

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
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Instruction Memorandum No. 2008-196  
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To: All Field Officials

From: Assistant Director, Minerals and Realty Management

Subject: Fiscal Year (FY) 2009 Oil and Gas Inspection and Enforcement (I&E) Strategy  
Matrices Instructions and Strategy Goals DD: 11/03/08

**Program Area:** Oil and Gas Management

**Purpose:** To provide Field Offices (FO) with I&E Strategy Inspection Plan Matrices instructions and goals for conducting Oil and Gas I&E activities in FY 2009.

**Policy/Action:** For FY 2009, the FOs are required to inspect all Federal and Indian cases meeting the High Priority criteria of the Federal Oil and Gas Royalty Management Act (FOGRMA) and 33 percent of the remaining Federal and Indian production cases. Any additional inspection time available should first be allocated to performing additional Indian production case inspections. The criteria for FOGRMA High production has changed this year. If a case/operator combination produces at least an average of 6,000 barrels of oil per month or 80,000 MCF of natural gas per month or greater, it is identified as a FOGRMA High Priority category for production. The criteria changed from an average of 12,000 barrels of oil or more per month or 120,000 MCF of natural gas or more per month. The operator compliance history to determine a FOGRMA High rating will remain the same: two major violations, or a total of six FOGRMA-related violations within the preceding 24-month period.

The Bureau of Land Management (BLM) personnel enforce standards and requirements of applicable laws, regulations, and Onshore Orders; their increased visibility on producing cases provides additional oversight of measurement and sales functions. It is the BLM's responsibility to ensure that all production is properly measured and accounted for while minimizing the loss of these resources. Attachment 1 provides detailed minimum strategy requirements for the various inspection types which are critical to meeting the BLM's fiduciary responsibilities for Indian revenues based on production of ever-increasing values of oil and gas.

Producing cases will be inspected where problems in measurement or sales have been identified with additional emphasis on witnessing these activities. Failure to perform correct measurement or sales activities by either the operator/producer or purchaser will result in BLM inspectors

performing more intense and detailed inspections, as well as possible additional reviews and inspections. In addition, the operator/producer will be required to explain the event and submit a corrective action plan for the BLM's review and approval. Minimum requirements for these corrective action plans are: 1) a detailed description of the event and identification of all wells and facilities that could have been affected by the event; 2) the corrective action taken and any adjustments made to volumes of oil and natural gas produced; and 3) any actions that will be performed in the future to ensure that the potential for this type of event to occur is reduced. The approved corrective action plans will supplement the current Site Security Plans on file and will be minimum standards with which the operator/producer must comply in the future.

For FY 2009, the method for counting Production Records Review (PR) and Records Review (RR), which includes the review of Oil and Gas Operations Report (OGOR) data, is changing. A Production Inspection Production Records Review (PI/PR) or Production Inspection Records Review (PI/RR) that reviews production data for 6 months or less will be counted as one inspection. If discrepancies are found, and the review is expanded beyond 6-months' data, the PI inspection will be closed, and a Records Verification Review (RV) inspection will be opened. Remarks must reference the original PI inspection to indicate that the RV/PR or RV/RR is a follow-up inspection because more data was required. For every additional 6 months reviewed, an additional RV inspection will be added. For example, in the case where 2 years and 4 months of data was reviewed, five separate (RV/PR or RV/RR) inspections would be entered into AFMSS and counted when the review is completed.

Petroleum Engineering Technicians (PETs) are still required to check the isolation valve in the equalizer line (there may be multiple valves and lines if there are more than two production tanks on a facility) to ensure it is fully operational and can isolate the production tank for the sale of oil. The PETs should not take the equipment apart; they are to check and see if the valves are tight, or appear to have been tampered with (such as a loose handle, possibly indicating the ball inside the valve may have been removed). If even one valve is found to be missing the internal components, this finding is elevated immediately to the local BLM Law Enforcement, the BLM Washington Office (AD-300 and WO-310) and the Inspector General, following standard protocol. The bi-weekly equalizer valve report is no longer required. Inspections should document the fact that the equalizer valves were checked.

Cases rated High to the FOGRMA Standard for Production: For cases that are rated High for production and have been inspected for the past 3 years with no measurement problems or volume discrepancies detected, a Records Verification/Records Review (RV/RR) may be conducted to fulfill minimum FOGRMA requirements. The RV/RR may be performed by the Production Accountability Technician (PAT) or PET. This technique will allow PATs and PETs to focus on cases that have a higher potential for measurement problems.

Cases rated High to the FOGRMA Standard for Compliance: Cases rated High for compliance would normally be inspected for the type of violation that caused the case to become FOGRMA High for compliance initially. For FY 2009, if the compliance issue did not involve

measurement of oil or gas, health and safety, or environmental issues, an inspection of that case will not be required as long as the operator corrected the violation from the previous FY.

High Priority Drilling Inspections: Drilling inspections on High Priority drilling wells will be conducted as outlined below. The priority will be determined at the time of Application for Permit to Drill (APD) approval and inspections conducted in accordance with that priority. It is critical that this priority setting is based upon real concerns rather than classifying all drilling as High Priority. For high priority drilling inspections, if the reason for the high priority is related to the drilling activities and not environmental issues, not all wells being drilled need to be inspected. If the drilling rig and crew being used to drill the well have been previously inspected and found to be in compliance, that drilling rig and crew will be inspected on an average of once for every three wells drilled, as a general rule. An exception to this practice will be made if conditions warrant additional drilling inspections. This change is being implemented to help increase the number of production accountability inspections completed.

The FOs are encouraged to exceed these minimum strategy goals whenever possible. For those FOs that cannot meet the minimum strategy goals outlined in attachment 1, the inspection workloads are listed below in priority order for distribution of inspection resources to achieve the goals of the program. These inspection workload priorities are to be observed when designing Inspection Plan Matrices for FY 2009. All High Priority inspections are important and must take priority over any Low Priority inspections.

Please note that emphasis continues to be placed on Environmental/Surface Inspection (ES) types. High Priority environmental inspections should receive the same attention as other High Priority inspection types. High Priority environmental drilling (DW-SD) and environmental plugging (PD-SA) inspections will take precedence over Low Priority environmental production (ES-SP) inspections.

In past years, the I&E strategy has shown inspection workload priorities in one table. This year, to give a better understanding of these priorities and the specialist involved in doing these inspections, the inspection workloads priority order has been broken down into two separate lists, one for production, drilling, and abandonment inspectors performed by PETs and one for surface compliance specialists.

## **INSPECTION WORKLOADS –PRIORITY ORDER**

For production, drilling, and abandonment inspectors (PETs):

1. High Priority drilling wells.
2. High Priority plugging and abandonment operations.
3. Federal and Indian production cases rated High for FOGRMA criteria (see attachment 2 for details).
4. High Priority Production inspections on new producing oil and gas wells (see attachment 2 for details).
5. Cases that have had a change of Operator (see attachment 2 for details).
6. Inspections during any well production testing occurring during or after High Priority drilling operations but before the well is placed on a producing well status (see attachment 2 for details).
7. High Priority workover operations.
8. Thirty-three percent of the remaining Indian production cases.
9. Thirty-three percent of the remaining Federal production cases.

For surface compliance specialists

1. High Priority drilling wells (surface compliance).
2. High Priority environmental inspections (see attachment 2 for details).
3. Interim Reclamation Inspections (see attachment 2 for details).
4. High Priority workover operations (surface compliance).
5. Final Reclamation Inspections.

### **Creating the Inspection Strategy Matrices**

For those FOs that do not have responsibility for Indian data, the FY 2009 I&E Strategy Matrices will be created within their Automated Fluid Minerals Support System (AFMSS) databases.

On July 7, 2008, Indian AFMSS was returned online for 10 FOs. However, since those databases were unavailable for over 3 years, we realize the time commitment necessary to eliminate the data entry backlog. Therefore, the 10 FOs with both Federal and Indian data will continue to complete the Federal I&E Strategy into Non-Indian AFMSS, while completing a manual Excel spreadsheet for the Indian data. However, even though the manual spreadsheet will be used to calculate Indian data, that data must be manually input into Indian AFMSS. Instructions for preparing both the Non-Indian AFMSS and Excel spreadsheet matrices are included in attachments 3 and 4, respectively. Attachment 5 contains the Excel spreadsheet that may be used in developing the Indian strategy. Instructions for manually inputting data into Indian AFMSS are also included in attachment 6. In addition, when creating the matrices, identify the following in the Special Consideration Section, if applicable:

- Any inspection workload incurred in conjunction with the Idle/Orphan Well Liability Initiative. This workload may be identified within the matrices framework by adjusting case/operator priority ratings, adjusting average inspection hours that will be incurred on follow-up of idle wells, and including any additional plugging or workover activities that may occur as a result of reviewing those wells. Under Special Considerations, identify the Idle/Orphan workload planned so that this number is distinguished from normal plugging and workover operations.
- The emphasis on Production Accountability continues to be a top priority. During the preparation of the matrices, indicate the estimated number of detailed production records reviews (coded as PI/PR) that are planned in FY 2009.
- When prioritizing High FOGRMA production cases that have been inspected in the previous 3 years and no measurement problems or volume discrepancies were noted, a Records Verification/Records Review (coded as RV/RR) may be conducted that will suffice to meet the inspection requirement for FY 2009. However, if during the RV/RR process review a reporting problem or volume discrepancy is found, the inspection must be elevated to a Production Inspection/Production Records Review (coded as PI/PR) and those activities performed are part of the PI/PR inspection.
- The National Operations Center (NOC) is in the process of identifying the work flow and forming a team of PATs to assist FOs in performing RV/RR. State I&E coordinators should maintain a list of potential cases to be reviewed by the NOC. During this first year, simpler cases should be provided for NOC review (avoid large cases with complex measurement issues). There will be additional coordination with State I& E Coordinators as the PAT business and implementation plans are developed. Specific guidance and detailed procedures for communication with the NOC PAT team will be provided during the second quarter of 2009.
- All drilling inspections rated High must meet the criteria rating as outlined in attachment 1 priority rating standards. Special care should be exercised in classifying field development drilling wells as High for routine casing and cementing operations.

All State Office (SO) I&E Coordinators will be responsible for ensuring proper rating of drilling inspection items.

- Oversight and Guidance: Inspection priorities for all inspections rated High will be reviewed by the SO I&E Coordinators to ensure compliance with the priority rating standards.
- Rating inspections to the correct criteria in attachment 1 ensures that inspection resources are maximized. Example: All drilling wells should not be rated High if the wells do not meet the criteria in attachment 1.

In development of the strategy matrices, FOs will need to coordinate several different areas, including:

- Coordination must take place with the applicable Tribes and/or the Bureau of Indian Affairs to ensure their concerns are met regarding the prioritization of cases.
- Interdisciplinary coordination must occur within FOs to ensure that all environmental priority ratings are coordinated with appropriate staff such as Natural Resource Specialists or Environmental Scientists.
- Coordination must occur to ensure that idle/orphan well inspections related to that initiative or other concerns are incorporated and prioritized in the Inspection Plan Matrices.
- Coordination with FOs and SO budget teams must also occur to ensure that each is aware of the needs of the I&E program and that the units of accomplishment for the budget are an accurate reflection of the Planned Strategy workload.
- Coordination between State and FOs is essential to ensure all inspection goals are met.

Along with the use of the BLM's budget system, the Quarterly Progress Report feature in AFMSS provides management with an excellent tool to monitor the completion of I&E goals. The Quarterly Progress Report should be generated and reviewed at least at midyear and the end of the third quarter FY 2009. Any necessary adjustments must be implemented to ensure the accomplishment of the I&E Strategy goals identified in the matrices.

**Timeframe:** Inspection plan matrices must be completed and the official strategy matrix must be entered into AFMSS by November 3, 2008. For Indian inspections, the official strategy matrix must be entered into Indian AFMSS even if the Excel spreadsheet was used to develop the strategy.

**Budget Impact:** Any changes in resource needs will be reflected in the inspection plan matrices for FY 2009. Additional resources for FOs with shortfalls to meet their workload will be subject to budget availability.

**Background:** The instructions for preparing the Inspection Plan Matrices are provided on an annual basis to coincide with any current updates to AFMSS and/or other policy changes that may occur on an annual basis.

**Manual/Handbook Sections Affected:** The I&E Strategy matrices and goals instructions will be included in the Inspection and Enforcement Handbook, currently being developed.

**Coordination:** This memorandum was coordinated with the WO-310 I&E Specialists, SO I&E Coordinators, NOC personnel, and FO personnel.

**Contact:** Any questions regarding the Strategy goals may be referred to William Gewecke at (202) 452-0337, or [william\\_gewecke@blm.gov](mailto:william_gewecke@blm.gov). Technical questions regarding preparation of the Strategy Matrices on the Excel spreadsheet form may be referred to Carol Larson at (406) 233-3655, or [carol\\_larson@blm.gov](mailto:carol_larson@blm.gov).

#### 6 Attachments

- 1 – Oil and Gas Inspection and Enforcement Strategy Goals (6 pp)
- 2 – Selected Inspection Workload Explanations (5 pp)
- 3 – Creating Inspection and Enforcement (I&E) Strategy Matrices for New Fiscal Year (FY) 2009 in the Automated Fluid Minerals Support System (AFMSS) (9 pp)
- 4 – Instructions for Completing the Inspection and Enforcement (I&E) Strategy Matrix For Fiscal Year (FY) 2009 (5 pp)
- 5 – Excel Spreadsheet Files (Federal\_Indian\_strategy\_matrix\_form.xls) (2 pp)
- 6 – Instructions for Manual Data Entry of Indian I&E Matrix into Indian AFMSS (3 pp)

## OIL AND GAS INSPECTION AND ENFORCEMENT STRATEGY GOALS

### I. PRODUCTION ACCOUNTABILITY INSPECTIONS

All producing Indian and Federal cases rated High according to the Federal Oil and Federal Oil and Gas Royalty Management Act (FOGRMA) criteria must be inspected annually. In addition, it is the goal of the Bureau of Land Management (BLM) Inspection and Enforcement (I&E) Program to inspect 33 percent of all other Indian and Federal production cases annually.

When a case is selected for Production Inspection (PI), the Petroleum Engineering Technician (PET) conducting the inspection will review purchaser statements to determine who purchases production from the case being inspected. In some instances, there may be multiple purchasers or the purchaser may be the same entity as the operator/producer. In both instances, with either multiple purchasers or same operator/purchaser entities, a minimum of 25 percent of all wells and facilities where sales take place will be witnessed/inspected (including those on Fee and State leases when agreements are involved). Inspection activities that must be performed include those that ensure that production is being handled properly, measured accurately, reported correctly, and the environment and public health and safety are being protected. At a minimum, this will require that all methods of measurement occurring within the case are witnessed/inspected (including all Fee and State wells and facilities attached to the case). On large cases (more than 10 wells and 10 facilities) when multiple purchasers are involved, the PET will witness sales on a minimum of 3 different sales per individual purchaser to ensure a good cross section of the purchaser/transporter sales process. During the PI, observations are to be made for site security, environmental compliance, public health and safety concerns, and a review of production records. The selection of inspection activities can be as comprehensive as deemed necessary by the PET and can be accomplished with a mix of both field visits and in-office reviews.

If the PET detects violations or problems during the course of the inspection, steps must be taken to determine the extent of the problem and what corrective actions may be necessary. Additional inspection activities may be needed to determine if problems or violations exist at other facilities and/or wells within the case (includes Fee and State leases associated with the case). This may also include a conclusion that problems or violations are systemic for that particular operator and may require additional inspections of other cases managed by that operator.

The PET conducting the inspection must be satisfied that an **adequate sampling** of the applicable production activities (measurement, environment, site security, etc.) has been performed and ensures that any violations or problems have been resolved.

The following steps further define the minimum requirements for a PI:

- A. If production is occurring on the case, measurement, environmental, site security inspection activities, and a partial records review must be performed. The

1. The FOs must inspect an adequate sample size of wells and facilities within a case (includes Fee and State wells and facilities in cases that involve agreements), along with an inspection of each type (oil and gas) of measurement (tank gauge, Lease Automatic Custody Transfer (LACT) meter, orifice meter, etc.). The PET may either witness or independently perform measurement activities to fulfill this requirement.

The sample size is to be determined by the PET conducting the inspection. Factors to consider in determining the sample size are dependent on the number of wells, facilities, measurement equipment, methods, and types. The PET must be satisfied that an adequate number of inspection activities have been performed to ensure that the production is being properly handled and accurately measured.

For example, if a case has 10 gas orifice meters, 5 oil sales tank facilities, and 2 LACT meters, the PET must witness or perform an inspection activity on each measurement type and method (gas measurement, oil tank sales, and meter proving), but may not have to witness all 10 gas orifice meter calibrations, 5 oil sales, etc., if problems are not detected during the initial representative sampling and additional activities are not warranted. This is a minimum requirement, and PETs are encouraged to conduct more measurement inspection activities if it is necessary to ensure that oil and gas measurements are accurate. The PET has the latitude and discretion to determine the representative sampling size for each case as long as the production inspection examines each measurement type and activity occurring within the case. The FOs may continue to use the 25 percent representative sampling size, taking care to ensure that the representative sampling of wells and facilities is documented accurately so that a different set of wells and facilities may be inspected in the future. This will also ensure that all wells and facilities within the case (includes Fee and State wells and facilities when the case is an agreement) are inspected every 3 years, or at most, 4 years.

2. The sample must include inspection activities associated with environmental (SP) and public health and safety (HS) concerns. The BLM's emphasis related to the environment and public health and safety remains high.
3. The sample must also include site security (SS) inspection activities.

4. The partial production records review (coded as PI/RR) must include, at a minimum, a review of the Minerals Management Service (MMS) OGOR, Form 4054, to analyze trends and production history and identify potential reporting errors. This includes a review of the disposition of production on the OGOR reports for the past 6 months and the production average report for the past 3 years.

The following are suggested areas on the OGOR report that should be reviewed as part of the PR activity and are example indicators of possible discrepancies in production handling and reporting that should be pursued if found during an OGOR review:

1. Verify reported well status against production documents submitted by the operator for review (such as the daily gauge reports).
2. One or more days of production reported with zero volumes of oil, gas, and/or water.
3. Zero days produced with reported gas, oil, and/or water volumes.
4. Extreme variations in reported production volumes when the number of days produced remained constant.
5. A pattern of reporting identical volumes or consistent fluctuations, such as variations by one-fourth, one-half, or two-thirds; or changes of 200, 400, or 600 barrels for many months.
6. Irregularities of volumes listed in the "other" (disposition of production) column.
7. Discrepancies between the OGOR and any other information obtained during the inspection activities.
8. Production volumes and/or wells being reported on the wrong case.
9. Unreasonable "used on lease" or "flared" or "vented" volumes (verification of approval required for these categories).
10. Discrepancies between beginning and ending stock on hand.

Some of the errors noted above may be located by using special reports available in Automated Federal Minerals Support System (AFMSS) such as the Zero Production Report and OGOR by Well 'Well Production History.'

For the 10 FOs with both Federal and Indian data, OGOR data is currently not available through AFMSS. All FOs are encouraged to secure access to the MMS

BRIO Portal website as an additional method to view OGOR data. To request access to the MMS BRIO Portal, contact Jane Heschele at (303) 231-3675 or William Gewecke at (202) 452-0337. Production data reported to individual States may be helpful but cannot be used as part of the review of production records.

FOs are encouraged to conduct detailed production record reviews, coded as PR activity. Significant amounts of volume discrepancies have been found when conducting the PR inspection activity. Due to the effectiveness of the PR, FOs are encouraged to continue using this inspection activity.

Also, at the discretion of the FO, a complete production records review (coded as PI/PR) may be conducted on Low FOGRMA Priority cases (overall priority ranking of Y or Z) without a field visit. High FOGRMA cases must have an inspection conducted on an annual basis. These PI/PR reviews include verification of “used on lease” and “flared” or “vented” volumes to ensure the appropriate approvals are on file and records review of the oil and natural gas volumes associated with these reported disposition categories.

If a case is subject to a variable royalty rate, the PET must verify if the production subjects the lease to a higher royalty rate. If the production level indicates a higher royalty rate, a sample check of the status of the wells must be made to verify if they are countable wells. If the sample determines that the operator is reporting incorrectly, the sample will need to be enlarged to include additional wells.

- B. If production is not occurring within the case, only the partial records review and the appropriate field inspection activities must be performed (such as site security, coded as PI/SS; well status checks, coded as PI/WS; environmental, coded PI/SP; and, if applicable, health and safety, coded as PI/HS).

## **II. DRILLING, PLUGGING, WELL PRODUCTION TESTING, CHANGE OF OPERATOR, NEW PRODUCING WELL, and WORKOVER INSPECTIONS**

Drilling inspections on High Priority drilling wells will be conducted as outlined below. The priority will be determined at the time of Application for Permit to Drill (APD) approval and inspections conducted in accordance with that priority. It is critical that this priority setting is based upon real concerns rather than classifying all drilling as High Priority. For high priority drilling inspections, if the reason for the high priority is related to the drilling activities and not environmental issues, not all wells being drilled need to be inspected. If the drilling rig and crew being used to drill the well has been previously inspected and found to be in compliance, that drilling rig and crew needs to be inspected on an average of once for every three wells drilled, as a general rule. An exception to this practice will be made if conditions warrant additional drilling inspections.

Conduct plugging and abandonment inspection on all wells determined to be High Priority at the time of approval of the Notice of Intent to Abandon (NIA). This High Priority determination must identify which part of the plugging plan is critical, for example, by placing a cement plug across a water zone. Witnessing the other parts of the plan such as placement of stabilizing plugs or surface plugs may not be considered High Priority.

High Priority drilling and abandonment inspections shall take precedence over production inspections if scheduling conflicts arise. Drilling and plugging inspections are externally driven, while production inspections are controlled internally and can be more easily rescheduled. Ensuring that drilling and plugging operations are in compliance from the outset will minimize potential problems in the long term, particularly with regard to contamination of subsurface resources, including fresh water aquifers and surface-related environmental concerns. These operations often occur outside normal work hours. The FOs must ensure that resources are available to conduct these inspections.

Conduct Interim Inspections of all well production testing operations rated High Priority that occur during or after drilling operations but prior to a well being placed in producing well status. Disposition of produced fluids during production test operations is the purpose for these inspections.

Conduct inspections on wells/cases that are considered High Priority for production and there is a Change of Operator during the FY. This does not include mergers or name changes. This is to be done on cases where the operator is new to the area or has not operated on Federal or Indian wells in the past.

All new producing wells that come on production during the FY that are associated with High FOGRMA cases are considered High Priority for an initial production inspection.

Conduct inspections of all workover operations rated High Priority. Review and identify any critical operations to be inspected upon approval of the work plan. Inspect those operations deemed to be High Priority at the time of approval.

### **III. ENVIRONMENTAL INSPECTIONS**

Conduct all High Priority surface inspections on drilling wells and plugged well site locations. Also, conduct environmental inspections annually on all cases rated High due to environmental concerns. A well that has completed drilling operations and is in a producing well status is considered a High Priority Environmental Interim Inspection for reclamation concerns. Classification of environmental ratings for the estimated drilling and plugging activities and review of the rating for active cases will be performed each year. The classification and review will occur at the time of matrix preparation to ensure that there is an accurate accounting of environmental inspection workload requirements.

As with the technical inspections, the environmental, drilling, and plugging inspections on those wells rated High Priority for surface concerns, shall take precedence over environmental production inspections (PI/SP).

#### **IV. OTHER INSPECTION REQUIREMENTS**

Conduct an inspection on all cases rated as High Priority for public health and safety, legal, or other standards. The inspection should be conducted to specifically address the reasons the case was rated High for these criteria.

Although not required under strategy goals, FOs should continue to conduct Records Verification (RV) and Undesirable Event (NU) inspection types as time or circumstances warrant. All major spills, fires, accidents, and/or fatalities must be inspected and reported per NTL 3A and WO IM 2006-061 - Reporting of Undesirable Events, dated January 5, 2006.

#### **V. DOCUMENTATION**

Inspection and Enforcement (I&E) Documentation requirements are outlined in Washington Office (WO) Instruction Memorandum (IM) 2006-116, *Oil and Gas Inspection and Enforcement (I&E) Documentation Requirements*, dated March 14, 2006. Please refer to WO IM 2006-116 for inspection documentation guidance.

Each inspection must contain a brief synopsis/summary of the results of the inspection, including notes that may aid in future inspections (for example, violations or problems detected, resolution of problems, volume discrepancies, installation of a new LACT gas meter or tank(s), Blow Out Prevention failures, placement of plugs, and so on).

## **SELECTED INSPECTION WORKLOAD EXPLANATIONS**

### **For production, drilling and abandonment inspections (PETs)**

#### **3. Federal and Indian production cases rated High to FOGRMA criteria.**

A case/operator is rated FOGRMA High if the case/operator meets one of the following:

- A. The average monthly oil production is 6,000 barrels (bbls) or more.
- B. The average monthly gas production is 80,000 thousand cubic feet (MCF) or more.
- C. Operator compliance is rated as High if the operator had a noncompliance history of two major violations, or a total of six FOGRMA-related violations within the preceding 24-month period.

#### **4. High Priority Production inspections on new producing oil and gas wells.**

Production inspections (PI) must be performed on new cases with new wells when production is estimated to reach FOGRMA High criteria. The inspection will be conducted as soon as possible after the well is completed and applies only when the case/lease is new and there are new wells.

It is also required, however, to perform additional activities on any existing cases when new producing oil and/or gas wells come online and the case is expected to reach the FOGRMA High production criteria. For example, if a PI has been opened or completed for a case, and during the Fiscal Year (FY) new oil and/or gas wells are added to the case, the PET must re-open the PI and perform additional activities for the new wells, such as a well status check (WS), or measurement activities, etc. Do not open a second production inspection; simply modify an existing inspection record. If a production inspection on the case is not required or planned for the FY, a Records Verification/Records Review (RV/RR) should be conducted for the new well(s) to verify production and ensure the case is meeting the reporting requirements.

#### **5. Cases that have had a change of Operator.**

Inspections are required on cases for each new operator/case combination. The combination of the operator and case identifies the case as an inspection item. When a new operator acquires a case, the case becomes a new inspection item. If the operator is new to the area, or has demonstrated a problem with compliance on other cases, it is essential that an inspection be performed, regardless of whether an inspection was conducted on the former operator/case combination during the current FY.

For example, if an operator/case combination had a PI inspection performed during the FY, and a new operator takes over, the new operator/case combination should not be

allowed to fall into the 3-year rotation. The new operator should be inspected immediately to determine if there are any existing problems that the former operator did not correct, establish the compliance record for the new operator, familiarize a new operator with the inspector(s), and inform the new operator of any local requirements for that case.

This requirement is for cases when the operator is new to the area, has not operated under the Federal regulations previously, or has demonstrated a problem with compliance. This does not apply to name changes of an operator. Do not use the compliance record from the previous operator when determining an overall priority for the new operator/case.

**6. Inspections during any well production testing occurring during or after High Priority drilling operations but before the well is placed on a producing well status.**

During or immediately after drilling operations and prior to the well being placed on producing well status, the well may be tested for production. During this time, production is occurring but is not currently being accounted by BLM personnel. A substantial amount of production may occur, and it is essential that this be documented and accounted to completely account for all production from the well. In accordance with the *Minerals Production Reporter Handbook* (MMS/MRM Release 1.0, dated 05/09/01), test production is required to be reported.

TABLE H-1. Well status/well type codes and descriptions

| Well status  | Offshore code | Onshore code/offshore abbreviation | Description  | Comments  |
|--|---------------|------------------------------------|--|-----------|
| ActivelyDrilling<br>MMS no longer requires this type of well to be reported unless there is test production. | 01            | DRG<br>DRL*                        | Use this code when actual drilling operations are being conducted on the last day of the production month. Test production volumes can be reported with this code. The Days Produced field must contain the number zero unless there is test production. The producing interval code must be X01. Injection volumes used during the completion process of a well should not be reported. | *Offshore |

Inspections of production tests will be required during or after drilling operations to verify test production and ensure proper reporting of these volumes to MMS. These inspections will be documented and filed in hardcopy and in the AFMSS. The current drilling inspection form generated from AFMSS may be used for hardcopy documentation.

**Coding of these inspections** in AFMSS will be as follows: Use the inspection activity of Production Test (PT) that is associated with the Drilling (DW) inspection type. This allows the inspection to be conducted on a well-by-well basis and enables the retrieval of data associated with this activity. Do not open a new drilling well inspection (DW); instead add the PT activity to an existing inspection for the well. Only one DW inspection type per well should be recorded.

## **For surface compliance specialists**

### **2. High Priority environmental inspections.**

High priority environmental inspections are determined if the case meets at least one of the following:

- A. The operations on a case are located in or adjacent to an area of special environmental sensitivity\* such as:
  - a. designated wilderness areas,
  - b. National Park Service and National Landscape Conservation System units
  - c. wilderness study areas,
  - d. areas of critical environmental concern,
  - e. sensitive watersheds,
  - f. VRM Class I and II viewsheds,
  - g. riparian areas,
  - h. floodplains,
  - i. wetlands,
  - j. threatened and endangered species habitat,
  - k. historic landmarks, etc.

\*The prioritization may include but is not limited to these examples.

- B. The operations occur in other areas that, if conducted in noncompliance with lease stipulations or Conditions of Approval (COAs) included in the operating plan, could have a significant adverse impact on the environment.
- C. The case shows a history of surface and environmental noncompliance.
- D. Six months has elapsed after well completion or well abandonment to ensure earthwork for reclamation has been properly completed.
- E. The operator has submitted a final abandonment notice (FAN) of an abandoned well.
  - a. Final abandonment will be approved only after the surface reclamation standards, required in the Surface Use Plan of Operations or Subsequent Report of Plug and Abandon, have been met to the satisfaction of the Bureau of Land Management or the Forest Service and Surface Managing Agency, if appropriate.
  - b. The BLM will take into consideration the views of the split-estate surface owner when approving FANs. This consideration should be limited to

what was required in the approved Surface Use Plan of Operations or Subsequent Report to Plug and Abandon.

The FS has the authority and responsibility under regulations based on the Federal Onshore Oil and Gas Leasing Reform Act of 1987 to ensure environmental inspections of FS surface. The FS will conduct environmental inspections (surface environmental concerns) on FS lands. Therefore, offices may rate these cases as low priority under the Environmental priority rating for inspection purposes. Refer to the BLM/FS Interagency Agreement or local BLM/FS MOUs for more specific guidance on roles and responsibilities.

The BIA must concur with BLM recommendations to release well sites from further reclamation responsibilities. Once the BLM has notified the BIA and recommended approval of the FAN, the environmental priority may be rated Low.

Criteria A and B listed above are very broad in nature and could be misinterpreted to indicate all cases should be rated High. This is not the intent. Discretion should be used to determine the potential of noncompliance and impact, along with the specific site conditions, production handling scenarios, and the past compliance history of ongoing activities occurring on the lease before assigning the priority. For example, if mitigation has been successful for threatened and endangered (T&E) species or wetland conditions and the need to inspect the well on a high priority basis does not exist, then the well should not be ranked as High Priority.

When offices establish new FY ratings, the FOs should not assume that since the case was rated High under Environment the previous year, the same will hold true for the current year. Site conditions, operator compliance, or lease activities may have changed and, therefore, warrant a different priority.

### **3. Interim Reclamation Inspections.**

The BLM must document the protection of the surface after drilling operations as required by the Office of the Inspector General. After drilling operations have been completed, a majority of the pad location is normally reclaimed (reseeded, recontoured, and so on). It is important to document BLM inspection of the reclaimed area to ensure the environment is protected and the area is being properly revegetated.

AFMSS includes an inspection activity code Interim Reclamation (IR), to indicate that the interim reclamation area is being inspected and the area is in compliance with reclamation requirements outlined in the (i) approved APD Surface Use Plan of Operations, (ii) applicable APD Conditions of Approval, (iii) inspection items in the Production and Interim Reclamation inspection form, and (iv) Chapter 6 of The Gold Book: Surface Operating Standards and Guidelines for Oil and Gas Exploration and Development. This activity code is associated with the Environmental Surface (ES) inspection type. This activity should be performed by the Environmental Specialist and ongoing during the production phase of the well. The initial inspection must occur within

6 months after well completion (producing wells or dry holes) to ensure earthwork for reclamation has been completed with a subsequent follow-up inspection to ensure reclamation is successful (i.e., the desired vegetative community has been re-established), and every 3 years thereafter. Examples of coding these inspections include: (1) The environmental inspection type of ES is used with the activity of SP for the general surface review, and (2) The IR code will also be recorded to indicate interim reclamation of the location was inspected as well.

**CREATING INSPECTION AND ENFORCEMENT (I&E) STRATEGY  
MATRICES FOR NEW FISCAL YEAR (FY) 2009 IN THE AUTOMATED FLUID  
MINERALS SUPPORT SYSTEM (AFMSS)**

**This method will be used to create the matrices for Federal data to be input into Non-Indian AFMSS. For those offices with both Federal and Indian responsibility, this method will be used to create the matrices for the Federal portion of their workload and input into Non-Indian AFMSS. For instructions to complete the matrices for Indian data, refer to attachments 4 and 6.**

**A. REVIEW AND UPDATE PRIORITY RECORD INSPECTION STATUS  
CODES**

1. Close open inspections, review and update priority record inspection status code.

The AFMSS Inspection Statistics for Office (IEP .13) report must be run with the 'Include Open Inspection Only' selected for entire current FY (Start Date: 10/01/07, End Date: 9/30/08). Any open inspections must be closed, if more work is needed to complete the inspection note in remarks that the case will be opened in the next FY for completion.

2. The AFMSS I&E Strategy Matrix - Inspection Items report (IEP.51) must be generated and reviewed as the next step in the process of creating a new FY Strategy Matrix. Run the Inspection Items report (IEP.51) for the current year and update the Inspection Status Code in the Priority record, if necessary, to reflect the need for inspections in the upcoming year (see Item f below for correct status codes). This must be done prior to creating new priority records for the new FY. Do not delete old priority records from the system if the records were once valid. These should be left as an historical record in the database.

To review current priority records:

- a. Click on Monitoring on the Main Menu for AFMSS.
- b. Click on I&E Strategy, which will launch the I&E Strategy Matrix (IEP.54) screen.
- c. Click on the button next to the version box and highlight the most current "official" strategy version; click on QUERY.
- d. This will retrieve the Strategy Matrix. Once it is displayed, click on Reports button.
- e. Select Inspections Items (IEP.51). Several sort options are available. Make note of the sort option used to run this report. If sorted by Case, Operator,

Overall Priority, County, State, or Field Office, the Inspection Priority Finder screen will allow sorting the records in the same order.

- f. Print the entire Inspections Items report. This report will have to be manually verified to ensure that all the cases requiring inspection are listed; all inspection priority records reflect the correct/current operator; and the Inspection Priority Status code is set to:

H= if it is an active case and an inspection for that case/operator combination is necessary; or

A= if the case/operator wells have all been plugged and the BLM is awaiting surface restoration (environmental inspection still necessary); or

I= if the case no longer needs an inspection priority record for the upcoming FY and is in the system as an historical reference only. This includes all terminated agreements and/or cases that contain only P+A wells, or case/operator combinations that are no longer valid (operator changes).

The Inspections Item report contains columns that count the number of wells and facilities connected to a Priority record. Pay special attention to those case/operator combinations (IIDs) that show zeros for both columns. This may indicate that there has been a change of operator, or some other reason that the record should be marked as Inactive or deleted. All valid case/operator combinations should contain information in each one of the columns on the report (with the exception of the Last Insp Dates), and should have at least one well connected to the case/operator combination. If there is no information for a case/operator combination, the record should be updated to Inactive or deleted so it will not result in an erroneous count of inspection items.

Inspection priority records can be established at the time the first well for a case/operator begins drilling. If an operator change occurs on the case, a new priority record must be created for the new operator for the case. The old operator priority record should be updated to "I" in the Inspection Status Code field. Do not use the old operator's compliance rating in the priority record for new operator on the case. New operators of a case start with a clean compliance record.

If priority records for cases with only wells in Notice of Staking (NOS), Application for Permit to Drill (APD), Unapproved Notice of Staking (UNOS), Unapproved Approved Permit to Drill (UAPD), or Rehabilitated Location (RLOC) status are found, the Local User Support person in the office may delete these.

3. Once the Inspection Items report has been reviewed update the necessary priority records.

To Update the Inspection Status Code in the Priority Records:

- a. Click on Monitoring from the Main Menu.
- b. Click on Inspections.
- c. When the Inspection List screen (GLB.92) displays, make sure selection default is “by Priority.”
- d. Click on the Priority button to launch the Inspection Priority List (IEP.69) screen.
- e. To update the Priority records, make sure that the Year field shows current FY and the “Exclude Inactive Priorities” option is checked. Click on the QUERY button. The screen will display all of the cases with current inspection priorities for current FY. Click on the sort button and add the fields to the sort in the order you used on the Inspection Items report (IEP.51). The display on the screen and the order of the report should now match. NOTE: Depending on the number of cases in the database, it could take a very long time to display the results. On larger databases, it is suggested that you fill in one or more of the query fields to limit results. For example, if you sorted the Inspection Items report (IEP.51) by operator, query the Inspection Priority list (IEP.69) screen for a particular operator and work through the report until all cases for each operator have been reviewed.
- f. On the Inspection Priority List (IEP.69) screen up to 200 records may be selected at one time. Highlight a group of records and click on “Edit Insp Priority.” The Inspection Priority (IEP.46) screen will be launched. Update those records that need the Inspection Status Code changed. Use the NEXT and PREVIOUS buttons to move among the records that need updating.
- g. REMEMBER TO SAVE each priority record before going on to the next.
- h. EXIT to the Main Menu when finished updating the records.

## **B. RUN THE PRIORITY ROLLOVER**

The Inspection Priority Rollover (IEP.68) is a function that allows AFMSS to create an upcoming FY Inspection Priority Record for use in building the annual Inspection Plan Matrix. The rollover function is to be performed once per year just prior to creating the matrix for the upcoming FY. The rollover process will create a new priority record for all active case/operator combinations that have a current year priority record if the Inspection Priority Status Code is not equal to “I” for inactive.

During the rollover process, the following prioritization categories will be recalculated based on BLM production volume and noncompliance threshold criteria:

- Operator compliance history;
- Average monthly production;
- Environmental rating; and
- Overall priority ratings.

If threshold criteria are met, the category will be rated High Priority and the overall rating will be adjusted accordingly. It is imperative that each Field Office (FO) review and update its Inspection Priority Status codes prior to running the Priority Rollover function to ensure that an accurate rollover occurs.

It is also critical that each FO review each priority record to ensure that the rollover function has correctly calculated the average monthly production for oil and gas. Previous problems with the OGOR data have occurred in AFMSS, so each FO must verify that the calculations are correct to determine the correct overall priority. If needed, the average production volumes and overall priority may be manually adjusted on the new FY records after the rollover is performed, but must be done before the matrix is created.

It is REQUIRED that each office conduct a “Dry Run” of the Inspection Priority Rollover Report before performing the actual rollover. This function can only be performed by individuals who have security clearance for this screen. From the AFMSS Main Menu, click on the User Support selection at the top of the screen: Select Priority Rollover IEP.68 from the cascading menu to access the launcher screen.

1. An option to conduct a “Dry Run” of the rollover function is available by clicking in the box to mark it with an X. Conducting a dry run allows you to perform the rollover option without actually committing changes to the database. The output default is set to “Print Rollover Detail Report and Log File.” It is REQUIRED to use this default. Review this printout to see if records require editing before performing the actual rollover. With the Dry Run option selected, click on “Run Priority Rollover.”
2. The launcher screen (IEP.68) will display a “rollover from FY” and a “rollover to FY” area. When the rollover is performed for the first time, make sure the default shows rollover from the present FY to the new FY for the new FY priority records to be created.
3. If the display shows the new FY to the new FY, change the first box to the present FY. Click “Yes” when the system asks if you want to overwrite the current new FY records. (This should only occur if the rollover function is being performed after October 1. Normally at the beginning of the new FY, the system automatically creates a new priority record for all producing cases. It simply copies the record from the previous FY. The system does this for several reasons. One important reason is that it allows inspection personnel to document production inspection activities on

active cases during the new FY, even though the rollover procedure has not been performed.)

4. The Detailed Report and Log File will print a listing of the rules AFMSS uses in running the priority rollover, the summary information, and a report listing each priority record for the present FY versus the new FY. This report includes a description of the number of environmental and FOGRMA violations the system counted for use in calculating the ratings for the new FY priority records. For the “Dry Run” option, this report will indicate that this is a “Dry Run Only - Database Not Updated.”

The report can be very long if there is a large database since the report will show four lines of data for each inspection priority record rolled over to the new FY. Keep this in mind prior to printing a hard copy of the report. The “Dry Run” may be performed as many times as desired. This process does not make changes to the database.

AFTER reviewing the Dry Run, and when you are confident that all records are correct, you are ready to perform the actual Inspection Priority Rollover. Follow the instructions listed above; however, to perform the actual rollover, make sure the toggle button next to the Dry Run option is not checked. Then click on “Run Priority Rollover” to create the new FY inspection priority records. Another report will be generated that shows the priorities as the priorities were actually created.

Review the report again to ensure that the rollover was performed correctly for all inspection items. If needed, update any priority records that did not carry over correctly before creating a new version of the matrix.

### **C. CREATE A NEW VERSION OF THE MATRICES FOR THE UPCOMING FY**

**NOTE:** You are creating the matrix for the Federal (Non-Indian) data only. Even though there are rows for Indian data, do not input any data into these fields. See attachments 4 and 6 for creating the Indian I&E Strategy Matrices.

1. After the actual Priority Rollover function has been performed and you have reviewed all records for accuracy (and made any necessary adjustments), you are ready to create a Strategy Matrix for the new FY. From AFMSS Main Menu, click Monitoring.
2. Click on I&E Strategy from the cascading menu.
3. The I&E Strategy Matrix - Inspection Items (IEP.54) screen will be displayed.
4. If the record appears with the current year’s data populated, you will have to exit from AFMSS and come back in. The matrix screen should be blank when creating a new matrix. Enter new FY in the Fiscal Year box located on the first row of IEP.54.

5. Click into the box to the right of the word “Version.” Enter the name of the new matrix that you are creating (for example, FY 2009 Vernal Field Office). Next, there is a box next to the “Version.” Click on the arrow button to select either “Working” or “Official.” This allows you to designate the type of matrix you are creating. Create a “Working” copy so you can edit the Matrix until you are sure it is accurate.
6. Count the Producing Inspection Items:

- a. From the Main Menu, click on Monitoring and I&E Strategy.
- b. Click on the RECOUNT FOGRMA ITEMS button located on the far right side of the first row of buttons. A message will appear informing you that this procedure could take a long time and asks if you want to continue. Click the YES button.

The system will count the number of producing and non-producing inspection items by Overall Priority that will be used in calculating the number of required production inspections. This does not include inspection items with a case status of Abandoned (A).

The Inspection Items fields will populate once the count is completed. Review the total number of inspection items once the fields have auto-populated. NOTE: The number of items displayed will not equal the amount of cases listed on the IEP.51 report since the recount does not include those cases with an abandoned status.

7. Enter the Estimated Number of Inspections:
  - a. Enter the number of estimated Federal High and Low priority Drilling inspections to be conducted during the FY. Click on the box to activate it prior to entering information or tabbing from field to field.
  - b. Enter the number of estimated Federal High and Low Priority Plugging Inspections in the appropriate boxes.
  - c. Enter the number of estimated Federal High and Low Priority Workover Inspections in the appropriate boxes.
  - d. Enter the number of Federal High and Low Priority Environmental Drilling Inspections. (This number should total the same as the number of Drilling inspections that are estimated for the year.)
  - e. The Environmental Producing High and Low Priority count in the next column should equal the Total Items (producing and non-producing) that were calculated in Step 1. This information will be automatically calculated from the Environmental priority rating for each inspection item that has an inspection status code of “H.”

- f. Enter the number of Federal and Indian High and Low Priority Environmental Abandonment/Reclamation inspection to be conducted during the FY.
    - g. **SAVE THE RECORD.** Make sure the message box in the lower left corner of the screen states that the table was updated.
  8. Enter the Positions and Work-months Information for your office:
    - a. Click on the POSITIONS/WORKMONTHS button. This will display IEP.55.
    - b. Enter position and work-month information based on your FO personnel that work in the program. To ensure proper accounting of the work-months needed for the program, a base of 12 work-months must be used for each FTE. Using AFMSS data, enter the number of work-months that are expected to be devoted to completing inspections in the “I&E Inspection Work-months” column. The remaining work-months are accounted for in the “Misc. Work-months” column. (NOTE: Two of the 12 work-months for each FTE are automatically placed in the miscellaneous column to account for annual and sick leave, 0999 account). Account for the overtime work-months in the “Overtime Work-months” column. When querying AFMSS, be sure to deduct the overtime work-months when determining your inspection work-months. Time worked outside the I&E program, such as range or fire work, will not be counted in the inspection plan matrix. Oversight time shall be accounted under Management support, and specific details regarding oversight work-months planned may be further documented under the Special Considerations section of the matrices.
    - c. **SAVE THE RECORD.** Look for the table update message in the message box.
    - d. Press the EXIT button to return to IEP.54.
  9. Ensure Percentage of Other Production Inspections required is Correct:
    - a. Click on the CALCULATIONS button. This displays the Truly Strange Required Inspection Calculator (IEP.56) window. This window displays information entered on IEP.54 and allows the user to change the percentage of “Other” producing inspection items to be accomplished. The defaults for “Federal IIDs” will be set to 33.33 percent. NOTE: The program defaults to display 33.33 percent for Indian IIDs, however, this will not apply to this matrix. Disregard this portion of the screen. **SAVE THE RECORD.**
    - b. Press EXIT to return to IEP.54.
  10. Enter the number of Planned Inspections:

- a. Click on the INSPECTION TYPES button. This displays Page 2 of the matrix (IEP.58). The window contains a listing of all inspection types, average hours to conduct each inspection type, the number of required and planned inspections, and work-months necessary to conduct the inspections. The average inspection hours and the required number of inspections by inspection type auto-populate this screen when it is displayed.
- b. If the FO needs to adjust the average inspection hours, click on the “INSP HRS” button. This brings up a window with an entry box for each inspection type. Click the SAVE button. Once the necessary changes are made and saved, click the EXIT button and the system will update the average inspection hours displayed on IEP.58. It will take a few moments to complete this procedure. The system is also calculating new work-month figures. (NOTE: You may want to run the Inspection Summary for Office (IEP.13) report using the previous FY dates to validate the average inspection hours. To generate this report, select Reports from the main menu, click on I&E Reports, then select IEP.13. Enter the start and end date range that will give you an entire year’s inspection data (for example, 10/01/2005, 09/30/2006 for FY 2006 information). Make sure to select Inspection Details in Total for All Closed Inspections for the report. Click on print and the report will generate. The last page of the report summarizes the average hours and number of inspections by type.)
- c. Once IEP.58 displays the new average inspection hours, SAVE THE RECORD before continuing on to input the number of planned inspections.
- d. Enter the number of Federal Planned inspections for the FY in the appropriate columns. The number of planned inspection must be based on available work-months indicated in the IEP.55 Positions/Work-months window. To enter information, tab from field to field, or use the mouse to click on the desired area to enter information. If you do not use the Tab key, the system will not generate work-month information until the record is saved. If you want to see the work-months displayed after entering the number of inspections, be sure to use the Tab key at that point.
- e. SAVE THE RECORD.

#### 11. Review the Required versus Planned Inspections:

- a. Click the REQUIRED/PLANNED button to review required versus planned inspections. Once again, verify the number of available work-months against what is planned to ensure that there are not more inspections planned than there are work-months to accomplish. To see available work-months, click on the POSITIONS/WORKMONTHS button and look at the total inspection work-months available. Press EXIT to return to the Required/Planned window.

- b. To amend planned inspections from the Required/Planned (IEP.57) window, click the EXIT button. This closes IEP.57 and displays the previously opened window (IEP.58). Make the necessary changes and SAVE the record. Click on EXIT to return to IEP.54.

12. Add Remarks or Special Considerations to the Matrices:

- a. To add Remarks or Special Considerations, click the REMARKS button. Enter information as applicable. Do not forget to document position and work-month availability descriptions, any additional idle/orphan well workload adjustments made to the strategy, and the number or production records reviews that your office plans on conducting in the upcoming FY. SAVE the record. Click the EXIT button.

Note: You may revise the “Working” version of your matrix until you are confident that the matrix is complete. Change the box from “Working” to “Official” to indicate that this is the matrix to be used for this FY.

13. Print the Matrices:

Print the Matrix Summary Report by clicking the REPORTS button. Select IEP.50 Inspection Matrix Summary. This brings up a preview of the report.

You are done! Exit the open windows by clicking the EXIT button on each window and return to AFMSS Main Menu.

**Instructions to Create the Inspection and Enforcement (I&E)  
Strategy Matrix for Fiscal Year (FY) 2009**

**Excel Spreadsheet**

**NOTE: This spreadsheet is to be used by the Field Offices (FO) that have responsibility for both Federal and Indian data if Indian AFMSS has not been fully updated.** Indian AFMSS returned to production July 7, 2008. If all backlog data entry has been completed before the FY 2009 matrices are due to be completed, then the matrices can be created in Indian AFMSS using the same instructions for the Non-Indian AFMSS. However, if all backlog (including the FY 2005, 2006, 2007, and 2008 data) has not been entered into Indian AFMSS, the spreadsheet should be used to calculate the matrices. After the spreadsheet is created, the data should be transferred manually into Indian AFMSS. It is no longer possible to produce a “combined” matrix for Federal and Indian data within AFMSS because the two sets of data are contained in separate databases – Indian AFMSS and Non-Indian AFMSS.

Under normal circumstances, the matrix is created in AFMSS, and several automated processes occur. In AFMSS, the Inspections Items report (IEP.51) provided useful information in determining the cases that needed to be inspected for the coming year. Because the AFMSS Inspections Items report is not available for Indian data, it will be necessary to use any data available, such as old reports, to determine how many cases fall into each overall priority rating.

Steps for completing the Excel spreadsheet:

1. Field Office: Click into cell C2 and enter the FO Name.
2. Version: Enter a “Version” name. Click or tab so the cursor is blinking in cell H2. In the top bar, circled below, the word “Version:” appears. Click so the cursor is blinking directly behind the word and type in the name desired for this version of the matrix.

As you type, the name will appear in cell H2. Press the enter key or click to exit the cell.

3. Official/Working Copy: In the cell directly below “Version” (cell I3), enter whether this version is the “Official” or “Working” copy. A “Working” copy of the matrix may be used until you are confident that it is complete. Change the cell from “Working” to “Official” to indicate that the matrix is to be used for the FY. In cell I4, enter the date the version is created.
4. Production Inspection Items: Enter data into the lighter (cyan) shaded fields only. All other fields contain calculations and are locked to prevent accidental changes. Complete section “2. Production Inspection Items” to the best of your ability. Enter the number of Federal and Indian Producing and Non-Producing cases for each category. The total will automatically be input into the correct fields.

Note: You may have to use the numbers from your last matrix to complete this section. If possible, include any cases that your office has received since the shutdown occurred

(April 8, 2005). Do not include any cases that are inactive or abandoned.

5. Drilling, Plugging, and Workover Inspection Items: Enter the number of estimated Federal and Indian High and Low Priority Drilling, Plugging, and Workover inspections to be conducted during the FY in the appropriate fields as shown below.
6. Environmental Inspections Items: Enter the number of Federal and Indian High and Low Priority Environmental Drilling Inspections. These numbers should total the same number of Drilling Inspections estimated for the year.

Enter the number of Federal and Indian High and Low Environmental Producing Items in the appropriate cells. These two columns should equal the Total Items (producing and nonproducing) that were calculated under section “2. Production Inspection Items” (cells B12 and C12).

Enter the number of Federal and Indian High and Low Priority Environmental Abandonment/Reclamation inspections to be conducted during the year.

**Note:** It is always a good idea to intermittently SAVE your work! Please save your file in this format: (Field Office name) \_strategy\_matrix\_FY 09.

7. Positions and Work-months Dedicated to the Inspection and Enforcement Program: Enter the Positions and Work-months information for your office into the appropriate fields.

Enter the number of personnel that work in or are associated with the I&E program. For example, you may have personnel in your FO who provide support or assistance to the I&E Program, but are in other areas of the FO, such as Operations, Wildlife, Resources, etc. Prorate the number of work-months for any Natural Resource Specialists/Environmental Specialists that support I&E but may work in other offices or divisions.

To ensure proper accounting of the work-months needed for the program, use a base time of 12 work-months for each FTE. Enter the number of work-months that are expected to be devoted to completing inspections in the “I&E Insp Wkmths” column(s). At least 2 of the 12 work-months should be input into the “Misc. Wmths” column(s) to account for annual and sick leave, meetings, etc. Account for the overtime work-months in the “Overtime Wkmnths” column(s). Time worked outside of the I&E program, such as range or fire, should not be accounted for in the inspection plan matrix. Oversight time should be accounted for under Management support. Specific details regarding oversight work-months planned may be documented under the “Special Considerations” section of the matrix.

The following section “6. Inspections Required and Planned” will be automatically populated. No data entry is required or allowed in this section.

8. Number of Inspections and Work-months: Page 2 of the matrix deals with Inspection Types, Average Inspections Hours, etc.

Enter the average inspection hours for each of the Inspection Types (Federal and Indian). Until AFMSS becomes available, you may have to use the average inspection hours recorded on your FY2006 matrix.

Enter the number of Federal and Indian inspections required and planned for each of the Inspection Types.

The “Work-months” section on page 2 and the “Inspections Required and Planned” section on page 1 will automatically populate based on entries in other sections of the spreadsheet.

9. Remarks and Special Considerations: The cells related to the Remarks and Special Considerations sections have not been formatted.

Enter pertinent information into the Remarks section. Document position and work-month availability descriptions, and any additional idle/orphan well workload adjustments made to the strategy, and the number of production record reviews (PRs) your office plans to conduct during the FY.

Enter any Special Considerations as needed.

10. Printing the Spreadsheet: The “Print Area” has been set to include pages 1 and 2. It may be necessary to adjust the print area if your Remarks or Special Considerations sections exceed the length of page 2. To reset the print area, click on File, Print Area, and Clear Print Area.

Combined Inspection Strategy Matrix for FY2007 (Page 1)

1. Field Office:

Version: XXXXFY07

Official

2. Production Inspection Items

Date:

|         | Total Items |          | W<br>FOGRMA H<br>Other H |          | X<br>FOGRMA H<br>Other L |          | Y<br>FOGRMA L<br>Other H |          | Z<br>FOGRMA L<br>Other L |          |
|---------|-------------|----------|--------------------------|----------|--------------------------|----------|--------------------------|----------|--------------------------|----------|
|         | Prod        | Non-Prod | Prod                     | Non-Prod | Prod                     | Non-Prod | Prod                     | Non-Prod | Prod                     | Non-Prod |
| Federal | 0           | 0        |                          |          |                          |          |                          |          |                          |          |
| Indian  | 0           | 0        |                          |          |                          |          |                          |          |                          |          |
| Total   | 0           | 0        | 0                        | 0        | 0                        | 0        | 0                        | 0        | 0                        | 0        |

3. Drilling, Plugging, and Workover Inspection Items

|         | Drilling Inspections |     |  | Plugging Inspections |     |  | Workover Inspections |     |  |
|---------|----------------------|-----|--|----------------------|-----|--|----------------------|-----|--|
|         | High                 | Low |  | High                 | Low |  | High                 | Low |  |
| Federal |                      |     |  |                      |     |  |                      |     |  |
| Indian  |                      |     |  |                      |     |  |                      |     |  |
| Total   | 0                    | 0   |  | 0                    | 0   |  | 0                    | 0   |  |

4. Environmental Inspections Items

|         | Active Inspections |     |           |     |  | Abandonment/Reclamation Inspections |     |  |
|---------|--------------------|-----|-----------|-----|--|-------------------------------------|-----|--|
|         | Drilling           |     | Producing |     |  | High                                | Low |  |
|         | High               | Low | High      | Low |  |                                     |     |  |
| Federal |                    |     |           |     |  |                                     |     |  |
| Indian  |                    |     |           |     |  |                                     |     |  |
| Total   | 0                  | 0   | 0         | 0   |  | 0                                   | 0   |  |

5. Positions and Workmonths Dedicated to the Inspection and Enforcement Program

|                    | On-the-Ground Inspectors (Technical) |             |            |            |       | Environ | Support (Admin/Mgrs) |       | Total |
|--------------------|--------------------------------------|-------------|------------|------------|-------|---------|----------------------|-------|-------|
|                    | PET/<br>Auditor                      | Supv<br>PET | Tribal PET | Tech Other | Total | NRS/ES  | Clerical             | Other |       |
| On Board Personnel |                                      |             |            |            | 0.00  |         |                      |       | 0.00  |
| I&E Insp Wkmths    |                                      |             |            |            | 0.00  |         |                      |       | 0.00  |
| Misc. Wmths        |                                      |             |            |            | 0.00  |         |                      |       | 0.00  |
| Overtime Wkmths    |                                      |             |            |            | 0.00  |         |                      |       | 0.00  |
| Total Wkmths       | 0.00                                 | 0.00        | 0.00       | 0.00       | 0.00  | 0.00    | 0.00                 | 0.00  | 0.00  |

6. Inspections Required and Planned

|                      | Scheduled Inspections |       |      |        |           |            | Environ | Undes | Overall Total |
|----------------------|-----------------------|-------|------|--------|-----------|------------|---------|-------|---------------|
|                      | PI                    | Drill | Plug | Workvr | Rec Verif | Tech Total |         |       |               |
| Required Inspections | 0                     | 0     | 0    |        |           | 0          | 0       |       | 0             |
| Planned Inspections  | 0                     | 0     | 0    | 0      | 0         | 0          | 0       | 0     | 0             |
| Insp Summary         | 0                     | 0     | 0    | 0      | 0         | 0          | 0       | 0     | 0             |
| Required Wkmths      | 0.00                  | 0.00  | 0.00 |        |           | 0.00       | 0.00    |       | 0.00          |
| Planned Wkmths       | 0.00                  | 0.00  | 0.00 | 0.00   | 0.00      | 0.00       | 0.00    | 0.00  | 0.00          |
| WM Summary           | 0.00                  | 0.00  | 0.00 | 0.00   | 0.00      | 0.00       | 0.00    | 0.00  | 0.00          |

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Inspection Strategy Summary (Page 2)

| Inspection Types                        | Avg Insp Hours | Number of Inspections |       |         |       | Workmonths |       |         |       |
|---|----------------|-----------------------|-------|---------|-------|------------|-------|---------|-------|
|   |                | Required              |       | Planned |       | Required   |       | Planned |       |
|   |                | FOGRMA                | Other | FOGRMA  | Other | FOGRMA     | Other | FOGRMA  | Other |
| <b>1. Production Inspections</b>        |                |                       |       |         |       |            |       |         |       |
| a. Federal                              |                |                       |       |         |       | 0.00       | 0.00  | 0.00    | 0.00  |
| b. Indian                               |                |                       |       |         |       | 0.00       | 0.00  | 0.00    | 0.00  |
| <b>2. Drilling Inspections</b>          |                | High                  | Low   | High    | Low   | High       | Low   | High    | Low   |
| a. Federal                              |                |                       |       |         |       | 0.00       |       | 0.00    | 0.00  |
| b. Indian                               |                |                       |       |         |       | 0.00       |       | 0.00    | 0.00  |
| <b>3. Plugging Inspections</b>          |                |                       |       |         |       |            |       |         |       |
| a. Federal                              |                |                       |       |         |       | 0.00       |       | 0.00    | 0.00  |
| b. Indian                               |                |                       |       |         |       | 0.00       |       | 0.00    | 0.00  |
| <b>4. Workover Inspections</b>          |                |                       |       |         |       |            |       |         |       |
| a. Federal                              |                |                       |       |         |       |            |       | 0.00    | 0.00  |
| b. Indian                               |                |                       |       |         |       |            |       | 0.00    | 0.00  |
| <b>5. Records Verifications</b>         |                |                       |       |         |       |            |       |         |       |
| a. Federal                              |                |                       |       |         |       |            |       | 0.00    | 0.00  |
| b. Indian                               |                |                       |       |         |       |            |       | 0.00    | 0.00  |
| <b>6. Environmental Inspections</b>     |                |                       |       |         |       |            |       |         |       |
| a. Federal                              |                |                       |       |         |       | 0.00       | 0.00  | 0.00    | 0.00  |
| b. Indian                               |                |                       |       |         |       | 0.00       | 0.00  | 0.00    | 0.00  |
| <b>7. Undesirable Event Inspections</b> |                |                       |       |         |       |            |       |         |       |
| a. Federal                              |                |                       |       |         |       |            |       | 0.00    | 0.00  |
| b. Indian                               |                |                       |       |         |       |            |       | 0.00    | 0.00  |
| <b>8. Total Insp and Wm</b>             |                | 0                     | 0     | 0       | 0     | 0.00       | 0.00  | 0.00    | 0.00  |

Remarks:

Special Considerations:

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## Instructions to Manually Enter Indian I&E Strategy Matrix Data into Indian AFMSS

When you have completed the Excel Spreadsheet for the Indian I&E Strategy Matrix, and you have deemed it as the “Official” copy of the matrix, you must then manually enter this data into the Indian AFMSS database. Until all backlog data entry is complete, DO NOT attempt to create the matrix in Indian AFMSS using the procedure described for the Federal data in attachment 3. There will not be sufficient data in the system for the automated process to properly calculate the fields. This will result in an inaccurate or incomplete matrix for Indian I&E strategy data.

NOTE: The Priority Rollover function will have to be performed to create the Inspection Priority records for FY2009. However, this will not be used to calculate any of the fields for the Indian I&E Strategy. All data will be manually entered based on the data recorded on your Excel spreadsheet.

1. To manually enter the Indian data into Indian AFMSS, from the Main Menu, click on Monitoring, and then I&E Strategy.
2. This will display the “I&E Strategy Matrix – Inspection Items (IEP.54)” screen. All fields should either be blank or contains zero. If the record appears with the current year’s data populated, you will have to exit from AFMSS and come back in. The matrix screen should be blank when creating a new matrix. Enter 2009 in the Fiscal Year box located on the first row of IEP.54.
3. Click into the box to the right of the word “Version.” Enter the name of the new matrix that you are creating (for example, FY 2009 Vernal Field Office). Next, there is a box next to the “Version.” Click on the arrow button to select either “Working” or “Official.” This allows you to designate the type of matrix you are creating. Create a “Working” copy so you can edit the Matrix until you are sure it is accurate.
  - a. In the first section of the screen, “Total Items” (W, X, Y, and Z), you will need to manually enter the number of producing and non-producing cases for each category. **DO NOT** click on the RECOUNT FOGRMA ITEM button. Using the numbers from your Excel spreadsheet, manually type in the numbers in the appropriate fields.
4. Enter the Estimated Number of Inspections:

Again, using the numbers from your Excel spreadsheet, manually enter the following in the appropriate fields.

- a. Enter the number of estimated Indian High and Low priority Drilling inspections to be conducted during the FY. Click on the box to activate it prior to entering information or tabbing from field to field.

- b. Enter the number of estimated Indian High and Low Priority Plugging Inspections in the appropriate boxes.
- c. Enter the number of estimated Indian High and Low Priority Workover Inspections in the appropriate boxes.
- d. Enter the number of Indian High and Low Priority Environmental Drilling Inspections. (This number should total the same as the number of Drilling inspections that are estimated for the year.)
- e. Enter the number of Environmental Producing High and Low Priority Inspections.
- f. Enter the number of Indian High and Low Priority Environmental Abandonment/Reclamation inspection to be conducted during the FY.
- g. SAVE THE RECORD. Make sure the message box in the lower left corner of the screen states that the table was updated.
- h. Click on the POSITIONS/WORKMONTHS button. This will display IEP.55.
- i. Enter position and work-month information based on your FO personnel that work Indian cases in the program and what you had recorded on your Excel spreadsheet.
- j. SAVE THE RECORD. Look for the table update message in the message box.
- k. Press the EXIT button to return to IEP.54.
- l. Ensure Percentage of Other Production Inspections required is Correct:
- m. Click on the CALCULATIONS button. This displays the “Truly Strange Required Inspection Calculator” (IEP.56) window. This window displays information entered on IEP.54. The defaults for “Indian IIDs” will be set to 33.33 percent. Verify that this has not changed. SAVE THE RECORD.
- n. Press EXIT to return to IEP.54.
- o. Enter the number of Planned Inspections:
- p. Click on the INSPECTION TYPES button. Click on the “INSP HRS” button. Enter the average hours as recorded on your Excel spreadsheet. SAVE THE RECORD before continuing on to input the number of planned inspections.
- q. Enter the number of Indian Planned inspections for the FY in the appropriate columns, using the data from your Excel spreadsheet.
- r. SAVE THE RECORD.

- s. Review the Required versus Planned Inspections:
- t. Click the REQUIRED/PLANNED button to review required versus planned inspections. Once again, verify the number of available work-months against what you have planned to ensure that you have not planned more inspections than you have work-months to accomplish. To see available work-months, click on the POSITIONS/WORKMONTHS button and look at the total inspection work-months available. Press EXIT to return to the Required/Planned window.
- u. Add Remarks or Special Considerations to the Matrices:
- v. To add Remarks or Special Considerations, click the REMARKS button. Enter information as recorded on your Excel spreadsheet. SAVE the record. Click the EXIT button.
- w. Note: You may revise the “Working” version of your matrix until you are confident that the matrix is complete. Remember to change the box from “Working” to “Official” to indicate that this is the matrix to be used for this FY.
- x. Print the Matrices:

Print the Matrix Summary Report by clicking the REPORTS button. Select IEP.50 Inspection Matrix Summary. This brings up a preview of the report.

You are done! Exit the open windows by clicking the EXIT button on each window and return to Indian AFMSS Main Menu.