

# Enhanced Oil Recovery Commission



## Enhanced Oil Recovery Commission

### MINUTES

June 19, 2014 – 8:00 AM

The Energy Innovation Center, 2<sup>nd</sup> Floor BP Collaboration Center  
Laramie, Wyoming

#### **Commission Members Present:**

Tom Fitzsimmons, Chairman  
Aaron Otteman, Vice Chair  
Senator Eli Bebout, via Phone  
John MacPherson  
Rob Hurless, Representing Governor Mead  
Jimmy Goolsby  
Ron Baugh  
Eric Easton, Senior Assistant Attorney General

#### **Commission Members Excused:**

Tom Drean, State Geologist

#### **Enhanced Oil Recovery Institute Staff Present:**

Pepper McClenahan, Business Manager  
Laura Dalles, Interim Outreach Manager  
Nick Jones, Technical Lead  
Allen Tanner, Computer Support Specialist  
Chana Conley, Office Assistant, Senior

#### **School of Energy Resources Staff Present:**

Mark Northam, Director

#### **I. Call to Order**

Chairman Fitzsimmons called the meeting to order at 7:59 AM. A quorum was established. Chairman Fitzsimmons introduced new Commission Member Ron Baugh to the Commission and to Enhanced Oil Recovery Institute (EORI) staff.

## II. Approval of Minutes

Chairman Fitzsimmons asked for changes or corrections to the April 9, 2014 meeting minutes. There were no changes or corrections.

**Motion:** Commissioner Otteman moved to approve the April 9, 2014 meeting minutes as published. Commissioner MacPherson seconded the motion. **Motion passed unanimously.**

## III. Commission Open Discussion

Chairman Fitzsimmons informed the Commission that a break would be taken at 9:30, at which time other members of staff from EORI would be invited to meet with the Commission. The Commission would have open discussion with staff from 9:45 to 10:00 to address any questions or concerns.

**\*\* Senator Bebout joined the meeting via conference call at 8:01 AM \*\***

Chairman Fitzsimmons stated the inclusion of staff was important and that open communication between the Commission and staff must be maintained during times of transition. Chairman Fitzsimmons noted that it would be important to keep the Commission meeting on track to achieve the planned completion time of 12:00 PM.

Chairman Fitzsimmons requested Senior Assistant Attorney General Easton remind everyone present of the proper process to convene into executive session and the guidelines for what activities can take place during the executive session. Attorney Easton was also asked to provide guidance regarding which comments and types of discussion are required to be held outside of executive session, inside the public session.

Senior Assistant Attorney General Easton noted that the Enhanced Oil Recovery Commission (EORC) is a public agency under the Wyoming Statutes and is subject to the Wyoming Public Records Act and the Wyoming Open Meetings Act. The Commission has the right to go into an executive session for specific reasons. The Commission can convene into executive session to discuss items pertaining to litigation, purchase of property, and personnel issues. Topics not related to these specific subjects should be discussed in open session. Minutes of executive sessions must be taken for the record. Those minutes are presented and discussed in executive session. Chairman Fitzsimmons noted that while the minutes are discussed in executive sessions, the Commission would return to open session for approval of the executive session minutes.

Senator Bebout requested clarification from attorney Easton on the rules regarding emails and communications between Commission members, and how those would differ from the rules of communication that guide the Wyoming State Legislature. If Legislators communicate directly with each other, then the communication is not subject to the Open

Meetings Law. However, if the communication is with a member of the public, then it becomes available through the Public Records Act. Senator Bebout asked if a communication between a Legislator and a Commission member is considered privileged information, or is it subject to the Public Records Act.

Attorney Easton stated he thought that an open communication between a Legislator and a Commission member would be subject to disclosure. Unless there was a specific reason that particular email would not fall under the Public Records Act, such as a personnel issue. Attorney Easton reminded everyone that within the last couple of years, the State of Wyoming Legislature passed a new statute specifically addressing electronic communications so they would not be used to circumvent the Public Records Act. Senator Bebout stated his personal rule was to never send an email that could not appear on the front page of the Casper Star Tribune.

#### **IV. Executive Session**

Chairman Fitzsimmons requested that a motion be made at this time to enter into Executive Session that included the reason for doing so.

**Motion:** Commissioner MacPherson moved that the Commission enter into Executive Session for the purpose of discussing personnel matters regarding the Enhanced Oil Recovery Institute. Commissioner Goolsby seconded the motion. **The motion passed unanimously.**

**\*\* Adjourned into Executive Session 8:07 AM \*\***

**\*\* Reconvened into General Session 9:46 AM \*\***

**\*\* Staff Members from the Enhanced Oil Recovery Institute joined the meeting during this time including: Sheena Xie, Research Scientist, Senior; Peigui Yin, Research Scientist, Senior; Curtis Chopping, Research Scientist, Assistant; Vandy Jones, Research Scientist, Assistant; Matthew Johnson, Research Scientist, Assistant; Tashi Herzmark, Research Scientist, Assistant; Michelle Jennings, Accounting Intern; and Shannon Hoskins, Outreach Intern. \*\***

Business Manager McClenahan was asked to introduce the new staff members for the Enhanced Oil Recovery Institute. Two summer interns were presented to the Commission, Michelle Jennings, an undergraduate business major, acting as an accounting intern for the institute, and Shannon Hoskins, a newly graduated business major, serving as an intern for the outreach program at the Institute.

New Commission Member Ron Baugh was introduced to the staff by Chairman Fitzsimmons.

The Enhanced Oil Recovery Institute staff was addressed by Chairman Fitzsimmons, reminding them that the Institute has gone through times of great change in the past and now is no different. The Commission wanted employees of the Institute to have an opportunity to hear from the Commission and to ask any questions they felt necessary. Chairman Fitzsimmons expressed that one of the most important things concerning times of change was to ensure that there was open and transparent communication. While the positions of Director for the Institute, and Associate Director were being filled, business at the Institute should continue as normal. The Commission has asked Mark Northam, Director of the School of Energy Resources (SER), to help in developing a plan to establish new leadership within the Institute, while still focusing on the primary mission of the Institute and Commission.

Commissioner Hurless will act as the Interim Director for the EORI. Mark Northam and Nick Jones will take leadership roles on technical aspects of the Institute. For business and administrative needs, Business Manager McClenahan and Interim Director Hurless will act as the chain of command.

Chairman Fitzsimmons expressed his excitement over the direction the Institute was taking with focus on serving customers in the short term, and meeting the mission of the Institute in the long term. SER Director Northam recognized that there were expertise gaps in the Institute with recent resignations of the Director and two members of the technical team. At this time, Director Northam felt that the institute was well prepared to continue business as usual, including the upcoming CO2 Conference being produced by the EORI's outreach program. Some longer term objectives might have to wait until the gaps in expertise are filled, but Director Northam and the Commission will be working as quickly as possible to get the Institute back to full speed. Chairman Fitzsimmons expressed that the Commission wants to have the Institute be an employer of choice. The Commission wants to cultivate an environment where people are excited about what they are doing, and look forward to coming to work.

Computer Support Specialist Tanner inquired about the timeline for filling open positions. Chairman Fitzsimmons responded that the first step was to really understand what the needs of the Institute were right now and what gaps in expertise needed to be filled. Rather than make commitments to individuals, the Commission needs to first make sure that the mission is what it needs to be and that it is being followed. There is also the need to ensure that the technical aspect of the Institute is meeting the strategic side of the Legislation written when creating the Commission and the Institute.

**Action Item:** To facilitate the discussion on the direction of the Institute, and to ensure that there was open communication with employees of the Enhanced Oil Recovery Institute, Chairman Fitzsimmons committed himself and other Commission members to start taking part in the monthly staff meetings held at the Institute.

Senior Research Scientist Peigui Yin asked if the Commission had an idea of the type of skill set needed in the next director. Chairman Fitzsimmons stated that the Commission has not fully defined the skills needed in the next director. The desired skills will be based on where the gaps are in expertise within the Institute. The Commission does feel it is imperative that the next leader has the ability to manage a group of technical people, and to make the Institute an employer of choice. One of the largest challenges is attracting industry experience into the Institute to help apply some of the technology that the Institute currently possesses. The new director needs to have some experience within the industry along with management experience.

SER Director Northam added that former Director Mohrbacher provided a very valuable commodity for the Institute, and that was the ability to interact with the operators on an equal basis. For the mission of the Institute, it is critical someone in the Institute, be it the director or someone in a technical role, have that ability to communicate with operators.

SER Director Northam continued that the new director of the Institute needs to know how to advance the mission of the Institute, needs to have strong leadership capabilities, which means not only communication with operators, but engagement of the staff, and needs to be able to work with the Commission to further the mission of the Institute. This could potentially be someone who has experience in either geology or engineering and has worked in production mode in the private sector, but who also has led technical groups in the past. Once the new director has been identified, then other open positions can be examined to fill in any remaining gaps in the desired skill sets.

Chairman Fitzsimmons noted that it was very important for the next director to have ownership in filling open positions and defining the skills and expertise needed for EORI. Chairman Fitzsimmons stated it is important for the Commission to move quickly on filling the role of director. As a public entity the Commission might not be able to move as fast as private industry, but Chairman Fitzsimmons affirmed that the Commission will move quickly to fill the position of director for EORI.

Interim Outreach Manager Dalles inquired as to how much input staff would have in the filling of positions, and if the Commission would be open to listening to staff observations. Chairman Fitzsimmons stated input from the staff was encouraged, but should be communicated through the appropriate channels and the chain of command. The Commission wants to cultivate a culture that encourages speaking openly in order to be a high performance team.

SER Director Northam added that he and Interim Director Hurless had an open door management policy and would welcome open communication with staff.

Assistant Research Scientist Herzmark noted that the Institute previously had a small group that would examine possibilities of career advancement within the institute. He asked for



clarification as to whether this subcommittee would be allowed to continue its work. Herzmark also had concerns when it came to the opportunities for pay increase in current positions. Chairman Fitzsimmons noted that in order to be an employer of choice, there must be a plan in place for people to be able to advance.

Director Northam wanted to make it clear that in terms of salary, employees of the University were employees of the State of Wyoming and any kind of salary increases were contingent on this fact. The salary increases that the Legislature recently approved for all State workers would be paid for from special University funds specifically set up for this purpose and were separate from the current operating budget of the Enhanced Oil Recovery Institute. The increase in payroll was then factored into the next biennium budget for the Institute.

Senator Bebout also wished to reassure everyone present that the only plans for future funding of the Institute were to take a great business and make it better. There were no plans to discontinue the work of the Institute or to cripple that work in anyway.

Chairman Fitzsimmons reaffirmed his commitment to staff that Commission members would make themselves available to attend monthly staff meetings and to keep communication open with the Institute. The Commission thanked the Enhanced Oil Recovery Staff for attending and participating in the Enhanced Oil Recovery Commission meeting. Institute staff members left the meeting at 10:10 AM.

**Motion:** Commissioner MacPherson moved that the Commission reconvene into Executive Session for the purpose of further discussing personnel matters regarding the Enhanced Oil Recovery Institute. Vice Chairman Ottelman seconded the motion. **The motion passed unanimously.**

**\*\* Adjourned into Executive Session 10:11 AM \*\***

**\*\* Reconvened into General Session 10:47 AM \*\***

## **V. New Business**

Interim Outreach Manager Dalles briefly updated the Commission on the success of recent outreach programs produced by the Enhanced Oil Recovery Institute. The recent workshop and field trip to view a Minnelusa outcrop near Gillette, Wyoming was very well received by attendees. Based on positive feedback from attendees, the outreach program will identify at least three more fieldtrip locations within the next year. Ms. Dallas stated the workshop portion of the Minnelusa event included a core study, using core taken from the outcrop visited during the field trip. Future workshops will look at ways to include more hands on experiences for attendees, such as core studies, following the success of the Minnelusa workshop.

Upcoming workshops include the annual CO2 conference in July. Ms. Dalles stated sponsorships committed for the conference will completely cover costs. A preliminary agenda is in place with a more detailed agenda to follow as speakers confirm participation.

The Improved Oil Recovery / Enhanced Oil Recovery Unconventional Conference is scheduled for September in Casper, Wyoming, according to Ms. Dallas. Nick Jones from the Institute, and University of Wyoming (UW) faculty member Dr. Alvarado, have created a short discussion for the first day of the conference. Day two will feature speakers discussing unconventional oil recovery.

Ms. Dalles presented information regarding outreach opportunities with the University of Wyoming Athletics Program. For \$10,000, EORI could become the "Fumble Recovery" sponsor for the 2014-2015 football season. The "Fumble Recovery" sponsorship would include the EORI logo on the video board during each Wyoming Cowboys fumble recovery and an announcement recognizing EORI as the official "Fumble Recovery" sponsor of the Wyoming Cowboys. After discussion, the Commission decided that the Enhanced Oil Recovery Institute will continue to participate in Energy Day with University Athletics as that event reached the target audience of small operators and members of the oil and gas industry. However, seasonal sponsorship would not be prudent at this time.

Ms. Dalles quickly outlined the outreach operating budget for the next biennium, noting that more conferences and events will be funded by direct sponsorship. This direct sponsorship would reduce the need for funding allocated from the Institute's operating budget.

Also included in the operating budget for outreach will be \$20,000 allocated to updating the database that the Institute has been developing. The database is to gather information on EOR projects in the state of Wyoming along with reservoir properties of the different oil fields. This work provides benefits to both the Institute and to Wyoming small operators. Work on the database also provides the opportunity to communicate with other groups collecting data on oil reservoirs and geological features in Wyoming and then centralize that data. Technical Lead Jones agreed, noting that if an inventory of Enhanced Oil Recovery details across the State can be developed, then the database would be even more beneficial.

Senator Bebout excused himself to return to an Energy Council Meeting. At a future point Senator Bebout hopes to share some of the information he is gaining at the Energy Council Meeting with the Enhanced Oil Recovery Commission.

**\*\* Senator Bebout left the meeting at 11:01 AM, a quorum was still present\*\***

## **VI. Old Business**

Chairman Fitzsimmons reviewed the outstanding action items from previous meetings. Previously assigned to former Director Mohrbacher was working to develop closer ties with

the Wyoming Oil and Gas Conservation Commission (WOGCC), in particular the people who manage the WOGCC database. Chairman Fitzsimmons reassigned this action item to Technical Lead Nick Jones and asked him to attend a WOGCC hearing to start developing the relationship.

SER Director Northam noted that under the action item concerning working with other schools and institutions, he would like to add cooperative effort with the Idaho National Laboratory. Idaho is developing a very different approach to enhanced oil recovery. SER is already joining with Idaho National Laboratory in their Center for Advanced Energy Studies. The Center is taking a materials approach in looking at reservoirs and completing interesting work that SER Director Northam felt would be of value to the Institute and Commission. By joining with the Idaho National Laboratory Center for Advanced Energy Studies, SER and the Institute would gain access to faculty and scientists at the three Idaho State National Laboratories. Future plans include inviting institutions from surrounding states to join the Center for Advanced Energy Studies.

SER Director Northam also noted that the Energy and Environmental Research Center at the University of North Dakota was currently going through some significant changes that might represent opportunities for SER and the Institute.

Chairman Fitzsimmons noted that the original action item regarding working with other schools and institutions was for former Director Mohrbacher to get SER Director Northam involved in the discussions. Now that SER Director Northam was involved, the original action item could be marked as completed. The discussion regarding working with other schools and institutes could be address at a later time.

Action items regarding personnel contracts and strategic planning were marked off as completed. Chairman Fitzsimmons noted that the action item to develop a plan to progress with strategic objectives within current staff constraints was an item being covered under the personnel issues being discussed in Executive Session and for the time being would remain in Executive Session. The action item could therefore be crossed off the list as completed.

Technical Lead Nick Jones discussed the status of current projects:

- EORI database: an ongoing project that is updated in April to capture the previous year's production numbers from the WOGCC and project work.
- The project relating to CO2 supply analysis is complete.
- The lab core database project has currently been deemed inactive with the resignation of key technical staff.
- Immiscible flooding and scoping model is an ongoing project being completed with UW faculty member Benjamin Cook, who has provided a quarterly update.



- The Tensleep Conformance Work Group is pending having lost key members. The project may have to be put aside until resources can be identified to complete the project.
- Evaluating the muddy core at Osage in Newcastle has been completed. A follow up project is to conduct a single well tracer test. Pilot testing is planned for multiple fields with one large contract between the Enhanced Oil Recovery Institute, Chemical Tracers, Inc. and the University of Wyoming currently undergoing legal review.
- In 2015, there are plans for a second Minnelusa Field pilot test to be completed. The second pilot test is still in the planning stage with plans to develop contracts in July of 2014.
- Technical Lead Jones noted that commissioning of the EORI laboratory was ongoing.

**Action Item:** Chairman Fitzsimmons requested that Senior Research Scientist Xie make a presentation at the next Commission meeting outlining the progress in lab commissioning.

Mr. Jones continued his update of EORI projects:

- The pipeline initiative is inactive. The Wyoming Pipeline Association (WPA) is taking the lead on the project with respect to right of ways.
- Curtis Chopping has taken the position of EORI Health and Safety Officer.
- The implementation of a new accounting system is ongoing.

**Action Item:** Chairman Fitzsimmons requested to add the development of a metric for career advancement and future growth to the ongoing projects list.

Business Manager McClenahan presented the spending report covering the 2013-2014 biennium including currently encumbered funds for lab equipment and planned projects. Chairman Fitzsimmons asked Ms. McClenahan to give a brief explanation of EORI's funding for new Commissioner Baugh. Ms. McClenahan explained the operating budget for the Institute includes two separate budgets; one for technical and outreach activities and one that funds Commission activities. The technical and outreach budget is subdivided into categories including salaries, outreach, training, lab supplies and equipment, office supplies, computer software and equipment, consultants, and field demonstrations. Also included in the technical and outreach budget are monies allocated to faculty members at UW who complete projects related to enhanced oil recovery. Due to understaffing at the Institute in 2013, several budget reallocations were approved by the Commission taking from the subcategory of staff and salaries and supplementing the subcategories of training, consulting, and laboratory and computer equipment. Also unassigned project funds were reallocated to specific faculty projects.

Between fiscal years 13 and 14 the Wyoming State Legislature reduced the technical and outreach budget for EORI by 6%. The commission and support budget was not reduced, but

was increased to cover the increased cost of fringe benefits such as employer paid retirement. Reallocations for fiscal year 2014 included moving underspent funds from the labor portion of the budget to cover the purchase of lab supplies and lab equipment. Chairman Fitzsimmons inquired as to if any control of spending approvals had been lost with the resignation of the former director. Business Manager McClenahan stated that no controls had been lost, but that the controls needed to be further clarified. Specific staff members helped to monitor the sub-budget areas including Interim Outreach Manager Dalles monitoring the outreach budget, Computer Support Specialist Tanner monitoring the IT budget, and Assistant Research Scientist Chopping monitoring the laboratory budgets. All purchases go through Business Manager McClenahan first before being authorized so budgets can be checked. Interim Director Commissioner Hurless stated that the process was going to be reviewed and that a summary of any changes would be provided by the next EORC business meeting in September.

SER Director Northam stated that the equipment purchases that had been approved complimented the ongoing commissioning efforts of the EORI laboratory. An additional large change was to a personal services contract by one of the Institute's consultants. The contract had been renewed several times which put the Institute in a situation that was not consistent with University practices and created a concern that a complication might arise with the IRS. The contract in question will be terminated at the end of the 2014 Fiscal Year. The individual's contribution to the Institute is quite valuable, and SER Director Northam did not want to lose that contribution, but a more appropriate way of having access to the individual needed to be developed. Having a person on a personal services contract that was continually renewed could be viewed by the IRS as a deemed employment where not all the requirements of employment have been satisfied.

Ms. McClenahan estimated that 6% of the operating budget for the Enhanced Oil Recovery Institute would be reverted back to the State of Wyoming. However, final numbers for the biennium were not available at this time, so the 6% figure was only an estimate and more solid numbers would be presented at the September EORC Meeting. It was noted that the largest area of underspending was in the labor category due to open positions throughout the Institute. A final spending report for the biennium could be presented at the September Commission meeting, after the transactions for encumbered funds had been completed. SER Director Northam asked if the unspent amount included funds that were encumbered for the planned purchase of lab equipment, pilot test, and other planned transactions. Business Manager McClenahan did confirm that she included the currently encumbered funds in the amounts spent. There was one piece of equipment that was still pending approval, so those funds were not included in the calculations. SER Director Northam asked Business Manager McClenahan what the projected final amount underspent would be based on previous and planned spending. Ms. McClenahan stated that the final amount unspent was going to still be around \$300,000 for the 2013-2014 biennium.

Business Manager McClenahan next presented the proposed budget for the 2015 fiscal year. Changes from the 2013 and 2014 budget would include allocating funds specifically for recruiting purposes, funding only four faculty members for the new biennium, and a reduction in the outreach operating budget with the understanding that conferences and workshops would be funded more heavily from sponsorships. The faculty budgets for 2015 were set and those budgets were based on the project proposals approved during the February 21, 2014 special meeting of the EORC.

Chairman Fitzsimmons questioned if the proposed fiscal year 2015 was being presented to the Commission for informational purposes, or if the Institute was seeking approval of the proposed budget allocations. Director Northam asked if the proposed budget included the increase in salaries for state workers as funding to cover the approved raises was to come from a separate University budget that was in addition to the appropriated budget approved by the Legislature. Business Manager McClenahan stated the additional amount had been reflected in the presented budget amounts, but she would verify that information.

**Action Item:** SER Director Northam requested that the subcategory for salaries be tracked for proper reallocation until such time as vacant positions were filled.

Commissioner Otteman asked if a motion was needed to officially adopt the budget. Chairman Fitzsimmons pointed out that the Commission already approved the budget prior to it going before the Joint Appropriations Committee for approval. However, Chairman Fitzsimmons would entertain a motion to approve, keeping the budget as it is allocated at this point, while giving some flexibility to SER Director Northam and Interim Director Hurless to make adjustments as the needed. SER Director Northam explained the way SER handled approval of budget allocations was to have the Energy Council formally review and approve the annual budget for the school, but that SER would still reallocate funds as needed. SER Director Northam noted that he was not comfortable having the proposed budget approved as the final budget because funds currently allocated to salary for vacant positions should be reallocated when not utilized.

Chairman Fitzsimmons agreed that for now the proposed budget should be approved, but with the understanding that the Commission recognizes that there will be movement of funds later.

**Motion:** Commissioner MacPherson moved to approve the proposed budget allocations for fiscal year 2015 as presented subject to any reallocations over \$20,000 being approved by the EORC. Commissioner Goolsby seconded the motion. **Motion passed unanimously.**

**Motion:** Commissioner Otteman moved to adopt the executive session minutes from the April 9, 2014 Commission meeting as amended by discussion in executive session. Commissioner Goolsby seconded the motion. **Motion passed unanimously.**

## **VII. Review Action Items**

Chairman Fitzsimmons requested a review of action items from the open session. Business Manager McClenahan summarized the captured action items:

- The previous action item regarding contacting the WOGCC to coordinate an effort to centralize data would be reassigned to Technical Lead Jones.
- A Commission member would be present at the monthly staff meetings of the Institute to facilitate communication between the commission and staff.
- Funds allocated to salaries for vacant positions would be tracked allowing reallocation of the unused money.
- Research Scientist Sheena Xie would be invited to attend the September EORC Meeting to provide a report clarifying the commissioning of EORI laboratory equipment.
- The development of the career advancement and promotion matrix would be included in the EORI active projects list.

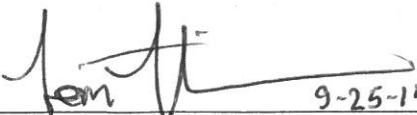
## **VIII. Review EORI Calendar Dates**

Commissioner Otteman requested that updated meeting times for the EORI staff meetings to be forwarded to Commission members. Interim Director Commissioner Hurless will communicate dates of staff meetings to the Commission members. Historically staff meetings were held on the first Friday of each month. Discussion has been held to change the meeting schedule to a time more convenient for staff and guests.

The next EORC meeting will be held on September 11, 2014 in Casper, Wyoming in tandem with the Improved Oil Recovery / Enhanced Oil Recovery Conference.

## **IX. Meeting Adjourn**

**\*\* Meeting Adjourned at 11:35 AM\*\***



9-25-14

Tom Fitzsimmons, Chairman