

# Oil & 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 new bonds, letters of credit, or certificates of deposit reviewed within five days. In FY 05, 187 bonds, 29 letters of credit and 8 certificates of deposit were reviewed. In FY 05, the agency and Commission undertook three separate rulemaking sessions. In part, rules were promulgated and adopted in response to the new surface damage or split estate legislation passed in 2005. Our attorney has been extensively involved in the drafting and revision of these rules. He also has participated in five separate public outreach seminars to educate industry and the public in general on the new requirements of these rules. Our attorney has worked with agency staff to revise and update all forms affected by the new split estates law. Finally, counsel has attended several educational seminars and continues to strengthen his knowledge of pertinent case law and primary legal materials.

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 1,340 inspections of plugged and abandoned wells for release from the operator's bond and 279 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 469 tests were witnessed. In addition, inspectors witness MITs on producing wells that have been idle for at least 5 years. Tests were performed on 106 such wells, and logs were evaluated on another 53 wells. In accordance with the EPA agreement, we checked 604 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 618 primary cement jobs and top-offs were witnessed as well as 392 pre-site inspections. Inspectors are constantly witnessing

### General information

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### Year established

1951

### Statutory references

Sections 30-5-101 through 30-5-126, W.S. 2005

### Number of authorized personnel

36 full-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.....	\$2,821,885
Federal Funds .....	189,400
Other.....	349,044
<b>Total .....</b>	<b>\$3,360,329</b>

various stages of drilling and completing coalbed methane wells in addition 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, one well was plugged with mil levy funds and two sites were cleaned up. Bonds totaling \$111,764 were forfeited by VHJ and Saurus and cleanup of the battery area for Minnelusa Oil using State Lands' funds is near completion.

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 agency has a self-imposed goal of having the approval process completed within one month, of receiving the application. This goal was increased from last year's goal of two weeks to that of a month due to the increase in permits. From July 1, 2004, to June 30, 2005, the agency received 9,997 applications. Of those, 637 were approved within two weeks, 1,286 within three weeks and 2,684 within 30 days with 193 applications denied. This resulted in approximately 6 percent of the permits being approved in the two-week time frame. An average of 38 new APDs was received each day. Another group of 164 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, 2,983 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, 2005, operators filing production or injection data electronically represent 87 percent of the total wells reported.

Encouraging operators to restore to producing status those wells which have the potential of additional re-

serves, 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 2004, there were meetings with 41 out of 116 operators on the idle well list or 35 percent. Those meetings resulted in 134 wells being plugged and 161 were tested for casing integrity. In addition, the amount of bonding held by the agency increased by approximately \$1.3 million as a result of these meetings. The total of idle well bonding at the end of this fiscal year is \$16 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. One staff member took a PowerPoint class. Staff members participated in the coalbed methane fair in Sheridan and Gillette. One staff member met with EPA and U. S. Fish and Wildlife to inspect oilfield pits in the state. A staff member attended the International Petroleum Environmental Conference in Albuquerque, NM, in October of 2004 and the EPA SPE Environmental Conference in Galveston, TX, in March of 2005. 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. In May of this year, this agency hosted EPA's Region VIII UIC State Director's annual meeting. Every September for the last eight years, staff members have participated and listened to presentations at the gas fair 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 with the BLM, we have initiated a short-term program to scan in all historical well logs. That work is 90 percent complete.

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

About 10 percent of the state's logs remain unscanned, the balance of D J Basin, the Salt Creek field. This program is on-going and should be completed within ten months.

We have submitted a new strategic plan focusing on six of our most important programs and/or functions. Those are: permitting, field inspections, the Underground Injection Control Program, surface remediation and restoration, orphan well plugging and our website. These programs and/or functions ultimately affect the entire state's population. We are planning some staffing changes and agreed to work with the Chief Information's Office on evaluating the possibility of the electronic permitting of coalbed methane wells.

# Oil & Gas Commission organizational chart

