Wyoming Oil & Gas Conservation Commission

Agency Information:

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Website:
http://wogcc.wyo.gov

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 2017-2018

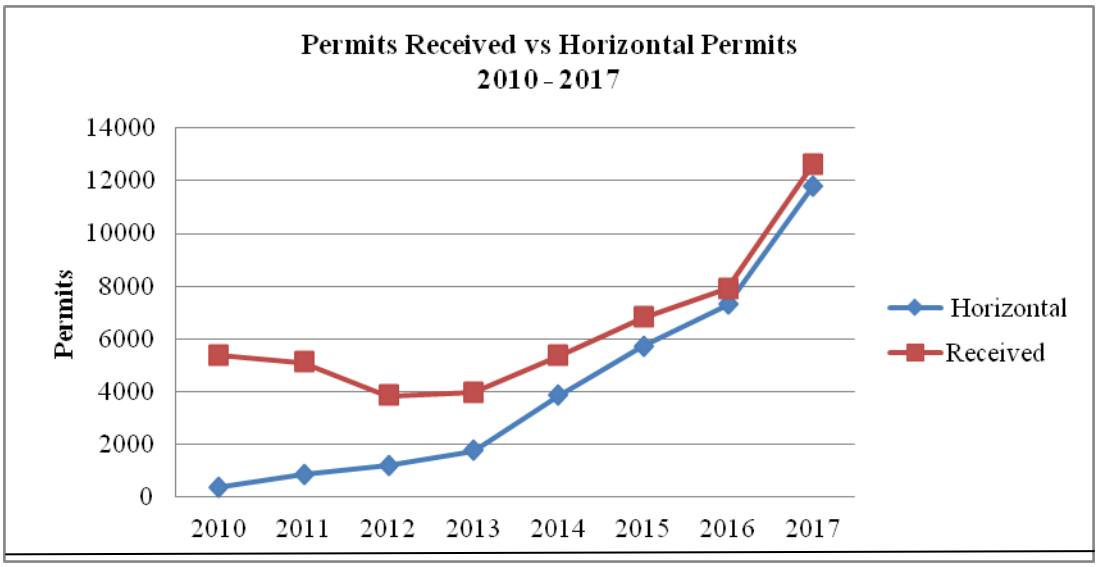
The WOGCC has a 2017-2018 Biennium Budget of $17,787,022. The agency is self-funded from the revenues obtained from the conservation tax and receives a grant reimbursement of expenses from the Environmental Protection Agency (EPA) for the Underground Injection Control Program.

The total expenditures for FY17 were $7,893,518, FY18 were $6,817,562 of which the grant from the EPA will reimburse $169,000 for each year.

Primary Functions

- **Major Accomplishments for Calendar Year 2017**

Processing permits and maintaining well records. During the calendar year 2017, the WOGCC received 12,603 permits of which we approved 6,653, denied 796 and left 5,154 waiting on approval. Of the 12,603 permits received 11,782 were horizontal drilling permits. The counties with the most horizontal permits received were 4,333 for Converse, 3,303 for Campbell and 2,402 for Laramie Counties. 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.



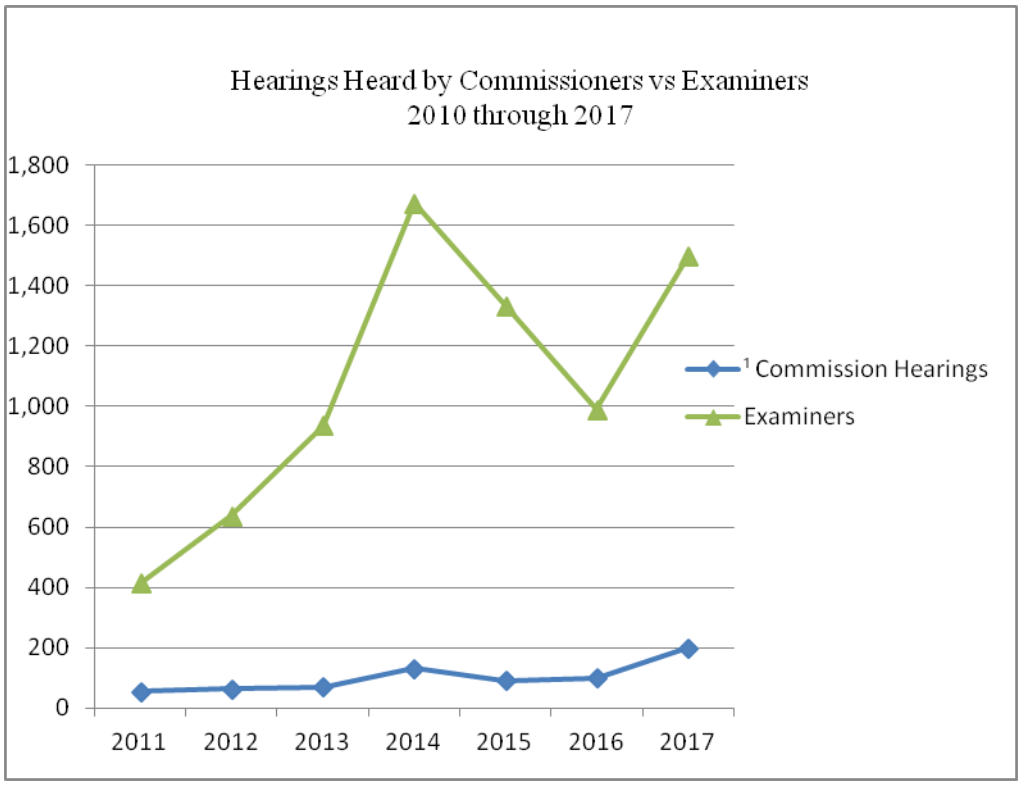
- Groundwater Baseline Sampling – The Commission approved a new rule concerning the sampling of water wells offsetting newly drilled oil and gas wells. This rule requires operators to obtain water samples from up to four (4) wells within a half-mile radius of the well's surface location and submit the contents' analyses to the Commission. The Commission has approved, in 2017, a total of 12,603 APDs of which, 4,747 proposed oil/gas wells had no water sources located within the ½ mile radius and 7,856 proposed oil/gas wells had at least one water source within ½ mile radius, and up to four (4) will be sampled if available. Upon gathering further data over time, we can observe any resulting trends.

- Setback/Mitigation Plan – One of the requirements of the APD is the Setback/Mitigation Plan. Per Chapter 3, Section 47, the setback distance for a surface location must be less than 1,000 feet from an occupied structure. Mitigation plans in 2017 revealed that 513 wells have had a request for plan or additional information based on this 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 the 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 overall hearing count increased due to an increase in activity from the industry. Prior to filing new APDs for horizontal wells an operator needs to create a drilling and spacing unit (DSU) if they plan to drill a long lateral well. Typically operators are drilling wells in a 1,280 acre DSU which equates to an approximate two mile lateral length. Each DSU allows one well to be drilled to each formation that is part of the DSU. Typically the operator needs to drill more than one well in each DSU to effectively drain that acreage so they must file for a second examiner hearing to add wells to the DSU. These hearings must be done so that the operator can file applications for permit to drill the wells. The increasing numbers in 2017 reflect the increase in oil price which has resulted in increased activity within the oil and gas industry in Wyoming.



[1] Commission Hearings include Show Cause Hearings

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 orphans 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 being used for reservoir monitoring for at least one year.

- For the 2017 orphan well count, 360 wells were plugged, 12 wells were converted to water wells for landowners, and 7 wells were mined through during coal mining.

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.