

REPORT HIGHLIGHTS



OIL AND GAS PRODUCTION REPORTING PERFORMANCE AUDIT, SEPTEMBER 2021

DEPARTMENT OF NATURAL RESOURCES COLORADO OIL AND GAS CONSERVATION COMMISSION

CONCLUSION

The Colorado Oil and Gas Conservation Commission (COGCC), within the Department of Natural Resources, could make improvements to its oil and gas production reporting process to gain efficiencies and reduce the administrative burden on staff and operators.

KEY FINDINGS

- There are 14 data fields on the Operator's Monthly Report of Operations (Form 7) that COGCC requires operators to complete every month for each well, though there is no business need for this information to be reported monthly. We calculated that errors in these 14 fields accounted for 61 percent of all errors staff and operators spent time correcting during Calendar Year 2020.
- If any Form 7 data field contains an error, COGCC staff will delete all of the data the operator submitted for the well; the operator must then re-enter and resubmit all of the data and COGCC staff must re-review it, including data that was already determined to be error-free. COGCC staff spend about 25 percent of their time, which totals about 1,000 hours each year, addressing errors in reports, and it has taken upwards of 8 months to have the operator resubmit the corrected information.
- COGCC treats all delinquent reports the same when it comes to following up with operators to obtain the reports and processing the reports when they are submitted. As of April 2021, about 215,000 of the more than 280,000 reports (77 percent) that COGCC listed as delinquent—and intended to follow up on with operators—were more than 5 years old, with some dating back to 1999. However, this does not align with the statutory requirement that operators retain production data for 5 years [Section 34-60-106(1)(e), C.R.S.]. Additionally, staff review all reports in the order received rather than prioritizing more recent reports; in 2020, about 48,000 reports submitted (6 percent) were for reporting periods prior to Calendar Year 2016 and, therefore, contained production data that was more than 5 years old and outside the statutory data retention timeframe.
- COGCC does not track whether the production reports listed in its eForms system as delinquent were never submitted at all, or if they had been submitted, but due to errors, the reports had been rejected and the information deleted from the system, which could impact the type of enforcement action warranted for a particular report.

BACKGROUND

- COGCC monitors all aspects of oil and gas production in Colorado, and requires oil and gas operators to submit production data on every well monthly. In 2020 there were about 51,000 active wells, run by about 300 operators.
- Operators use the online system, eForms, to submit approximately 77,000 well production reports monthly.
- COGCC-approved reports are provided publicly on the Department of Natural Resources' website and used by state and federal agencies responsible for oil and gas regulation.
- COGCC maintains a record of reports that are past due or submitted with errors that need correction, to help it enforce reporting requirements and ensure that it collects and maintains accurate and complete production data.

KEY RECOMMENDATIONS

- Evaluate whether all fields on the Form 7 need to be reported monthly or if some can be eliminated and how to better use the automated functionality of eForms to collect production information more efficiently.
- Prioritize delinquent production reports that are within the statutory 5-year record retention period for operators and distinguish between reports never submitted and those needing to be resubmitted due to errors when determining the appropriate enforcement actions.

The Colorado Oil and Gas Conservation Commission agreed with the audit recommendations.