U.S. Department of the Interior
Bureau of Land Management

Module 1 – Lesson 1
Identify and Prioritize Compliance Inspections

Lesson Terminal Objective

By the end of this lesson each student should be able to…

Given an inspection matrix for a field office, a list of wells under the jurisdiction of that field office, and a map indicating the location of those wells, establish the environmental/surface inspection priorities for wells belonging to that field office based on the requirements outlined in the Inspection and Enforcement Documentation and Strategy Development Handbook, (H-3160-5) and the annual instruction memorandum, “Inspection and Enforcement Strategy Matrix and Instructions.”

Lesson Route

- General Knowledge - Identifying and Prioritizing Compliance Inspections
- Process for Identifying and Prioritizing Compliance Inspections
  - *Consult I&E Strategy and FO Matrix*
  - *Establish Inspection Priorities*
  - *Plan Workload*
  - *Map Inspections*
- Jurisdiction Impacting Inspection Planning
  - *Land Ownership*

General Knowledge

Identifying/Prioritizing Compliance Inspections

What is the purpose and importance of identifying and prioritizing compliance inspections?

- Focus attention on oil and gas operations with greater risk to public health and safety and the environment

Who is responsible for identifying and prioritizing compliance inspections?

- BLM Headquarters Office sets the priorities for surface inspections
- Field Office identifies the high priority surface inspections in their field office boundaries

What is the oil and gas surface inspector's responsibilities when identifying and prioritizing inspections?

- Inspector identifies which wells or operations in their field office will be a high or low priority for inspection based on criteria from the annual I&E Strategy IM

When does the field office identify and prioritize compliance inspections?

- Typically - at the beginning of each fiscal year
- After the annual I&E Strategy IM is published

What are the different types of inspections that surface inspectors could conduct?

- Inspection Types:
  - ES – Environmental/Surface
  - NU – Undesirable Event
  - EM – Monitoring

What are the different Environmental/Surface (ES) inspection activities an oil and gas surface inspector is required to conduct?

- **Surface Construction (SC)**
- **Surface Drilling (SD)**
- **Interim Reclamation (IR)**
- **Surface Production (SP)**
- **Surface Abandonment (SA)**
- **Health and Safety (HS)**
- **Well Status Check (WS)**

*NOTE: Use inspection Form 3160-33 for ES inspections

Surface Construction (ES-SC)

- Inspection is conducted while the well location is being built and/or before the well is spudded.
- This inspection is conducted to ensure that the well pad, access road, and utility lines or pipelines are constructed in accordance with the approved APD and COAs.

Surface Drilling (ES-SD)

- Conducted while the well is being drilled.
- This environmental/surface inspection activity is conducted to ensure drilling activities are following the approved APD and COAs.

Interim Reclamation (ES-IR)

- Initial IR inspection activity should take place approximately 6 to 12 months after the well is completed for production (per Onshore Oil and Gas Order No. 1), unless a variance has been granted.
- This inspection activity is conducted to determine if the reclamation earthwork was accomplished on areas of the well pad not needed for production (per Onshore Oil and Gas Order No. 1 and APD or COA requirements).

Surface Production (ES-SP)

- This inspection activity is conducted while the well is in its production phase.
- ES-SP inspections are conducted on producing, shut-in, temporarily abandoned, or service wells and/or facilities.
- This environmental/surface inspection activity is conducted to ensure production activities are following the approved APD and COAs.

Surface Abandonment (ES-SA)

- Initial SA inspection activity should take place approximately 6 to 12 months after the well is plugged (per Onshore Oil and Gas Order No. 1), unless a variance has been granted.
- Conducted 6-12 months after an APD expires (*if the well location was built, but never drilled*) to determine if the reclamation earthwork was accomplished.
- This inspection activity is conducted to determine if the reclamation earthwork was accomplished on all areas of the well pad, access road, pipelines, and other areas tied to the well within the lease (per Onshore Oil and Gas Order No. 1 and APD or COA requirements).

Health and Safety (ES-HS)

- An inspection activity conducted for health and safety concerns.
- Example: Checking concerns with hydrogen sulfide or hazardous materials at a well site.

Well Status Check (ES-WS)

- An inspection activity to verify the actual status of a well compared to the reported status.
- This inspection is conducted when the primary purpose of the inspection is to check a well status, which may be part of the idle/orphan well initiative.
- Inspectors can also code this activity with other inspection types when the primary purpose of the inspection is to check a well status.
- Do not record as a separate inspection activity if a status check is conducted in conjunction with other inspection activity types.

Undesirable Event Inspections (NU)

- An environmental inspection conducted as a result of a reported undesirable event in accordance with NTL-3A.
- This inspection is conducted for all Major Undesirable Events and any Other-than-Major Undesirable Events that have some particular concern.
- These are important inspections to conduct to monitor remediation efforts.
- Inspection Form: Form 3160-EU

Environmental Monitoring Inspections (EM)

- Monitoring inspections are done to record and track:
  - Actual and potential environmental impacts
  - COA effectiveness
  - Revegetation success
- Inspection form: Form 3160-35
- EM inspections can be conducted in conjunction with other ES inspection activities.
- Inspection Codes:
  - EM-IR – Coded for monitoring revegetation in interim reclamation areas.
  - EM-FR – Coded for monitoring revegetation in final reclamation areas.
  - EM-MA – Coded for monitoring conditions of approval during any phase of a well's life.

What guidance is available to assist the new oil and gas surface inspector identify and prioritize inspections?

Current Inspection and Enforcement Strategy Matrix and Instructions IM

(WO IM-2021-006)

Inspection and Enforcement Documentation and Strategy Development Handbook

(H-3160-5)

Process for Identifying and Prioritizing Compliance Inspections

What are the oil and gas surface inspector's major steps to identifying and prioritizing inspections?

Step 1
- Consult Annual I&E Strategy IM and Field Office ES Inspection Matrix

Step 2
- Establish Inspection Priorities

Step 3
- Plan Workload

Step 4
- Map Inspections

What are the oil and gas surface inspector's major steps to identifying and prioritizing inspections?

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Step 1

• Consult Annual I&E Strategy IM and Field Office ES Inspection Matrix

What is the Inspection and Enforcement (I&E) Strategy?

- FY 2021 Strategy: IM 2021-006-Fiscal Year 2021 Oil and Gas I&E Strategy Matrices Instructions and Strategy Goals
  - Policy from BLM's Headquarters Office
  - Issued to all inspectors around October 1 of each year

What is the Purpose and Importance of the I&E Strategy?

- Determines workloads for all O&G inspectors (i.e., PETs, PATs, NRSs, etc.)
- Categorizes high priority inspections for all inspectors
- Dictates how many high priority inspections must be completed for inspectors
- New requirements included in IM (e.g., use of new inspection forms)

Step 1

• Consult Annual I&E Strategy IM and Field Office ES Inspection Matrix

What is the ES Inspection Matrix?

- **A plan for what inspections your office is going to complete in the fiscal year**
- **Developed in your office from the I&E Strategy**
- **Completed by one designated person in your office**
  - Typically, the supervisory NRS or PET
  - Developers may ask inspectors to provide input
    - Number of SC, SD, IR, SP, and SA inspections expected for the fiscal year
- **Work months are used to develop the Inspection Matrices**
  - A full-time government employee can have a maximum of 10 work months
  - The amount of work months you are assigned for I&E depends on other workloads that you have in your office
    - Other work months to complete NU's or APDs, Sundries, and other duties

What is the Purpose and Importance of the ES Inspection Matrix?

- Inspection Matrix helps develop the field office inspectors' <u>number</u> of high-priority and low-priority inspections (workload) for the fiscal year

Step 1

• Consult Annual I&E Strategy IM and Field Office ES Inspection Matrix

How does the Inspection Matrix impact workload?

- **There are 173 hours in a work month**
  - This determines how many inspections you are responsible for, based on your average inspection time
- **Inspections time averages for all ES inspections are pulled from AFMSS**
- **Inspection times are based on a five-year average**
  - Example: On a 5-year average in AFMSS, NRS's in the office spent 3.1 hours total to complete an ES inspection, including office time, travel time, and field time.

This is why it is important to accurately record your inspection hours in AFMSS

Step 1

- Consult Annual I&E Strategy IM and Field Office ES Inspection Matrix

IM 2021-006: Fiscal Year 2021 Oil and Gas I&E Strategy Matrices Instructions and Strategy Goals

-Click the link to view IM 2021-006

What are the oil and gas surface inspector's major steps to identifying and prioritizing inspections?

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Step 2

• Establish Inspection Priorities

What is purpose and importance of establishing your priorities?

- Helps inspector understand and comply with national policy (i.e., I&E Strategy)
- Helps inspector focus workload on <u>high priority inspections</u>

Who establishes, determines, and approves inspection priorities?

- Annual I&E Strategy sets/approves the inspection priorities
- Surface Inspector (along with supervisor) determines how to accomplish the national inspection priorities

Step 2 • Establish Inspection Priorities

What are high priority inspections for surface inspectors?

<u>IM 2021-006 "FY2021 I&E Strategy"</u>

- *For Surface Compliance Specialists:*
  - High-priority construction/drilling wells (ES-SC/ES-SD)
  - High-priority environmental inspections (see Attachment 6 for details)
  - Interim Reclamation inspections (ES-IR) (see Attachment 6 for details)
  - Final Reclamation inspections (ES-SA)

Step 2 • Establish Inspection Priorities

What are high priority environmental inspections?

IM 2021-006 "FY2021 I&E Strategy" Attachment 6

High-priority environmental inspection designation may apply if the well or facility meets any of the following:

A. The operations on a well are located in or adjacent to an area of special environmental sensitivity,* such as:
   1. Designated wilderness areas
   2. National Park Service and National Landscape Conservation System units
   3. Wilderness Study Areas (WSA)
   4. Areas of Critical Environmental Concern (ACEC)
   5. Sensitive watersheds
   6. Visual Resource Management (VRM) Class I and II viewsheds
   7. Riparian areas
   8. Floodplains
   9. Wetlands
   10. Threatened and Endangered (T&E) species habitat
   11. Historic landmarks
   12. Areas of high erosion potential or low reclamation potential

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

Step 2

• Establish Inspection Priorities

IM 2021-006 "FY2021 I&E Strategy" Attachment 6 (Continued)

B. The operations occur in other areas that, if conducted in noncompliance with lease stipulations or the approved permit with conditions of approval, could have a substantial adverse impact on the environment.

C. The well or facility shows a history of surface and environmental noncompliance (one or more major violations and/or five or more minor violations during the preceding 2 fiscal years).

D. Six months has passed after well completion or well abandonment (to ensure the operator properly completed earthwork for reclamation), unless the FO granted a variance to the Onshore Oil and Gas Order No. 1 requirements at part XII.B.

E. The operator submitted a final abandonment notice (FAN).

- The BLM will approve final abandonment only after the location meets surface reclamation standards, required in the Surface Use Plan of Operations or Subsequent Report of Plugging and Abandonment, to the satisfaction of the BLM or the Forest Service (USFS) or other surface managing agency, if appropriate. Also, refer to The Gold Book Chapter 6 reclamation standards for re-contouring, revegetation, and site stability.

- The BLM will consider the views of the split estate surface owner, if applicable, when approving FANs. Any modifications made at the request of the surface owner must be documented in the case file and consistent with the reclamation standards identified in the approved Surface Use Plan of Operations or Subsequent Report to Plugging and Abandonment, and in conformance with Federal laws and regulations.

Step 2

• Establish Inspection Priorities

What is the surface inspector's responsibilities when establishing inspection priorities?

- Review the I&E Strategy IM to determine high priority inspection criteria for current fiscal year

Step 2

• Establish Inspection Priorities

What is an example of a high and low priority inspection?

High Priority Inspection:

ES-SA inspection at a well plugged within the last 12 months

Low Priority Inspection:

ES-SP inspection in a non-sensitive area

What are the oil and gas surface inspector's major steps to identifying and prioritizing inspections?

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Step 3 • Plan Workload

What is the purpose and importance of workload planning?

- Helps determine how high and low priority inspections will be accomplished between all surface inspectors in your office
  - Coordinate with your supervisor and other inspectors at the beginning of the fiscal year
- Helps determine which inspections are your highest priority

Step 3

• Plan Workload

What is the surface inspector's responsibilities when planning workload?

- **Determine if you have high-priority drilling/ construction, interim reclamation, and final reclamation inspections coming up soon.**
  - Create reports from AFMSS/OBIEE
    - Query recently drilled/completed wells
    - Query wells in ABD status and research plug dates
  - Coordinate with PETs
    - They schedule drilling and plugging inspections with operators
- **Determine if your office has a map of high-priority environmental inspections.**

Step 3

• Plan Workload

What is the surface inspector's responsibilities when planning workload?

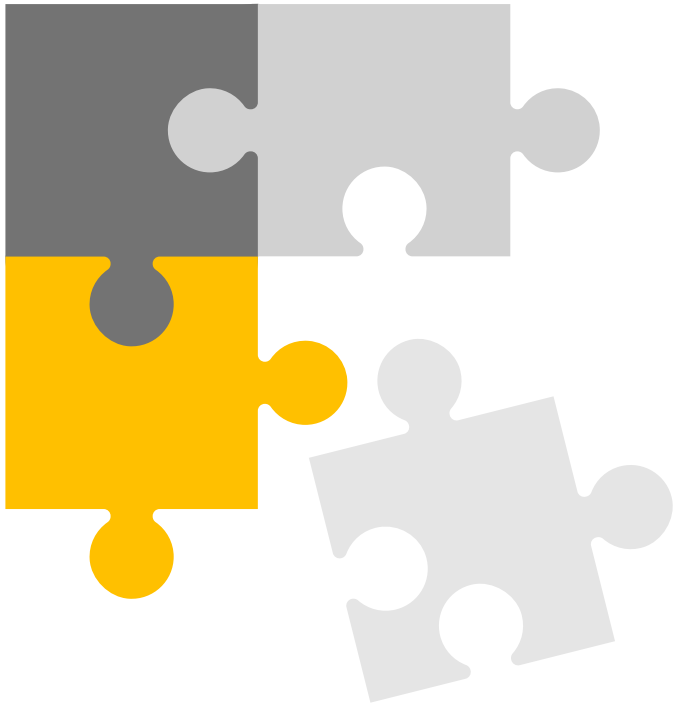
- Determine which inspections are top priority:
  - Are there any inspections that are time sensitive?
    - Operator scheduled to drill wells soon
    - Some wells with 6-month deadline:
      - Interim Reclamation
      - Final Reclamation
  - Are there any inspections that are season dependent?
    - Avoid revegetation monitoring (EM-IR/EM-FR) in winter

Step 3

• Plan Workload

What is the surface inspector's responsibilities when planning workload?

- Determine if other workloads or potential conflicts could prevent accomplishing all high priority inspections planned for the fiscal year.
  - This may require pulling in inspectors from other field offices to accomplish high priority inspections.



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Step 4

• Map Inspections

What is the purpose and importance of mapping inspections?

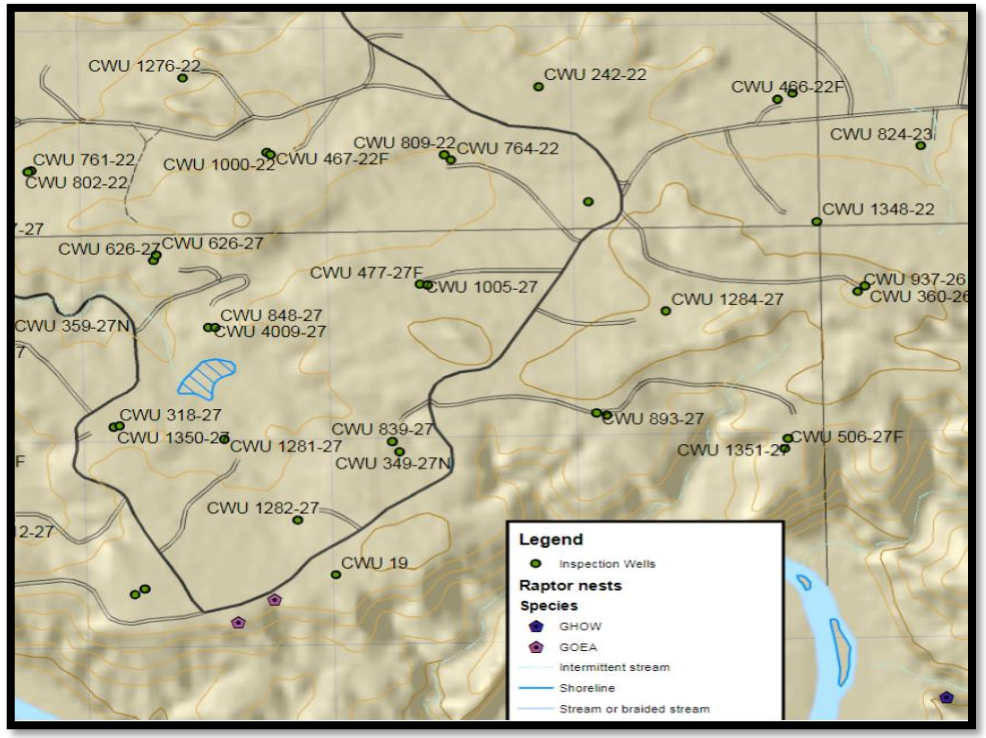
- Increases productivity and efficiency in accomplishing inspection priorities
- Helps inspector plan an inspection day
- Helps determine where inspections should be focused

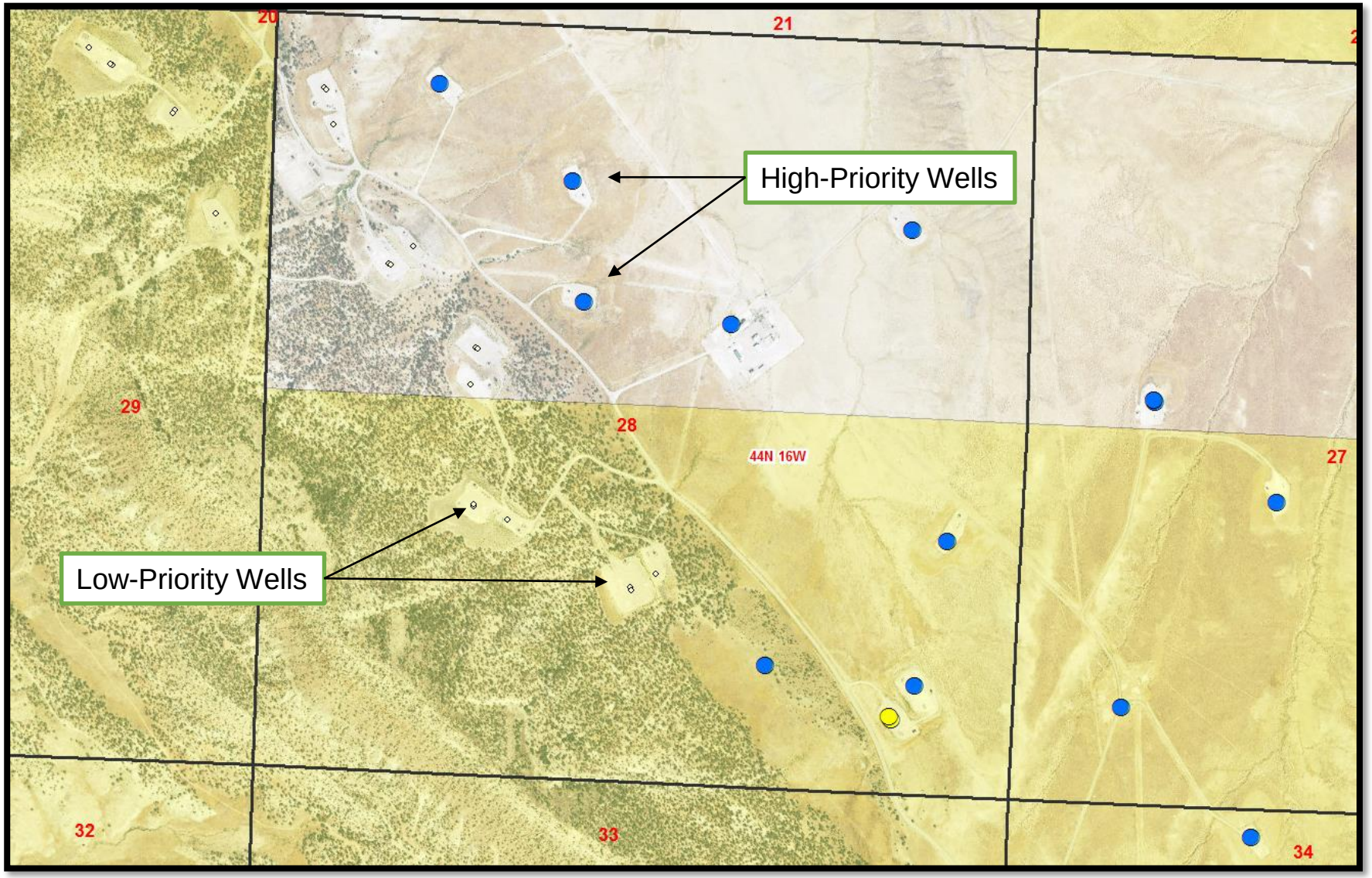
Step 4

• Map Inspections

What is the inspector's responsibilities when mapping inspections?

- **First, determine if there are wells designated for high-priority environmental inspections near time sensitive high-priority inspections.**
  - Example: When mapping a high-priority ES-SC inspection for a well being constructed, use ArcMap to determine if other wells designated for high-priority environmental inspections are in the general area.
- **To be efficient with time, the inspector can inspect low-priority wells if no other high-priority wells exist in the general area of the high-priority well.**





Screenshot of ArcMap

Tres Rios Field Office Example:

- All oil and gas wells within Federal leases were mapped (using state data)
- Some sensitive environments were already mapped (using BLM resource data)
  - Floodplains, raptor nest buffers, T&E habitat, etc.
- The NRS worked with the GIS specialist to clip Federal oil and gas wells where sensitive environments overlapped
- A shapefile was created that depicts oil and gas wells within sensitive environments (i.e., high-priority environmental inspections)

Major steps to identifying and prioritizing inspections:

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Jurisdiction Impacting Inspection Planning

What type of wells are under BLM's overall inspection and enforcement jurisdiction?

- Wells producing Federal minerals
- Wells associated with Communitization Agreements and/or Units (PETs only)

In what situations do surface oil and gas inspectors have VERY limited jurisdiction to inspect operations for a well producing Federal minerals?

- Off-lease Operations on Non-Federal Land
- Commonly known as “Fee/Fee/Fed” situations

Does the surface oil and gas inspector have jurisdiction to inspect oil and gas operations on a lease, but located on private or non-federal surface?

- Yes
- Commonly known as “Split-Estate” situations

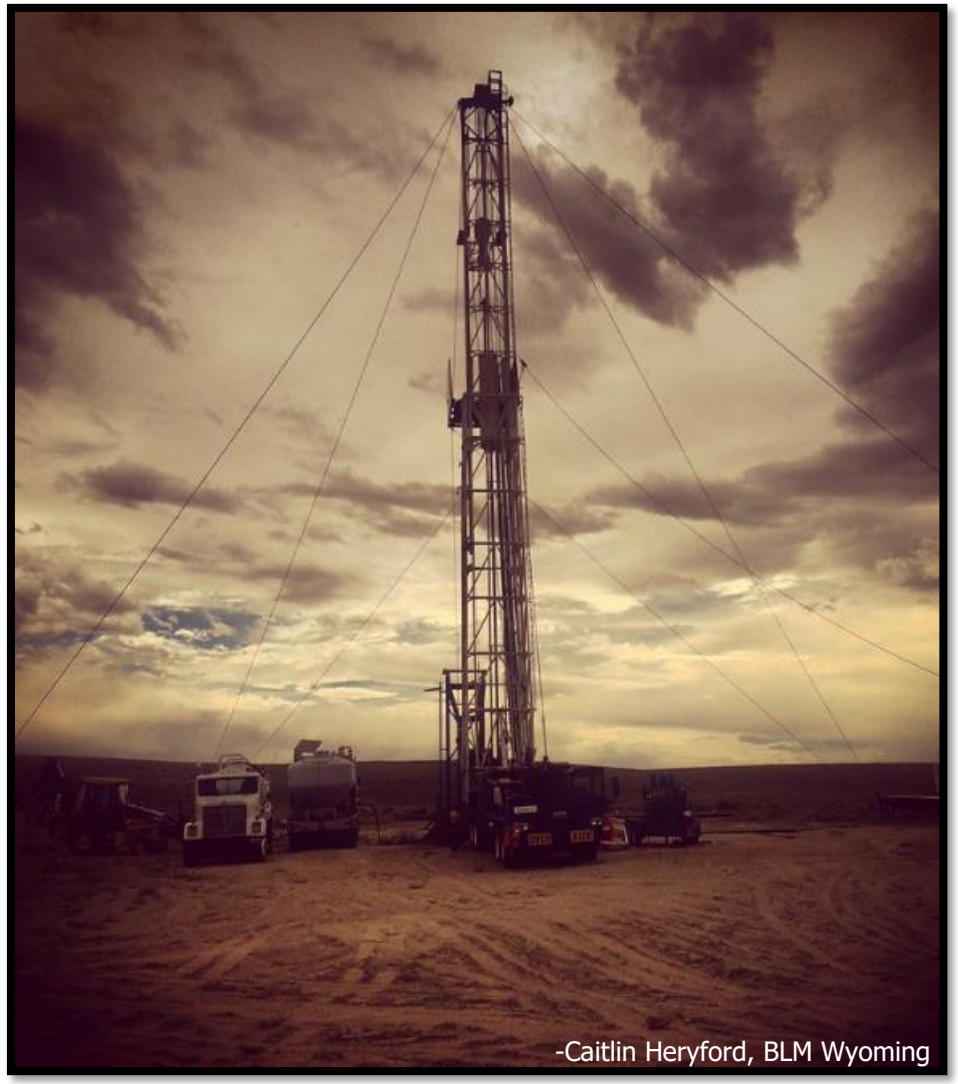
-BLM Wyoming (BLM Flickr)

What BLM policy pertains to Fee/Fee/Fed situations?

- Permanent IM 2018-014

What BLM policy pertains to Split-Estate situations?

- WO IM-2007-165 “Split-Estate Report to Congress”
- BLM Split-Estate Brochure (2007)
- WO IM-2003-131 “Permitting Oil and Gas on Split-Estate Lands”
- WO IM-1989-201 “Oil and Gas Responsibilities on Split-Estate”


-Caitlin Heryford, BLM Wyoming

How are inspections and enforcement different for Split-Estate situations?

- Not much different than Federal situations
- May need to coordinate with landowner as appropriate
- BLM takes enforcement action when necessary, to ensure permit compliance
- Must seek concurrence from landowner that final reclamation is satisfactory

-BLM Wyoming (BLM Flickr)

How are inspections and enforcement different for Fee/Fee/Fed situations?

- BLM retains full authority and responsibility for downhole and production accountability inspections
- BLM's I&E authority does extend to applicant/operator committed mitigation measures
- Operator must report royalty loss from undesirable events to BLM in compliance with NTL-3A, but BLM is not responsible for enforcing clean-up
  - Operator must report if loss was avoidable or unavoidable as defined by 43 CFR 3179.4(i)
- BLM is not authorized to enter onto non-Federal lands and perform the mitigation measures in response to the operator's noncompliance
- Final reclamation is settled between surface owner and operator (FAN not required)
- Federal oil and gas bonds for Fee/Fee/Fed wells should be used to address downhole concerns only

-BLM Wyoming (BLM Flickr)

CONCLUSION

Lesson Terminal Objective

By the end of this lesson each student should be able to…

Given an inspection matrix for a field office, a list of wells under the jurisdiction of that field office, and a map indicating the location of those wells, establish the environmental/surface inspection priorities for wells belonging to that field office based on the requirements outlined in the Inspection and Enforcement Documentation and Strategy Development Handbook, (H-3160-5) and the annual instruction memorandum, “Inspection and Enforcement Strategy Matrix and Instructions.”

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