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DEPARTMENT OF NATURAL RESOURCES

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March 14, 2017

NOTICE TO ALL UTAH OIL AND GAS OPERATORS

Re: Changes to DOGM Database and Associated Computer Applications and Methods

In the next 4 to 6 weeks, the Utah Division of Oil, Gas and Mining plans to begin using a new database. This database, being built by an independent contractor, has been in the works for 4 years and will replace 5 existing databases currently in use. It is very complex and will impact most of our electronic operations.

Additional changes will be rolled out to oil and gas operators sometime during the next 6 to 12 weeks. Some of these changes will include the use of 14-digit API numbers, the collection of more detailed wellbore information, a few modifications to our ePermit permitting program, and changes to our website, most visibly in the LiveData Search functions. Our website has been completely rewritten in Java code, but for now, we have tried to maintain the same basic "look and feel" for most of the site. Our eReport program for production, UIC, and gas plant reporting, will be completely replaced with a new program called eForm. In the background, we will also be installing a couple of new servers.

We hope to minimize the problems that all of this may cause, but realistically expect that there will be some. When they occur, please know that we will work as rapidly as possible to make corrections and provide you with the information and services you expect from us. We apologize in advance for any difficulties these changes may cause you.

Here are some of the more significant things that operators need to be aware of:

14-Digit API Numbers and the Tracking of Individual Wellbores

- The Division will begin using 14-digit API numbers to describe wells. The first 10 digits identify the surface location and overall well (example: 4300310335). Each wellbore permitted via APD and drilled within a well (also known as a 'construct') will be identified by the 11th and 12th digits of the API number as assigned by the Division. The first hole permitted will be numbered '00' in the 11th and 12th digits (example: 43003103350000). The second hole permitted (a new lateral, a deepening of an existing wellbore, etc.) will be numbered '01', and so forth (example: 43003103350100). For now, the 13th and 14th digits will always be set to '00'.
- If the Division's records incorrectly show the number of wellbores completed within a well, the status of wellbores, the bottom-hole locations of wellbores, etc., it is the responsibility of the well operator to promptly submit Forms 9, Sundry Notices, and/or Forms 8, Well Completion Reports, to correct the Division's records.
- It is the responsibility of well operators to assure that all operations of each wellbore are properly reported by using the correct 14-digit API number.



- All reports and documentation submitted by well operators must, at minimum, include the first 10 digits of the API number when the report pertains to the overall well and/or surface operations. Examples of this would include well name changes, surface construction, and operator changes.
- All reports and documentation submitted by well operators must include the entire 14-digit API number when the report or documentation pertains to any downhole work (even when only one wellbore exists within the well). For example, if an operator submits a Form 9, Sundry Notice, proposing their intention to acidize a well that has 2 laterals, the notice must include the 14-digit API number(s) identifying which of the 2 laterals will be worked on. Our ePermit program will eventually be modified to make it easier for operators to select the proper wellbores and API numbers.
- The incorrect reporting of API numbers will slow the Division's processing of reports and may result in a report being returned to the operator for correction and a potential Notice of Violation.

Filing Applications for Drilling Permits, Sundries, and Well Completion Reports (ePermit)

- Operators will continue to use our ePermit program to submit permits and operational reports. Our existing ePermit program has been redirected to point at our new database. It will continue to function as it does currently with the exception of a few minor changes.
- UTM coordinates will now be required on all new ePermit Applications for Permit to Drill (APD), using NAD 83, Zone 11 or 12. Operators will be required to provide surveyed UTM coordinates for the surface location. Estimated UTM coordinates will be needed for the kickoff point (for horizontal drilling), the top of the uppermost producing zone, and at total depth. **NOTE:** To prepare for this transition, **effective immediately**, the division is requesting that operators begin supplying both latitude/longitude and UTM NAD 83 coordinates for surface and bottom-hole locations on well plats submitted with APDs.
- Operator account numbers as traditionally used by the Division (Format example: N9999), will be phased out and replaced by a six-digit number.
- A 14-digit API number will be assigned by the Division for each existing wellbore.
- A 14-digit API number will be assigned by the Division for each new wellbore proposed on the operator's APD. These numbers will be provided to the operator on the approved permit (see information regarding 14-digit API numbers above). Operators will be required to use the proper 14-digit API in all future correspondence pertaining to the permit and/or well.
- Once the new database and all associated programs are functioning and stable, the Division will begin a new 2-year project to rebuild ePermit. This will be done in a new programming language and include enhancements to allow electronic submission of all our reporting forms.
- If you would be interested in helping us test ePermit before we go live with these changes, please contact Don Staley by email at donstaley@utah.gov.

Reporting of Production, Disposition, UIC Injection, and Gas Plant Operations (formerly via eReport)

- Our existing eReport program is being completely replaced by a new program called eForm.
- Operators will be able to submit the following reports using eForm:
 - Monthly Oil and Gas Production Report – Form 10
 - Monthly Oil and Gas Disposition Report – Form 11
 - Monthly Report of Enhanced Recovery Project – UIC Form 2 (Part 1)
 - Monthly Report of Enhanced Recovery Project – UIC Form 2 (Part 2)
 - Daily (reported Monthly) Injection Report – UIC Form 3
 - Summary of Gas Processing Plant Operations – Form 13-A
 - Gas Processing Plant Product Allocations – Form 13-B

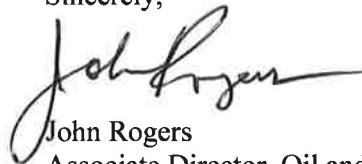
- Operators will be able to manually enter their report data into an electronic form, or upload their reports in Excel format.
- The eForm program will provide a so-called ‘turn-around’ report for each operator (aka electronic data deliverable (EDD)). These downloadable Excel files reflect what information the Division has on record for each operator. The division has previously only provided turn-arounds for production and disposition reports. Now, turn-arounds will also be provided for injection wells and gas plant reports. These files will assist operators in preparing their reports and also assure that the Division’s and operator’s records match.
- If a ‘turn-around’ report shows incorrect information (e.g., a wrong well, an incorrect number of wellbores completed within a well, an incorrect producing zone, etc.) it is the responsibility of the well operator to promptly submit Forms 9, Sundry Notices, and/or Forms 8, Well Completion Reports, to correct the Division’s records.
- Operators will be required to report the volume of production for each active wellbore using the assigned 14-digit API number. If operating contracts do not require production from separate wellbores to be physically measured or allocated by formula, then the production may be evenly allocated to each active wellbore by dividing the total produced volume by the number of wellbores.
- Operators will be required to report the status of each unplugged wellbore on their Monthly Production Report using the assigned 14-digit API number.
- When the new eForm program is brought online, reports previously submitted via the older eReport program will no longer be electronically available for editing. Amendments to previous reports will need to be submitted via paper report.

The Oil and Gas Website

- Many portions of the Division’s oil and gas program website have been modified to work with the new database. Most of the old features will remain, although they may look or function a bit differently.
- A Data Mining tool will be added to the website. This application – part of the new database package – will allow users to query much of the information contained in the new database. It also contains a map feature that will replace our existing web map.
- Once the new database and all associated programs are functioning and stable, the Division will begin to modify and upgrade portions of the website as time allows.

Please check our website (<http://oilgas.ogm.utah.gov>) periodically for the latest news pertaining to these changes. We will provide additional details and updated schedules as needed.

Sincerely,



John Rogers
Associate Director, Oil and Gas