

Enhanced Oil Recovery Commission



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MINUTES

September 12, 2016 – 2:00 PM

Big Horn Room, Wyoming Technology Business Center
Casper, Wyoming

Commission Members Present:

Tom Fitzsimmons, Chairman

Aaron Otteman, Vice Chairman

Matthew Fry, Representing Governor Matthew Mead (via Teleconference)

Tom Drean, State Geologist

Dave True, University of Wyoming Trustee

Senator Eli Bebout (via Teleconference)

Jimmy Goolsby

Ron Baugh

Commission Staff Present:

Eric Easton, Senior Assistant Attorney General

Michael Armstrong, Attorney General's Office

Enhanced Oil Recovery Institute Staff Present:

Steve Carpenter, Director

Rob Hurless, Deputy Director

Amol Bhavsar, Manager, Unconventional Resources

Nick Jones, Manager, Conventional Resources

Ben Cook, Economics

Jessica Barhaug, Senior Petroleum Engineer

Chana Conley, Office Assistant Sr.

Colleen Rippith, Receptionist

University Of Wyoming Staff Present:

Mark Northam, Director of the School of Energy Resources (via Teleconference)

I. Call to Order

Chairman Fitzsimmons called the meeting to order at 2:00 PM. Roll call was taken and a quorum established.

Senior Assistant Attorney General Easton introduced Mr. Armstrong, a new attorney that would be providing legal counsel for the Enhanced Oil Recovery Commission (EORC).

II. Approval of Minutes

Motion: Senator Bebout moved to approve the minutes from April 6, 2016 EORC meeting as published. Vice Chairman Otteman seconded. **Motion passed unanimously.**

Motion: Commissioner Baugh moved to approve the minutes from May 16, 2016 special meeting as published. Vice Chairman Otteman seconded. **Motion passed unanimously.**

Commission members reviewed a memo detailing the May 17, 2016 EORC Budget Subcommittee Meeting. Senior Assistant Attorney General Easton advised minutes from subcommittee meetings did not require a motion for approval.

III. Election of New Chairman

Chairman Fitzsimmons stated his willingness to serve as the chairman for the EORC for one more year. The subcommittee established at the April 6, 2016 EORC meeting found due to time and scheduling restraints, election of a new chairman would benefit from being postponed one year.

Motion: Senator Bebout moved to nominate Chairman Fitzsimmons to serve for one additional year as Chairman. Commissioner True seconded. **Motion passed unanimously.**

Motion: Commissioner True moved to nominate Vice Chairman Otteman to serve for one additional year as Vice Chairman. Senator Bebout seconded. **Motion passed unanimously.**

IV. Financial Report

Deputy Director Hurless presented the fiscal year 2017/2018 spending report. Only two months of the twenty-four month biennium were represented in the spending report, the new biennium having started July 1, 2016.

Spending in recruiting was high due to reimbursing relocation expenses for new employees as was agreed on in the offer letters presented to the employees at hire. Mr. Hurless noted some funds may have to be reallocated to cover relocation expenses for the Senior Geologist once identified and hired.

The operating budget for the fiscal years 2017 and 2018 reflected budget cuts requested by the Governor's Office. The budget reduction approved by the EORC at the May 16, 2016 special meeting totaled seventeen and one-half percent of the Enhanced Oil Recovery Institute's (EORI) normal operating budget. Additional reductions of five to ten percent could be ordered for the 2018 fiscal year.

Commissioner Drean requested explanation of the additional accounts held by EORI that were not directly funded by the legislature. Mr. Hurless reviewed EORI accounts from additional funding sources including donations for the annual CO2 Conference EORI hosted each year, remaining grant funds, and equipment exchange through the University of Wyoming (UW). Commissioner Drean asked for further clarification on what happens to the funds in the accounts at the end of each fiscal year.

Action Item: Deputy Director Hurless will research with the State Auditor Office the terms and conditions of funds held by EORI from various funding sources not related to the legislative budget. Mr. Hurless will also establish if there is a time frame on spending donated funds and what should happen to those funds once the time limit has been reached.

Mr. Hurless presented a report detailing funds not spent during the 2015/2016 biennium and an estimation of funds from each spending category that would be reverted back to the State of Wyoming. Of note a large amount of funds set aside for salaries would be reverted due to low levels of staffing during 2015 and 2016. In the 2017/2018 biennium EORI would pay the director's salary previously funded through the School of Energy Resources (SER) and would have additional new employees.

V. Reports and Updates

Director Carpenter introduced new staff member Jessica Barhaug. Ms. Barhaug was hired as a Senior Reservoir Engineer. Also announced was the hire of a new Accounting Associate, Senior. The unfilled position of Senior Developmental Geologist was advertised again and resumes were being collected for consideration.

**** Senior Assistant Attorney General Eric Easton exited the meeting at 2:30 PM. ****

Chairman Fitzsimmons inquired about the qualifications of the new Accounting Associate, Senior and also the justification for needing the position. Deputy Director Hurless explained when EORI moved to Casper, Wyoming, the former Accounting Associate was unable to move and transferred departments at UW. Following the move to Casper, the Business Manager also left EORI. It was determined a Business Manager was unnecessary, however an Accounting Associate was needed to assist with the administration of EORI. Qualifications for classified staff positions were set by the Human Resources Department at UW, and the selected Accounting Associate candidate best fit those qualifications. The Business Manager for SER would assist the new Accounting Associate as needed with items that require higher access permissions.

Director Carpenter announced a workshop to be hosted by EORI in November of 2016 regarding residual oil zones. The workshop development was in response to the cancellation of the 2016 CO2 Conference. Vello Kuuskraa and Steve Melzer, who were scheduled to give presentations at the CO2 Conference, agreed to present an extended workshop. An agenda would be finalized and invitations would be delivered to commission members.

Director Carpenter shared with EORC members the success of a recent workshop for EORI staff presented by Robin Petrusak of Advanced Resources International. The workshop covered modeling tight sands with shale. Ms. Petrusak also agreed to make herself available to review modeling work on projects involving tight sands completed by EORI staff.

Commissioner Baugh requested a percentage of completion be added to the report regarding projects. Commissioner Dreaan also stated an interest in viewing work flows for projects and determining who was working on each project. Director Carpenter stated new project

management software being utilized by EORI would be able to easily meet both of those requests.

Action Item: Deputy Director Hurlless and members of EORI staff would present the new project management software and the benefits to EORI during the January, 2017 EORC meeting.

Chairman Fitzsimmons acknowledged EORI for relating projects to specific fields and operators. Previous projects were often theoretical or academic projects. Commissioner Dream advised EORI to be wary of accepting too many new projects and losing focus of the primary mission.

**** SER Director, Mark Northam entered the meeting at 2:55 PM. ****

Conventional Resource Manager Jones presented the rebranding of the EORI developed database from the Interactive Data Platform (IDP) to the Wyoming Reservoir Information Tool (WyRIT). Plans to present the WyRIT to various groups around the state were being developed and announcements of presentation locations and dates would be disseminated as they were scheduled.

Director Carpenter reviewed action items from past meetings, noting almost every item had been completed. An action item concerning coordinating workshops in cooperation with Dr. Aryana from UW Petroleum Engineering was on hold until Dr. Aryana was available to present.

SER Director Northam updated the Commission regarding SER involvement with EORI. Salaries for both the director and former business manager had been transferred to EORI budgets from SER. Director Northam stated new leadership at UW was very supportive of both SER and EORI. The new Provost was a geophysicist with experience in natural resources.

**** SER Director, Mark Northam exits the meeting at 3:10 PM. ****

VI. New Business

Dr. Cook presented a slide show and discussion regarding the impact of utility costs on Wyoming wells and the ability for operators to keep wells running. A white paper regarding utility costs and oil production was being developed and would be disseminated on completion. Highlights of Dr. Cook's presentation included illustrating the life expectancy of a well and production levels at various cost levels for electricity and an examination of on-site power generation versus being connected to the power grid. Dr. Cook also showed that Wyoming was no longer the cheapest state for electricity and many states with oil as a major factor to the economy were lower cost.

**** Michael Armstrong exits the meeting at 3:50 PM. ****

Chairman Fitzsimmons brought to the attention of the EORC that during a hearing at the Wyoming Oil and Gas Conservation Commission (WOGCC), an operator seeking flaring permissions testified that they were working with EORI, when in fact they were not. Director Carpenter stated EORI was working on a list of very specific reports that would be provided to

operators regarding flaring, and the WOGCC could request those reports be presented if anyone claimed to be working with EORI in the future. Commissioner Drean advised EORI should maintain a presence at future WOGCC hearings and challenge any testimony that misrepresented EORI at the time of testimony. Commissioner Drean pointed out that it was EORI's reputation that could be placed in question.

VII. Executive Session

No Executive Session was called. Commissioner Drean inquired if executive session should be on the agenda when no session was planned. Chairman Fitzsimmons stated it was better to leave the executive session as a regular agenda item for times when a session is needed. Issues raised during the meeting could require the need for an executive session, and having an existing place on the agenda would make calling for an executive session easier.

VIII. Commission Open Discussion

Chairman Fitzsimmons asked for a quick listing of what EORI staff were located in Laramie, and which were in Casper. Director Carpenter noted only a small amount of EORI staff remained in Laramie and all new hires were expected to work at the Casper Office.

IX. New Action Items

New action items generated by the meeting were reviewed, including Deputy Director researching funding guidelines and a presentation of project management software to be developed.

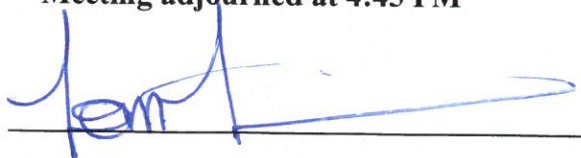
X. Future Meeting Dates

Motion: Commissioner Baugh moved to hold the next Enhanced Oil Recovery Commission meeting on January 11, 2017. Vice Chairman Otteman seconded the motion. Senator Bebout noted he would not be in attendance due to scheduling conflicts. **Motion passed unanimously.**

XI. Adjourn

Motion: Commissioner True moved to adjourn the meeting. Senator Bebout seconded the motion. **Motion passed unanimously.**

****Meeting adjourned at 4:45 PM****



Tom Fitzsimmons, Chairman

