



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

The Bureau of Land Management Made Progress in Implementing Corrective Actions To Improve Its Idle Well Program

This is a revised version of the report prepared for public release.



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Memorandum

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Director, Bureau of Land Management

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Subject: Final Inspection Report – *The Bureau of Land Management Made Progress in Implementing Corrective Actions To Improve Its Idle Well Program*
Report No. 2022–CGD–020

This memorandum transmits our inspection report on the Bureau of Land Management's (BLM's) Idle Well program. Our objective was to determine the status of the 11 recommendations made in our final evaluation report titled *Bureau of Land Management's Idle Well Program* (Report No. 2016–EAU–061, issued January 17, 2018).

The Office of Financial Management reported to the OIG that all 11 recommendations from our prior report should be closed. We found that the BLM implemented 6 of the 11 recommendations. We will reopen Recommendations 3, 6–8, and 11 until the BLM provides us documentation with evidence that these actions have been taken.

We will track open recommendations for resolution and implementation. We will notify Congress about our findings, and we will report semiannually, as required by law, on actions you have taken to implement the recommendations and on recommendations that have not been implemented. We will also post a public version of this report on our website.

If you have any questions about this report, please contact me at aie_reports@doioig.gov.

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Results in Brief

What We Reviewed

The Bureau of Land Management (BLM) is responsible for regularly reviewing idled wells and taking appropriate steps to timely reduce the idled well inventory. An idled well is any well that has been nonoperational for at least 4 years and has no anticipated beneficial use. In January 2018, we issued an evaluation report, *Bureau of Land Management's Idle Well Program* (Report No. 2016–EAU–061), which identified weaknesses in the BLM's Idle Well Program. This report reviews the extent to which the BLM implemented the 11 recommendations made in 2018.

What We Found

We found that the BLM addressed many of the issues identified in our previous report and has made progress in strengthening its idled well program by implementing 5 of our 11 recommendations. The improvements strengthened the accuracy of the BLM's idled well inventory and idled well reviews. However, we identified six recommendations that were not fully implemented. Specifically, the BLM still does not have a mechanism to monitor and track idled wells and needs to strengthen its quality control process to identify inaccurate or incomplete idled well data. Additionally, the BLM has not fully developed policy dictating how and when mechanical integrity tests should be conducted; these tests ensure the integrity of well casings, tubing, and other mechanical devices by determining that the well is capable of production without significant leakage. Finally, the BLM has not implemented automated data procedures so that a well's status in its management system reflects the production status reported to the U.S. Department of the Interior's (DOI's) Office of Natural Resources Revenue (ONRR).

Why This Matters

Idled wells can pose significant financial, environmental, safety, and public health hazards, which are exacerbated when the wells are not adequately managed or tracked. Idled wells that fall into disrepair may become orphaned wells, and the responsibility to plug and reclaim those wells is often left to the Federal Government. The Infrastructure Investment and Jobs Act¹ provides new funding to plug, remediate, and reclaim or restore orphaned wells on Federal, State, Tribal, and private lands. For the BLM to appropriately prioritize funding, it is imperative to have reliable idled well information.

¹ Pub. L. No. 117–58.

What We Recommend

Based on our fieldwork and the BLM's response to the findings, we are designating five recommendations from our 2018 report as open (not implemented) for our follow-up and reporting purposes because the actions taken did not sufficiently address the issues we originally identified. We will initiate additional follow-up actions and reopen five of the recommendations we made in our prior report. The BLM should revise its action plan for these recommendations.

Introduction

Objective

Our objective was to determine whether the BLM implemented the 11 recommendations the Office of Inspector General (OIG) made in its final evaluation report, *Bureau of Land Management's Idle Well Program* (Report No. 2016–EAU–061), issued January 17, 2018.

See Appendix 1 for our scope and methodology.

Background

Wells that produce oil and gas are significant parts of the nation's mix of renewable and nonrenewable energy. All Federal oil and gas royalties, rental fees, and bonus bid revenue is divided between the U.S. Treasury and the States where development occurred.² The amount of annual revenue (\$18.5 billion in 2022)³ that Federal mineral development provides to the U.S. Treasury is second only to that provided by the Internal Revenue Service.

Bureau of Land Management

The BLM administers its programs through its headquarters office in Washington, DC, and 12 State offices that each have numerous district and field offices (FOs). The BLM manages the Federal Government's onshore subsurface mineral estate—about 700 million acres (30 percent of the United States) held by the BLM, U.S. Forest Service, and other Federal agencies and surface owners for the benefit of the American public. This includes oil and gas well operations, including producing, idled, and reclaimed wells. It also manages some aspects of the oil and gas development for Indian Tribes from the Tribal mineral estate.

The BLM is responsible for regularly reviewing idled wells and taking appropriate steps to timely reduce the idled well inventory. As of August 23, 2022, the BLM stated there are 8,968 wells that have reached idled status and have been nonoperational for at least 4 years.

Lifecycle of a Well and Risks

Once operators obtain Federal oil and gas leases and permits to drill wells, those wells can be actively producing, idled, or reclaimed. As noted previously, an idled well is any well that has

² Companies pay rent until the lease is in production, and then they pay royalties on the oil and gas produced for an onshore lease. Under the Mineral Leasing Act of 1920 (MLA), 30 U.S.C. Section 181, and other statutes, the Secretary of the Interior, in this case acting through the BLM, is authorized to issue noncompetitive leases for the exploration of the minerals underlying Federal lands. Further, under the MLA, prior to obtaining a Federal oil and gas lease issued by the BLM, the lessee is required to pay an annual rental. Lastly, a bonus bid is the price paid at a lease sale for an oil and gas lease.

³ This amount includes natural resources revenues for U.S. Federal lands and offshore areas, along with Native American lands. It does not include privately owned lands or State lands.

been nonoperational for at least 4 years and has no anticipated beneficial use.⁴ Idled wells are identified as shut-in (SI) or temporarily abandoned (TA).⁵ An SI well can physically and mechanically produce in paying quantities, but low market value for its product or transportation (pipeline) availability issues results in nonproduction. Conversely, a TA well no longer produces in paying quantities but could be used for future purposes.

Idled wells pose significant financial risk to the U.S. Government and the taxpayer because wells that fall into disrepair can create environmental, safety, and public health hazards. In addition, idled wells may become orphaned—an orphaned well either does not have an operator that can be located, or the operator cannot perform permanent well plugging, remediation, or reclamation.⁶ Orphaned wells create potential legal and financial obligations because once wells receive this designation, the Federal Government is responsible for plugging the well and for remediation and reclamation of the Federal land.

According to the DOI, millions of Americans live within 1 mile of an orphaned gas or oil well. These wells can pollute residential and recreational areas and public spaces. As a result, orphaned wells have been a concern for residents, environmental groups, landowners, and State and Federal agencies for many years, and these stakeholders are directly affected by the outcome of the efforts to address orphaned wells, particularly through plugging. The cost of plugging a well can be affected by various factors such as depth, condition, location, and accessibility of a well. According to the Interstate Oil and Gas Compact Commission, the average cost ranges from \$2,400 to \$227,000.⁷

Energy Policy Act and Infrastructure Investment and Jobs Act

When enacted in 2005, Section 349 of the Energy Policy Act of 2005 (EPAct) required the Secretary of the Interior to establish a program not later than 1 year after its date of enactment to remediate, reclaim, and close orphaned, abandoned, or idled oil and gas wells located on land administered by the BLM.⁸ The program was to (1) establish a means of ranking orphaned, abandoned, or idled well sites for priority in remediation, reclamation, and closure, based on public health and safety, potential environmental harm, and other land use priorities; (2) provide for identification and recovery of the costs of remediation, reclamation, and closure from persons or other entities currently providing a bond or other financial assurance required under State or Federal law for an oil or gas well that is orphaned, abandoned, or idled; and (3) provide for

⁴ Energy Policy Act of 2005, 42 U.S.C. § 15907 as amended by P.L. 117–58. Section 40601(a)(2) of the amendment established a 4-year time frame in place of the previous 7-year time period.

⁵ BLM *Instruction Memorandum (IM) 2020–006*.

⁶ The latter scenario—namely, an operator that cannot perform needed plugging, remediation, or reclamation—would apply if the operator did not have adequate financial assurance (bonding) for which the United States was the beneficiary. Such bonding covers the estimated cost for permanent well plugging, abandonment, and surface reclamation. See OIG Report No. 2022–INF–024 for more information on orphaned wells.

⁷ The Interstate Oil and Gas Compact Commission is a multi-State government agency chartered by Congress in 1935. Among other activities, the Commission performs research and disseminates oil and gas information.

⁸ Federal land is defined in 42 U.S.C. § 15907(a)(1) as “land administered by a land management agency within the Department of the Interior or Department of Agriculture.” Here, “land administered by the BLM” refers to Federal land administered by the DOI through the BLM.

recovery from the persons or entities identified under paragraph, or their sureties or guarantors, of the costs of remediation, reclamation, and closure of such wells.

EPAct Section 349 was amended by the Infrastructure Investment and Jobs Act (IIJA), Pub. L. No. 117–58, on November 15, 2021. It simplified the BLM’s idled wells responsibility by requiring the BLM only to periodically review all idled wells and to reduce the number of idled wells on Federal land.

Idled Well Data

To track oil and gas information on public and Indian land, the BLM uses an internally created database called the Automated Fluid Minerals Support System–2 (AFMSS–2). The BLM spent many years implementing changes to AFMSS and had begun making updates to the new version, AFMSS–2, when our previous evaluation started in 2016. The BLM updates the database as needed pursuant to BLM policies controlling management of the data.

AFMSS–2 contains data concerning idled well reviews, well status (producing versus idled), lease and agreement ownership, beneficial use, well identification, and location. AFMSS–2 also includes information on well history, including casing information, geologic formations, resource protection, production, and operator compliance. AFMSS–2 data must be current, accurate, and complete for the BLM to determine its true inventory of idled wells, demonstrate a reduction in idled well inventory, and perform meaningful year-by-year comparisons.

BLM Policies

In response to a 2011 U.S. Government Accountability Office (GAO) report⁹ on oil and gas well liability, the BLM issued *Instruction Memorandum (IM) 2012–181*, “Idle Well Review and Data Entry into the Automated Fluid Minerals Support System,” dated September 5, 2012. The *IM* updated policy to ensure that BLM FOs regularly reviewed all Federal and Indian idled wells and reduced its idled well inventory in a timely manner. The *IM* also provided instructions for the data entry of idled well review information into AFMSS–2.

Further, in response to our 2018 report, as well as a 2018 GAO report,¹⁰ the BLM published *IM 2020–006* on December 10, 2019, titled “Idled Well Reviews and Data Entry.” This modification updated *IM 2012–181* to again provide revised policy on conducting idled well reviews and to provide instructions for data entry into AFMSS–2. *IM 2020–006* included some specific revisions that addressed recommendations from our previous report.¹¹ For example, *IM 2020–006* included language that sought to establish processes to ensure that the BLM, through its FOs, regularly reviews all nonoperational wells and takes appropriate steps to reduce the inventory of nonoperational and idled wells, thereby reducing the Federal Government’s potential liability.

⁹ GAO Report No. 11–292, Publicly Released: Feb 25, 2011.

¹⁰ Report No. GAO 18–250, *Bureau of Land Management Needs to Improve Its Data and Oversight of Its Potential Liabilities*, issued May 2018.

¹¹ For example, it included a description of the BLM’s process for documenting future beneficial uses of a well.

Summary of Findings From Our Previous Report

Previously, we evaluated the BLM’s implementation of its 2012 “Idle Well Review and Data Entry” policy to determine whether the BLM reduced its number of idled wells in accordance with policy. We found that the BLM had not done so. Specifically, the BLM did not apply the correct definition of an idled well, and, as a result, it could not maintain an accurate inventory. The BLM also could not ensure that its staff performed the required idled well reviews and approvals, nor did it have specific guidance on the method and frequency for tests of idled wells. Finally, the BLM monitored its idled wells using a database with inaccurate well status information and that lacked necessary data fields. The results of our evaluation were detailed in our January 2018 report, *Bureau of Land Management’s Idle Well Program* (Report No. 2016–EAU–061), which made 11 recommendations that, if implemented, would enable the BLM to better identify, manage, and reduce its idle well inventory, thus reducing the potential liability.

Results of Inspection

We reviewed and analyzed the actions the BLM took to close the recommendations in our 2018 evaluation report. We found that the BLM addressed many of the issues and has taken steps to strengthen its management and oversight of its idled wells. Specifically, in the draft report that we provided to the BLM, we determined that the BLM had implemented 5 of our 11 recommendations. In its response to our draft report, the BLM submitted adequate documentation for us to determine that Recommendation 4 had also been implemented (see Appendix 2). Accordingly, we consider Recommendations 1, 2, 4, 5, 9, and 10 from our previous evaluation to be implemented. However, the BLM did not fully implement five recommendations (specifically, Recommendations 3, 6–8, and 11). We accordingly consider those recommendations not implemented and will reopen them. See Appendix 3 for the “Status of Recommendations From 2018 Evaluation.”

Improved Idled Well Policy and Inventory

We found that the BLM addressed the policy and certain idled well inventory issues from our previous report. Specifically, we confirmed that the BLM:

1. Aligned its definition of an idled well for reporting with the Energy Policy Act of 2005 (Recommendation 1).
2. Improved policy to field offices for determining and documenting future beneficial use (Recommendation 2).
3. Provided policy on how to conduct and document an SI well review on its idled wells (Recommendation 5).
4. Developed and implemented policy requiring operators to submit Sundry Notices for plugging and reclamation separately (Recommendation 9).
5. Added new categories to the AFMSS–2 to track idled wells (Recommendation 10).

Based on these actions, we consider Recommendations 1, 2, 5, 9, and 10 implemented.

Idled Well Definition and Inventory – Recommendation 1

We previously found that the BLM did not apply the complete definition, as identified in policy and EAct, to determine its idled well inventory. To properly determine the idled well inventory, two criteria must be met. First, the well must have been nonoperational for at least 4 years, and second, it must be determined that there is no anticipated beneficial use for the well. We found that the BLM had applied only the first part of this definition for its inventory.

We recommended that the BLM:

Recommendation 1: Develop and maintain an idled well inventory that reflects the Energy Policy Act of 2005 and Bureau of Land Management *Instruction Memorandum 2012–181* definition of an idled well.

In response to this recommendation, the BLM revised both its policy and idled well report that is produced from its database. In particular, the new idled well policy (*IM 2020–006*) incorporated the definition of an idled well from EPA and directed staff to document whether a well has future beneficial use. The idled well report likewise includes the full definition from EPA.

To determine whether these actions addressed the idled well inventory concerns that prompted our recommendation, we reviewed the BLM’s new policy and verified it still contained the complete definition of an idled well with the requirement to document future beneficial use in its database. We also obtained an inventory of idled wells from the BLM’s database and verified that wells listed were based on information that the well was nonoperational for 4 years and whether future beneficial use was documented in AFMSS–2.

Based on the actions of the BLM, we consider Recommendation 1 implemented.

Future Beneficial Use of an Idled Well – Recommendation 2

We also previously reported that the BLM did not have guidance to help staff determine and document whether a well has future beneficial use. To have an accurate inventory, the BLM must identify whether a well has future beneficial use, and staff should know how to determine and document their conclusion.

We recommended that the BLM:

Recommendation 2: Develop and implement guidance or update *Instruction Memorandum 2012–181* to provide field offices with criteria for determining and documenting future beneficial use.

To address this recommendation, the BLM issued *IM 2020–006* on December 10, 2019, which stated that justification for future beneficial use requires a determination that the well can benefit the oil and gas lease. According to the policy, this could include a well capable of production in paying quantities; a service well for water disposal; a water supply well for on-lease completions; an injection well for enhanced recovery; or a monitoring well needed for on-lease activity. Additionally, the BLM included as an attachment to the policy scenarios involving wells with future beneficial use to assist staff.

We compared the BLM’s new policy (*IM 2020–006*) to the previous policy (*IM 2012–181*) and verified that the new policy contained information on how to determine and document future beneficial use. In contrast, the previous policy stated only that the field office should ensure the well has no future beneficial use. Staff now have examples and scenarios to help guide and document the determination. In addition, during a demonstration of AFMSS–2, we observed examples of idled wells that documented whether that well had future beneficial use or not.

Based on the actions of the BLM, we consider Recommendation 2 implemented.

Improved Quality of Shut-in Well Reviews – Recommendation 5

We previously reported that the BLM policy provided little guidance on how to conduct an SI well review, including SI idled wells. Without the guidance or procedures with which to conduct an SI well review, BLM management cannot ensure its FOs are conducting the appropriate reviews to manage their idled well inventories or taking appropriate steps to reduce those inventories.

We recommended that the BLM:

Recommendation 5: Develop and implement guidance or update *Instruction Memorandum 2012–181* on how to conduct and document a shut-in well review on its idled wells.

To address these recommendations, the BLM replaced *IM 2012–181* with *IM 2020–006*, which was issued on December 10, 2019. This policy included guidance on conducting and documenting this review. In particular, the new *IM* explains that the BLM will determine the current well status (producing, idle, plugged, reclaimed) and ensure all wells identified for an idled well inspection in the annual inspection and enforcement strategy are reviewed. Further, an idled well review will contain the following items:

- Verification of the operator’s plans for the well.
- Determination if the well has a future beneficial use for the lease.
- BLM concurrence that the operator has a valid reason to SI or TA the well.
- Issuance of written orders for the operator to plug or test the well, if needed.
- Documentation of the review in AFMSS–2.

To verify implementation of this recommendation, we reviewed *IM 2020–006* and confirmed that the BLM included instructions on how to conduct both SI and idled well reviews, along with documenting the review in AFMSS–2. Using the BLM’s website, we also confirmed the policy was issued to staff on December 10, 2019. Finally, in a March 8, 2022 demonstration of AFMSS–2 capabilities, we observed that the BLM documented items for its well reviews. In addition, we sampled by individual well and verified that reviews were documented in accordance with the BLM’s policy.

Based on the actions of the BLM, we consider Recommendation 5 implemented.

Improved Data Accuracy – Recommendations 9 and 10

Previously, we found that AFMSS was not accurate because operators could only submit a single request (i.e., a “Sundry Notice”) for both actions of plugging and reclaiming a well, which allowed plugged wells to remain part of the BLM’s idled well inventory for months or years before removal. For example, if the request was for plugging and reclamation, the BLM could not change the well status in AFMSS to remove it from the idled well inventory until the well was fully reclaimed, even though the well was plugged. Additionally, we found that the BLM did not have the necessary data fields in AFMSS to properly categorize idled wells as having future beneficial use or the date of when the well was nonoperational.

We recommended that the BLM:

Recommendation 9: Develop and implement policy requiring operators to submit Sundry Notices for plugging and reclamation separately.

Recommendation 10: Add proper categories to the Automated Fluid Minerals Support System to track idle wells (e.g., future beneficial use and nonoperational date).

To address these recommendations, the BLM issued *IM 2020–006*, stating it would not identify plugged wells as idled, even if the BLM has not approved the plan to reclaim the well site. Therefore, when an operator reports the well as plugged but has not submitted its plan to reclaim the well, the status will change to abandoned to identify the well as plugged and remove it from the idled well list. In addition, the BLM updated AFMSS–2 to include new data fields to include the well’s nonoperational dates and future beneficial use determinations.

Upon review of the idled well report from AFMSS–2, we confirmed that none of the wells had the status of abandoned, thus demonstrating that these wells are no longer included in the idled well inventory. In addition, we verified the idled well report included a nonoperational date for each well. We also were provided a demonstration of AFMSS–2 capabilities on March 8, 2022, and observed that the system had fields to classify and document future beneficial use.

Based on the actions of the BLM, we consider Recommendations 9 and 10 implemented.

The BLM Has Not Taken Sufficient Actions To Address Earlier Recommendations To Improve Idled Well Reviews, Approvals, and Accuracy of Well Information

While we found that the BLM had addressed many of the issues identified in our previous report, six of the recommendations were not fully implemented or not fully addressed by the BLM’s actions.¹²

¹² When we issued a draft of this report to the BLM, we considered Recommendation 4 not implemented. However, in response to the draft report, the BLM submitted adequate documentation such that we concluded that this recommendation had been implemented. Our determination is detailed in the “Conclusion and Recommendations” section of the report.

Specifically, the BLM:

1. Developed a well review strategy for nonoperational wells in coordination with the BLM's Inspection and Enforcement strategy but did not demonstrate that field offices employed the strategy for implementation (Recommendation 3).
2. Developed fields in AFMSS to monitor and track SI well reviews but it could not produce a report from the system with SI well review information (Recommendation 4)
3. Does not have a report to monitor and track TA well approvals to ensure the status of these wells is accurate (Recommendation 6).
4. Does not provide adequate guidance for mechanical integrity tests (MITs) on SI and TA wells (Recommendation 7).
5. Did not automate procedures so that a well's status in AFMSS-2 reflects production status reported to ONRR in the Oil and Gas Operations Report (Recommendation 8).
6. Did not implement a process to identify inaccurate or incomplete data in AFMSS (Recommendation 11).

We note that both the BLM and the Office of Financial Management stated they considered these recommendations to be implemented. Based on our analysis, however, these recommendations are not implemented.

Idled Well Review Strategy – Recommendation 3

In our previous report, we found that the BLM did not have a clear strategy for reviewing idled wells. Specifically, we found that the BLM did not implement its policy to prioritize idled wells based on the percentage of idled to active wells; the number of years the well has been idled; and environmental, safety, and public health concerns. The policy also required each FO to develop an action plan to have its idled wells plugged or returned to production. Finally, we noted that, because the BLM did have a thorough idled well strategy as part of its Inspection and Enforcement group, which observes onsite well conditions, the BLM could use this strategy to improve completion and management of idled well reviews.

We recommended that the BLM:

Recommendation 3: Develop and implement a well review strategy for nonoperational wells in coordination with the Bureau of Land Management's Inspection and Enforcement strategy.

To address this recommendation, the BLM updated its policy and strategy for prioritizing FO nonoperational well reviews. The strategy now includes a goal to review 20 percent of idled wells and all newly requested TA wells. In addition, the BLM also required its FOs to complete an idled well review for all wells identified for an idled well inspection in the Inspection and Enforcement strategy. Performing an idled well review in line with the annual Inspection and

Enforcement strategy will provide the reviewer with current information from BLM inspectors about conditions at the well site.

We confirmed that the BLM adjusted its policy to align with its Inspection and Enforcement strategy by comparing the previous policy (*IM 2012–181*) to the new policy (*IM 2020–006*). However, the BLM could not establish that it had complied with its policy requirements to complete idled well reviews of all wells in the Inspection and Enforcement strategy. Instead, the BLM stated that a “new and improved” idled well report from AFMSS–2 with the required information was currently being constructed but was not yet available. Thus, even though the new policy has been in place for over 3 years, the BLM still has not implemented this recommendation.

We consider Recommendation 3 not implemented. The BLM should submit a revised action plan for implementing the recommendation.

Shut-in Well Reviews Not Properly Tracked – Recommendation 4

We previously found that the BLM could not accurately report what reviews had been performed on its idled wells. Specifically, during our previous evaluation, AFMSS could not provide an idled well review tracking report. Further, the BLM policy had specific requirements that every SI well located on Federal and Indian lands had to be reviewed every 5 years, but neither the policy nor other guidance described how to conduct and document these reviews.

We recommended that the BLM:

Recommendation 4: Monitor and track shut-in reviews of its idled wells in a management system.

The BLM did not concur with this recommendation and stated that AFMSS could track SI wells. Nonetheless, the BLM took some steps to address the recommendation. Specifically, the BLM incorporated improvements to the quality and utility of its idled well data in the implementation of AFMSS–2. In policy *IM 2020–006*, the BLM included a “State Office Monitoring Procedures” section to ensure that FOs completed the requisite number of idled well reviews and entered the reviews into AFMSS–2 as well as a checklist to guide offices in completing the *IM 2020–006* annual idled well review requirements. The policy required State offices to run reports and ensure that FOs meet the requirements for review of 20 percent of idled wells. The policy also required the State office to spot check 10 percent of the idled well reviews for each FO to verify that data entry is completed for each idled well review, data entry is completed for each enforcement action, and follow-up enforcement actions are issued and entered into AFMSS–2.

To verify implementation of this recommendation, we reviewed the BLM’s new policy requiring State Office monitoring procedures and agree that the policy will help the BLM monitor SI well reviews. However, we also found AFMSS–2 could not provide an idled well review tracking report showing reviews, approvals, extensions, deadlines, or the BLM notes. Instead, we learned that to obtain this information, BLM headquarters personnel had to ask State offices how many wells had been reviewed and then summarize those results in a spreadsheet.

When we issued a draft of this report to the BLM, we considered Recommendation 4 not implemented. However, in response to the draft report, the BLM submitted adequate documentation such that we concluded that this recommendation had been implemented. Our determination is detailed in the “Conclusion and Recommendations” section of the report.

Temporarily Abandoned Well Approvals – Recommendation 6

In our previous report, we found many wells had received TA status without proper approvals and that the BLM moreover did not have a mechanism or report to monitor and track TA well approvals to ensure the status of these wells is accurate. In addition, we found wells in a TA status for almost 10 years without being reapproved. Not properly approving TA wells every year can artificially inflate the BLM’s idled well inventory because the wells will remain in the inventory when there could be future well beneficial use or the well should be plugged and reclaimed, making them no longer idled. Further, a lack of proper approval allows operators to maintain wells in TA status to postpone potential need for plugging and abandoning them as long as possible.

We recommended that the BLM:

Recommendation 6: Monitor and track temporarily abandoned approvals in a management system to ensure all temporarily abandoned wells are approved every 12 months.

The BLM did not concur with this recommendation in our original report and stated in response that it uses AFMSS–2 to monitor and track TA well approvals. Despite the nonconurrence, the BLM issued *IM 2020–006*, which included provisions meant to ensure monitoring and tracking of TA wells. The memorandum included a “Temporarily Abandoned Wells” section and provided requirements for TA well approvals,¹³ extensions, required tests,¹⁴ and other considerations in handling TA wells. According to the policy, after approval, a TA well should be included in the idled well inventory for monitoring and tracking. Further, the *IM* includes a goal that FOs should review all TA wells requesting approval of a TA status and enter an idled well review into AFMSS–2. Lastly, the *IM* contains an attachment with directions on how to query AFMSS–2 to produce a report identifying wells that need an updated status in AFMSS, which enable staff to explore whether a TA well status was approved or warranted. Thus, with documented approvals and reviews, this policy language would allow the BLM to monitor and track TA wells.

We requested a copy of an AFMSS–2 report of all TA wells with information on reviews, approvals, extensions, deadlines, and overdue approvals to determine whether the BLM was monitoring and tracking these wells. However, the BLM could not provide a report containing this information. Instead, the BLM could produce only a listing of TA wells that have been in

¹³ 43 C.F.R. § 3162.3–4(c) states that no well may be temporarily abandoned for more than 30 days without the prior approval of the authorized officer (AO). The AO may authorize a delay in the permanent abandonment of a well for a period of 12 months. When justified by the operator, the AO may authorize additional delays, no one of which may exceed an additional 12 months.

¹⁴ *IM 2020–006* explains that before approving TA status, the AO will require the operator to perform a mechanical integrity test or ensure the operator completed a mechanical integrity test on the well in the last 3 years (43 C.F.R. § 3162.4–2(b)) and isolate the perforations from the surface in an acceptable manner.

TA status for 12 months. Accordingly, the BLM has not demonstrated it has a mechanism to monitor and track TA well approval in AFMSS–2 in accordance with its policy.

We consider Recommendation 6 not implemented. The BLM should submit a revised action plan for addressing and implementing the recommendation.

Mechanical Integrity Tests – Recommendation 7

Previously, we found the BLM did not have a sufficient MIT policy. Specifically, there were no instructions on the method, frequency, or how to proceed with a notice or order for conducting MITs and the existing guidance provided only vague direction. MITs ensure the integrity of well casings, tubing, and other mechanical devices by determining that the well is capable of production without significant leakage. Without having these test results available, BLM staff cannot be certain that a nonoperational well is environmentally sound and capable of production. A well must be properly sealed before temporarily abandoned, and wells that sit idled or inactive could leak methane into the atmosphere and toxic chemicals into groundwater and soil. Moreover, the risk that idled wells can become orphaned makes this test more important.

We recommended that the BLM:

Recommendation 7: Develop and implement guidance or update *Instruction Memorandum 2012–181* to require mechanical integrity tests on shut-in and temporarily abandoned wells at specific periods. This frequency should consider multiple factors, including the passage of time, similar to State laws that require the test every 5 years.

The BLM partially concurred with this recommendation, stating that its policy did not need to include tests based on the passage of time alone. Because of the varying circumstances that exist with differing geographic and geologic conditions, the BLM stated that a policy requiring operators to conduct MITs based on passage of time, as opposed to the specific circumstances for a particular well, “could result in the application of arbitrary, unnecessary and potentially unenforceable MIT requirements.” The BLM further stated it could be beneficial to provide guidance regarding some of the circumstances in which an authorized officer might consider using his or her discretion to require an MIT. Accordingly, the BLM issued *IM 2020–006*, which states that, in instances in which the BLM authorized officer has concerns with the integrity of the downhole equipment or the well’s production, the BLM should issue a written order requiring an MIT or a production test for SI wells before approving TA status.

We reviewed *IM 2020–006* and determined the policy still requires an MIT prior to approving a TA well but provides only vague guidance after that, stating that an MIT would be required “[i]n instances the Authorized Official had concerns with integrity or production for a SI well and prior to approving a TA well.” The policy does not describe what concerns warrant the test or how often the test should or will be conducted. Further, although the BLM interpreted this recommendation as based solely on the passage of time, its language explicitly explains that the passage of time is instead one of various factors the BLM should consider for guidance. A factor of time for wells that sit temporarily abandoned should be considered because there are no guarantees that conditions around the well site will remain the same or that downhole equipment

will not develop problems or fail. An MIT at certain intervals would provide assurance that the environment is protected.

Therefore, we consider Recommendation 7 not implemented. The BLM should revise its action plan for addressing and implementing the recommendation.

Unreliable AFMSS Data To Manage Idled Wells – Recommendation 8

During our prior evaluation and in this inspection, we found that the BLM was not updating AFMSS with accurate well status data in a timely manner because AFMSS is not updated automatically with available production data and well status from data stored in systems maintained by ONRR, such as the Oil and Gas Operations Report (OGOR). Instead, BLM staff update AFMSS manually during a well review or as needed. We found, however, that numerous idled wells in the inventory obtained from the BLM had an OGOR well status inconsistent with the AFMSS well status. Without current and accurate well status information, the BLM cannot effectively manage and reduce its idled well numbers.

We recommended that the BLM:

Recommendation 8: Develop and implement automated procedures so that a well’s status in the Automated Fluid Minerals Support System reflects its production status reported to the Office of Natural Resources Revenue in the Oil and Gas Operations Report.

The BLM stated it concurred in principle with this recommendation and said “because this recommendation involved cross-connectivity and synchronization with a database outside the BLM’s system and control, the BLM would assess the feasibility of including this type of synchronization in its updates for its management system (AFMSS–2), with additional features for automatic uploads and updates of production status reporting to the ONRR.” Assuming the enhancements for AFMSS–2 were determined to be technically and financially feasible, the BLM said it would seek to implement them, noting that doing so might require additional time. In the BLM’s support to close this recommendation, however, it provided no information on what was done to address the feasibility concerns or implementation attempts that have been made over the past 5 years. The BLM stated only that *IM 2020–006* now directs FOs to update a well’s status based on the production status reported to ONRR.

To verify implementation, we reviewed the new *IM* and discussed the feasibility of automated procedures for a well’s status with the BLM. We determined that the procedure set forth in *IM 2020–006* would not automate the process to ensure accurate well status information because a BLM official would still need to manually compare the AFMSS–2 well status to ONRR data. Further, the BLM stated it now considers the recommendation infeasible because of cost, system security issues, and system programming complexities. We note, however, that the BLM concurred with a similar recommendation made by the GAO in 2021¹⁵ that built on and referred to our 2018 report. In particular, the GAO recommended that the Secretary of the Interior direct

¹⁵ Report No. GAO 21–209, *Interior Should Strengthen Management of Key Data Systems Used to Oversee Development on Federal Lands*, May 2021.

the Chief Information Officer (CIO) to develop a plan to address data-sharing challenges in the course of updating and modernizing key oil and gas data systems (i.e., AFMSS), including automating data sharing and adopting common identifiers for leases and operators. The GAO used our previous report to help support its finding and recommendation, which remains open. An official from the Office of the Chief Information Officer (OCIO) stated the OCIO was working with the BLM and that automated procedures could be possible. Moreover, while we recognize that no two systems are the same, the DOI's Bureau of Safety and Environmental Enforcement database has automated procedures with ONRR data that may provide useful information to the BLM.

We consider Recommendation 8 not implemented, and the BLM should revise its action plan for addressing and implementing the recommendation.

Further Improvement of Data Quality – Recommendation 11

In our previous evaluation, we found issues with the quality of the BLM's idled well data and that additional data quality procedures were needed. Specifically, the BLM's idled well inventory contained inaccurate well status due to the lack of identifying beneficial use and nonoperational date. In addition, we found TA wells that were not properly approved, and that the combination of plugging and reclamation notices led to an inflated idled well inventory.

We recommended that the BLM:

Recommendation 11: Develop and implement a quality control process to identify inaccurate or incomplete data in the Automated Fluid Minerals Support System.

The BLM concurred with the recommendation and updated AFMSS–2 to include new quality control capabilities that supported data quality assurances to promote accuracy of records and data. For example, the updated system requires the user to fill out more fields (e.g., the well status and review date) before the user can advance to the next section of a file. The updated system also added new inputs to track idled wells (e.g., whether a well has future beneficial use and the nonoperational date) to ensure the idled well inventory is complete and accurate.

We determined that these quality controls are input related (i.e., at the time data is filled out). Input controls are designed to provide reasonable assurance that data entered into a system is appropriately authorized, applicable, in the correct format, not duplicated, or improperly changed. Our recommendation, however, focused on the need for controls over data coming out of the system after it is input, or the output controls. Output controls are designed to provide reasonable assurance that data in reports are complete, accurate, and distributed to authorized personnel. We asked the BLM for its employed output controls, such as error reports, improper range, data reconciliations, and incomplete field reports, that would demonstrate a process to detect inaccurate or incomplete data in AFMSS–2. Despite multiple requests, the BLM did not provide any evidence of the controls that managers used or that staff performed to verify the accuracy of the idled well report.

We consider Recommendation 11 not implemented. The BLM should revise its action plan for implementing the recommendation.

Conclusion and Recommendations

We found that the BLM addressed many of the issues identified in our 2018 report and has strengthened its idled well program to improve the accuracy of its inventory and reviews. Specifically, we verified that the BLM implemented Recommendations 1, 2, 5, 9, and 10. However, our draft report concluded that Recommendations 3, 4, 6–8, and 11 were not fully implemented because the BLM’s policies and procedures did not completely address data reliability, mechanical integrity tests (MITs), or temporarily abandoned (TA) well approvals. In its response to our draft report, the BLM provided additional information regarding Recommendation 4 demonstrating that it had resolved issues with AFMSS–2 to address our finding (see Appendix 2). Accordingly, we consider Recommendation 4 implemented and only five recommendations remain not implemented. To continue strengthening the BLM’s oversight of idled wells, we will reopen Recommendations 3, 6–8, and 11, and the BLM should revise its action plans for these recommendations.

See Appendix 3 for the status of each recommendation from our previous evaluation.

Response Summary

We provided a draft of our report to the BLM for review. A summary of the BLM’s response and our comments is included below.

1. Recommendation 3: Develop and implement a well review strategy for nonoperational wells in coordination with the Bureau of Land Management’s Inspection and Enforcement strategy.

BLM Response: The BLM concurred with this recommendation and stated that it considers it to be implemented. The BLM’s response said that its *Instruction Memorandum (IM) 2023–022*, “Fiscal Year 2023 Oil and Gas Inspection and Enforcement Strategy Matrices Instructions and Strategy Goals,” identifies a risk strategy for inspecting nonoperational wells. The BLM stated that its goal is to have each FO inspect a minimum of at least 40 percent of the high-risk wells with an overall risk rating of 4.0 and above. According to the BLM, the risk rating is assigned by AFMSS based on four weighted criteria, including the idled well’s last inspection date, the number of years inactive, the well’s status comparison rating, and the ratio of the operator’s inactive wells.

OIG Comment: We reviewed the documentation the BLM provided with its response and determined that the recommendation is not fully implemented. The BLM’s newly documented strategy in *IM 2023–022* demonstrates that the BLM has developed a strategy, but it does not demonstrate implementation. In particular, the BLM did not provide data showing *completed* nonoperational well reviews that were coordinated or aligned with *IM 2023–022*. We will consider this recommendation implemented when the BLM provides documentation demonstrating it has implemented a nonoperational well review strategy in coordination with the Inspection and Enforcement strategy, as set forth in *IM 2023–022*. The BLM should provide a target date for full implementation.

2. Recommendation 4: Monitor and track shut-in (SI) reviews of its idled wells in a management system.

BLM Response: The BLM concurred with this recommendation and stated that it considers it to be implemented. The BLM stated that there “are two reports to help facilitate monitoring and tracking of shut-in reviews. These reports are the Idled Well Review Report and the Idled Well and Associated Bonding – A2 Report available through the Oracle Analytics Services (OAS) using data from AFMSS.” The BLM explained that the “Idled Well Review Report returns the number of reviews and the details of the reviews for the timeframe specified when creating the report” and that the Idled Well and Associated Bonding – A2 Report “returns wells that are in a nonoperational status for a specified period.” According to the BLM, the “report can be set up to return wells that are nonoperational for 1 or more years.” The BLM provided copies of these reports along with its response. The BLM also stated that the “BLM State Offices (SOs) are tasked with ensuring the Field Offices (FO) complete the requisite number of idled well reviews and entering the data in the AFMSS.” The SO is also required “to spot check 10 percent of the idled well reviews for each FO.”

OIG Comment: The OIG agrees that this recommendation has been implemented. We reviewed the documentation the BLM provided with its response and determined that the reports show that the BLM can monitor and track shut-in wells in a management system. The reports produced from AFMSS–2 provide the BLM with data on shut-in reviews, the staff member who reviewed the well, the review date, well status, and notes based on the review, which can be monitored and tracked.

3. Recommendation 6: Monitor and track temporarily abandoned approvals in a management system to ensure all temporarily abandoned wells are approved every 12 months.

BLM Response: The BLM concurred with this recommendation and stated that it considers it implemented. The BLM stated that there “are two reports to help facilitate monitoring and tracking of TA reviews. These reports are the Idled Well Review Report and the Idled Well and Associated Bonding – A2 Report available through the OAS using data from the AFMSS.” As described in its response to Recommendation 4, the BLM explained that the “Idled Well Review Report returns the number of reviews and the details of the reviews for the timeframe specified when creating the report,” and that the “Idled Well and Associated Bonding report returns wells that are in a nonoperational status for a specified period.” According to the BLM, the “report can be set up to return wells that are nonoperational for 1 or more years.” The BLM provided copies of these reports along with its response. The BLM SOs are “tasked with ensuring the FO complete the requisite number of idled well reviews and entering the data in the AFMSS.” The SO is also required “to spot check 10 percent of the idled well reviews for each FO.”

OIG Comment: We reviewed the documentation the BLM provided with its response and determined that this recommendation is not fully implemented. As described in assessing the BLM’s response to Recommendation 4, we agree that the reports produced from AFMSS provide information about TA wells and the number of such wells that the

BLM has in its inventory. However, the reports do not include information on all TA well approvals and continued approvals that are allowed every 12 months after the initial approval. As set forth in the report itself, without this information, the BLM cannot manage TA wells in accordance with its policy and the regulations. For example, we examined seven TA wells identified in the “Idled Well Review Report” and found that the only information that could be monitored and tracked was the date of the last idled well review. We could not, however, determine whether a TA well approval was included in that review. In addition, we looked at the “Idled Well and Associated Bonding – A2 Report,” which can identify the number of years a well has been nonoperational, but that report does not show information on the TA well reviews conducted for approval and subsequent required approvals thereafter. After receiving the BLM response, we met with BLM officials to discuss the additional work needed to meet the intent of this recommendation. Through those discussions, we agreed that we would consider this recommendation implemented when the BLM demonstrates that it has established mitigating measures, such as documenting staff notes in its management system for TA approvals so that all pertinent information can be monitored and tracked. The BLM should provide a target date for full implementation.

4. Recommendation 7: Develop and implement guidance or update *Instruction Memorandum 2012–181* to require mechanical integrity tests on shut-in and temporarily abandoned wells at specific periods. This frequency should consider multiple factors, including the passage of time, similar to State laws that require the test every 5 years.

BLM Response: The BLM concurred with this recommendation and stated that it considers it implemented. The BLM stated that *IM 2020–006* provides guidance for requiring MITs. It also stated that “[w]ells shut-in for more than 3 years and instances where the Authorized Officer (AO) has concerns with wellbore integrity should have a Written Order of the Authorized Officer requiring an MIT or a production test. Prior to approving TA status, the AO will require the operator to perform an MIT or ensure the operator completed an MIT in the last 3 years.

OIG Comment: The BLM did not provide any additional documentation in its response that had not already been reviewed as part of our work for this verification review. Accordingly, we determined that the recommendation is not fully implemented. Specifically, while the BLM has updated *IM 2020–006* on MITs for TA wells, the BLM has not fully developed and implemented new guidance regarding MITs for SI wells. As stated previously, we reviewed *IM 2020–006* and determined the policy still requires an MIT before approving a TA well or in the last 3 years but provides only vague guidance for SI wells. On this topic, it states only that an MIT would be required “[i]n instances the Authorized Official had concerns with integrity or production for a SI well.” The policy does not describe what concerns could warrant an MIT or how often MITs should or will be conducted. During our inspection, we identified 251 SI wells that have been idled for at least 25 years and some for almost 100 years. Because neither the BLM nor the operator can ensure that conditions around the well site will remain the same or that downhole equipment will not develop problems or fail, documenting conditions for an MIT and requiring an MIT at certain intervals would help provide assurance that the well site and surrounding environment are protected. We will consider this recommendation

implemented when the BLM provides documentation demonstrating that additional guidance has been developed and implemented to require MITs on SI wells at specific periods; as noted in the recommendation itself, this guidance should consider multiple factors, including the passage of time. The BLM should provide a target date for full implementation.

5. Recommendation 8: Develop and implement automated procedures so that a well's status in the Automated Fluid Minerals Support System reflects its production status reported to the Office of Natural Resources Revenue in the Oil and Gas Operations Report.

BLM Response: The BLM concurred with this recommendation but stated that it is “unable to implement it.” The BLM stated that “AFMSS is not technically able to perform this function nor is it currently economically feasible to modify.” The BLM provided a memorandum titled, “Failed Automated Fluid Minerals Support System and Associated Challenges,” dated September 28, 2021, which explained various challenges and data migration issues associated with shifting from AFMSS–1 to AFMSS–2. The BLM stated that it is investigating cost-effective software solutions to modernize the oil and gas information technology capabilities, including investigating automation between the BLM’s and the Office of Natural Resources Revenue’s data.

OIG Comment: We reviewed the documentation the BLM provided with its response and agree that the recommendation is not fully implemented. After receiving the BLM response to the draft report, we met with BLM officials to discuss the additional work needed to meet the intent of this recommendation. Through those discussions, we agreed that we would consider this recommendation implemented when the BLM demonstrates that it has established mitigating measures, such as a process outside of AFMSS–2, to compare all idled wells on a periodic basis with the Office of Natural Resources Revenue in the Oil and Gas Operations Report. The BLM should provide a target date for full implementation.

6. Recommendation 11: Develop and implement a quality control process to identify inaccurate or incomplete data in the Automated Fluid Minerals Support System.

BLM Response: The BLM concurred with this recommendation but stated that it is “unable to fully implement” it and considers it partially implemented. The BLM stated that “AFMSS is not technically able to perform this function nor is it currently economically feasible to modify.” The BLM stated that it is investigating cost-effective software solutions to modernize the oil and gas information technology capabilities. In addition, the BLM said it is currently drafting revisions to *IM–2012–161*, “Oversight of the Oil and Gas Inspection and Enforcement Program” and anticipates issuing the updated policy by the end of the fiscal year. The BLM reported that it is working to verify data at the FO level and work with SO and FO staff to correct data errors concerning “Application for Permit to Drill” status.

OIG Comment: We reviewed the documentation the BLM provided with its response and determined the recommendation is not fully implemented. We reviewed the “Idle

Well Report” that the BLM provided with its response and found errors, confirming the need for a quality control process. For example, we identified wells included on this report that were listed as producing, having future beneficial use, and set to be plugged. Wells in these statuses should not be considered idled. Quality controls measures for reports (e.g., output controls) help detect inaccurate or incomplete data, thereby increasing the accuracy of the BLM’s idled well inventory. After receiving the BLM response, we met with BLM officials to discuss the additional work needed to meet the intent of this recommendation. Through those discussions, we agreed that we would consider this recommendation implemented when the BLM demonstrates that it has established mitigating measures, such as a quality control process outside of AFMSS–2, that documents the correction of inaccurate or incomplete data in its idled well inventory or confirmation that no corrections are needed when the report gets reviewed. The BLM should provide a target date for full implementation.

Appendix 1: Scope and Methodology

Scope

The scope of our inspection included the actions taken by the Bureau of Land Management (BLM) to address the 11 recommendations made in our evaluation report titled, *Bureau of Land Management's Idle Well Program* (Report No. 2016–EAU–061, issued January 17, 2018). As a result of the global COVID–19 pandemic and associated limitations on our ability to travel, we performed this inspection virtually and did not conduct site visits of the BLM's Idled Well Program oversight activities.

Methodology

We conducted our inspection in accordance with the *Quality Standards for Inspection and Evaluation* as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusions and recommendations.

To accomplish our objective, we:

- Gathered and reviewed background information about the BLM's idled well program and documentation the BLM provided to close our 11 previous recommendations.
- Accessed and reviewed our prior evaluation file, including documentation supporting the findings and recommendations of Report No. 2016–EAU–061.
- Obtained and reviewed applicable laws and regulations.
- Identified and reviewed BLM policy and guidance related to its idled well program.
- Discussed with BLM personnel the actions taken to address the previously issued recommendations.
- Obtained a demonstration of well data within the Automated Fluid Minerals Support System–2 (AFMSS–2), demonstrating required fields, how data is input into the system, documentation for idled well reviews, and reporting.
- Judgmentally selected idled wells to determine whether reviews were documented in accordance with BLM *Instruction Memorandum 2020–006*.
- Determined the status of each previously issued recommendation, including whether the BLM's actions met the intent of the recommendation.

Appendix 2: Response to Draft Report

The Bureau of Land Management's response to our draft report follows on page 24.



United States Department of the Interior
BUREAU OF LAND MANAGEMENT
National Headquarters
Washington, DC 20240
<https://www.blm.gov>



In Reply Refer To:
1245/3000 (750/310)

Memorandum

To: Mark Lee Greenblatt
Inspector General

From: Tracy Stone-Manning
Director

Tracy Stone-Manning
Digitally signed by Tracy Stone-Manning
Date: 2023.05.01 14:35:14 -04'00'

Subject: Office of Inspector General Draft Inspection Report, “*The Bureau of Land Management Made Progress in Implementing Corrective Actions To Improve Its Idle Well Program*”, Report No. 2022–CGD–020

Thank you for the opportunity to comment on the Office of Inspector General (OIG) draft report, “The Bureau of Land Management Made Progress in Implementing Corrective Actions To Improve Its Idle Well Program”, Report No. 2022–CGD–020. This report objective was to determine the status of the eleven recommendations made in the first report, “Bureau of Land Management’s (BLM’s) Idle Well Program” (Report No. 2016–EAU–061, issued January 17, 2018).

The OIG found six recommendations to be resolved but not implemented and to continue strengthening its oversight of idled wells, the OIG reopened six other recommendations. The BLM addressed many of the issues identified in the previous report and has made progress in strengthening its idled well program.

This draft report contains the six re-opened recommendations to help the Bureau of Land Management (BLM) to comply with current Federal regulations and to improve in reviewing idle wells and to take appropriate steps to reduce the idled well inventory.

The BLM generally agrees with the inspection findings and concurs with the recommendations.

Provided below is the BLM’s response to address each recommendation.

Recommendation 3: Develop and implement a well review strategy for nonoperational wells in coordination with the Bureau of Land Management’s Inspection and Enforcement strategy.

Response: The BLM concurs with this recommendation. The BLM Instruction Memorandum (IM) 2023-022, “Fiscal Year 2023 Oil and Gas Inspection and Enforcement Strategy Matrices Instructions and Strategy Goals” (Attachment 1), identifies a risk strategy for inspecting nonoperational wells.

The goal is to have each FO inspect a minimum of at least 40 percent of the high-risk wells with an overall risk rating of 4.0 and above. The risk rating is assigned by the AFMSS based on four criteria. These four criteria and their weighting are:

1. Idled Well Last Inspection Date (60%).
2. Number of Years Inactive (20%).
3. Well Status Comparison Rating (AFMSS status vs. OGOR status) (10%).
4. Ratio of operator's Inactive Wells (10%).

The BLM considers this recommendation implemented and closed.

Target Date: Completed

Responsible Official: Acting Assistant Director, Energy, Minerals and Realty Management

Recommendation 4: Monitor and track shut-in reviews of its idled wells in a management system.

Response: The BLM concurs with this recommendation. The BLM IM 2020-006, "Idled Well Reviews and Data Entry" (Attachment 2), provides guidance for conducting idled well reviews including all nonoperational wells. There are two reports to help facilitate monitoring and tracking of shut-in reviews. These reports are the Idled Well Review Report (Attachment 3) and the Idled Well and Associated Bonding – A2 Report (Attachment 4) available through the Oracle Analytics Services (OAS) using data from the AFMSS. The Idled Well Review Report returns the number of reviews and the details of the reviews for the timeframe specified when creating the report. The Idled Well and Associated Bonding report returns wells that are in a nonoperational status for a specified period. The report can be set up to return wells that are nonoperational for 1 or more years.

The AFMSS and associated reports are specific to oil and gas wells within Federal or Indian Mineral Estate. The Infrastructure and Investment Jobs Act (IIJA) changed the definition of Idled Wells including which wells are under the authority of BLM to manage. The IIJA is not specific to oil and gas wells nor does it recognize the differences between Federal and Indian Mineral estate versus non-Federal and non-Indian Mineral estates.

The BLM State Offices (SO) are tasked with ensuring the Field Offices (FO) complete the requisite number of idled well reviews and entering the data in the AFMSS. The IM also requires the SO to spot check 10 percent of the idled well reviews for each FO. In the review, the SO will verify that:

1. Data entry is completed for each idled well review;
2. Data entry is completed for each enforcement action; and
3. Follow up enforcement actions are issued and entered into AFMSS.

The BLM considers this recommendation implemented and closed.

Target Date: Completed

Responsible Official: Acting Assistant Director, Energy, Minerals and Realty Management

Recommendation 6: Monitor and track temporarily abandoned approvals in a management system to ensure all temporarily abandoned wells are approved every 12 months.

Response: The BLM concurs with this recommendation. The BLM IM 2020-006, “Idled Well Reviews and Data Entry” (Attachment 2), provides guidance for managing temporarily abandoned (TA) wells. There are two reports to help facilitate monitoring and tracking of TA reviews. These reports are the Idled Well Review Report (Attachment 3) and the Idled Well and Associated Bonding – A2 Report (Attachment 4) available through the OAS using data from the AFMSS. The Idled Well Review Report returns the number of reviews and the details of the reviews for the timeframe specified when creating the report. The Idled Well and Associated Bonding report returns wells that are in a nonoperational status for a specified period. The report can be set up to return wells that are nonoperational for 1 or more years.

The SO are tasked with ensuring the FO complete the requisite number of idled well reviews and entering the data in the AFMSS. The IM also requires the SO to spot check 10 percent of the idled well reviews for each FO. In the review, the SO will verify that:

1. Data entry is completed for each idled well review;
2. Data entry is completed for each enforcement action; and
3. Follow up enforcement actions are issued and entered into AFMSS.

The BLM considers this recommendation implemented and closed.

Target Date: Completed

Responsible Official: Acting Assistant Director, Energy, Minerals and Realty Management

Recommendation 7: Develop and implement guidance or update *Instruction Memorandum 2012-181* to require mechanical integrity tests on shut-in and temporarily abandoned wells at specific periods. This frequency should consider multiple factors, including the passage of time, similar to State laws that require the test every 5 years.

Response: The BLM concurs with this recommendation. Attachment 2 provides guidance for requiring mechanical integrity tests (MIT). Wells shut-in for more than three years and instances where the Authorized Officer (AO) has concerns with wellbore integrity should have a Written Order of the Authorized Officer requiring a MIT or a production test. Prior to approving TA status, the AO will require the operator to perform a MIT or ensure the operator completed a MIT in the last three years.

The BLM considers this recommendation implemented and closed.

Target Date: Completed

Responsible Official: Acting Assistant Director, Energy, Minerals and Realty Management

Recommendation 8: Develop and implement automated procedures so that a well’s status in the Automated Fluid Minerals Support System reflects its production status reported to the Office of Natural Resources Revenue in the Oil and Gas Operations Report.

Response: The BLM concurs with this recommendation but is unable to implement it. The AFMSS is not technically able to perform this function nor is it currently economically feasible to modify. Attachment 5 is the signed Decision Document: Options for Management of AFMSS 2. The BLM is investigating cost-effective software solutions to modernize the oil and gas Information Technology (IT) capabilities. This includes investigating automation between the BLM’s and the Office of Natural Resources Revenue’s data.

The BLM considers this recommendation closed but not implemented.

Target Date: Completed

Responsible Official: Acting Assistant Director, Energy, Minerals and Realty Management

Recommendation 11: Develop and implement a quality control process to identify inaccurate or incomplete data in the Automated Fluid Minerals Support System.

Response: The BLM concurs with this recommendation. However, the BLM is unable to fully implement the recommendation. The AFMSS is not technically able to perform this function nor is it currently economically feasible to modify. The BLM is investigating cost-effective software solutions to modernize the oil and gas IT capabilities.

In February 2019, the GAO issued a report titled “Oil and Gas Development: Actions Needed to Improve Oversight of the Inspection and Enforcement Program” (GAO-19-7). The report contained three recommendations. The BLM is currently drafting revisions to IM-2012-161, “Oversight of the Oil and Gas Inspection and Enforcement Program” and anticipates issuance by the end of the fiscal year. Annual oversight of BLM’s Oil and Gas Inspectors is necessary to confirm that they consistently complete and document inspections (including all required AFMSS fields), issue accurate enforcement actions, and adhere to applicable laws, regulations, and policies.

As mentioned above, the SO are reviewing FO data entry related to non-operational wells and the BLM reviews the SO certification. This includes an effort by the BLM to verify data at the FO level and work with the SO and the FO staff to correct data errors concerning Application for Permit to Drill status.

The BLM considers this recommendation closed and partially implemented.

Target Date: Completed

Responsible Official: Acting Assistant Director, Energy, Minerals and Realty Management

If you have any questions about this response, please contact Amy Hay, Chief, Division of Business, Engineering, and Evaluations, at [REDACTED]; or Mark Herrin, Audit Liaison Officer, at [REDACTED].

5 Attachments

- 1- IM 2023-022 (20 pp)
- 2- IM 2020-006 (44 pp)
- 3- Idled Well Review Report Sample (14 pp)
- 4- Idled Well and Associated Bonding – A2 Report Sample (4 pp)
- 5- Decision Document: Options for Management of AFMSS 2 (8 pp)

Appendix 3: Status of Recommendations From 2018 Evaluation

Recommendation	Reported as Closed to the OIG	OIG Status After Inspection
<p>2016-EAU-061-01 We recommend that the BLM develop and maintain an idled well inventory that reflects the Energy Policy Act of 2005 and Bureau of Land Management <i>Instruction Memorandum 2012-181</i> definition of an idled well.</p>	Yes (7/28/21)	Implemented
<p>2016-EAU-061-02 We recommend that the BLM develop and implement guidance or update Instruction Memorandum 2012-181 to provide field offices with criteria for determining and documenting future beneficial use.</p>	Yes (7/6/20)	Implemented
<p>2016-EAU-061-03 We recommend that the BLM develop and implement a well review strategy for nonoperational wells in coordination with the Bureau of Land Management’s Inspection and Enforcement strategy.</p>	Yes (7/6/20)	Not Implemented
<p>2016-EAU-061-04 We recommend that the BLM monitor and track shut-in reviews of its idled wells in a management system.</p>	Yes (7/6/20)	Implemented
<p>2016-EAU-061-05 We recommend that the BLM develop and implement guidance or update Instruction Memorandum 2012-181 on how to conduct and document a shut-in well review on its idled wells.</p>	Yes (7/6/20)	Implemented
<p>2016-EAU-061-06 We recommend that the BLM monitor and track temporarily abandoned approvals in a management system to ensure all temporarily abandoned wells are approved every 12 months.</p>	Yes (7/6/20)	Not Implemented
<p>2016-EAU-061-07 We recommend that the BLM develop and implement guidance or update Instruction Memorandum 2012-181 to require mechanical integrity tests on shut-in and temporarily abandoned wells at specific periods. This frequency should consider multiple factors, including the passage of time, similar to State laws that require the test every 5 years.</p>	Yes (7/6/20)	Not Implemented
<p>2016-EAU-061-08 We recommend that the BLM develop and implement automated procedures so that a well’s status in the Automated Fluid Minerals Support System reflects its</p>	Yes (7/6/20)	Not Implemented

Recommendation	Reported as Closed to the OIG	OIG Status After Inspection
production status reported to the Office of Natural Resources Revenue in the Oil and Gas Operations Report.		
2016-EAU-061-09 We recommend that the BLM develop and implement policy requiring operators to submit Sundry Notices for plugging and reclamation separately.	Yes (7/6/20)	Implemented
2016-EAU-061-10 We recommend that the BLM add proper categories to the Automated Fluid Minerals Support System to track idle wells (e.g., future beneficial use and nonoperational date).	Yes (7/28/21)	Implemented
2016-EAU-061-11 We recommend that the BLM develop and implement a quality control process to identify inaccurate or incomplete data in the Automated Fluid Minerals Support System.	Yes (7/28/21)	Not Implemented



REPORT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

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