

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
COLORADO STATE OFFICE  
2850 YOUNGFIELD STREET  
LAKEWOOD, COLORADO 80215-7076

August 26, 1997

In Reply Refer To:  
3160 ( CO-934) P

Instruction Memorandum No. CO-97-059  
Expires 9/30/98

To: District Managers

From: State Director, Colorado

Subject: Implementation of the FY 1998 Oil and Gas Inspection Sharing Cooperative Agreement with the Colorado Oil and Gas Conservation Commission (COGCC) DD:08/29/97; 09/08/97

On April 28, 1995, an Inspection and Enforcement (I&E) cooperative agreement between the COGCC and the BLM was signed and implemented under CO IM 95-58 during FY 1995. The five year agreement provides for sharing of inspection resources between the two agencies. The purpose of the agreement is to augment inspection resources to assist in accomplishing the I&E strategy, provide a better understanding of each others programs and to develop future opportunities for sharing. Prior to its implementation, a final draft was sent to your program lead for review and comment. All comments were addressed by either incorporation into the agreement or response. During FY 1997, an analysis (Attachment 1) was performed covering the progress of the COOP agreement. The analysis identified the successes, problems and issues to be resolved prior to reimplementation. As a result, solutions to the identified problems were formulated (listed items contained in Attachments 1 and 2). The analysis was distributed at the June 1997 State Management Team meeting along with a request to notify us within a couple of weeks if an office did not want to implement the agreement. To date, no response has been received.

As such, all Colorado BLM inspections offices and BLM Colorado State Office along with the COGCC are committed to making this agreement work. Most of BLM's field involvement will be from the Little Snake, Canon City, and White River inspection offices. It will be reimplemented on October 1, 1997. At least one workmonth of inspections are to be shared. Since the agreement has been placed before you and your staff for comments twice in the past, we are only requesting comments by August 29, 1997, on the recent solutions contained in Attachments 1 and 2 and on the numbered implementation items listed

below. Prior to September 5, 1997, you will be notified of additional changes, if any, as a result of comments received.

As stated in the analysis, commitment from all parties involved is needed to make the agreement work. Inspections done under the BLM national strategy and the inspection sharing cooperative agreement are equally important and should both be addressed when planning for the FY's inspection goals. Participation from your inspection offices is crucial to assure the success of this partnership with the COGCC. To prepare for FY 1998, the following is expected to happen:

1. The Canon City District Office (CCDO) of the BLM will furnish the Automated Fluid Minerals Support System (AFMSS) inspection records, site security diagrams, monthly report summaries, and any pertinent approvals (i.e., venting, water disposal, variances, etc.) necessary for the planned production inspections by September 8, 1997. Inspections will be conducted by Linda Pavelka, who as a former BLM employee, is a certified Oil and Gas Inspector and Ed Binkley as applicable. When necessary, they will set up meeting with operators, inspect IID's against information provided, and contact BLM and the operator for any additional information needs. If they feel further file review is necessary before completing and closing the inspection activity(s), they will go to Canon City to review files or request additional information from BLM via mail or phone. BLM will provide the requested information within 10 working days.
2. The COGCC will provide Bill Hill of the BLM White River Resource Office with a list of wells to be inspected for FY 1998 by September 8, 1997. Prior to COGCC providing the list, the appropriate COGCC representative will coordinate with Bill Hill to determine what COGCC wells are in the area of BLM planned inspections. To the extent possible, COGCC's list will include wells within the area of BLM planned inspections. At this time, it is anticipated that all of the COGCC identified inspections will be north of I-70.
3. Both the COGCC and BLM will have the identified shared inspections completed, including providing the necessary inspection documentation, by September 30, 1998.
4. The COGCC and BLM will perform a mid-year progress report by April 1, 1998.
5. Inspections, coordination, and documentation is to occur as outlined in Attachments 1 and 2.

If at any time you find that implementation of this agreement can not be accomplished, please contact me directly. Otherwise, direct any other implementation problems, questions or concerns to Pat Gallagher at (303) 239-3756.

Because of an unforeseen imbalance in travel times (See Item #7 of Attachment 1), BLM and COGCC agree to eliminate the backlog of inspections that currently exists.

Attachments: as stated.

Signed by  
Brian Bernard  
Acting State Director

Authenticated by  
Don Snow  
EMS Operator

Attachment 1

## BLM/COGCC Inspection Sharing Cooperative Agreement Analysis

### Summary

I believe the agreement could work. However, all parties need to buy-in on the concept and give it the commitment it needs to succeed. We knew that there would be bumps along the way and that those could be worked out. The way I see it, the agreement is a tool for Canon City to use to meet (and exceed) their strategy. If CCDO opts not to use this tool, then I believe that the agreement should be terminated.

A decision should be made soon so that the preliminary work of choosing inspections, copying documents, etc. can be done and priorities set for Fiscal Year (FY) 1998 I&E strategy. From now until October 1, 1997, we are working to balance the inspection deficit. If it is decided to reimplement, we will start a new cycle of exchanging inspections starting October 1. Also, to reimplement, at least 173 hours of inspections must be identified by both agencies by September 1. A decision by August 1 would allow enough time to package inspections for an exchange.

### Status

As of February 1997, BLM spent a total of 81 office and inspection hours performing 210 inspections for COGCC. COGCC has spent a total of 158 office and inspection hours to perform a total of 52 BLM inspections. As of February, BLM owed COGCC 77 hours of inspections. COGCC performed inspections include BLM production, drilling, and abandonment. BLM performed inspections include UIC, and environmental.

### Background

The inspection sharing cooperative agreement was designed for BLM and COGCC to share inspection resources. In eastern Colorado, COGCC inspects our wells that are closer to their offices. In western Colorado, BLM inspects COGCC wells that are closer to our offices. The result is a savings of travel time and closer coordination between BLM and COGCC. No money has been exchanged (except that projected for training). Formal and informal training is being provided by both parties. One of two COGCC's inspectors involved in the COOP was a BLM inspector and is already trained and certified in doing BLM inspections. The other COGCC inspector has been sent to production school with expenses to be shared by BLM and COGCC. Four training sessions in Denver, Meeker and Canon City have been

conducted since June 1995 that covered technical aspects, documentation expectations and enforcement procedures of each other's inspections. Other training include joint inspections. The target was to exchange 346 hours (2 WMs) worth of inspections as a start. The agreement was signed April 28, 1995, and transmitted to District Managers under Colorado Instruction Memorandum No. 95-58.

## Discussion

Early on it was determined that COGCC needed the most help in Northwestern Colorado. As such, little or no help was desired from BLM personnel in Durango or Canon City by the COGCC. Also, the agreement initially targeted drilling inspections for the COGCC to do but activity dropped and the COGCC picked up production inspections. While BLM in Northwest Colorado have been very supportive of the agreement in performing the requested COGCC inspections, the BLM in Canon City have been unable/reluctant to provide the COGCC with a substantial list of inspections to be performed (Ernie came up with 60 hours per year, Brian wanted at least 173 hours to make it worth while). The lists that were provided came after much effort. When CC told us that they didn't have enough for COGCC to inspect, we told CC how important the COOP was and that it was ok to exceed the strategy in coming up with more to inspect (6/96). At that point, it was given to CCDO management and we've been waiting for a response ever since. Informal conversations (8/96) reveal that a plan proposed to modify the agreement is on CCDO management's desk. Also, I've asked many times for their plan on meeting the strategy in light of the pending retirement of their inspector. The inspector has since retired and to date a plan has not been submitted. Recent conversations reveal that they will probably not make the FY 97 strategy requirements. In light of the retirement, this could be a great opportunity for CCDO to use this agreement to meet and exceed their I&E strategy.

## Lessons Learned

Successes, as well as some bumps, have been encountered while implementing the agreement.

### The Successes:

BLM and COGCC jointly developed plugging, BOPE and casing cementing inspection flow diagrams that set inspection priorities. BLM and COGCC staff in Northwest Colorado have successfully used these diagrams to determine if an inspection should be performed, rather than calling and asking if the inspection should be performed. Essentially, COGCC and BLM have adopted the same criteria of selecting drilling, abandonment and casing cementing operations to be inspected. The result is an efficient, unified approach to selecting these inspections: One agency doesn't need to call the other agency to see if an operation is a high priority, they just refer to the flow diagrams. While this success must be shared with the efforts of the NW Colorado I&E team, inspections were shared under the COOP agreement.

Although the target of 173 inspection-sharing hours wasn't met, inspections were shared which resulted in resource savings in reduced travel times.

A better working relationship and understanding of the other's program by oversight and field-going personnel.

### The Bumps:

The bumps are specific in nature. Nothing in general besides not coming up with enough inspections for COGCC to perform. They are provided, along with solutions that Ed Dimatteo and I have worked out.

1. Jamie Adkins would send a list of NW Colorado wells for the BLM to inspect. The list contained federal as well as fee wells. BLM inspected all wells for COGCC. However, even though the list contained federal wells, it was not COGCC's intent to have those inspected.

COGCC will be more clear as to indicating only the fee and state wells on a list to be inspected. The COGCC will expect the BLM to inform the COGCC as to any federal wells on the list that the COGCC may not be aware of.

2. A question came up on inspection training time: When a COGCC and BLM inspector perform an inspection, how is the time coded?

If a BLM and COGCC inspector were out together performing an inspection and needed to be out together (such as is the case with training)), and the inspection took 6 hours, then both inspectors would claim 6 hours. This will be documented in AFMSS as one inspection with a double-name for the inspector.

3. A lot of time was spent justifying inspections that were performed and were apparently not sent in or lost.

COGCC and BLM inspectors should make and keep a copy of their inspection documentation prior to sending the inspection in.

4. Inordinate amounts of time were coded for inspections with no documentation discussing what the problems were.

If a problem is encountered while performing an inspection that results in an inspection running longer than usual, document the problem. This will help justify the extra time claimed.

5. BLM management needs to be aware of the extra time requirement the planned COGCC inspections as per the inspection sharing agreement have on the strategy.

For planning, BLM should incorporate COGCC planned inspections into the I&E strategy remarks section to keep them separate from national requirements.

6. Some inspection activities were performed by the COGCC but not documented. Travel times were not documented.

COGCC inspectors need to document all performed activities, including site security, environment and measurement activities as well as travel times as per national BLM requirements.

7. A concern was raised by BLM about unanticipated additional travel time due to: 1) WRRRA inspectors covering inspections out of the LSRA office, 2) hard to find wells, and 3) access problems due to locked gates. While the COGCC shares some similar challenges in performing BLM inspections in eastern Colorado, more wells must be found and inspected by the BLM for an equivalent trade. It was discovered that the assumption made in the cooperative agreement that travel times performed by both parties would balance is in error. For illustration, 26 COGCC production inspections performed by the BLM required approximately 60 hours to complete but only 6.5 hours of inspection and office time credit was given (.25 hrs claimed/inspection). Conversely, 52 BLM inspections performed by the COGCC resulted in 158 hours claimed by the COGCC (3.03 hrs claimed/inspection). Thus, BLM must visit 12 times the number of COGCC wells to get the same time credit. With the additional visits, travel times do not balance.

To achieve a balance, travel times expended by both parties must be taken into account. Based upon past inspection performance by COGCC in the WRRRA area and the COGCC's travel time to coordinate with CCDO and do BLM inspections, it will be assumed that one hour per production inspection claim will achieve the balance and will be given to the BLM to cover the extra travel. This assumption will be evaluated at year's end.

Because of the imbalance of travel times, COGCC and BLM agree to eliminate any backlog of inspections that currently exists.

8. Inspections were performed by one agency and were not authorized by the other.

In offices where this is a problem, we suggest that each agency provide the other with a written request (fax, e-mail or letter) of inspections to be performed.

9. Follow-up inspections were performed without additional documentation resulting in missing inspection data in AFMSS.

All inspections, including follow-ups will require written documentation.

10. A list of BLM production inspections weren't provided timely to the COGCC.

Provide a complete list of production inspections by September 1.

## Attachment 2

### FY 1998 Implementation of the COGCC/BLM Oil and Gas Inspection Sharing Agreement

Note: Additional issues, along with their resolution is provided in Attachment 1 of the parent memorandum.

1. Ed DiMatteo will be the main point of contact (MPC) for the COGCC. His telephone number is (303) 894-2100, extension 106. Pat Gallagher will be the MPC for the BLM. His telephone number is (303) 239-3756. The local inspector will be the initial contacts for day-to-day problems that arise in the field. Problems which cannot be resolved will be forwarded to the appropriate MPC.
2. It was also discussed that the COGCC inspections that will be assigned to BLM in western Colorado will be north of I-70. COGCC will accept BLM ad hoc inspections of non-federal wells provided they are documented to COGCC's satisfaction.
3. Jamie Adkins will coordinate and provide on-the-ground COGCC inspection training for the BLM on an as needed basis.
4. When documenting a COGCC inspection, it was discussed that the amount of on-the-ground inspection and office time be tracked on the COGCC inspection form next to the inspector's name. This will be the time used for inspection sharing purposes. The COGCC will track the time.
5. Tracking of times for balancing COGCC/BLM inspections will be the responsibility of the COGCC/BLM MPCs.
6. BLM will not document the COGCC inspections performed by the BLM in AFMSS.
7. The following is a procedure for BLM documentation of COGCC inspections:
  - a. Do the COGCC inspection and complete the form.
  - b. List minor violation(s)\*, abatement date(s), and provide a note to the operator to either call or return a copy of the inspection form with the correction date to the BLM issuing office when violation(s) are abated.
  - c. Violation or no violation, send copies to the operator and to the local COGCC representative\*\* by regular mail; and, if prudent, leave a copy on location in lieu of mailing if it is believed that the operator will find it soon.
  - d. Perform follow-up inspections on violations. If violation(s) were corrected, note on "Date Remedied"

on form. If not, prepare a NOAV and forward to the local COGCC representative for further action. In either case, enter the total inspection and office time next to the inspector's name and forward to the local COGCC representative.

\* Major violations are ones that pose an immediate threat to public health, safety, welfare, or the environment and require a NOAV to be prepared and submitted to the local COGCC representative for issuance. All other violations are noted on the inspection form for BLM's issuance.

\*\* Local COGCC representatives include those listed on Attachment A.

8. Enforcement Action: During the course of the COGCC performing a BLM inspection, if an Incidence of Non Compliance (INC) is discovered concerning production activities, Linda will first call the CCDO to inform them of the proposed INC(s), the nature of the violation, the abatement time she plans to impose, and corrective action expected. CCDO will provide the appropriate INC number. INCs concerning production violations will be completed and mailed by Linda to the operator. Necessary follow-up inspections on major violations will be conducted by Linda at the appropriate time or she will make arrangements to confirm that the inspection will be conducted by the CCDO, should she be unavailable to conduct the inspection. In most cases, Linda will contact Ernie Gillingham prior to issuing an INC. If the issuance of an INC needs immediate notification to the operator for short term abatement, she will use the following (in order of preferred notification) to provide information on a proposed INC, and to obtain an INC number:

Roger Underwood - Supervisor of Non Renewable Resources

Kevin Andersen - Petroleum Geologist

Frank Moore - Petroleum Engineer

Annie Fair - Assistant Petroleum Engineering Technician

Paula Evans - Applications Examiner

The above individuals can be reached at (719) 275-0631. Their fax number is (719) 275-7819.

In the case of noted environmental violations, the above procedures will be followed if the CCDO confirms that Linda should issue the INC. If the CCDO decides not to have Linda issue the INC, the violation enforcement action becomes the responsibility of the CCDO.

Any corrective action which needs an order letter to implement will be written by the CCDO, after Linda has provided the necessary information either by phone or FAX.

Any emergency situations discovered by Linda (i.e., blow out, spills, potential environmental degradation situations, etc.) will immediately be reported to the CCDO and course of action will be determined. Any enforcement action requiring issuance of a Shut-in Notice, will be considered an emergency situation.

9. Change of plans approval for cementing operations is limited to the local COGCC representative. If contact cannot be made with either the local COGCC representatives or other COGCC representatives including Ed DiMatteo, Dave Dillon, or

Morris Bell (See Attachment A) and the BLM petroleum engineering technician (PET) has confidence in the decision, or if the change is minor, the BLM PET can and should make the decision.

10. Certification of Ed Binkley will be completed as funding and training are available. Ed Binkley has successfully completed BLM's production school training. Some inspection activities could be conducted by Binkley prior to meeting the full inspection certification. Further training of Ed will be accomplished by setting up an in-house training schedule which will be conducted by both Linda Pavelka of COGCC and the oil and gas inspectors of CCDO. Binkley will then be accompanied to the field by one of the certified inspectors and a sign-off sheet will be initialed and dated by the accompanying inspector for those inspections which Binkley has demonstrated the necessary knowledge of federal procedures and requirements.

Attachment A - COGCC Field Inspection Regions and Representatives (2pp)