

# **LAW AND ORDER** in the Oil and Gas Fields

**A REVIEW OF THE BUREAU OF LAND MANAGEMENT'S  
INSPECTION AND ENFORCEMENT PROGRAM  
IN FIVE WESTERN STATES**

**2009 Update**

Western Organization of Resource Councils

# Executive Summary

To facilitate the current boom in oil and gas development, state and federal governments have promoted greater domestic oil and gas production by offering tax incentives, easing environmental regulations, and directing state and federal agencies to issue more permits at a much faster pace. This emphasis on permitting and production has often overshadowed the agencies' other responsibilities, including inspection and enforcement, as documented in WORC's 2004 report, *Law and Order in the Oil and Gas Fields: A Review of Inspection and Enforcement Programs in Five Western States*.

Since publication of the 2004 report, Congress and the U.S. Bureau of Land Management (BLM) have begun to emphasize the need to place a higher priority on environmentally responsible management of oil and gas resources on federal lands and to increase the resources available for inspections. This update of the 2004 report examines the effect these changes have had on BLM's environmental inspection and enforcement program, focusing on the six BLM field offices studied in our 2004 report.

In general, WORC found that, while BLM has made numerous qualitative improvements in its inspection and enforcement program, the time and money invested in inspections and the number of inspections conducted have barely kept up with the pace of oil and gas development. More resources and improved workforce planning are needed to ensure that federal oil and gas resources are developed in an environmentally responsible manner that protects the interests of landowners, communities and taxpayers.

## Note to the Reader:

Most of the statistical data upon which this report is based were obtained from the BLM's Automated Fluid Minerals Support System (AFMSS) database. Due to the Cobell lawsuit, in which Native American representatives claim that the Department of Interior has incorrectly accounted for Indian trust assets, BLM field offices were prevented from entering data into the AFMSS database from 2004 to 2008. Although BLM has begun the process of entering this data, this task may take three more years to complete. Unfortunately, complete data are not available at this time. Due to the potential for temporarily underreported inspections in some field offices, the analysis contained in this report should be interpreted in a general sense, rather than an absolute sense.

In Fiscal Year (FY) 2008, the percentage of active wells on Indian leases was as follows:

Grand Junction, Colorado	0%
Miles City, Montana	9%
Farmington, New Mexico	8%
Dickinson, North Dakota	2%
Buffalo, Wyoming	0%
Pinedale, Wyoming	0%
Nationwide	11%

Because field offices without Indian leases were allowed to begin entering data before those with Indian leases, the data from the Grand Junction, Colorado; Buffalo, Wyoming; and Pinedale, Wyoming field offices are the most likely of the field offices studied to have complete data, but this will not be confirmed until BLM tests the data to assure its quality. Because the Farmington, New Mexico field office has both the largest number of active wells and a relatively high percentage of Indian leases, it is likely to take longer to complete data entry and its data may change significantly when complete.

## Main Findings

- 1) BLM has made significant improvements to its environmental inspection and enforcement program in the past five years, including updating environmental standards and best management practices, circulating check lists for environmental inspectors, and offering a new training course for environmental inspectors.
- 2) Although BLM more than doubled the number of staff with environmental inspection duties over the past ten years, the time spent on environmental inspections barely kept pace with the increase in the number of active wells because environmental inspectors spent an average of 35 percent less time on environmental inspections in FY 2008 than they did in FY 1999.
- 3) The number of environmental inspections conducted remained relatively stable across the period studied until FY 2007, when environmental inspections increased 86 percent over the previous year. This trend approximately followed the trend in work-months per year spent on environmental inspections.
- 4) In FY 2007, BLM conducted only 15 percent of all required high priority environmental inspections in the six field offices studied, and 36 percent of all required low priority environmental inspections.
- 5) The number of written orders issued, which may be the best indicator of both BLM's commitment to increasing environmental protection at wells, permitted before new environmental standards were adopted in 2006, and the number of problems identified during environmental inspections was nearly four times higher in FY 2007 than FY 1999.

## Recommendations

- 1) Congress should fully fund BLM's Inspection and Enforcement program so that BLM has adequate staff to conduct all inspections required by BLM's National Inspection and Enforcement Strategy each year.
- 2) As recommended by the Government Accountability Office, BLM should use workforce planning to correctly identify its workforce needs and communicate them to decision makers.
- 3) All environmental inspectors should receive adequate training and be properly certified to conduct environmental inspections and take enforcement actions, including writing incidences of noncompliance.
- 4) BLM should strengthen its National Inspection and Enforcement Strategy to require that every active oil and gas well be inspected at least once each year for environmental compliance. Because this would require a major increase in funding and hiring that may not be feasible in the near-term, we recommend that oil and gas wells be inspected for environmental compliance as follows (in addition to the current requirements of the Strategy):
  - a. Drilling wells: once per year,
  - b. Wells within one year of being put into production: once per year,
  - c. Producing wells: a minimum of once every five years, and
  - d. Wells going into final reclamation: once every two years.
- 5) The Farmington, New Mexico field office's level of environmental inspection resources, environmental inspections and enforcement actions should be reviewed when it has completed entering inspection and enforcement data into the AFMSS.