

<b>MT. Board of Oil and Gas</b>		<b>Agency/Program #:</b> 5706-22-G1
		<b>Division:</b> _____
		<b>Program:</b> _____
<b>Agency Name:</b>	Department of Natural Resources and Conservation	
<b>Agency Contact:</b>	Tom Richmond	656-0040
<b>LFC Contact:</b>	Representative Ripley, Representative Erickson	
<b>LFD Liaison:</b>	Barbara Smith	444-5347
<b>OBPP Liaison:</b>	James Chamberlain	444-1338

**Program or Project Description:**

Prevent waste and provide for the conservation of crude oil and natural gas through regulation of exploration and production.

Appropriation, Expenditure and Source					
Fund Name:	2008		2009		Approp & Expenditure numbers are as of April 15, 2007
	Approp.	Expended	Approp.	Expended	
General Fund					
State Special					
Federal Funds					<i>Not provided</i>
<b>Total:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**Legislative Goal(s):**

Operate a field inspection program to ensure compliance with BOGC rules, resolve complaints and gather accurate field information for use by the board and staff in making decisions.

**Legislative Performance Measures :**

1. Conduct inspections on approximately 700 drilling wells, 10,000 producing oil and gas wells, 300 plugged and abandoned wells, and 10 seismic exploration crews.
2. Resolve complaints timely following thorough investigations and Board review.

2009 Biennium Significant Milestones:	Completion Dates	
	Target	Actual
1 • By the end of each year, inspect all producing wells scheduled on RBDMS for inspection during that year.		
2 • By the end of each year witness mechanical integrity tests on injection wells that are scheduled on RBDMS for inspection during the year.		
3		
4		
5		

**Agency Performance Report:**

The progress toward legislative performance measures set forth in the box above (as of 4/25/08) are as follows: 1) inspect approximately 700 drilling wells during the biennium - 352 have been inspected; 2) inspect approximately 10,000 producing oil and gas wells during the biennium - 2853 have been inspected; 3) inspect approximately 300 plugged and abandoned wells during the biennium - 537 have been inspected; 4) inspect 10 seismic vibroseis and shothole lines and seismic equipment for BOGC compliance - 27 seismic projects have been inspected; and 5) resolve complaints timely following thorough investigations and Board review - field staff responded to and resolved 47 emergencies and complaints. One complaint resulted in referral to the Board (Hi-Dezert/Zimco) for failure to maintain a wellsite in Valley County, Montana. The Board had a hearing on the matter, the wellsite was cleaned up and the matter was resolved.

Progress toward legislative performance measures set forth above are on track. The number of plugged and abandoned wells inspected is greater than anticipated. In putting together the plan for the 2007 orphan well program, a large number of orphaned and abandoned wells were inspected and sometimes re-inspected for possible inclusion in the program. While it appears the inspection of approximately 10,000 producing oil and gas wells is less than anticipated for almost half-way through the biennium, the full-swing inspection season is spring, summer and fall. Mostly what is included in the number inspected to date is fall and winter. Spring and summer will increase those numbers to about where they should be according to our biennial goals.

Finally, the field inspection program is not budgeted nor funded separately so it is not possible to fill in appropriation, expenditure and source boxes above. The source of funding for the field inspection program is state special revenue from the Board's account (02432) which receives privilege and license tax, UIC injection well fees, interest earnings and miscellaneous copy and data fees) and federal funds (03356) which come from the EPA grant for the UIC program.

**LFD Narrative:**

LFD ASSESSMENT: Warning

DATA RELEVANCE: The data received addresses the performance measures. However, there is not any dateline associated with the milestones to make any comparisons.

APPROPRIATION STATUS: The agency did not provide an estimate of appropriations and expenditures for this goal. In fact the agency states that this is not possible. However, instructions to the agencies emphasized estimating the cost of the program based on current appropriation levels. The agency could have estimated the time spent on the inspection program and extrapolated the costs from the base budget. A warning rating was provided due to the lack of this information.

COMMENTS/ISSUE: The report provides status to the inspection program, numerically. It does not address expenditures. If the legislature wanted to address resource levels for this program, adequate financial information has not been provided.

OPTIONS for the committee:

1) accept the ranking and receive another report, 2) accept and eliminate further follow up; or 3) upgrade to on-track.



Version	Date	Author
5706-22-G1 -CW	12/5/07	Smith
5706-22-G1 -CW	5/19/08	Smith

Change Description