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JUL 06 1982
EPA REGION VIII
DRINKING WATER BRANCH

July 1, 1982

Mr. Paul Osborne
Environmental Protection Agency
1860 Lincoln Street
Denver, CO

Re: Regulation of Liquid Hydrocarbon Storage Wells Under the UIC Program

Dear Mr. Osborne:

This letter is intended to clarify the position of the Wyoming Oil and Gas Conservation Commission regarding the underground storage of gaseous and liquid hydrocarbons. We intend to regulate all such wells under our UIC program application which is presently being considered by the EPA Headquarters staff. The following comments will show how our existing Rules and Regulations, as amended by approval of our UIC program, will allow such regulation without writing new laws or further amendment of our Rules and Regulations.

On page 7 of the WOGCC Rules and Regulations booklet dated January 15, 1982, an injection or disposal well is defined under Section I - Definitions - as "any well used for the injection of air, gas, water or other substance into any underground stratum," emphasis added. WELL is further defined in Definition 118 as "an oil or gas well, injection or disposal well, or to a hole drilled for the purpose of producing oil or gas or both." A storage project entails (1) the proper permitting and drilling of a "well" (regulated by Commission Rules 305, 320, 320-A specifically), (2) the filing of an application for approval of injection under Rule 401 (waterflooding and other recovery operations involving the introduction of extraneous forms of energy, repressuring, cycling or recycling operations, . . .is permitted only upon order of the Commission, or upon approval of the Supervisor, obtained pursuant to an application. . .," and (3) the proper casing and cementing of injection wells (Rule 403) followed by mechanical integrity testing (Rule 401 - item (a), (b) or (c) on page 33). Reporting would be as per Rule 405. Although it is extremely improbable, Rule 407 - AQUIFER EXEMPTION - would require compliance if an operator desired to inject "stored" hydrocarbons into a water bearing stratum or aquifer. To the best of our knowledge, no hydrocarbons are being stored in an aquifer anywhere in the world.

Thus, it is clear that a storage well is first an injection well and then a producing well. In addition, the storage of a hydrocarbon volume may be thought of as a cycling and repressuring operation depending upon the particular operation and geologic conditions. All of these operations are regulated and subject to our UIC program as outlined above. Basically, a storage well is treated as an injection well from start to finish.

Geology in Wyoming does not lend itself to liquid hydrocarbon storage such as the DOE storage of oil in huge salt domes in the Gulf Coast area. Such large scale salt domes do not exist in Wyoming. Furthermore, no liquid hydrocarbon storage projects are currently being operated here. The few gas storage projects are under our control and were included in our UIC submittal.

I hope this clarifies our position regarding regulation of storage projects under the UIC program. We look forward to approval of our application for primacy in the immediate future.

Yours truly,

Donald B. Basko

DBB:CWF:wal

Donald B. Basko,
State Oil and Gas Supervisor