



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

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Memorandum


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From: Jeff Carlson 
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Subject: Closeout Memo – Evaluation of the Department of the Interior’s Class II
Underground Injection Well Activities
Assignment No. CR-EV-MOA-0004-2013

We have completed the survey phase of our evaluation pertaining to Class II underground injection control wells, as defined by the Environmental Protection Agency (EPA), on U.S. Department of the Interior (Department) lands. During the survey phase, we contacted four bureaus and visited five locations in Oklahoma and California. We determined that further efforts in this area, are not warranted. Although we are closing this assignment without issuing a report, we have identified issues that we will discuss below.

Background

Based upon the Safe Drinking Water Act, the EPA defines Class II injection wells as injection wells associated with oil and gas production and cover enhanced recovery operations (not hydraulic fracturing unless diesel fuel is used), disposal of fluids associated with oil and gas production, and hydrocarbon storage. We were able to determine that the Bureau of Land Management (BLM), U.S. Fish and Wildlife Service (FWS), Bureau of Indian Affairs, and the National Parks Service have Class II wells operating on lands they manage. Most of these wells are on BLM-managed lands, and are associated with enhanced or secondary recovery activities.

These wells operate in a variety of oversight regimes including EPA-led, State-led, and Memorandums of Understanding (MOUs) between departmental bureaus and States.

Issues Identified During Survey Phase

Memoranda of Understanding

Given the complicated nature of regulatory authorities, the Department has entered into MOUs with various partners in order to manage Class II wells. Often these MOUs are with State regulatory agencies such as the one entered into between BLM's California State Office (CA BLM) and the California Department of Conservation, Division of Oil, Gas, and Geothermal Resources (CODOGGR). By necessity, there are significant variations among these documents. For instance, some have stronger definitions of duties between parties that outline responsibilities, facilitate cooperation between parties, and eliminate or at least streamline processes for industry. We reviewed the most recent MOU between CODOGGR and CA BLM (2012) and found that it was a significant step back from the previous MOU signed in 2008. The current MOU merely identifies goals and instructs the parties to "begin to develop specific plans" to implement these goals. This is in contrast to the 2008 MOU that clearly delineated responsibilities for CODOGGR and CA BLM. While we understand that our agencies are not fully in control of the MOU drafting process, we encourage CA BLM and other departmental agencies to pursue MOUs in this area that have clear and enforceable responsibilities and that allow for streamlining processes.

Misclassification in AFMSS

During our site visit to CA BLM, we asked to visit an oil field that contained Class II wells. We found that BLM misclassified several of the Class II wells we observed in its Automated Fluid Mineral Support System (AFMSS). While many of the wells in question were misclassified due to their periodic and cyclic operational status changes, we encourage BLM to ensure that these wells are correctly classified in AFMSS thus ensuring prompt collection of royalties and correct inclusion in BLM's yearly inspection matrix.

Orphaned Wells on FWS Refuges

We identified a third issue during our site visits to the Deep Fork Wildlife refuge in Okmulgee, OK. The refuge manager and the regional oil and gas support person identified several pieces of oil and gas infrastructure abandoned by oil and gas operations prior to the creation of the refuge. This equipment (pump jacks, pipelines, and tank batteries) pose significant and immediate health and environmental risks. As this equipment fell outside the scope of our current evaluation, we believe a separate Office of Inspector General review is necessary. That review will begin shortly.

Conclusion

We encourage agencies to review their policies and procedures regarding Class II wells and to address issues of classification in AFMSS or the appropriate tracking system. In addition, BLM should pursue meaningful and substantive MOU's that can eliminate duplicative processes.

We will begin a review regarding abandoned oil and gas development infrastructure on FWS' lands. While two of these issues did not rise to the level of recommendations, we hope that additional focus on these matters will result in better managing our natural resources.

We appreciate the cooperation and assistance provided by your staff during our survey work. If you have any questions, please call Mr. Jeff Carlson at 303-236-9107.