

Attachment 5

Guidance for Completing a Nonoperational Well Review

Following the reports released by the Government Accountability Office and the Office of Inspector General in 2018, the Bureau of Land Management (BLM) determined that it needed to issue additional guidance for completing an idled well review. In this process, BLM identified steps and processes to facilitate the Field Office's (FO) review of nonoperational and idled wells.

Step 1: Verify Well Status

Prior to reviewing the existing nonoperational and idled wells, the BLM field office must run the Well Status Comparison Report (OGOR.25) in the BLM's Automated Fluid Mineral Support System (AFMSS) to verify that the well status in AFMSS matches the status reported by the operator to Office of Natural Resources Revenue (ONRR). Guidance on running the report and reviewing the displayed information is provided in Attachment 3. Based on any identified violations, the field should issue any needed enforcement actions. The FO should update the well status to ensure the AFMSS status matches the appropriate ONRR status.

Step 2: Identify the Nonoperational Wells

Pull up the list of nonoperational wells using the Oracle Business Intelligence Enterprise Edition (OBIEE) reports, identified in Attachment 1. The BLM Fluid Minerals Division (WO-310) will pull the OBIEE reports at the beginning of each fiscal year, which will identify the number of needed and planned nonoperational well reviews.

Step 3: Prioritize the Nonoperational Wells

Next, the BLM must identify the wells which need a nonoperational well review. The BLM must review all nonoperational wells identified in the inspection and enforcement strategy requiring an idled well inspection. There must be close coordination between the inspection staff and the nonoperational well review staff to ensure that AFMSS and the OGOR have the correct well status, and that BLM completes any necessary enforcement actions. In addition, whenever the BLM FO reviews a temporary abandonment sundry notice, the staff should also enter a nonoperational well review as part of the temporary abandonment sundry notice review. The FOs can use their annual plans, programs and activities to match the priorities of the wells they select/prioritize for review. Finally, the FO needs to identify additional nonoperational wells that require a review, with a priority placed on idled wells. A few common ways to identify the additional wells include:

- Length of time the well has been nonoperational (see Attachment 3);
- By operator (in conjunction with the multi-well plug or produce written order letter);
- By status of lease (primary term, no longer producing, etc.); and
- By status of the well (TA, DSI, GSI, OSI, etc.).

The BLM should always prioritize the oldest nonoperational wells first and take suitable steps to return those wells to operation or to plug and abandon. For example, the BLM should prioritize idled wells that have not operated for over 25 years.

Step 4: Identify Cases that Need a 60-Day Letter

If an oil and gas case does not currently have any production allocated to it, then BLM should consider issuing a 60-day letter for that case. Since the wells ceased producing, BLM will complete an economic analysis (see Attachment 4) to determine if the wells are still capable of production in paying quantities.

If the lease is no longer capable of production in lease paying quantities, then a 60-day letter should be issued under 43 CFR § 3107.2-2.

If the lease is still capable of production in lease paying quantities, then the BLM should determine if the shut-in status of the well is still appropriate. If it is not, then the BLM should issue a 60-day letter under 43 CFR § 3107.2-3.

If an oil and gas agreement is not producing, then the BLM should reference the agreement to determine the appropriate time frame and criteria under which the agreement terminates and then incorporate the appropriate language in its 60-day letter.

Step 5: Verify Operator's Future Use of the Well

For nonoperational wells located on leases that are still held by production, BLM must determine if the operator intends to use the well(s) for the future benefit of the Federal lease. This requires contacting the operator and determining its intentions related to the currently nonoperational well or wells. In some instances, FOs may start with the plug or produce written order language in Attachment 6. The BLM must enter written orders into AFMSS for each well.

Step 6: Review the Data Submitted by the Operator

If the operator does not respond to the BLM's request for information, then the FO should issue the appropriate written orders as per Step 7 below. If the operator responds to the BLM, the BLM should determine if the operator's plans for the well will benefit the oil and gas lease and whether the BLM will allow the well to remain nonoperational. The BLM may respond to the operator's plans in multiple ways, including:

- Approve the operator's notice of intent to abandon the well;
- Approve the operator's plans to return the well to production;
- Require specific tests to ensure the continued nonoperational status will not impact the Federal lease;
- Confirm the operator's assessment that there are good reasons (beneficial use for the Federal lease) for leaving the well nonoperational and allow the well to remain nonoperational; and
- Reject operator's assessment that there are good reasons for leaving the well nonoperational and require the operator to either plug and abandon the well or return it to production.

Step 7: Issue the Appropriate Written Orders

The BLM will need to issue appropriate written orders to ensure the operator timely returns idled wells to production or plugs the wells. The FO should depend on a certified inspector, who is familiar with the enforcement process, to ensure the FO issues enforcement actions consistent

with the BLM's policy. Sample language is included in Attachment 6. Possible written orders include requiring the operator to:

- Plug or produce one or multiple wells;
- Verify the production assumptions before the BLM approves the continued non-operation of a well;
- Verify the current integrity of the well(s) before the BLM approves the continued non-operation of a well; and
- Plug a well within a terminated lease.

In most instances, the operator will reply to the order with a sundry notice. In these instances, the BLM petroleum engineer should review the provided data and attach the appropriate conditions of approval (COA). These COAs should ensure that the operator timely returns the well to operation or plugs the well and does not allow the well to remain idled for an extended period of time.

Step 8: Add an Idled Well Review to AFMSS

After receiving the operator's planned use for the well and issuing the appropriate orders, BLM should update AFMSS per Attachment 2. Ensure that the data entry contains:

- The operator's long term plans related to the well;
- A determination if the well has potential future beneficial use;
- If the operator is contacted, the date BLM sent a letter on the idled well;
- Any follow-up decisions and operator responses to BLM's letter to the operator;
- Any well production tests and the test results;
- Any mechanical integrity tests and the test results; and
- The approximate date of the next Idled Well Review.

As a reminder, the BLM FO should enter an idled well review for each nonoperational well reviewed by the BLM. This data entry is required even if the nonoperational well has not met the idled status requirements of the Energy Policy Act of 2005.

Step 9: Ensure the Appropriate Monitoring and Data Entry is Completed

Finally, the FO should continue to monitor the well's status and ensure the operator follows through with returning the well to production, converting the well, or plugging the well as proposed in the operator's plans or in BLM's COAs. As these steps occur in a fiscal year, BLM should update the existing idled well review in AFMSS.