

The Office of Oil and Gas; Oil and Gas Wells
West Virginia Department of Environmental Protection

ABANDONED WELL STRATEGY

Summary and Update

West Virginia Code:
Chapter §22 Article 6 “Administration; Enforcement”

West Virginia

May 16, 2013

Presentation Coverage

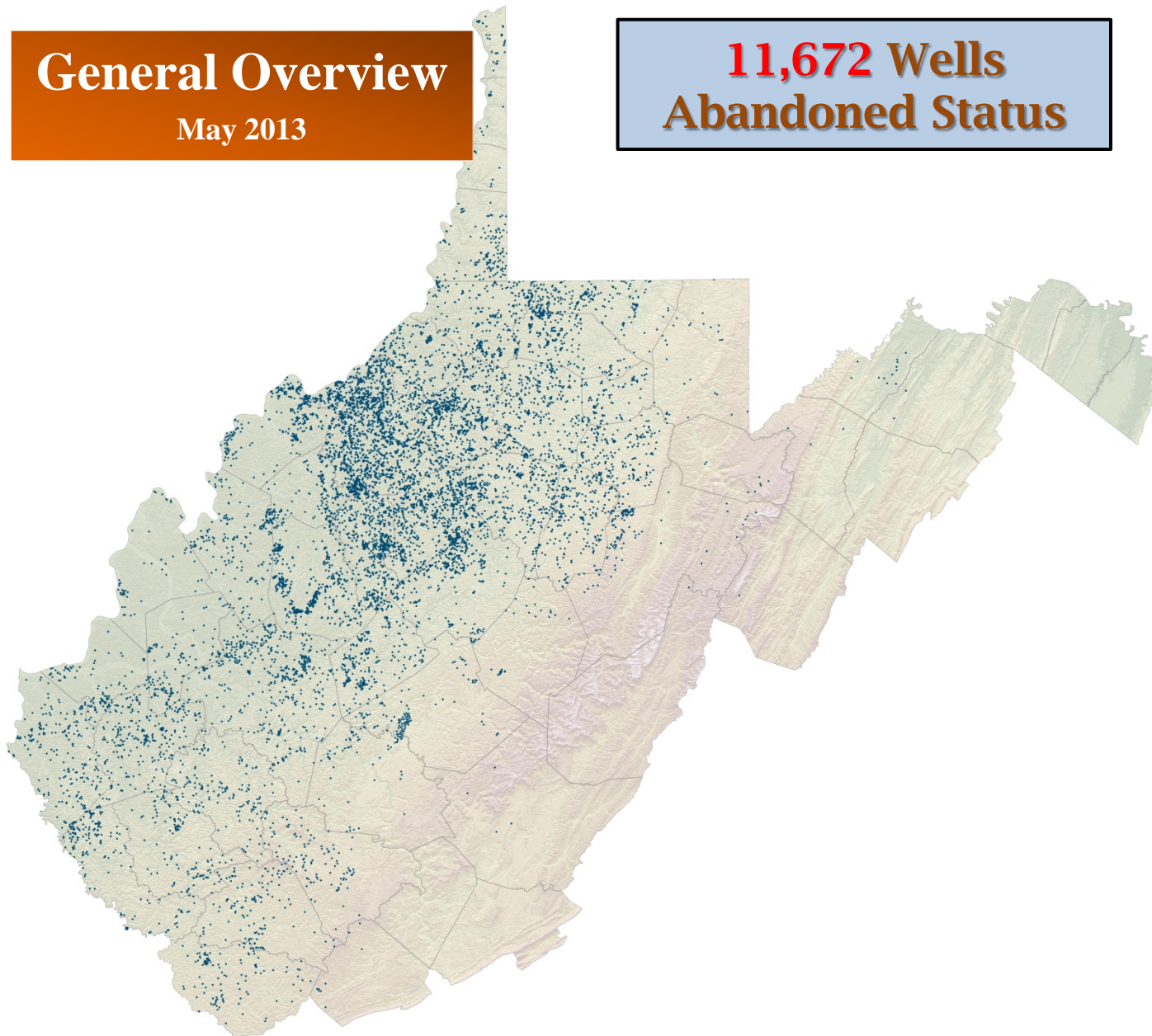
- Abandoned Well Strategy
- Bona Fide Future Use Request
- Abandoned Well Transfer

API - ABANDONED WELLS

General Overview

May 2013

11,672 Wells
Abandoned Status



Abandoned Well Strategy

- The Office of Oil and Gas has compiled a list of Operators with delinquent abandoned wells.
- Field Inspectors and Inspector Specialist Murphy will make initial contact with operating companies representative.
- Operating companies will be given legal notice of abandoned wells and provided with a thirty (30) day time frame to submit Bona Fide Future Use Request (form BF-1), with supporting data, for qualifying wells and a sixty (60) day time frame to provide a proposed plugging schedule for non-qualifying wells.
- Environmental Resource Specialist III Board will review request for Bona Fide Future Use for approval/denial; will review proposed plugging schedule and assist in drafting Plugging Order.
- Operators who fail to respond within the required thirty (30) days may be subject to enforcement action.

Chapter 22 Code Requirement

§22-6-19. Same -- Continuance during life of well; dry or abandoned wells.

...

Any well which is completed as a dry hole or which is not in use for a period of twelve consecutive months shall be presumed to have been abandoned and shall promptly be plugged by the operator in accordance with the provisions of this article, unless the operator furnishes satisfactory proof to the director that there is a bona fide future use for such well.

Scope “Bona Fide Future Use”

§35-5-1. General.

5.1.1. **Scope** -- This legislative rule establishes requirements pertaining to the operator's designation of bona fide future use of wells and certification of inactive status and information and data to be required by the chief as necessary to such designation.

Procedure Bona Fide Future Use

§35-5-3. Procedure for Designation of Bona Fide Future Use.

3.1. Any operator seeking designation of bona fide future use for a well shall submit to the chief a Designation of Bona Fide Future Use on forms prescribed by the chief which shall require the following information:

- ✓ 3.1.a. The name and address of the operator;
- ✓ 3.1.b. The location of the well;
- ✓ 3.1.c. The API number of the well;
- ✓ 3.1.d. A viable plan for utilizing the well including an estimated time for commencement of the future use of the well; . . . and
- ✓ 3.1.e. Any other information requested by the chief.

Demonstration bona fide future use

§35-5-4. Demonstration of Designation of Bona Fide Future Use.

4.1. For any well which is not in active status, an operator must demonstrate bona fide future use to avoid having such well deemed abandoned under WV Code §22-6-19. In order to establish bona fide future use, the operator shall submit information and data sufficient to satisfy the chief that there is a bona fide future use for the well. The operator should consider the following information:

Demonstration bona fide future use

- 4.1.a. The date on which the well was completed;
- 4.1.b. The method which the well meets the financial responsibility requirements of WV Code §22-10-4 and §22-10-5;
- 4.1.c. The date on which the well first produced;
- 4.1.d. The results of the initial gas-oil ratio test;
- 4.1.e. The last date on which the well was producing;
- 4.1.f. The average monthly production at the time production ceased;
- 4.1.g. The formation(s) from which the well produced;
- 4.1.h. The estimated remaining recoverable reserves associated with the well without reworking the well;
- 4.1.i. Whether reworking the well to recover additional reserves is possible;
- 4.1.j. The estimated remaining recoverable reserves associated with the well after reworking;
- 4.1.k. The method used to establish reserve estimates in subdivisions 4.1.h and 4.1.j;

Demonstration bona fide future use

- 4.1.l. Whether secondary recovery is possible;
- 4.1.m. Whether production from other formations is possible;
- 4.1.n. Whether the well can be drilled deeper;
- 4.1.o. The estimated cost to deepen the well;
- 4.1.p. Whether the well is covered by a gas sales contract;
- 4.1.q. Whether the well is connected to a gas meter, or how it is measured at the transfer of ownership or custody;
- 4.1.r. Other equipment connected to the well;
- 4.1.s. Whether the well is connected to a pipeline system;
- 4.1.t. A description of the line pressure of the receiving pipeline;
- 4.1.u. Whether a compressor is in place and whether it is in use on the well;
- 4.1.v. If the well is not connected to a pipeline, the distance to the nearest pipeline that would accept production from the well;
- 4.1.w. Whether a shut-in royalty is being paid;
- 4.1.x. The operator's schedule for putting the well into production;

Demonstration bona fide future use

- 4.1.y. Whether the well is capable of use for gas storage;
- 4.1.z. Whether the well is capable of being used as a liquid injection well;
- 4.1.aa. Whether money has been escrowed for use to plug the well in the future; and
- 4.1.bb. Any other information which the operator considers relevant to establishing a bona fide future use.

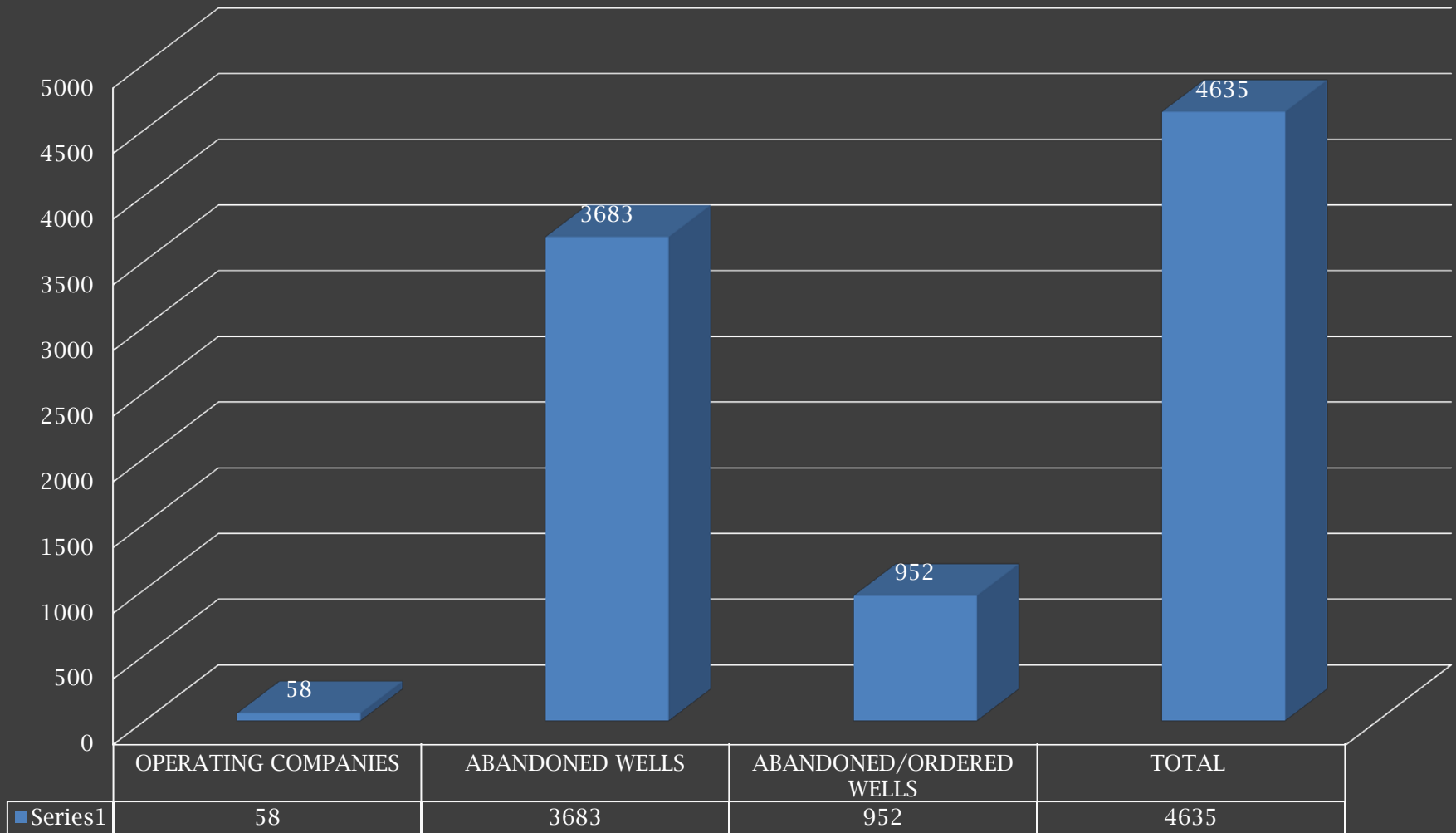
Abandoned Well Transfer

- Abandoned wells may be transferred from Company A (Transferor) to Company B (Transferee).
- Upon receipt of OP-77 Transfer Form, the Transferee will receive notice to submit Bona Fide Future Use Form BF-1 (with supporting data) and/or a proposed plugging schedule.
- Once the Bona Fide Future Use Request and/or Proposed Plugging Schedule has been received, the OP-77 Transfer Form and supporting documents will be reviewed.
- A determination of Bona Fide Future Use will be made based on information provided. If Bona Fide Future Use status is granted, transfer form OP-77 will be processed. However, if Bona Fide Future Use status is denied, the OP-77 transfer form will not be processed and the Transferee will be notified.

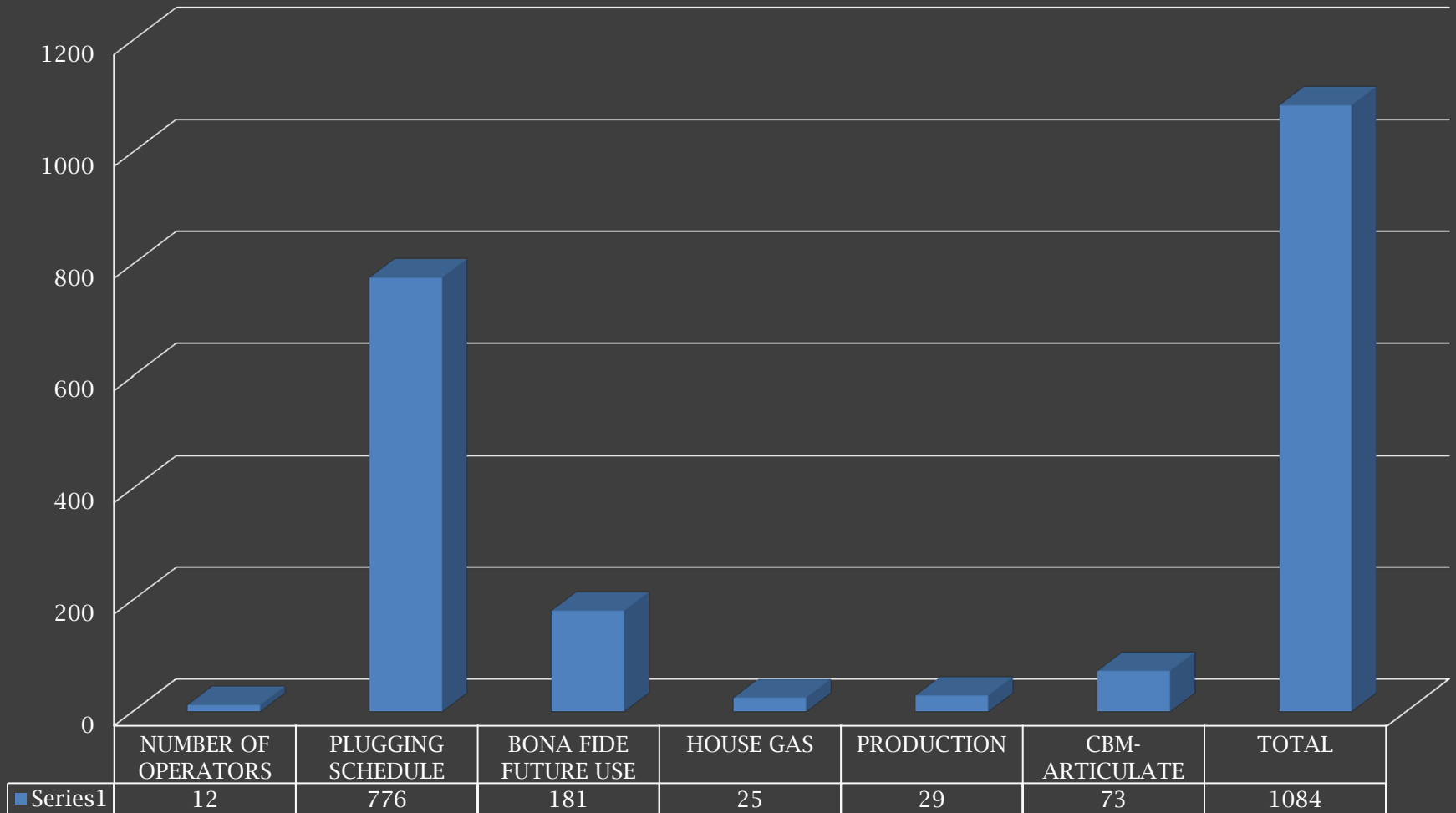
Abandoned Well Solution

1. **PLUG THE WELL;**
 2. **PLACE IT BACK INTO PRODUCTION;**
 3. **PLACE IT IN THE BONA FIDE FUTURE USE PROGRAM;**
 4. **PLACE IT ON A PLUGGING SCHEDULE.**
- **With an increased enforcement staff, the Office of Oil and Gas will follow up with operators to ensure the wells are in compliance.**
 - **The missing or incorrect information in the database shall be resolved by a letter to the operator and/or enforcement action.**
 - **These efforts should assist in the reduction of the number of Abandoned Wells in the future.**

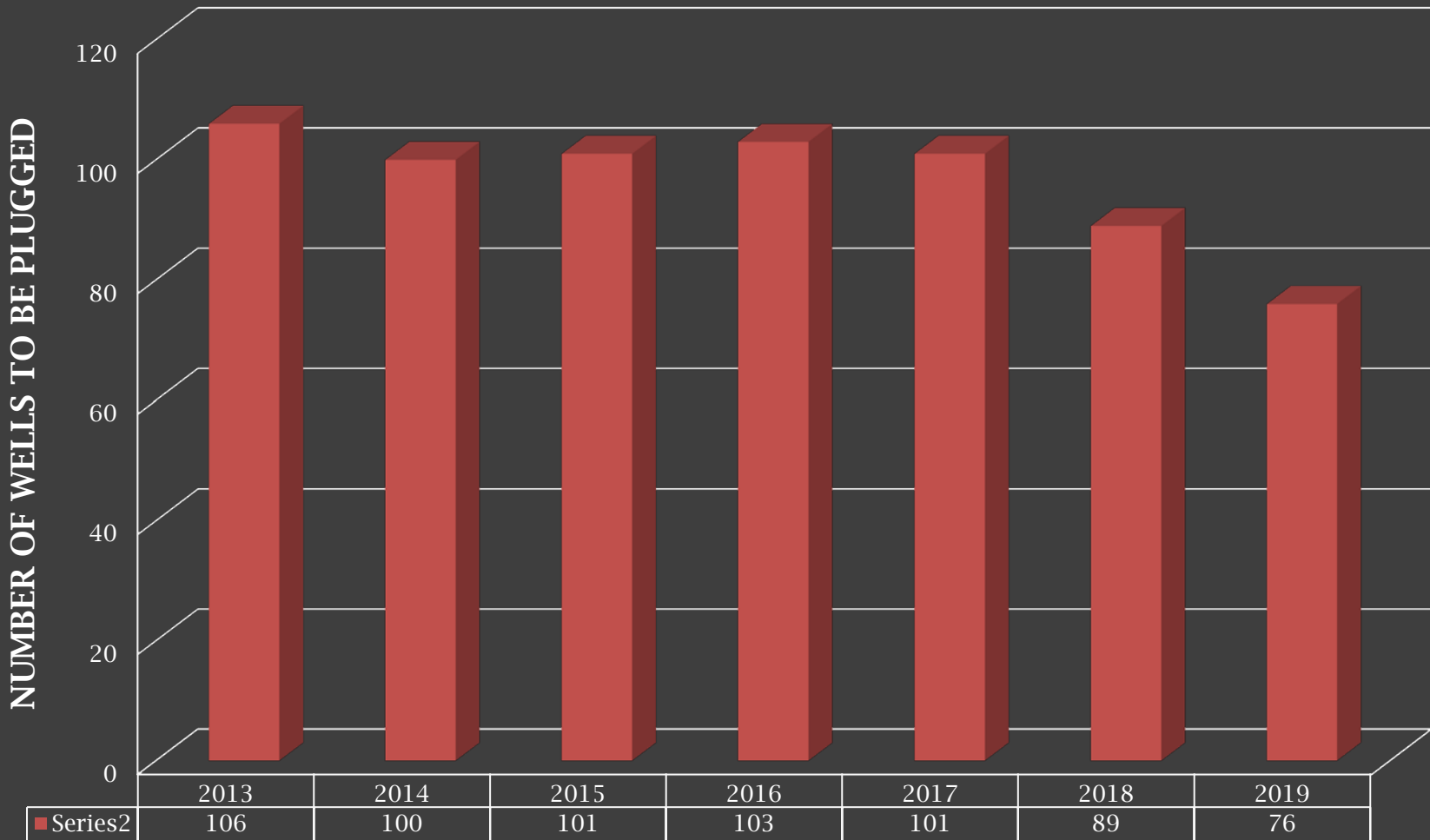
ABANDONED WELL STRATEGY UPDATE



ABANDONED WELL STRATEGY RESULTS



PROPOSED PLUGGING ORDER SCHEDULE



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