

Wyoming Oil and Gas
Conservation Commission

Mark Watson
State Oil & Gas Supervisor

New WOGCC Rules

- **Chapter 3, Section 46** – Groundwater Baseline Sampling, Analysis & Monitoring (March 2014)
- **Chapter 3, Section 47** – Setback Rule (April 2015)
- **Chapter 3, Section 4** – Bonding (February 2016)
- **Chapter 3, Section 8** – APD fees and approval period (February 2016)
- **Chapter 3, Section 39** – Authorization for flaring and venting of gas (April 2016)



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Water Testing

- Samples from four (4) water sources within ½ mile.
- Sample and test within twelve (12) months of spuding well.
- Post drilling sample and test schedule:
 - (1) twelve (12) to twenty four (24) months.
 - (2) thirty six (36) to forty eight (48) months.




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Surface Setbacks

- Wellhead located no closer than five hundred (500) feet to occupied structure.
- Wellhead located 500' to 1,000 ft to occupied structure(s) requires:
 - (1) Notification to offset owner(s) of Occupied structure(s).
 - (2) Mitigation Plan ie. light control, noise minimization, etc.




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Bonding

- Increase blanket bond to \$100,000.
- Individual bond set at \$10/ft per well.
- Split estate bonds set at \$10,000 per well site.
- Transfer of well(s) requires:
 - (1) Thirty (30) days notice to WOGCC prior to transfer date.
 - (2) Supervisor has discretion to hold prior operator bond for six (6) months.



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APD Fee's

- \$500 (includes administrative approval fee for horizontal wells).
- Application for permit to drill (apd) valid for two (2) years.
- Average APD's received per month

2014	450
2015	567
2016	540


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Flaring & Venting

- Requires accurate measurement of all gas vented or flared.
- Gas analysis to be submitted every five (5) years.
- Allows up to sixty (60) mcf/day for flaring and twenty (20) mcf/day for venting.
- Flaring allowed for 180 days at a maximum rate of 250 mcf/day (monthly average) not to exceed 45 mmcf with prior approval and gas capture plan.

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Federal Rules

BLM

- Fracking rule on hold, pending Federal Court actions.
- Proposed Rulemaking for Waste Prevention Production Subject to Royalties & Resource Conservation.

EPA

- Rules for new & modified sources, May '16
- Information request to study current sources

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New Rules

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New Users
Click Here

Pavilion Working Group Updated 6/4/2015

Sage Grouse Core Protection Policy Updated 9/21/2015

Quick Look Production Graphs

News Releases Updated 6/23/2016

Web Site Help: robert.meyer@wygo.gov

Admin. Approvals

Area of Review

Agencies

Permits

Basins

CoalBed

Completions

Cores

County

Down Load

Electronic Filing

Environmental

Field

First Produced

Formations

Forms

Gas/Water Analysis

Gas Plants

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Hearings

Horizontal Wells

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Injection

Lease Maps

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Pressures/Dst

Rules/Statutes

Sales

Spacing

Spuds

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Sundries

Units

Weekly Report

Trade Secret Settlement Updated 02/18/2015

Notices, Memo's and Presentations Updated 04/29/2016

Rule Changes Updated 04/29/2016

Water Well Transfers Revised 02/24/2014

2016 Industry Meeting Presentations Updated 6/16/2016

Currently Approved Rule Changes

- Flaring Rules, Ch.3 Sec.39, Effective 4/1/16
- Bonding Rules, Ch 3, Sec. 4, APD Fee Increase, Ch 3, Sec. 8, Effective 2/1/16
- Setback Rule- Ch. 1 & 3 Effective April 14, 2015
- Baseline Water Rule Chapter 3 Section 46 Effective 03/01/2014
- Appendix K Sampling and Analysis Procedures
- Spacing Rule Chapter 3 Section 2 Effective 07/24/2014

The Wyoming Oil and Gas Conservation Commission in a manner that ensures responsible development, recovery, and responsible environmental protection.

Commission Staff Other Commissions Viewing Images and Downloads

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Orders

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Commission Orders

By Key Words

By Field

By Year

Key Word And Year

No Warranty is made by the Wyoming Oil and Gas Conservation Commission for the use of this data. Any use of this information to any specific application should be based on independent examination and verification. Those making use of, or relying on, this information assume all risks and liability arising from such use or reliance.

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Hearing Dockets and Information

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Hearings

Admin. Approvals
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2016 Industry Meeting Presentations

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Commission Staff Other Commissions Viewing Images and Downloads

The Wyoming Oil and Gas Conservation Commission ensures responsible recovery and oversight, ensuring

Wyoming Oil and Gas Conservation Commission Hearings

Hearing Number	Applicant	Topic	Date	Time	Location	Status
2016-001
2016-002
2016-003
2016-004
2016-005
2016-006
2016-007
2016-008
2016-009
2016-010
2016-011
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Hearings For 2016

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Thank You

Comments, Questions

Procedural Issues Related to Oil and Gas Conservation Commission

Eric A. Easton, Sr. Assistant Attorney General



Wyoming Oil and Gas Conservation Commission




Wyoming Oil and Gas
Conservation Commission

Eric A. Easton
Sr. Assistant Attorney General

Table of Contents


- Statutory Provisions
- Practice Issues




 Wyoming
Wyoming Oil and Gas
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Sr. Assistant Attorney General

Statutory Provision


- Duties of the Wyoming Oil and Gas Conservation Commission - Wyo. Stat. 30-5-101 through 128
 - Role of Commission Wyo. Stat. 30-5-104
 - Role of Examiners Wyo. Stat. 30-5-105
 - Orders issued
 - Rules of practice Wyo. Stat. 30-5-111
 - Show cause hearings Wyo. Stat. 30-5-111 (d)
 - Funding by Conservation tax Wyo. Stat. 30-5-116(b)




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Practice Issues

- General APA rules apply
- Differences
 - Pre hearing disclosure
 - Administrative hearings limited to interested parties
 - Authority to participate limitations
 - Drilling and spacing units
 - Water floods operations
 - Unit operations and force pooling
 - APD's
 - Exception locations
 - Additional wells
 - Underground Injections/aquifer exemptions.






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Practice Issues

- Differences (cont.)
 - Experts qualifications
 - Overlapping units
 - Pro Se protests- special issues
 - Enforcement actions
 - Bonding, idle well bonding
 - Plug and abandon
 - Disposal of abandoned equipment
 - Failure to pay conservation taxes, report productions
 - Failure to give notice of intent to spud, BOP violations
 - Flaring without authority
 - Spills, failure to report or clean up spills




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Photo Courtesy of www.wyomingbusinessreport.com

Hearing/Administrative Review Processes

Sabrina Hamner, WOGCC Engineer/Examiner



Wyoming Oil and Gas Conservation Commission



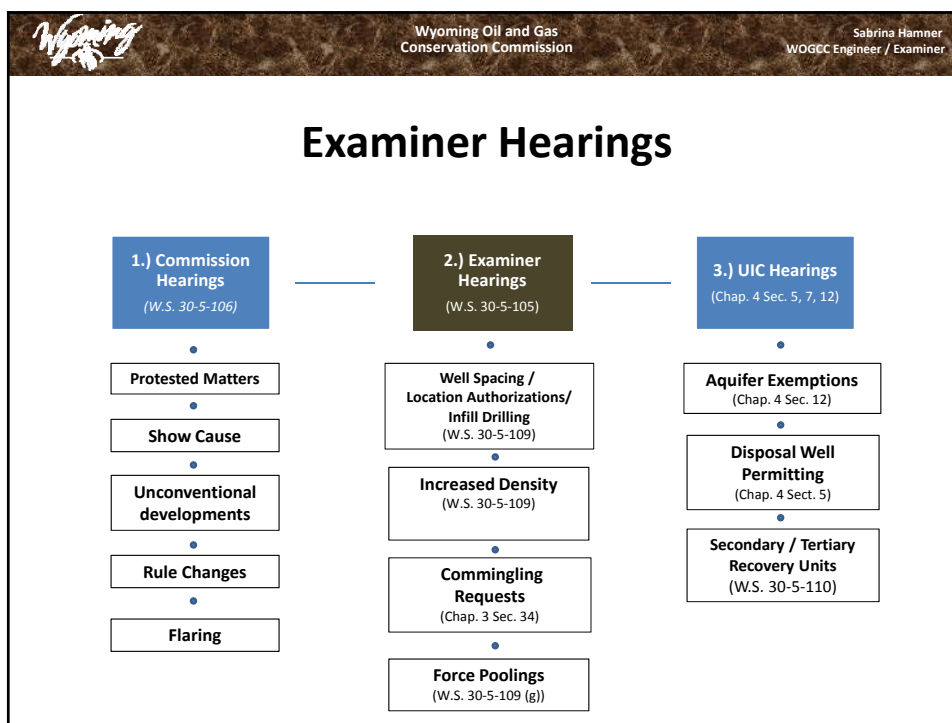
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WOGCC Engineer / Examiner

Table of Contents:

- **WOGCC Engineering Tasks Include:**
 - **Hearing Examiner** (W.S. 30-5-105)
 - **Processing of Administrative Approvals** (Chap. 5 Sec. 15)
 - **Drilling Permit Review**
 - **Sundry Approvals / UIC Reviews**


• Links to WOGCC Rules: <http://soswy.state.wy.us/Rules/default.aspx>
 • Link to Wyoming State Statute: Title 30 Mines and Minerals, Chapter 5 Oil and Gas
<http://legisweb.state.wy.us/NXT/gateway.dll?f=templates&fn=default.htm>





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WOGCC Engineer / Examiner

Examiner Hearings

- **Hearing dates: Second Tuesdays of each month (Casper, WY)**
- Quantity ranges from 10 - 200 examiner hearings per month PER EXAMINER
- Engineers act in role of hearing examiner
- Three required testimonies depending on matter
 - Land Testimony
 - Geology Testimony
 - Engineering Testimony




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Examiner Hearings – Testimony

- **Three required testimonies depending on matter:**
 - **(1). Land Testimony**
 - Surface / Mineral Ownership
 - Working Interest Ownership – Leasehold
 - Prior Dockets within Application Lands / Existing Wells
 - **(2). Geology Testimony**
 - Establishes presence and continuance of reservoir / pool over Application Lands
 - **(3). Engineering Testimony**
 - Calculated drainage area, justify requested down-hole setbacks
 - Well AFE / Risk Assessment (Force Pooling)
 - Evaluation of established production in the area

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Well Spacing (Commission Spacing Orders)

ALL WELLS, except tribal, can be spaced by Commission Orders. Commission orders “trump” Commission Rules and Spacing Exemptions.

- Commission Spacing Orders:
 - Identified by Docket Numbers (e.g. 1411-2014)
 - Area and reservoir (pool) specific, not time specific
 - Some orders are well specific → apply only if reservoir and location match the well permit
 - Spacing orders remain indefinitely unless vacated by another order

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Why are Hearings Necessary?


Photo Courtesy of www.theatlantic.com



Photo Courtesy of www.wyohistory.org



- **Statutory delegation of authority to the WOGCC Staff to ensure:**
 - Protection of Correlative Rights
 - Prevention of Waste (Mineral Resources)
 - Oversees all well spacing regardless of the mineral estate (except tribal lands) as established by Wyoming Law. (Chap. 3 Sec. 2 WOGCC Rules)
- Well spacing is **area specific, reservoir specific, time specific and well specific.**
 - Leasehold does not matter
 - Number of owners does not matter
 - Each reservoir can have its own spacing and wells
 - Horizontal / vertical spacing independent of each other



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Well Location – By Rule


Chap. 3 Section 2 (Non-Tribal)

Well Location - Vertical / Directional Wells

- 1 well / 40 acres
- Center of QTR-QTR (200' tolerance window)
- 920' from other producing wells from the same reservoir

Well Location - SW Wyoming Gas Wells

- Township 12 N - Township 28 N and Range 89 W - Range 121 West
- 1 well / 160 acres (Center)
- 1,120' to exterior boundaries of the quarter section
- Adhere to 460' setbacks from Qtr-boundary if falling under the 2/QTR section criteria (only certain townships and ranges of those listed above)



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Well Spacing – By Rule

Chap. 3 Section 2 (Non-Tribal)

- **Spacing Rule: Powder River Deep Wells**
 - Frontier, Muddy, Dakota in excess of 11,000 feet
 - 1 well / 640 acres. Must be located in the centermost QTR QTRs of the section
 - 1,320' from the setback line
- **Spacing Rule: Powder River CBM Wells**
 - Fort Union or Wasatch coals
 - 1 well / 80 acres (stand-up)
 - Placement in the NE1/4 or the SW1/4, while being located in the center of the 200' tolerance window

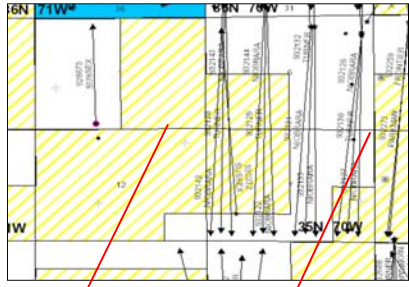
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Well Spacing – By Rule

Chap. 3 Section 2 (Non-Tribal)

Permanent Spacing Rule: Horizontal Wells (as of July 2014)

- 1 well per 640 acres (Section)
- **Surface location** may be anywhere on the leased premises, or on lands adjacent to the spacing unit;
- **Completed interval** must stay 660' from unit boundaries
- **Completed interval** must stay 1,320' from any other producing well of the same formation.



***Any divergence from rule requires notice and approval via hearing or administrative approval.**

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Well Spacing

(Increased Density / Ownership)

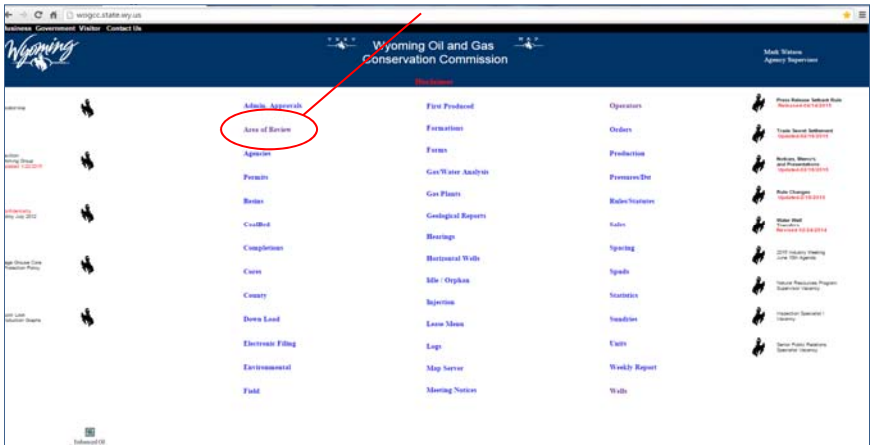
- **Spacing** is based only on **the area one well will drain**. (W.S. 30-5-109 (b))
- **Well Density** (W.S. 30-5-109 (d)) refers to the number of wells in a drilling and spacing unit
 - Well density is increased by Commission Order, when the operator finds a single well in a drilling and spacing unit (DSU) will not drain the acreage
 - Spacing remains the same as before
 - Could be 2 wells draining a 640 acre DSU, not 1 well for every 320 acres
- Area must be spaced before adding wells or pooling
- First owner to file APD gets to drill in the spacing unit
 - Operatorship based on first come, first serve basis
 - More than one owner in a spacing unit, only one can drill a well and both will share in it

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Well Spacing

How to find Commission Orders (Spacing, Increased Density, etc.):

Go to: <http://wogcc.state.wy.us> and click on "Area of




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Well Spacing

How to find Commission Orders (Spacing, Increased Density, etc.):

**Will pull up section of interest and the nine surrounding sections
(Observe demonstration for further information)*




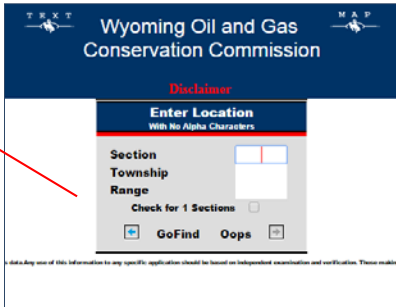
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Well Spacing

How to find Commission Orders (Spacing, Increased Density, etc.):

- Hit “Display Records” and then proceed to enter Section, Township, and Range

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Administrative Approvals (AAs)

(Chap. 5 Sec.15)

- Must include \$75.00 check to be processed
- Types of AAs include :
 - Exception locations (BHL and entry points) (W.S.)
 - Horizontal wells
 - Commingling (down-hole and surface)
 - Vacuum pumps, etc.

Note: Exception / horizontal well APDs will not be approved without a current administrative approval. Unlike commingling applications, which are valid indefinitely upon approval, exceptions and horizontal application approvals are only valid for one year.

- Examples of each:
 - <http://wogcc.stat.wy.us> → “Forms” → “Download Menu”



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Administrative Approvals (AAs)

(Exception Locations – Chap. 3 Section 3)

- **Exception Location Applications (As Per Chap. 3 Sec. 3)**
 - Wells with any part of “PRODUCING INTERVAL” not abiding by the setback requirements or established stipulations of rule / order
 - **Types:**
 - Violation of BHL, entry-point, or lateral setbacks
 - Violation of interwell setbacks
- **Horizontal Well Applications (As Per Chap. 3 Sec. 8(f))**
 - Required to accompany any horizontal drilling permit (APD)
 - Required notice to offset working interest owners
- ***Both Applications are Reservoir / Location / Time Specific***



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Administrative Approvals (AAs)

(Commingling Applications – Chap. 3 Sec. 34)

**MUST BE SUBMITTED TO WOGCC ANYTIME PRODUCING 1 + RESERVOIRS
SIMULTANEOUSLY, OR COMBINING PRODUCTION INTO COMMON LINE**

- Approval by Commission Order or Administrative Approval
- Approvals valid indefinitely

- **Down-hole Commingling:**
 - 1+ Reservoirs: Can be approved on APD if administrative approval or Commission Order previously exists. Must make reference to!
 - Spacing evaluated for all commingled reservoirs / pools
- **Surface Commingling:**
 - Common working interest / royalty interest, otherwise → Hearing
 - Metered before common line OR provide allocation method




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Common Issues: Hearings

- 1.) Overlapping Spacing Issues:
 - The Commission does not allow overlapping spacing units unless:
 - Spacing on top of drilling unit on production (Maintain)
 - Justification that stranded reserves will be accessed.
- 2.) Forgetting to Vacate Underlying Spacing:
 - Cannot vacate spacing with another operator's permits
 - Must role existing permits into new drilling unit (if same operator).
- 3.) Outstanding Draft Orders:
 - If you are representing a client for any WOGCC Examiners...**PLEASE PLEASE** submit draft orders in a timely fashion (90 days) following the hearing.

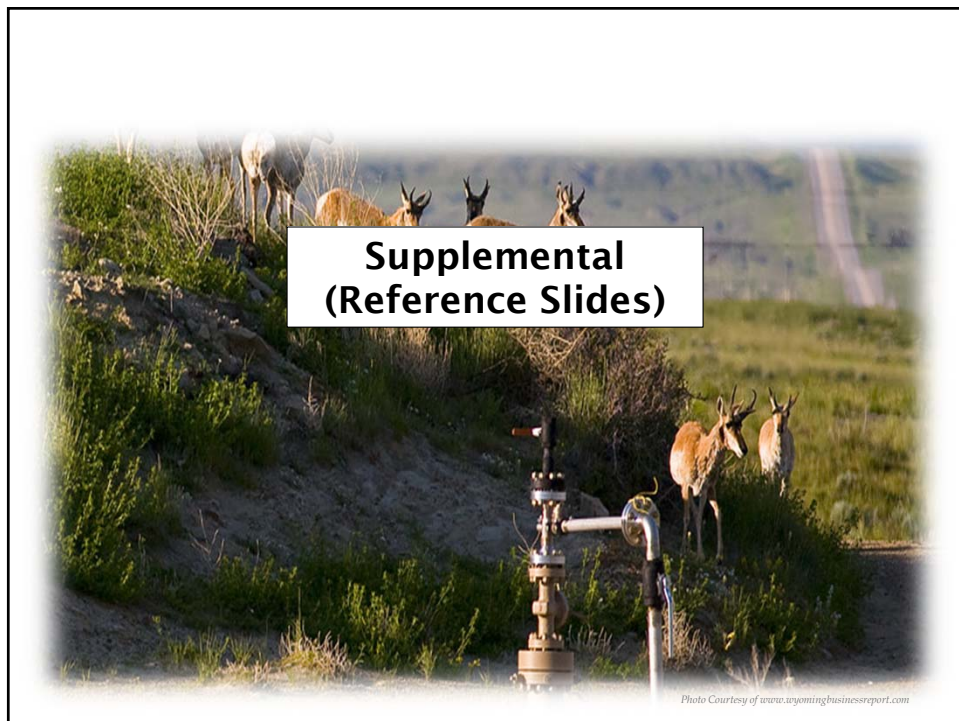


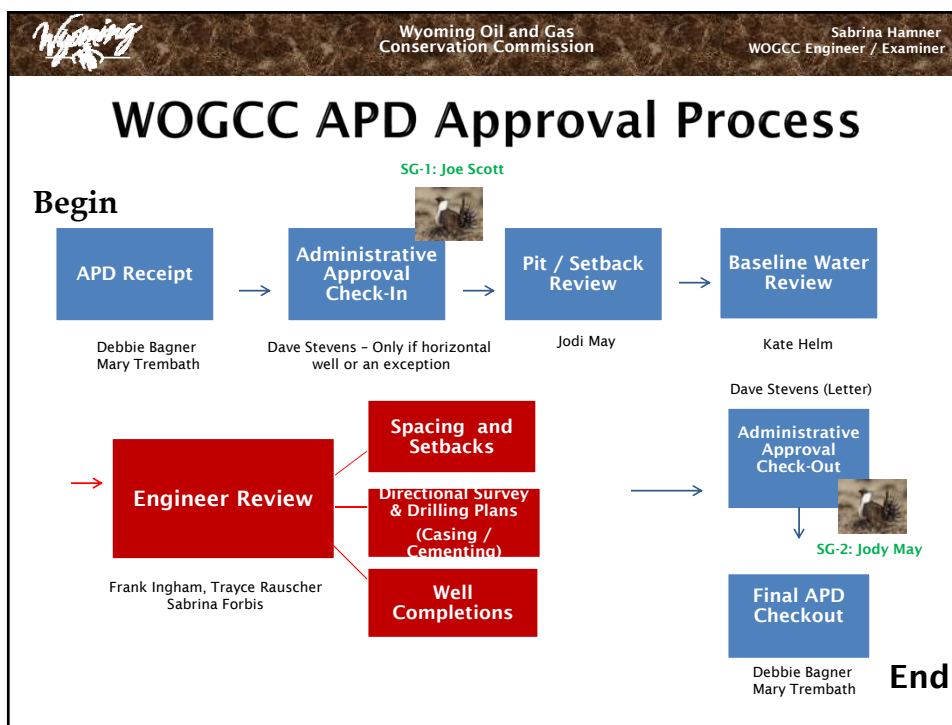
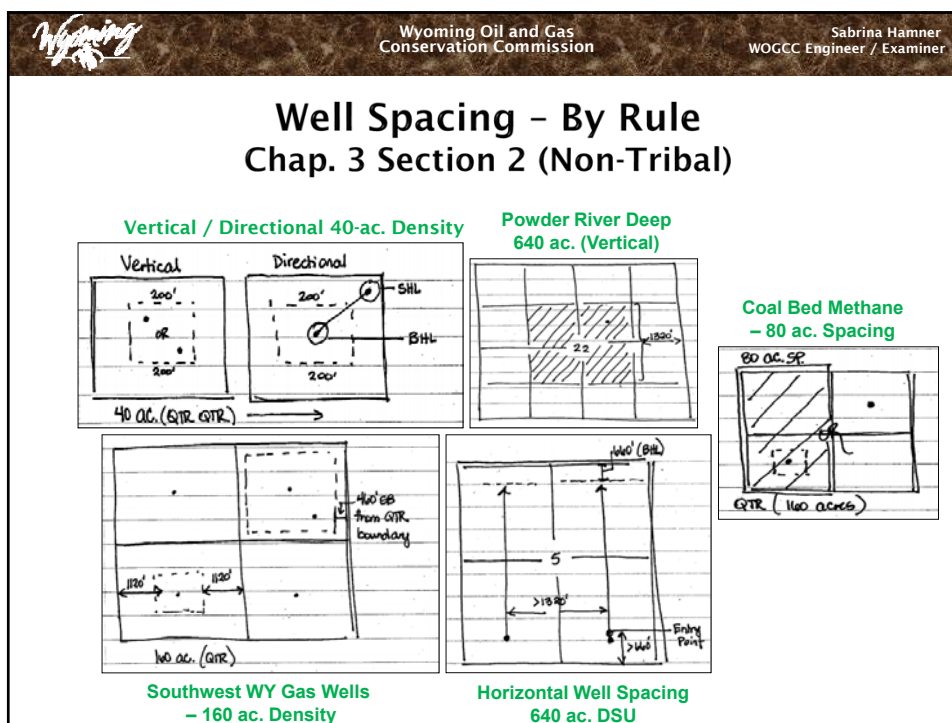
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Common Issues: Administrative

- 1.) Common mistakes on Exception Filings
 - Mistakes on Notices
 - Exception to Rule → Did not notify of an exception. Required to notify all WI owners in ½ mile of well (vertical) or ½ mile of well + inside DSU
 - Exception to Docket → Notify all WI in DSU + offsetting DSUs.
 - Horizontal Application → Notify All WI owner within ½ mile of well and in DSU.
 - Forgetting to address requirements of Chap. 3 Sec. 3 (sp. "Why exception is needed")







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APDs: (Permit Components)

<ul style="list-style-type: none"> ➤ What do the Engineer's Review? <ul style="list-style-type: none"> ➤ Legal location of the well <ul style="list-style-type: none"> ➤ Survey Plat ➤ Well spacing <ul style="list-style-type: none"> ➤ Commission Orders, by rule? ➤ Geologic Markers / Drilling Plans <ul style="list-style-type: none"> ➤ BOP Diagrams ➤ Casing Program ➤ Cement plans ➤ Offset water wells in ¼ mile <ul style="list-style-type: none"> ➤ Setting depth of surface casing 	<ul style="list-style-type: none"> ➤ Direction Plans (If applicable) ➤ Administrative Approvals <ul style="list-style-type: none"> ➤ Exception Locations ➤ Commingling ➤ Horizontal Applications ➤ Confidential Requests ➤ Completions and Stimulations <ul style="list-style-type: none"> ➤ Chapter 3 Section 45: ➤ Must be submitted and approved before the operation begins ➤ Master plans, general plans, sundry NOI
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