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U.S. DEPARTMENT OF THE INTERIOR
**BUREAU OF LAND
MANAGEMENT (/)**

IDLED WELL REVIEWS AND DATA ENTRY

IM 2020-006

Instruction Memorandum

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
| WASHINGTON, D.C. 20240
<https://www.blm.gov> (<https://www.blm.gov>**)**

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To: All Field Office Officials
From: Assistant Director, Energy, Minerals, and Realty Management
Subject: Idled Well Reviews and Data Entry

Program Area: Oil and Gas Operations.

Purpose: This Instruction Memorandum (IM) updates the policy and guidance for conducting idled well reviews of oil and gas operations on Federal and Indian trust leases (PIM 2012-181 [1]). This updated policy will ensure that the Bureau of Land Management (BLM) Field Offices (FOs) regularly review all nonoperational wells and take appropriate steps to reduce the BLM's nonoperational and idled well inventory, thereby reducing the

Federal Government's potential liability. This IM also provides instructions for the data entry of nonoperational well review information into the Automated Fluid Minerals Support System (AFMSS) and necessary follow-up actions.

Administrative/Mission Related: Mission

Policy/Action: Section 349 of the Energy Policy Act of 2005 (EPAct), 42 U.S.C. § 15907, defines an idled well as any well that has been nonoperational for at least seven years and has no anticipated beneficial use. For reporting purposes, the BLM will reference two types of wells: (1) idled wells, as defined in the EPAct, and (2) nonoperational wells, which include all shut-in (SI) and temporarily abandoned (TA) wells. The BLM will not identify plugged wells as idled, even if the BLM has not approved a Final Abandonment Notice (FAN) for the well. When an operator reports the well as plugged, but has not submitted the FAN, the BLM will change the well status to abandoned (ABD within AFMSS) to identify the well as plugged and remove it from the idled well list.

Each BLM FO administering an oil and gas program will review its nonoperational wells and prioritize its reviews for wells that have been nonoperational for seven or more years. The FOs will ensure that operators timely and properly plug and abandon any nonoperational wells without any anticipated beneficial use and reclaim the wells' associated surface disturbance (43 CFR 3162.3-4). When an operator satisfactorily plugs and abandons a well, the BLM will remove the well from the nonoperational and idled well list. The FO will enter all initial nonoperational well reviews into AFMSS within five business days of conducting the review and enter follow-up actions into the same review. Refer to Attachment 1 for instructions on entering idled well review data into AFMSS. The Authorized Officer (AO) will ensure that each FO completes the required number of nonoperational well reviews and enters data into AFMSS both timely and completely.

For clarification, AFMSS has the same data entry requirements for nonoperational wells as idled wells. Therefore, the BLM needs to enter reviews for both idled wells and nonoperational wells into the same AFMSS screen, the Idle Well Review Screen (GLB.107).[2]

The FO should focus its reviews on idled wells, but the FO should also ensure the operator promptly plugs and abandons any well, producing or otherwise, that does not have an anticipated beneficial use. Attachment 1 includes directions on pulling AFMSS reports, which identify both nonoperational and

idled Federal and Indian wells, according to the BLM's records. Within one-year of issuance of this IM, the BLM FOs will review all wells that have been nonoperational for 25 years or more.

Idled Well Reviews

Prior to completing an idled well review, the FO will verify all wells' status with Office of Natural Resources Revenue (ONRR) data and with the Bureau of Indian Affairs (BIA) office with jurisdiction, and prioritize the idled wells to determine which wells the FO should review. When the FO completes an idled well review, the BLM needs to determine whether a well continues to have beneficial use. If the well does have an anticipated beneficial use, BLM needs to ensure that the operator timely completes the necessary steps to return the well to operation. If the well does not have an anticipated beneficial use, BLM needs to ensure that the operator timely plugs and abandons the well and reclaims the surface. An idled well review includes the BLM's review and determination of beneficial use as well as any decisions or written orders that will ensure the operator returns the well to operation or plugs the idled well. To facilitate the review, the following attachments are included in this IM:

- Attachment 1 contains Instructions for Running Oracle Business Intelligence Enterprise Edition (OBIEE) Reports for idled well reviews;
- Attachment 2 contains directions for entering the idled well review into AFMSS' Idle Well Review Screens;
- Attachment 3 contains directions on identifying wells that need an updated status in AFMSS;
- Attachment 4 provides guidance on determining whether a well has an anticipated beneficial use;
- Attachment 5 contains the BLM's recommended review process for nonoperational wells;
- Attachment 6 contains sample language that the BLM FOs may use for its written orders and incidents of noncompliance;
- Attachment 7 contains a checklist for the BLM offices to meet the requirements of this IM; and

- Attachment 8 contains a summary of idled well numbers from the OBIEE report for the BLM FOs as of September 17, 2019.

Justification for future beneficial use requires a determination that the well can benefit the oil and gas lease. Potential beneficial use determinations include: a well capable of production in paying quantities; a service well for water disposal; a water supply well for on-lease completions; an injection well for enhanced recovery; or a monitoring well needed for on-lease activity.

Attachment 4 includes additional information on future beneficial use. The AO may approve the continued idled status only when justified by the operator with a detailed plan, which describes the intended use of the well and the timeframe for conversion. The operator may need to temporarily abandon the well in accordance with 43 CFR 3162.3-4(c) until such time as the operator can beneficially use the well. The AO may approve this status only when justified by a detailed plan describing timelines for well conversion. The AO should closely monitor these wells to ensure the timely return to production or conversion of the well.

A Federal lease in its extended term must have at least one well capable of producing in paying quantities; otherwise, the BLM will issue a 60-day letter requiring the Federal lessee to return the Federal lease to production. The operator cannot hold the lease by claiming a well has future beneficial use if the well is currently not capable of producing in paying quantities and the BLM will deny all attempts by operators to make this claim.

BLM FOs will complete an idled well review for all wells identified for an idled well inspection in the annual inspection and enforcement strategy. In addition, the FOs will review additional idled wells, as needed, to ensure FOs review 20 percent of the idled wells that meet the EAct definition of idled. As a goal, the FO should review all TA wells with the review of the sundry notice requesting TA status and 20 percent of the SI wells within a field office. An idled well review will contain the following items:

- Verification of the operator's plans for the well;
- Determination of whether the well has a future beneficial use for the lease;
- BLM concurrence that the operator has a valid reason to SI or TA the well;

- Issuance of written orders for the operator to plug or test the well, if needed; and
- Documentation of the review in AFMSS.

Shut-in Wells

The BLM defines an SI well as a nonoperational well that can still physically and mechanically operate without additional equipment with the turn of a switch. Many different types of wells fall under the SI well category, including oil or gas wells capable of production in paying quantities, injection wells, water supply wells, and disposal wells. For an SI well, all equipment necessary to produce from the SI well remains connected and capable of processing, measuring, and storing produced hydrocarbons. This includes all production equipment, as well as flow lines and associated fluid storage facilities. In rare instances, the production equipment will not remain on location, such as wells in active drilling status, but not completed for production; water supply wells without separate infrastructure; and wells capable of production in paying quantities, if the operator still needs to construct a gas pipeline.

The BLM does not require an operator to submit notification or a request prior to shutting in a well; therefore, the BLM should use ONRR's records to identify SI wells. Attachment 3 contains directions on identifying wells that need an updated status in AFMSS. The BLM will update a well's status in AFMSS when an operator shuts-in a well for longer than three months.

In addition, the BLM should verify that wells that are SI for more than three years, still have adequate mechanical integrity, and are capable of production in paying quantities. In instances where the AO has concerns with the integrity of the downhole equipment or the well's production capacity, the BLM should issue a written order requiring a mechanical integrity test or a production test (see Attachment 6 for example written order language).

Temporarily Abandoned Wells

The BLM defines a TA well as a nonoperational well that is not physically or mechanically capable of producing oil and/or gas or injection. Federal regulations at 43 CFR § 3162.3-4(c) state, "No well may be temporarily abandoned for more than 30 days without the prior approval of the AO. The

AO may authorize a delay in the permanent abandonment of a well for a period of 12 months. When justified by the operator, the AO may authorize additional delays, no one of which may exceed an additional 12 months.”

Unless approved by the BLM, an operator may not temporarily abandon wells for longer than 30 days. When justified by the operator, the BLM may approve TA status for a period not to exceed 12 months. Offices may approve additional 12-month approvals if the operator supports the delay with acceptable and documented justification. Prior to approving TA status, the AO will require the operator to perform a mechanical integrity test (or ensure the operator completed a mechanical integrity test on the well in the last three years) (43 CFR § 3162.4-2(b)) and isolate the perforations from the surface in an acceptable manner. If the lease only contains a TA status well, the well cannot hold the lease in its extended term. In this situation, the AO will send the operator a 60-day letter per 43 CFR § 3107.2-2 for a Federal lease or notify the BIA for an Indian trust lease.

TA status approval in these cases is at the discretion of the AO on a case-by-case basis. When TA status is not approved, the BLM AO will order the operator to submit a plan to promptly plug and abandon the well (43 CFR § 3162.3-4(a)).

Indian Leases

On Indian leases (except those excluded by statute), when the AO determines that a lease is no longer capable of producing oil or gas in paying quantities, the AO will notify the BIA in writing. The terms and conditions of individual Indian leases will vary. The AO must not send the operator a 60-day letter prior to coordinating with the BIA. The BIA has final authority of Indian Oil and Gas Trust Leases. They will consider all aspects to make a final determination on modifications to extend or to terminate them.

Multidisciplinary Approach

All offices should encourage a multidisciplinary approach to address nonoperational wells. The best proactive measure to prevent the existence of orphaned wells includes addressing at-risk wells with the idled or nonoperational well program. Therefore, the BLM encourages FOs to use adjudicators, petroleum engineers, petroleum engineering technicians, natural resource specialists, and FO support staff to identify and address idled and nonoperational wells in an expedient and efficient manner.

State Office Monitoring Procedures

To ensure appropriate implementation of the idled well review policy, each BLM State Office (SO) will ensure that the FOs complete the requisite number of idled well reviews and enter the reviews into AFMSS. Moving forward, no annual reports will be required as the BLM will base fiscal year (FY) reporting on the *OBIEE Shut-in, Temp Abandoned, and Idled Well Report (SNT.43/44) – A1* report and the *Idled Well Review Report – A1* report. This requires all FOs to complete their idled well review data entry prior to the end of the FY; otherwise, the review will not appear on the BLM's final report.

The BLM Fluid Minerals Division (WO-310) will pull the OBIEE reports at the beginning of each FY to identify the number of idled and nonoperational wells that the field offices will need to review. Unfortunately, when a well changes between two nonoperational statuses, the report currently cannot identify idled wells per the EPAct definition. The BLM will address this reporting error in AFMSS 2.

In addition, SOs will validate the idled well review data annually. The SO will run the OBIEE reports and ensure the FOs review a minimum of 20 percent of a FO's idled wells. This will also require the SO to spot check 10 percent of the idled well reviews for each FO. In the review, the SO will verify that

- Data entry is completed for each idled well review;
- Data entry is completed for each enforcement action; and
- Follow up enforcement actions are issued and entered into AFMSS.

Next Steps

As the BLM continues to work on the implementation of AFMSS 2, it intends to include an updated idled well review screen, which will include a toggle for beneficial use determinations and two new entries for nonoperational well dates to address a change in status that does not return the well to operation (e.g., SI to TA). When the BLM begins using the idled well review screens within AFMSS 2, the BLM will issue updated guidance on completing idled well reviews related to the additional data entry components.

Whenever an operator becomes insolvent, the BLM's nonoperational wells may become orphaned depending on the lease and the operator's bonding with the BLM. This also causes the idled well list to include orphaned wells. To address this issue, the BLM will look at its OBIEE reports and clearly

identify the orphaned wells in the OBIEE reports for idled or nonoperational wells. Finally, the BLM will issue an orphaned well IM in the future with further details and instructions. This IM does not address orphaned wells.

Timeframe: By October 31st of each year, the SOs will inform the WO-310 of the current status of the idled well reviews. This will include the validation of the field office's data entry and verification that the FOs met the minimum required idled well reviews. If OBIEE reports fail, the WO-310 will depend on the BLM SOs to compile its FO's idled well reviews and current idled well list as shown in Attachment 1.

Budget Impact: This policy will result in increased demands on staff time. Staff will perform the idled well reviews, enter the required idled well review information into AFMSS, document the information in the applicable lease file, and take necessary follow-up actions; however, FO staff will no longer need to prepare the annual report. Some offices have not completed the required idled well reviews due to staff constraints; therefore, this policy will have a moderate impact to FO oil and gas budgets, especially the offices that failed to meet the requirements in the past.

Background: Consistent with the March 28, 2017, Executive Order entitled, "Promoting Energy Independence and Economic Growth" and Secretary's Order 3349 (American Energy Independence), the Department of the Interior (DOI) was directed to reexamine guidance to ensure that there is a better balancing of conservation strategies and policies with the equally legitimate need of creating jobs.

The EAct requires the Secretary of the Interior, in cooperation with the Secretary of Agriculture, to establish a program to "remediate, reclaim, and close...idled wells." An idled well is defined in the EAct as any well that has been nonoperational for at least seven years and has no anticipated future beneficial use. On September 17, 2019, BLM records indicated that there are 6,028 wells that have reached idled status and have been nonoperational for at least seven years; this is inclusive of the 649 wells that have been nonoperational for at least 25 years and 148 wells that have been nonoperational for at least 50 years (Attachment 8).

The Government Accountability Office (GAO) released report GAO-11-292, *Oil and Gas Bonds: BLM Needs a Comprehensive Strategy to Better Manage Potential Oil and Gas Well Liability*, in February 2011. The GAO found that most BLM offices are not doing an adequate job managing the idled wells located on Federal land, or making relevant progress in reducing the idled

well inventory. The GAO recommended that the BLM take necessary steps to reduce the Federal Government's potential liability with respect to idled wells. The BLM addressed this audit with PIM 2012-181.

The Office of Inspector General (OIG) released Report 2016-EAU-061, *Final Audit Report – Bureau of Land Management's Idled Well Program*, in January 2018. The OIG found that BLM did not implement its 2012 Idled Well Review and Data Entry policy in a manner that resulted in a reduced number of idled wells. The OIG recommended that the BLM improve its management of liabilities related to idled wells and ensure the BLM performed its idled well reviews.

The GAO released report GAO-18-250, *Oil and Gas Wells: BLM Needs to Improve Its Data and Oversight of Its Potential Liabilities*, in May 2018. The GAO found that BLM's liabilities related to idled wells have increased from 2010 to 2017. In addition, the GAO identified data quality concerns related to tracking and monitoring idled wells and the specifics of an idled well review. The GAO recommended that the BLM take the necessary steps to create a consistent idled well review and maintain an accurate record of idled wells reviewed.

In its response to the OIG and GAO reports, the DOI, Assistant Secretary for Land and Minerals Management, concurred with the majority of OIG's and GAO's findings and recommendations. As follow-up to the subject GAO report, WO-310 agreed to update the BLM idled well review policy to ensure a reduction in the idled well inventory.

Pages of Manual/Handbook Sections Affected: This IM transmits policy, which will be incorporated into BLM Handbook H-3107-1, *Continuation, Extension, or Renewal of Leases*.

Coordination: This policy was coordinated with representatives from the BLM's WO-310, Energy, Minerals, and Realty Management Directorate (WO-300) and SOs, and in consultation with DOI's Office of the Solicitor.

Contact: If there are any questions concerning this IM, please contact Nicholas Douglas at 202-208-4201. Your staff may contact Lorenzo Trimble, Acting Division Chief, WO-310, at 202-912-7143 or ltrimble@blm.gov (<https://mail.google.com/mail/?view=cm&fs=1&tf=1&to=ltrimble@blm.gov>); Subijoy Dutta, Senior Petroleum Engineer, WO-310, at 202-912-7152 or sdutta@blm.gov (<https://mail.google.com/mail/?>

[view=cm&fs=1&tf=1&to=sdutta@blm.gov](mailto:sdutta@blm.gov)); or Peter Cowan, Petroleum Engineer on detail to WO-310 from the Colorado State Office, at 303-239-3939 or **picowan@blm.gov** (**<https://mail.google.com/mail/?view=cm&fs=1&tf=1&to=picowan@blm.gov>**).

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8 Attachments

- 1 – Instructions for Running OBIEE Reports for Completing Idled Well Reviews (2 pp)
- 2 – Instructions for Entering Idled Well Review Data into AFMSS (5 pp)
- 3 – Instructions for Running the Well Status Comparison Report (3 pp)
- 4 – Guidance for Determining Future Beneficial Use (2 pp)
- 5 – Guidance for Completing a Nonoperational Well Review (3 pp)
- 6 – Sample Written Orders and Enforcement Actions to Address Idled Wells (6 pp)
- 7 – Annual Idled Well Review Requirements - Checklist (5 pp)
- 8 – September 17, 2019, OBIEE Report on Idled Wells (1 p)

[1] In the PIM 2012-181, “Idle Well Review and Data Entry into the Automated Fluid Minerals Support System,” and in a number of other BLM reports and documents the BLM referred to the ‘idled wells’ as ‘idle wells’ and these terms are intended to be interchangeable. However, in this IM and moving forward, the BLM will be using ‘idled/orphaned wells’ as the exact terms used in the Energy Policy Act of 2005 (EPA) Sec. 349 - Orphaned, Abandoned, or Idled Wells.

[2] Although the EPA references idled wells; AFMSS uses the word “idle” in place of “idled.” To prevent confusion, this IM references “idle” when it references the specific screen names within AFMSS.

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[Return to the Policies \(/media/blm-policy/Instruction%20Memorandum\)](#)

ATTACHMENTS

[IM2020-006_att1.pdf \(/download/file/fid/36158\)](#)

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FISCAL YEAR

2020