

Wyoming Oil & Gas Conservation Commission

Agency Information:

Director:

Mark Watson, State Oil & Gas Supervisor

Contact Person:

Kathy Hutton, Business Office Supervisor I
P. O. Box 2640, Casper, WY 82602-2640
2211 King Blvd., Casper, WY 82604-3165
(307) 234-7147

Website:

<http://wogcc.state.wy.us>

Statutory References:

W.S. 30-5-101 through 30-5-126. The Commission was established by the Wyoming State Legislature in February 1951.

Basic Information:

Number of Employees:

40

Clients served:

The Wyoming Oil & Gas Conservation Commission (WOGCC) serves the oil and gas industry, other state and federal agencies as well as the general public.

Commissioners:

There are five members of the Commission. They are the Governor, The Director of the Office of State Lands & Investments, the Director of the Geological Survey and two members from the public at large who are appointed by the Governor with the consent of the State Senate.

Meeting Frequency:

Once a month - usually the second Tuesday of the month

Budget information/Expenditures for FY 15

The WOGCC has a 2015-2016 Biennium Budget of \$14,506,022. The agency is self-funded from the revenues obtained from the conservation tax and receives a grant reimbursement of expenses from the Environmental Protection Agency (EPA) for the Underground Injection Control Program.

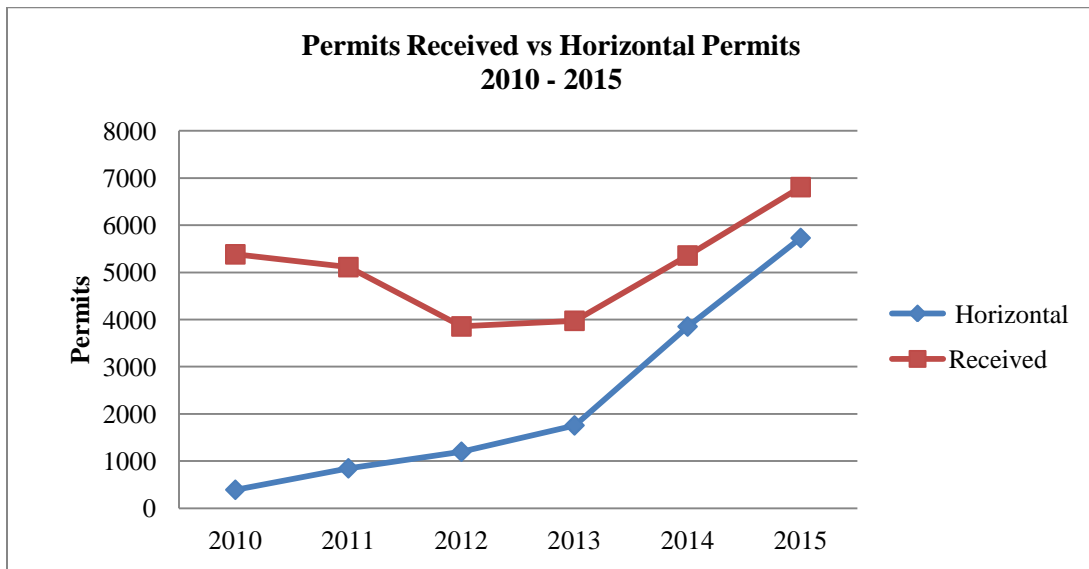
The total expenditures for FY15 were \$7,517,963 of which the grant from the EPA will reimburse \$178,000

Primary Functions

- **Major Accomplishments for FY 15**

Processing permits and maintaining well records: We have eliminated our self-imposed goal of approving permits to drill within thirty (30) days of receipt of the permit. There are several factors which prevent us from that goal including the baseline water testing requirement, the new set-back rule/mitigation plan, the sage grouse core area and volume of permits that are being received. .

- During the calendar year 2015, the WOGCC received 6,807 permits of which we approved 3,960, denied 193 and left 2,654 waiting on approval. Of the 6,807 permits received, 5,730 were horizontal drilling permits. The counties with the most horizontal permits received were 2,286 for Converse, 2,105 for Laramie and 1,014 for Campbell Counties. The additional rules and sage grouse requirements have resulted in new reviews by staff to ensure permit compliance. All wells are checked to determine if they would be located within the sage grouse core area and are then subject to increased review with regard to the Governor’s Sage Grouse Executive Order.
- Groundwater Baseline Sampling – The Commission approved a new rule concerning the sampling of water wells offsetting newly drilled oil and gas wells. This rule requires operators to obtain water samples from up to four (4) wells within a half-mile radius of the well’s surface location and submit the contents’ analyses to the Commission. Since the rule implementation on March 1, 2014 the Commission has approved a total of 5,131 APDs. Out of these APDs 2,634 proposed oil/gas wells had no water sources located within the ½ mile radius and 2,044 proposed oil/gas wells had at least one water source within ½ mile radius. Upon gathering further data over time, we can observe any resulting trends.
- Setback/Mitigation Plan – The Commission undertook a year-long process including public involvement to form a new rule regarding set-back distances between occupied structures and any oil and/or gas activity. The surface setback rule became effective April 14, 2015, but no permits were submitted in 2015 that met the conditions set in the rule.

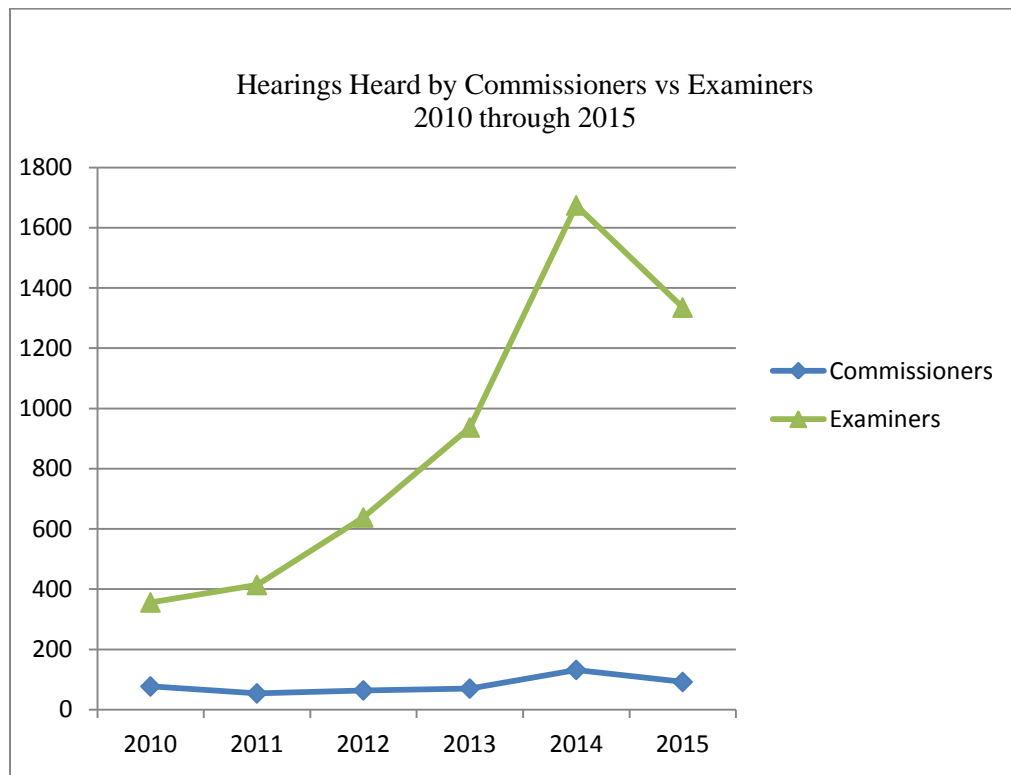


Performing field Inspections: The agency requires a bond in satisfactory form which runs to the State of Wyoming conditioned that wells be operated and maintained in such a manner as not to cause waste or damage the environment and upon permanent abandonment be plugged in accordance with the regulations. Before a well site is released from the operator’s bond, pits must be closed and reclamation of the surface must be completed in accordance with reasonable landowner’s wishes, and/or to resemble the original vegetation and contour of the adjoining lands. Drilling inspectors check locations of all plugged and abandoned wells. Additionally, they check proposed wells for which the drilling permit has expired to insure locations were not built and pits were not constructed.

Managing the Underground Injection Control Program: The purpose of Underground Injection Control regulations is to protect underground sources of drinking water. The Class II program was delegated to the Commission by the United States Environmental Protection Agency in 1981. Regulations

provide that injection and disposal wells must be constructed and maintained in a manner that limits fluids from entering any interval other than one that is hydrocarbon bearing or contains water that is not fresh or potable. A new injection or disposal well must demonstrate that it does not have leaks in the casing, tubing or packer (demonstrate that it has mechanical integrity) prior to operation and at least once every five years thereafter. Our commitment to EPA is that field personnel will witness in excess of 25% of all mechanical integrity tests run. Historically, we have witnessed in excess of 90% of the tests on injection wells. The majority of the tests are scheduled on existing wells which are being retested on five year cycles, but operators are required to call in for testing to be witnessed when new conversions are ready for testing.

Setting matters set for hearing: The docket workload reflects resolution of issues related primarily to the emerging horizontal drilling activity in the Powder River Basin and enactment of the Split Estates Act. Since 2010 the Examiners have heard an increasing number of cases until 2015 when the number of dockets slightly declined due to lower commodity prices. The Commission holds monthly hearings to consider requests by operators for amendments or exceptions to existing rules, to create drilling and spacing units and enhanced recovery units; to approve injection and disposal wells; or to approve of pit or water treatment processes. The Commission also hears show-cause matters prepared by staff to address rule violations by the operators. All cases have to be noticed in relevant county and statewide newspapers prior to the hearings. A total of nine employees plus the assigned staff attorney general are involved in the hearings on a regular basis.



Performing orphan well plugging: All wells that have reached the end of their productive life must be properly plugged and the surface restored to original condition. When operators are no longer willing or able to fulfill their obligations to plug wells, their bonds are revoked and, idle wells that remain and that are located on fee or state school lands minerals become orphan wells of the

state. As the operator does not exist to plug, abandon and reclaim the orphaned well, the Commission performs the work. Funds are available to accomplish this work – bonds posted by the operators and funds from the Commission’s conservation tax. Orphan well count has increased in the past two years due to the decrease in the natural gas price and the resultant number of bankruptcies experienced by coalbed methane operators in the Powder River Basin. The agency has taken a proactive approach to address wells which have the potential to become orphan by meeting with operators annually to discuss plans for idle wells and to require idle well bonding. An idle well is a well that is inactive or not producing, injecting, or used for reservoir monitoring for at least one year.

- The Commission removed 646 wells from the orphan well list in 2015. Of these, 593 were plugged and abandoned and 53 were transferred to landowners to be converted to water wells.

Providing for website information: The WOGCC website has and will continue to undergo changes and enhancements going forward. Taking advantage of newer technology and available features will provide additional areas of improvements, easier and more responsive data acquisition and additional data availability to the industry, government agencies and the general public. The Commission and various federal agencies, specifically the Reservoir Management Group of the BLM, are continuing to work together and share data. This close working relationship enables not only the two entities to have the data they need at their fingertips, but it also allows industry access to data they need to make critical business decisions. A new version of the GIS/Map Server was brought online in 2015 and we continue to bring new features online in that area.

Organizational Chart:

Wyoming Oil & Gas Conservation Commission (055)

