

Delayed Completions Notice to Operators

August 30, 2016

BACKGROUND

In the current commodity market it has become increasingly common for operators to delay well completion for several months or more after drilling a well to total depth. Delaying well completion can raise compliance issues with several COGCC rules that have deadlines based on rig release, but which presume that completion will occur soon after a well is drilled to total depth. Operators who elect to delay completion are still obligated to comply with all applicable rules (including filing timely completion reports) or obtain appropriate variances in advance of compliance deadlines.

COMPLIANCE ISSUES

Overview

This Notice to Operators (NTO) highlights several COGCC Rules for which an operator may need to obtain a variance or advance approval of an alternative compliance plan when delaying well completions. Operators are encouraged to confer with COGCC staff regarding potential compliance issues related to planned completion delays. COGCC staff will assist operators to develop a compliance plan that ensures rule requirements can be met, an appropriate variance request is submitted, or a suitable alternative compliance plan is developed and approved.

Examples of provisions that might be in a compliance plan include: alternative reporting methods; performing mechanical integrity tests on uncompleted wells; sampling water wells prior to well completion; conducting interim reclamation prior to well completion; and providing adequate financial assurance for inactive wells under Rule 707.

Rule 308A – Drilling Completion Report

Operators are required to submit a Final Drilling Completion Report, Form 5, within 60 days following rig release from a single well or from the last well drilled following continuous, sequential drilling of multiple wells on a pad. Rule 308A. COGCC uses the information required on the Form 5 to verify that a well was drilled in accordance with its permit conditions, and that adequate wellbore integrity exists. If well completion is delayed more than 60 days, the top of productive zone footages required by the Form 5 may not be available. Additionally, if a cement bond log or another cased-hole log is not run within those 60 days, the log required pursuant to the Form 5 will not be available. Operators are required to use an alternative

procedure to report the missing data, to submit logs, and to verify wellbore integrity. COGCC will review alternative procedures with each operator on a case-by-case basis.

Interim Reclamation

Interim reclamation is required on areas of an oil and gas location that will not have subsequent drilling or completion activities within the next 12 months. Rule 1003.b. If there is a delay between drilling and completion that exceeds 12 months from rig release, interim reclamation must be conducted within 3 months on crop land or 6 months on non-crop land following cessation of drilling activities, as specified by the rule. Any deviation from Rule 1003.b requires advance approval of a Rule 502.b variance; variance requests will be evaluated on a case-by-case basis.

Water Well Sampling

Rules 318A.f.(4).B, 608b.(4), and 609.d.(2) require subsequent water well sampling following completion of a well. The intent of these rules is to identify any impacts to groundwater that may be related to drilling or completing a well and to do so within 1 year. If the completion is delayed more than 1 year, sampling the water well after the delayed completion will not provide timely identification of an impact from drilling. COGCC will evaluate water well sampling requirements with each operator on a case-by-case basis. If well completion is delayed such that subsequent sampling after completion would occur more than 1 year after the well was drilled, COGCC may modify the timing of the subsequent sampling.

Wellbore Integrity

A mechanical integrity test (MIT) is required on a well that has been waiting on completion for 2 years. Rule 326.d.