being approved in the two-week time frame. An average of 29 new APDs were received each day. Another group of 119 wells was held for pre-site inspections when siting was near a waterway, a house, or water well. In this case, rapid handling of permits has the potential of causing a hardship on people or a negative impact on the environment.

An attempt to avoid 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 resumed September 17, 2001. During this fiscal year, 2,828 sundries were electronically filed.

Operators and other interested parties rely on statistical information provided by data submitted to the agency. This information is available free of charge on CD ROM and in printed form. The most often requested information is well production. To offer this information in a timely matter, the agency felt electronic filing was the answer. So, another goal was to have 80 percent of the producers report their production electronically. As of June 30, 2004, operators filing production or injection data electronically represent 85 percent of the total wells reported.

Encouraging operators to restore to producing status those wells which have the potential of additional reserves,

or to plug wells and restore the locations of those which 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 advising which 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 our Rules and Regulations for idle wells. That topic is also discussed at these meetings. In the calendar year 2003, there were meetings with 43 out of 135 operators on the idle well list or 32 percent. Those meetings resulted in 146 wells being plugged and 148 were tested for casing integrity. In addition, the amount of bonding held by the agency increased by approximately \$3.5 million as a result of these meetings. The total of idle well bonding at the end of this fiscal year is \$14.7 million.

An ongoing goal is to satisfy the training needs of all agency staff members. Training opportunities are posted for everyone to view. Staff trains on a continual basis as new website and computer applications and software are received. Our attorney general attended a two-day seminar on Coalbed Methane Extraction in Denver in October, and a one-day course on Bankruptcy Law and Procedures in Cheyenne. Six (6) drilling inspectors attended a class which re-certified them for work in H2S environments. Casper College was the setting for an ARCVIEW GIS class hosted by ESRI in mid-June 2004. The class was attended by five staff members. Two staff members attended the National Fluids Conference in association with the National Bureau of Land Management (BLM) Conference in Cheyenne in June 2004. This provided information and training to industry and the BLM staff on the WOGCC website, and also provided training to our staff members with regard to BLM's procedures and policies. Four field technicians successfully completed the Interstate Oil and Gas Compact Commission's Technicians Exam, certifying them as field inspectors. Staff members participated in the coalbed methane fair in Sheridan and Gillette, and met with and/or conducted tours for the EPA, congressional delegations and their appointees, and members of local, national and international interest groups. 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 take advantage of professional talks through the Society of Petroleum Engineers, the Wyoming Geological Association, and the American Institute of Petroleum Geologists every week. Every September for the last seven years, staff members have participated and listened to presentations at the gas fairs in Jackson, WY.

Staff members constantly continue to update the computer and well history files with the new documentation received. Due to a cooperative agreement initiated by the BLM, we have completed a short-term program to scan in all logs in the Powder River Basin and have expanded it to

include the rest of the state beginning with the Green River Basin. As of the end of this fiscal year, logs have also been scanned for the Overthrust Basin, Wind River Basin and approximately 30 percent of the Big Horn Basin.

Resuming the acceptance of electronic filing of sundries and productions 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 our constituents.

## **Strategic plan changes**

In addition to scanning the balance of the Big Horn Basin's logs, the D J Basin remains to be scanned. That leaves about 35 percent of the state's logs unscanned. This program is on-going and should be completed within two years.

We anticipate a bill introduced to the Legislature in February of 2005 to change § 30-5-116 to change the due date of conservation taxes to coincide with the due date of severance taxes.

The additional time-limited IT position assigned to our agency became a permanent position effective July 1, 2004.

# Oil and Gas Commission organization chart

