

**OIL & GAS BOARD**  
**5-YEAR STRATEGIC PLAN**  
**FOR THE FISCAL YEARS 2023-2027**  
**LBO NUMBER 491-00**

## **OIL & GAS BOARD**

### **1. Comprehensive Mission Statement:**

The mission of the Mississippi State Oil and Gas Board (the “MSOGB”) is to foster, encourage, and promote the development, production, and utilization of oil and gas natural resources in the State of Mississippi. Furthermore, the MSOGB strives to protect the public and private interests against the evils of waste in the production and utilization of oil and gas and further works to safeguard, protect and enforce the co-equal and correlative rights of owners in a common source or pool of oil or gas to the end that each such owner in a common pool or source of supply of oil or gas may obtain his just and equitable share of production therefrom.

It is the duty of the MSOGB to make such inquiries as is necessary to determine whether or not waste exists or is imminent and to take such action as may be reasonably necessary to enforce the provisions of Mississippi Code Ann. Sections 53-1-1 through 53-1-47 and Sections 53-3-1 through 53-3-21, inclusive. The MSOGB is also tasked with the responsibility to make suitable and adequate rules and regulations requiring the disposal of waste products including, but not limited to mud, acids, saltwater, or any corrosive products brought to the surface from any oil, gas or condensate well. These MSOGB rules and regulations are also intended to prevent seepage, overflow, or damage and injury to the topsoil or surface. The MSOGB also promulgates rules and regulations that are intended to not only conserve the minerals, but also conserve and protect the surface lands for agriculture, timber, and other beneficial purposes as well as protecting the public health, safety and the environment.

### **2. Statement of Agency Philosophy:**

The MSOGB is committed to the promulgation and enforcement of its rules and regulations as well as the protection of the co-equal and correlative rights of all interested parties. The MSOGB regulates the non-commercial disposal of oilfield waste in an environmentally safe manner consistent with federal and state regulations. The MSOGB’s philosophy is to adhere to the highest standards of honesty, integrity, impartiality and conduct in order to earn and maintain the confidence of the citizens, the industry and any other interested parties.

The MSOGB is committed to ensuring that the natural resources of the state and the health and safety of its citizens are protected by ensuring all wells are operated and maintained in compliance with the Conservation Statutes of the State, and the Rules and Regulations of the MSOGB.

### **3. Relevant Statewide Goals and Benchmarks:**

The MSOGB regulates the drilling of oil and gas wells, in addition to production and underground storage in conformance with the conservation laws of Mississippi.

Furthermore, the MSOGB regulates the disposal of oil field waste in conformance with state conservation laws and EPA oversight.

The MSOGB conducts monthly public hearings and upon the examination of all evidence, renders decisions based on the statutes and agency rules and regulations. The MSOGB maintains accurate and precise records for state and public use and inspection as is required by law and is responsible for issuing all permits relating to drilling, production, underground storage and operation of oil or gas wells. The MSOGB functions as the state's primary authority of the EPA delegated Class II Injection Well Program and ensures the proper permitting, operating, plugging and abandoning of all Class II Injection Wells within Mississippi.

The MSOGB strives to address all compliance-related issues in a timely manner and will assess civil penalties as needed in order to prevent and avoid any potential harm to the environment and the public health and safety.

#### **4. Overview of the Agency 5-Year Strategic Plan:**

- A. Several agency-specific activities continue to remain a priority for the MSOGB. The MSOGB is in the process of applying for primacy with the EPA with respect to Class VI Wells. Class VI Wells are wells in which carbon dioxide (CO<sub>2</sub>) is injected for the purposes of geologic sequestration. Mississippi has a long history of successful CO<sub>2</sub>-enhanced oil recovery (EOR) and is in an enviable position to capitalize on emerging state and federal regulation having a carbon capture and storage or sequestration component. Only 2 major CO<sub>2</sub> pipeline networks exist in the U.S., and one is centralized in Mississippi. Because of Mississippi's CO<sub>2</sub> pipeline infrastructure and geological formations, this economic opportunity could lead to increased capital investment in infrastructure and storage-related activities. The MSOGB, in collaboration with the Oil & Gas Industry and the MS Department of Environmental Quality (DEQ), is engaged in the process of developing rules and regulations with respect to the Class VI program. Once these rules are developed, the MSOGB will seek primacy from the EPA in an effort to obtain authority to administer and regulate Mississippi's Class VI well program. Once the MSOGB's Class VI program is fully implemented, the MSOGB's staff will need additional training and support to ensure that the Class VI program is managed in an effective and efficient manner.
- B. The MSOGB continues to transition back to once again becoming a completely self-sufficient "Special Fund Agency". In 2016, the MSOGB was legislatively reclassified to a General Fund Agency and as such, depended upon funding via a General Fund appropriation from the Legislature for its budgetary needs. During FY2019, the MSOGB was returned to a Special Fund Agency. The MSOGB has historically operated as a completely self-sufficient state agency with funds generated exclusively by Mississippi's Oil & Gas Industry. These funds, which are deposited into and used from the MSOGB's Oil & Gas Conservation Fund, are primarily generated by the MSOGB's collection of maintenance fees assessed

on the production and sales of oil and gas. Since returning to a Special Fund Agency, the MSOGB continues to work to regain its stable footing as a completely self-sufficient Special Fund Agency. The MSOGB always endeavors to remain a good steward of its operating funds and is committed to remaining so in the future. While it is the goal of the MSOGB to once again operate exclusively on industry-generated funds, due to various industry-related economic factors, it is not known at this time if an additional General Fund appropriation will be needed in the future.

- C. The MSOGB continues to invest in and improve its web-based reporting system. This system is vital for the public's ability to effectively and efficiently use the MSOGB's online database and internal records for research and operational purposes. Further development of the MSOGB's web-based reporting system will further enhance the processing and review of these important records. Better access and more efficient review of these public records will help to bring about increased research for the development of the oil and gas resources in the State of Mississippi.
- D. The MSOGB remains vigilant in addressing issues associated with abandoned wells and consistently works to plug orphan wells as they are designated by the Board. When a well is orphaned, it often times becomes necessary to quickly and effectively initiate MSOGB plugging procedures in an effort to ensure the protection of our ground water resources from the well bores that have penetrated through the fresh water zones. In order to plug these wells, the MSOGB assesses and collects fees (i.e., Unplugged Well Fees) from the well operators which are deposited into the MSOGB's Plugging Fund. Once a well is declared orphaned by the MSOGB, the agency then solicits bids from plugging operators who are then hired to properly plug the orphaned well using procedures promulgated by the MSOGB.
- E. The hiring of a duly qualified and experienced Petroleum Engineer remains a critical need for the MSOGB. MS Code Ann. §53-1-9 provides that it is the duty of the Supervisor to employ a Petroleum Engineer. A Petroleum Engineer is necessary to advise the MSOGB in matters related to the recovery of the natural resources of the state and to protect against waste, to protect the coequal and correlative rights of the mineral owners in the state as well as protect the USDW (Underground Source Drinking Water). In order to attract a qualified Petroleum Engineer, the MSOGB must be in a position to offer a competitive salary.

The salary for an Engineer Adv (Chief), Petroleum with the State is \$58,948.58 - \$103,160.01. The U. S. Bureau of Labor Statistics May 2020 quoted the median salary for a Petroleum Engineer at \$154,470.00. The Occupational Employment Wages, May 2020 estimates wages for this occupation begin at \$78,620.00 and ranges up to \$189,030.00. The MSOGB believes that in order to recruit an experienced and qualified Petroleum Engineer, the agency must be able to offer a more competitive salary range of \$74,000.00 – \$135,000.00.

F. One of the primary strengths of the MSOGB is its dedicated and qualified staff, many of whom have been employed with the agency for many years. This longevity, and the knowledge and experience gained over time, contributes in no small manner to the MSOGB's ability to provide effective, efficient and knowledgeable service to the clients served by the MSOGB. The MSOGB's staff is comprised of dedicated individuals who are committed to the agency and work to ensure all interested parties are treated fairly and respectfully. The MSOGB's staff possesses a great deal of industry knowledge specific to the agency and the Oil & Gas Industry. This knowledge takes a great deal of time to acquire and it is not easily replaced. While we strive to provide opportunities to cross-train many of our staff members, employee turnover remains an ever present concern. The MSOGB is a scientific technical agency which requires a specific area of knowledge and experience. It is the goal of the MSOGB to compensate its staff members in a manner that not only rewards particular staff members for their efforts in obtaining advanced professional development, but also for gaining knowledge and experience that can only come from working within the agency and the industry for a long period of time. Thus, in an effort to reduce employee turnover and further attract additional qualified applicants to the MSOGB, the MSOGB will request additional authority in the future to compensate its employees in a more competitive manner using funds from the MSOGB's Oil & Gas Conservation Fund.

**5. External/Internal Assessment:**

The economic conditions of the industry with which this agency is charged by statute to regulate remain volatile, complex and cyclical bringing about great difficulty in determining the budgetary demands in the future. Oil and gas well operators in Mississippi can be classified as Independent Oil & Gas Companies. The Major Oil & Gas Companies in the United States of America do not operate wells in Mississippi. Therefore, the price of a barrel of oil and a cubic foot of gas greatly affects the Independent Companies willingness and ability to operate in Mississippi.

Any increase of activities in Mississippi offshore waters will be contingent upon the economics of oil and gas discoveries and production.

The MSOGB, in partnership with the EPA, receives a grant which is designed to help the MSOGB implement its Underground Injection Control (UIC) Program. Current responsibility in the State of Mississippi for the approval and control of all underground injection wells utilized for saltwater disposal, hydrocarbon storage, and enhanced recovery of oil and gas is vested in the MSOGB. Program development from both a field and an office perspective has continued to improve in the reporting and coordination with EPA Region IV to insure that the requirements of the Safe Drinking Water Act, the amended Memorandum of Agreement and the previously negotiated Enforcement Agreement continue to be fully met. The MSOGB's UIC Department is responsible for reviewing all new regulations, rules and MOA's for acceptance or modification, and is responsible for administering permit requirements, preparing work plans and providing other reports as required by EPA's Strategic Planning and Management Systems.

## **6.1 Agency Program Goals:**

It is the goal of the MSOGB to foster, encourage, and promote permitting, drilling and production by enforcing the MSOGB's Rules and Regulations. The MSOGB strives to prohibit waste and enforce the oil and gas conservation statutes of the State of Mississippi as well as the Rules, Regulations, orders and/or policies of the MSOGB, in an effort to ensure that the State's natural resources of oil and gas are properly utilized. Furthermore, the MSOGB strives to protect said natural resources, the environment, and the health and safety of Mississippi's citizens.

## **6.2 Program Goal Objectives:**

**OBJECTIVE A.1.** Thorough regulation of all on-shore permitting, drilling and production within the State of Mississippi.

*Outcome:* Protection of the environment of our state.

**A.1.1. Strategy:** Oversee and supervise this agency's field inspectors whose function it is to regularly inspect oil and gas wells and related facilities.

*Output:* Periodic update on numbers for drilling and production in the state.

*Efficiency:* Number of inspections

*Explanatory:* Protection of underground source of drinking water (USDW).

**OBJECTIVE A.2.** Accurate review and efficient processing of all dockets received.

*Outcome:* Protection of the environment of our state.

**A.2.1. Strategy:** Oversee and supervise the daily operations of the office personnel.

*Output:* Periodic update on numbers for drilling, permitting and production in the state.

*Efficiency:* Number of dockets

**OBJECTIVE A.3.** Issue permits for all wells according to State Statutes, Rules and Regulations and Board Orders, in addition to Board policies and procedures.

*Outcome:* Protection of the environment of our state.

**A.3.1. Strategy:** Oversee and supervise the daily operations of the office personnel.

*Output:* Periodic update on numbers for drilling, permitting and production in the state.

*Efficiency:* Number of permits

**OBJECTIVE A.4.** Process all requests for copies of information in a timely manner and maintain accurate and precise records for public use.

*Outcome:* Protection of the environment of the state.

*Outcome:* Maintain accuracy of Production Records

*Outcome:* Maintain accuracy of field maps

**A.4.1. Strategy:** Oversee and supervise the daily operations of the office personnel.

*Output:* Periodic update on numbers for drilling and production in the state.

*Efficiency:* Ensure integrity of records

*Explanatory:* Promote exploration; information for new operators and public

**OBJECTIVE A.5.** Plugging and abandoning of orphan wells.

*Outcome:* Protection of the environment of the state.

**A.7.1 Strategy:** Board Order designating well(s) as Orphan well(s), after notice and hearing.

*Output:* Number of Orphan wells plugged

*Efficiency:* Cost of plugging Orphan wells

*Explanatory:* Protection of underground source of drinking water (USDW)