



Missouri
Department of
Natural Resources

**STATE OIL AND GAS COUNCIL
JULY 17, 2012
MISSOURI DEPARTMENT OF NATURAL RESOURCES
KANSAS CITY REGIONAL OFFICE
500 NE COLBERN ROAD
LEE'S SUMMIT, MO**

OPEN SESSION

MEMBERS PRESENT: Mr. John Madras-Clean Water Commission; Mr. William Luebbert-Public Member; Mr. Joe Gillman-Division of Geology and Land Survey; Mr. Donald Ransom-Missouri Department of Economic Development; Dr. Shari Dunn-Norman, Missouri University of Science and Technology

MEMBERS ABSENT: Mr. Kevin Gunn-Missouri Public Service Commission

LEGAL COUNSEL: Mr. Don Willoh-Assistant Attorney General

STAFF PRESENT: Ms. Carey Bridges-Geological Survey Program Director; Mr. Kyle Rollins-Economic Geology Unit Geologist; Ms. Jane Williams-Geological Survey Program Executive and State Oil and Gas Council Secretary; Ms. Hylan Beydler-DGLS Information Officer

GUESTS PRESENT: John Amerman, Colt Energy Inc.; Bethany Wilson, Colt Energy; Jim Stegman, Colt Energy Inc.; David Bleakley, Colt Energy Inc. and Mo Independent Oil & Gas Assoc. (MIOGA); Terry Hardee, L.T. Oil; Joe Taglieri, Running Foxes Petroleum; Jim Long, Gravis; Tyler Graham, Palo Petroleum; Phil Frick, Altavista Energy; Brad Kramer, KRED, LLC; Ruben Alba, Gravis Oil.

With a quorum being present, the open session was brought to order by Mr. Madras at 10:19 a.m. Mr. Madras introduced State Oil and Gas Council and asked for guest introductions.

MINUTES OF THE APRIL 17, 2012, MEETING

Dr. Dunn-Norman offered a motion to accept the minutes of the meeting held on April 17, 2012. Mr. Ransom seconded the motion. Motion carried.

ELECTION OF CHAIR AND VICE-CHAIR

Mr. Gillman nominated Mr. Madras as Chairman, and Dr. Dunn Norman as Vice-chairman. Mr. Ransom seconded the motion. Motion carried.

UPDATE ON LEMCO PLUGGING PROJECT

Ms. Bridges updated the council on this project. Staff worked on five wells in Cass County, of which three have been plugged. The other two wells had problems and will be readdressed. Approximately 1,300 feet of hole were plugged. The cost from the Lemco bond was \$6,767, with approximately \$2,500 from other sources for staff time, meals, lodging, etc., for a total cost \$9,267. About 5,060 lbs. of scrap metal was recycled, worth \$547.47, which was put back in the Oil and Gas Remedial Fund. Currently, the Lemco bond has \$3,100 remaining funds, which will be used toward the ten remaining wells in Cass County. The Department's Water Resources Center is interested in taking over two or three of those wells to use for monitoring groundwater data.

MECHANICAL INTEGRITY TESTING (MIT) PROCEDURE ISSUE

Mr. Rollins discussed the letter sent to operators in September 2009 regarding a change in the MIT procedures. Currently, Kansas and Nebraska are using testing pressure limits of 300 across the board. Mr. Rollins wanted the council to consider this issue and if they want to use the order established in 2009 or change these procedures. This item is for information and for discussion only.

COLT ENERGY INCOMPLETE VERSUS SHUT-IN WELL STATUS

Mr. Bleakley and Ms. Wilson, with Colt Energy, Inc., gave a presentation regarding wells they have which have not produced in two years. Staff informed Colt Energy, Inc. these wells need to be plugged, MIT or put in production. Mr. Bleakley explained they do not feel these wells fall under this regulation because they are not finished. They recommended new wells, which are not completed, be given five years before this regulation applies. Mr. Ransom asked Mr. Rollins to forward the September 2009 letter to the council and legal counsel for review. After much discussion, Mr. Madras suggested staff evaluate the various options that might be workable in here and give council a recommendation on this matter and if it is something that pleases the council, we could convene via teleconference rather than waiting until the next meeting and could provide notice of that as we proceed. Mr. Ransom offered to make this a motion and Dr. Dunn-Norman seconded it. Motion carried. Mr. Willoh gave legal advice to staff on the format of the recommendation.

COLT ENERGY MAXIMUM INJECTION PRESSURE ISSUE

Mr. Bleakley gave an explanation and presentation on the maximum injection pressure issue. They would like to see a maximum pressure rate adopted for a field instead of varying pressures. Mr. Rollins asked for more documentation from Colt Energy regarding this request to change the maximum pressure amounts on certain leases. After discussion, Mr. Gillman asked if the Council needed to act on this issue. The Council agreed no action should be taken at this time, and that these and similar issues should be handled during the normal course of business through department staff. Mr. Madras stated if questions arise in the future in carrying out staff duties, the Council will see what action might be appropriate.

OTHER BUSINESS

Mr. Madras asked if anyone had anything they would like to bring before the council. Dr. Dunn-Norman asked questions regarding a dormant minerals act. She would like the council to ask legal counsel to research this information so the council might consider making a dormant minerals act. Legal counsel agreed to research this information.

Mr. Gillman stated legislation was passed in the recent session which affects this council. There will be a new council member representing the MIOGA. The bill has been signed and will go into effect on August 28, 2012. Mr. Madras said HB 1251 also has other provisions specifically related to the council which requires the council to meet quarterly. This new bill also allows the council to appoint an advisory committee to assist the council in carrying out statutory responsibilities.

The announcement was made of Jane William's retirement July 31, 2012.

SCHEDULING AND LOCATION OF NEXT MEETING IN OCTOBER 2012

After discussion, the council suggested October 16, 2012, for the next meeting. The meeting will be held at Joplin, Mo. The council may schedule a teleconference prior to the next meeting.

ROLL CALL VOTE FOR NEXT CLOSED SESSION

Mr. Ransom moved the State Oil and Gas Council meet in closed session before the next regular council meeting for the purpose of discussing matters protected from disclosure by law as provided for in Section 610.021, RSMo., including but not limited to: legal actions, pending litigation, and attorney-client privileged matters with the council attorney. Mr. Luebbert seconded the motion. Motion carried.

ADJOURNMENT OF MEETING

As no other business was brought before the council, Mr. Ransom moved to adjourn the meeting. Dr. Dunn-Norman seconded the motion. Motion carried. Open meeting was adjourned at 11:40 a.m.