

MEMORANDUM OF UNDERSTANDING
BETWEEN THE BUREAU OF LAND MANAGEMENT (BLM)
AND
THE MONTANA BOARD OF OIL AND GAS CONSERVATION (BOGC)

FOR THE PURPOSE OF
IMPLEMENTING THE UNDERGROUND INJECTION CONTROL (UIC) PROGRAM
FOR CLASS II WELLS UNDER BLM JURISDICTION IN THE STATE OF
MONTANA

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Purpose:

The purpose of this Memorandum of Understanding (MOU) is to assure coordination between BLM and BOGC concerning permitting, inspection and plugging procedures for Class II wells under BLM jurisdiction in the State of Montana. This MOU serves to define responsibilities and functions of each agency, as they relate to the other agency, and the applicable authorities for the same. This MOU falls within the guidelines and directions provided the BLM in WO IM-83-631.

Authority:

Mineral Leasing Act - 1920 (30 U.S.C. 181)
Safe Drinking Water Act of 1974 as amended
40 CFR, parts 124, 144, 146, 147
43 CFR, part 3160
25 CFR; Indians
Applicable Onshore Orders and NTLS

Sections 82-11-103, 111, 112, and 137, Montana Code Annotated; 36.22.1401 et seq., Administrative Rules of Montana.

Definitions:

1. Class II wells - Wells which inject fluids:
 - a. Which are brought to the surface in connection with conventional oil or natural gas production and may be commingled with waste waters from gas plants which are an integral part of production operations, unless those waters are classified as a hazardous waste at the time of injection. These types of wells are commonly referred to as Produced or Salt Water Disposal Wells (SWD wells).
 - b. For enhanced recovery of oil or natural gas; and
 - c. For storage of hydrocarbons which are liquid at standard temperature and pressure.
2. New Well - For purposes of this MOU, a new well is a well which an Application for Permit to Drill (APD) has been filed for the purpose of injecting fluids under one of three classifications defined above for Class II wells.

3. Conversion Well - For purposes of this MOU, a conversion well is a well for which an application has been submitted that proposes a change in current well status to one of the three types of Class II wells defined above. (Note: Under BOGC regulations, wells under this definition of conversion would technically be considered as "new" wells.)
4. Existing Well - For purposes of this MOU, an existing well is a well that falls under one of the three categories as previously defined for Class II wells as of the date of March 1, 1991.

Part I - Cooperative Procedures

A. The BLM Agrees:

1. To issue a Montana State Official Notice to Lessees (NTL) within 180 days of the effective date of assumption of primacy of the UIC program for the EPA. The NTL will provide guidance to Federal lessees and operators within the State of Montana on the permitting of injection wells for disposal or enhanced recovery on federal and Indian mineral estates. The final issued NTL will replace Appendix 1 of this MOU, NTL-MSO-1-84, "Federal and Indian Operator Requirements". In the interim, a public notice will be issued throughout the state of Montana within 30 days of the above effective date, to inform the public of this change in policy.
2. Upon receipt of an APD for a Class II well, process the application per the requirements of Onshore Oil & Gas Order #1 (00#1). Sundry Notices for conversion of producing wells to Class II wells will be processed in a timely fashion (normally 30 days or less).
3. To provide a copy of the entire APD, Sundry Notice, and any subsequent information requested by the BLM to the -

Montana Board of Oil and Gas Conservation
2535 St. Johns Avenue
Billings, Montana 59102

Such information includes, but is not limited to, cover sheets of applications to notify BOGC of permit initiation; pertinent geologic data; past or

present casing/pressure/production (injection) histories; notices of incomplete applications and permit denials; and, nonconfidential data requested by BOGC or BLM.

4. To attach notification and stipulation statements to approved APD or Sundry Notice as follows:

Notice

Receipt of this approval does not constitute BOGC approval for subsurface injection. Facility construction and injection cannot occur until approval has also been received from the BOGC pursuant to 36.22.601 or 36.22.1403 of the Administrative Rules of Montana.

Stipulation

Any changes from this approved permit require re-submittal via new APD or Sundry Notice, as appropriate, and issuance of a new BLM approval prior to commencement of operations.

5. Send copies of all approval actions involving Class II injection wells on federal and Indian mineral estate to the BOGC Technical and Southern Field Office in Billings, Montana.
 6. To notify BOGC of all enforcement actions on Class II injection wells on federal and Indian mineral estate concurrent with operator notification.
 7. To provide BOGC with maps delineating BLM district office jurisdictions, and the addresses and titles of their authorized officers.
 8. To regulate all surface facilities, pits, pipelines, storage tanks, or other surface equipment associated with a Class II injection well in a manner which meets or exceeds BOGC or Federal regulatory requirements, whichever is more stringent.
- B. The BOGC Agrees:
1. To notify all operators of existing Class II wells, within 30 days of the effective date of Title 36, Chapter 22, Sub-chapter 14 of the Administrative Rules of Montana, which implement the BOGC Underground Injection Control (UIC) program and its

requirements. This notification will become Appendix 2 of this document.

2. To process permit applications in a timely manner and in accordance with time frames developed by BOGC policy.
3. To provide all pertinent information to BLM that may be beneficial to BLM's permitting process. Such information includes but is not limited to cover sheets of applications to notify BOGC of permit initiation; pertinent geologic data; past or present casing/pressure/production (injection) histories; notices of incomplete applications and permit denials; and, nonconfidential data requested by BOGC or BLM.
4. To attach a notification to any permit issued for all federal or Indian mineral injection wells. Such shall read as follows:

NOTICE

Receipt of this approval does not constitute BLM approval for subsurface injection. Applicant needs to contact BLM to determine if changes need to be made to the BLM permit.

5. To conduct inspections of injection facilities in accordance with all applicable regulations and guidances. BOGC will notify BLM of any problems identified during the inspections that fall within the jurisdiction of BLM.
 6. To notify BLM of all enforcement actions on injection (disposal or enhanced recovery) wells on federal or Indian mineral estate.
- C. The BOGC and BLM Agree:
1. In all cases involving federal or Indian lands, a Notice of Intent to Abandon and a Subsequent Report of Abandonment will be filed with both the BOGC and the BLM by the operators on BLM approved forms. The BLM will approve a Plugging and Abandonment (P&A) plan which meets or exceeds the plugging and abandonment requirements of the BOGC or Federal rules governing Class II injection wells, whichever is more stringent. The BLM will send a written copy of the approved plugging and abandonment program to the Billings BOGC office. BLM will notify BOGC if the responsibility to plug the well

has been transferred to other agencies.

2. By regulation, both agencies have separate bonding or other financial responsibility requirements for plugging and abandoning Class II type wells covered in this MOU. Cooperative exchanges of information prior to either agency releasing its corresponding bond will occur. This will help to promote the objectives of each agency in achieving appropriate compliance.
3. To exchange information necessary to provide effective field administration. This information may include related field area applications or approvals and copies of various field related compliance actions.
4. To promote sharing of information through electronic interface where practical.
5. To meet jointly, as necessary, for discussion of matters relating to underground injection administration under the MOU.
6. That each and every provision of this MOU is subject to applicable laws of the United States and of the State of Montana and to the rules and regulations promulgated thereunder.
7. That in the event an environmental assessment, environmental impact statement, or other environmental review is required concerning an individual Class II injection well, the BOGC will be the lead agency and the BLM a cooperating agency in any such review.

Amendment

This agreement can be amended in writing subject to the approval of all parties concerned.

Withdrawal

Any party may withdraw from this agreement after 30 days written notice to the other parties.

Obligations

Nothing in this MOU shall be construed as obligating the BLM (and the United States Government) or BOGC (and the State of Montana) in the expenditure of funds or for the future payment of money in excess of appropriations authorized by federal or

state law

APPROVED:

Robert A. Swanton
State Director
Bureau of Land Management
Billings, Montana

10-28-91
Date

Warren H. Ross
Chairman
Montana Board of Oil and Gas
Conservation

8/6/91
Date