

# STATE OIL AND GAS BOARD OF ALABAMA

## OIL AND GAS BOARD

James H. Griggs, Chairman  
Charles E. (Ward) Pearson, Vice Chairman  
Rebecca Wright Pritchett, Member  
Berry H. (Nick) Tew, Jr., Secretary  
S. Marvin Rogers, Counsel



420 Hackberry Lane  
P.O. Box 869999  
Tuscaloosa, Alabama 35486-6999  
Phone (205)349-2852  
Fax (205)349-2861  
www.ogb.state.al.us

Berry H. (Nick) Tew, Jr.  
Oil and Gas Supervisor  
October 26, 2010

Ms. Nancy Marsh  
Ground Water & SDWA Enforcement Section  
Water Protection Division  
US EPA Region 4  
61 Forsyth Street  
Atlanta, GA 30303-8960

Dear Ms. Marsh:

You will find enclosed our Class II UIC Narrative Annual Program Report for Fiscal Year 2010 that covers the reporting period October 1, 2009, through September 30, 2010. This report is being filed in accordance with Region 4's modified reporting procedures and is also intended to satisfy EPA's submittal requirements for the Board's Fourth Quarter Report. Our enclosures include the following:

ANNUAL REPORT (including PAM's)  
EPA Form 7520-1  
EPA Form 7520-2A  
EPA Form 7520-2B  
EPA Form 7520-3  
EPA Form 7520-4  
Class II Well Summary for Alabama

Please note that EPA Form 7520-5 shown in the Board's List of Commitments for Fiscal Year 2010 was not required to be submitted. As in the past, the Board's financial status report will be submitted by ADEM.

If you should have any questions, please let us know.

Sincerely,

A handwritten signature in black ink that reads "David E. Bolin".

David E. Bolin  
Deputy Director

Enclosures

Xc: Ms. Sonja Massey, ADEM

State Oil and Gas Board of Alabama  
Class II UIC Program

ANNUAL REPORT  
*Fiscal Year 2010*

**1. SUMMARY OF CURRENT YEAR PROGRAM ACCOMPLISHMENTS & RESOURCES:**

Commitment Evaluation

Description on how state met/did not meet workplan commitments.

The State Oil and Gas Board has met or exceeded all commitments for FY 2010.

Other topics which may, **but are not limited to**, be included in summary:

Innovations & innovative approaches, emerging technologies

All of our field staff involved in Class II operations have been provided with hand-held computers for the primary purpose of documenting field inspections.

Compliance Assistance

Information and technical assistance provided to the regulated community to help it meet the requirements of environmental law.

Our staff continues to assist operators in the interpretation and application of Alabama's oil and gas laws, rules and regulations.

EPA assistance

Activities performed on behalf of EPA to assist the facilities.

Not applicable.

Program Needs/ Challenges

Items needed by the regulated community to implement their program.

Not applicable.

**2. ADMINISTRATION**

Staffing - Any changes during the year

Staffing has been reduced during the year as a result of retirements without replacements due to a mandated hiring freeze.

Include Workplan Components - Program Element Budget (attached)

As in the past, we understand that the Board's financial status report of Alabama's Regular Class II UIC Program for FY 2010 will be submitted by the Alabama Department of Environmental Management.

Other issues

None.

Any rule changes being considered?

None.

Any implementation changes this year or being considered.

None.

**3. PERMITTING**

Summarize permitting activities for the year indicating any change in the amount of activities from the previous year and what type of permits are being evaluated. Approved Permits:

	<u>2010</u>	<u>2009</u>
Class II UIC Step 1 SWD	7	4
Class II UIC Step 1 ER	2	0
Class II UIC Step 2 SWD	4	3
Class II UIC Step 2 ER	2	0

**4. SURVEILLANCE, INSPECTIONS & QUALITY ASSURANCE**

Describe routine inspection activities conducted and multimedia inspections.

During FY 2010, a total of 545 routine inspections were conducted, eight (8) new well constructions were witnessed, 78 mechanical integrity tests were witnessed, and four (4) pluggings were witnessed.

**5. ENFORCEMENT**

Describe enforcement activities taken including type violation and the action taken. Also include a breakdown of any penalties assessed and those collected.

During FY 2010, a total of 51 notices of violations were given, and 23 well shut-ins were required. No penalties/fines were assessed.

**6. AQUIFER IDENTIFICATION AND EXEMPTION**

List any activities.

None.

## **7. CLASS V ASSESSMENT**

Describe any inventory initiatives for locating Class V wells.

Not applicable.

## **8. DATA MANAGEMENT**

Update on activities conducted associated with the National UIC database and any activities associated with a network exchange grants.

The Board continues to refine and maintain its Class II UIC and oil and gas well databases. No formal agreements have been reached regarding activities associated with a network exchange grant and the National UIC database.

Update on any GPS/GIS activities.

GPS units continue to be used as needed; units were upgraded during FY 2002 to improve the accuracy of location data. All of our databases continue to be maintained so that GIS efforts can be initiated when and if needed to satisfy any Class II UIC Program requirement. We have GPS location data for 100% of all Class II wells, excluding those plugged and abandoned or permits canceled prior to mid-1993.

GIS coverages have been developed and attributed for all oil and gas wells (including UIC wells), as well as oil and gas field boundaries, county boundaries, section-township-range boundaries, offshore platforms and fixed structures, and offshore lease blocks. Metadata files for these coverages have been generated to provide the necessary documentation. Other coverages to be developed later include gathering lines, pipelines, tank batteries, plants, and other facilities. Coverages completed thus far are being maintained on a common computer system with the Geological Survey's coverages for geology, water, and energy. These coverages are available to the Board's staff and the general public through our shared web site. Online map capabilities are provided to the Board and Survey's common webserver through ArcIMS, an ESRI software package. Web-based GIS maps are dynamically generated from the webserver via a user-friendly interface that offers basic GIS functions such as query, select and identify.

## **9. PUBLIC INFORMATION, TRAINING AND TECHNICAL ASSISTANCE**

Describe all Outreach activities including talks given, education and training events.

Our staff has developed a shared relational database with the Geological Survey of Alabama that the public can access via our internet website. This website provides Board information regarding well permitting, wellbore construction, production, reservoir characteristics, field maps, rules, regulations and statutes, forms, Board hearings, current drilling/completion activities statewide, staff contacts, quick links to other state and federal agencies including EPA-Region 4, and much more. Injection information for Alabama's Class II wells will eventually be added to the new website. The Survey's component of our website will provide information regarding ongoing geologic, water, and energy

investigations including carbon sequestration. This new website was launched during FY 2007. There were no talks given, nor any education or training events attended during FY 2010.

Cross Program Activities

The Board's staff continues to coordinate as needed with the Geological Survey of Alabama and the Alabama Department of Environmental Management concerning water-related issues.

Customer Service/Citizen Follow-Up Activities

None required.

**10. ADDITIONAL REPORTS:**

Please attach the following:

- Form 7520-1 (see attached form)
- Form 7520- 2A (see attached form)
- Form 7520-2B (see attached form)
- Form 7520- 3 (see attached form)
- Form 7520- 4 (see attached form)
- Annual UIC Well Inventory Sheet

**11. ASSISTANCE THE STATE NEEDS FROM EPA:**

Detail any assistance needed.

Increase the level of federal funding for the Board's administration of Alabama's Class II UIC Program.

**12. OTHER COMMENTS:**

Regulation of activities associated with the hydraulic fracturing of coal beds was excluded from the Board's Class II UIC Program effective October 16, 2007. (Board Order No. 2007-133, approved September 7, 2007)

Program Activity Measures (PAMs)

- |    |   |           |
|----|---|-----------|
| 1) | Number of wells that failed MITs from April 1, 2009 -- March 31, 2010   | <u>18</u> |
|    | Of the wells with MIT failures above, how many returned to compliance within 180 days.                            | <u>15</u> |
| 2) | Number of high priority wells identified in other sensitive ground water areas, in this fiscal year               | <u>NA</u> |
|    | Number of high priority wells closed and/or permitted in other sensitive ground water areas, in this fiscal year. | <u>NA</u> |

United States Environmental Protection Agency Office of Ground Water and Drinking Water Washington, DC 20480  <b>UIC Federal Reporting System</b> <b>Part I: Permit Review and Issuance/</b> <b>Wells in Area of Review</b> (This information is solicited under the authority of the Safe Drinking Water Act)				I. Name and Address of Reporting Agency  United States Environmental Protection Agency State Oil and Gas Board of Alabama P.O. Box 869999 Tuscaloosa, Alabama 35486-6999				
II. Date Prepared (month, day, year) 10/25/2010		III. State Contact (name, telephone no.) Butch Gregory, 205-247-3575		IV. Reporting Period (month, year) From <b>October 1, 20</b> 09 To <b>09/30/2010</b>				
Class and Type of Injection Wells								
Item				I	II	III	IV	V
				SWD 2D	ER 2R	HC 2H		
V. Permit Application	Number of Permit Applications Received			6	2	0		
VI. Permit Determination	Permit	A	Number of Individual Permits Issued (One Well)	New Wells	7	2	0	
			Existing Wells	0	0	0		
	Issued	B	Number of area Permits* Issued (Multiple Wells) (*See Instructions on back)	New Well Field	0	0	0	
			Existing Well Field	0	0	0		
	Permit Not Issued	C	Number of Wells in Area Permits (See B above)	New Wells	0	0	0	
				Existing Wells	0	0	0	
	D	Number of Permits Denied/Withdrawn (after complete technical review)			0	0	0	
	E	Number of Major Permit Modifications Approved			0	0	0	
VII. Permit File Review	Number of Rule-Authorized Class II Wells Reviewed			9	4	0		
				Wells Reviewed	0	0	0	
				Wells Deficient				
VIII. Area of Review (AOR)	Wells Reviewed	A	Number of Wells In Area of Review	Abandoned Wells	3	0	0	
				Other Wells	0	0	0	
	Wells Identified for C/A	B	Number of Wells Identified for Corrective Action	Abandoned Wells	0	0	0	
				Other Wells	0	0	0	
	Wells with C/A	C	1. Number of Wells in AOR with Casing Repaired/Reconcreted C/A		0	0	0	
			2. Number of Active Wells in AOR Plugged/Abandoned		0	0	0	
			3. Number of Abandoned Wells in AOR Replugged		1	0	0	
			4. Number of Wells in AOR with "Other" Corrective Action		0	0	0	
IX. Remarks/Ad Hoc Report (Attach additional sheets if necessary)								
Certification I certify that the statements I have made on this form and all attachments thereto are true, accurate, and complete. I acknowledge that any knowingly false or misleading statement may be punishable by fine or imprisonment or both under applicable law.								
Signature and Typed or Printed Name and Title of Person Completing Form Butch Gregory, Engineer						Date 10/25/2010		Telephone No. (205) 247-3575



United States Environmental Protection Agency  
Office of Ground Water and Drinking Water  
Washington, DC 20460  
**UIC Federal Reporting System**  
**Part II: Compliance Evaluation**

(This information is solicited under the authority of the Safe Drinking Water Act)

I. Name and Address of Reporting Agency

United States Environmental Protection Agency  
State Oil and Gas Board of Alabama  
P.O. Box 869999  
Tuscaloosa, Alabama 35486-6999

II. Date Prepared (month, day, year)

10/25/2010

III. State Contact (name, telephone no.)

Butch Gregory, 205-247-3575

IV. Reporting Period (month, year)

From **October 1, 2009** To **September 30, 2010**

Item			Class and Type of Injection Wells							
			I	II			III	IV	V	
				SWD 2D	ER 2R	HC 2H				
V. Summary of Violations	Total Wells	A	Number of Wells with Violations		23	28	0			
	Total Violations	B	1. Number of Unauthorized Injection Violations		0	0	0			
			2. Number of Mechanical Integrity Violations		7	15	0			
			3. Number of Operation and Maintenance Violations		16	13	0			
			4. Number of Plugging and Abandonment Violations		0	0	0			
			5. Number of Monitoring and Reporting Violations		0	0	0			
			6. Number of Other Violations (Specify)		0	0	0			
VI. Summary of Enforcement	Total Wells	A	Number of Wells with Enforcement Actions		23	28	0			
	Total Enforcement Actions	B	1. Number of Notices of Violation		23	28	0			
			2. Number of Consent Agreements		0	0	0			
			3. Number of Administrative Orders		0	0	0			
			4. Number of Civil Referrals		0	0	0			
			5. Number of Criminal Referrals		0	0	0			
			6. Number of Well Shut-Ins		8	15	0			
			7. Number of Pipeline Severances		0	0	0			
			8. Number of Other Enforcement Actions (Specify)		0	0	0			
VII. Summary of Compliance	Number of Wells Returned to Compliance	A. This Quarter		13	19	0				
		B. This Year		23	25	0				
VIII. Contamination	Number of Cases of Alleged Contamination of a USDW			0	0	0				
IX. MIT Resolved	Percent of MIT Violations Resolved in 90 Days			88	30	0				

X. Remarks/Ad Hoc Report (Attach additional sheets)

Certification

I certify that the statements I have made on this form and all attachments thereto are true, accurate, and complete. I acknowledge that any knowingly false or misleading statement may be punishable by fine or imprisonment or both under applicable law.

Signature and Typed or Printed Name and Title of Person Completing Form

*Butch Gregory* Butch Gregory, Engineer

Date

10/25/2010

Telephone No.

(205) 247-3575





United States Environmental Protection Agency  
Office of Ground Water and Drinking Water  
Washington, DC 20460  
**UIC Federal Reporting System**  
**Part II: Compliance Evaluation**  
**Significant Noncompliance**  
(This information is solicited under the authority of the Safe Drinking Water Act)

**I. Name and Address of Reporting Agency**  
United States Environmental Protection Agency  
State Oil and Gas Board of Alabama  
P.O. Box 869999  
Tuscaloosa, Alabama 35486-6999

**II. Date Prepared (month, day, year)** 10/25/2010  
**III. State Contact (name, telephone no.)** Butch Gregory, 205-247-3575  
**IV. Reporting Period (month, year)**  
From **October 1, 2009** To **09/30/2010**

			Class and Type of Injection Wells							
			I	II			III	IV	V	
				SWD 2D	ER 2R	HC 2H				
<b>V. Summary of Significant Non-Compliance (SNC)</b>	Total Wells	A	Number of Wells with SNC Violations							
	Total Violations	B	1. Number of Unauthorized Injection SNC Violations	0	0	0				
			2. Number of Mechanical Integrity SNC Violations	0	0	0				
			3. Number of Injection Pressure SNC Violations	0	0	0				
			4. Number of Plugging and Abandonment SNC Violations	0	0	0				
			5. Number of SNC Violations of Formal Orders	0	0	0				
			6. Number of Falsification SNC Violations	0	0	0				
			7. Number of Other SNC Violations (Specify)	0	0	0				
<b>VI. Summary of Enforcement Against SNC</b>	Total Wells	A	Number of Wells with Enforcement Actions Against SNC							
	Total Enforcement Actions	B	1. Number of Notices of Violation	0	0	0				
			2. Number of Consent Agreements/Orders	0	0	0				
			3. Number of Administrative Orders	0	0	0				
			4. Number of Civil Referrals	0	0	0				
			5. Number of Criminal Referrals	0	0	0				
			6. Number of Well Shut-Ins	0	0	0				
			7. Number of Pipeline Severances	0	0	0				
8. Number of Other Enforcement Actions Against SNC Violations (Specify)			0	0	0					
<b>VII. Summary of Compliance</b>	Number of Wells In SNC Returned to Compliance		A. This Quarter	0	0	0				
			B. This Year	0	0	0				
<b>VIII. Contamination</b>	Number of Cases of Alleged Contamination of a USDW			0	0	0				
<b>IX. Well Closure</b>	Class IV/Endangering Class V Well Closures			Involuntary Well Closure						
				Voluntary Well Closure						

**Certification**  
I certify that the statements I have made on this form and all attachments thereto are true, accurate, and complete. I acknowledge that any knowingly false or misleading statement may be punishable by fine or imprisonment or both under applicable law.

**Signature and Typed or Printed Name and Title of Person Completing Form**  
*Butch Gregory*, Butch Gregory, Engineer  
**Date** 10/25/2010  
**Telephone No.** (205) 247-3575



United States Environmental Protection Agency  
Office of Ground Water and Drinking Water  
Washington, DC 20460  
**UIC Federal Reporting System**  
**Part III: Inspections**  
**Mechanical Integrity Testing**  
(This information is solicited under the authority of the Safe Drinking Water Act)

I. Name and Address of Reporting Agency

United States Environmental Protection Agency  
State Oil and Gas Board of Alabama  
P.O. Box 86999  
Tuscaloosa, Alabama 35486-6999

II. Date Prepared (month, day, year)

10/25/2010

III. State Contact (name, telephone no.)

Butch Gregory, 205-247-3575

IV. Reporting Period (month, year)

From

October 1, 2009

To

09/30/2010

Class and Type of Injection Wells

V.	Summary of Inspections	Item	I	II			III	IV	V	
				SWD 2D	ER 2R	HC 2H				
Total Wells	A	Number of Wells Inspected		87	147	0				
		Total Inspections	1. Number of Mechanical Integrity Tests (MIT) Witnessed		27	51	0			
			2. Number of Emergency Response or Complaint Response Inspections		0	0	0			
			3. Number of Well Constructions Witnessed		6	2	0			
			4. Number of Well Pluggings Witnessed		3	1	0			
	5. Number of Routine/Periodic Inspections		195	350	0					
VI. Summary of Mechanical Integrity (MI)	Total Wells	A	Number of Wells Tested or Evaluated for Mechanical Integrity (MI)		26	46	0			
		B	No. of Rule-Authorized Wells Tested/Evaluated for MI	Passed 2-part test		0	0	0		
	Failed 2-part test			0	0	0				
	For Significant Leak	C	1. Number of Annulus Pressure Monitoring Record Evaluations	Well Passed		1,044	1,788	0		
				Well Failed		0	0	0		
			2. No. of Casing/Tubing Pressure Tests	Well Passed		26	46	0		
				Well Failed		1	2	0		
	3. Number of Monitoring Record Evaluations	Well Passed		1,044	1,788	0				
		Well Failed		0	0	0				
	For Fluid Migration	D	4. No. of Other Significant Leak Tests/Evaluations (Specify)	Well Passed		0	0	0		
				Well Failed		0	0	0		
			1. Number of Cement Record Evaluations	Well Passed		11	8	0		
Well Failed					0	0	0			
2. Number of Temperature/Noise Log Tests	Well Passed		0	0	0					
	Well Failed		0	0	0					
3. No. of Radioactive Tracer/Cement Bond Tests	Well Passed		6	9	0					
	Well Failed		0	0	0					
4. No. of Other Fluid Migration Tests/Evaluations (Specify)	Well Passed		0	0	0					
	Well Failed		0	0	0					
VII. Summary of Remedial Action	Total Remedial Actions	A	Number of Wells with Remedial Action		9	14	0			
		B	1. Number of Casing Repaired/Squeeze Cement Remedial Actions		1	3	0			
			2. Number of Tubing/Packer Remedial Actions		8	11	0			
			3. Number of Plugging/Abandonment Remedial Actions		0	0	0			
			4. Number of Other Remedial Actions (Specify)		0	0	0			

VIII. Remarks/Ad Hoc Report (Attach additional sheets)

Certification

I certify that the statements I have made on this form and all attachments thereto are true, accurate, and complete. I acknowledge that any knowingly false or misleading statement may be punishable by fine or imprisonment or both under applicable law.

Signature and Typed or Printed Name and Title of Person Completing Form

*Butch Gregory*, Butch Gregory, Engineer

Date

10/25/2010

Telephone No.

205-247-3575



United States Environmental Protection Agency  
Office of Ground Water and Drinking Water  
Washington, DC 20460

**UIC Federal Reporting System  
Part IV: Quarterly Exceptions List**

(This information is collected under the authority of the Safe Drinking Water Act)

OMB No. 2040-0042  
Approval expires 12/31/2011

I. Reporting Period

From  To

II. Well Class and Type	III. Name and Address of Owner/Operator	IV. Well ID No. (Permit No.)	V. Summary of Violations		VI. Summary of Enforcement								VII. Date Compliance Achieved						
			Date of Violation	Mark (X) Violation Type	Date of Enforcement	Mark (X) Enforcement Type	Other (Specify)	Pipeline Severance	Well Shut-In	Criminal Referral	Civil Referral	Administrative Order		Consent Agreement	Notice of Violation				
	No Exceptions																		

I certify that the statements I have made on this form and all attachments thereto are true, accurate, and complete. I acknowledge that any knowingly false or misleading statement may be punishable by fine or imprisonment or both under applicable law.

Signature of Person Completing Form  
*Butch Gregory*

Typed or Printed Name and Title  
Butch Gregory, Petroleum Engineer

Date  
10/25/2010

Telephone No.  
(206) 247-3575

Fiscal Year End September 30, 2010

Class II Well Summary for Alabama

<u>Well Type</u>	<u>UC</u>	<u>AC</u>	<u>TA</u>	<u>PA</u>	<u>AN</u>	<u>CA</u>	<u>Total Wells</u>
SWD	5	83	4	109	0	30	231
ER	0	121	30	65	0	72	288
Total Wells	5	204	34	174	0	102	519

Explanation:

UC – under construction

AC – active

TA – temporarily abandoned

PA – plugged and abandoned

AN – plugged without Board approval

CA - canceled



