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Missouri oil and gas permit applications increase

From a news release

ROLLA --The number of applications received by the Missouri Department of Natural Resources' State Oil and Gas Council for oil and gas exploration has surpassed last year's total in the first four months of this year.

"Record oil and gas prices contribute to increased interest in oil and gas potential in Missouri," said Mimi Garstang, state geologist and director of the Division of Geology and Land Survey. In 2005, the department received 25 applications. Since 2006, the number of applications received quadrupled and the numbers continue to grow:

- 144 applications in the first quarter of 2008 with gas at \$86 per barrel
- 129 applications in 2007 with gas at \$61 per barrel
- 41 applications in 2006 with gas at \$57 per barrel
- 25 applications in 2005 with gas at \$50 per barrel

Many of the applications that were received in 2007 and some from this calendar year were from individuals seeking permission to conduct stratigraphic tests, which help determine if the potential for oil or gas exists. When found in sufficient quantities, a request must be submitted for a permit to drill a full-scale oil or gas well.

To protect the environment, applicants must adhere to rules and regulations set forth by the State Oil and Gas Council. The council publishes rules and regulations that apply to oil and gas drilling and producing operations to foster and promote orderly and economic development, production and use of natural resources of oil and gas. State regulations for protecting the environment must be met at every step. Wells must be bonded to ensure that they are properly plugged if an owner improperly abandons a well. The department's Division of Geology and Land Survey, located in Rolla, is responsible for approving permit applications for oil and gas exploration in Missouri.

"All types of energy resources need to be evaluated in today's world," said Garstang. "While interest in Missouri's heavy oil has significantly increased with higher energy prices, we

must make sure we develop any energy resource in a safe and responsible manner."

Garstang is a member of the State Oil and Gas Council. Joining Garstang on the council are Jeff Davis, director of the Missouri Public Service Commission, Jefferson City; Dr. Shari Dunn-Norman, professor of petroleum engineering, Missouri University of Science and Technology, Rolla; Ed Galbraith, staff director with the Department of Natural Resources' Clean Water Commission, Jefferson City; Terry Maglich, project manager with the Missouri Department of Economic Development, Jefferson City; and William Luebbert, public member, Jefferson City.

With the increase in oil and gas prices, some companies are drilling in established oil and gas areas of Missouri, while others are looking in areas not previously identified as having potential.

The potential for coalbed methane production in Bates and Cass counties is being explored in conjunction with the department and the Kansas Geological Survey. Preliminary results of this study are promising.

"Advancements in recovery techniques may be the key that enables companies to successfully tap into the oil in Vernon County, where the oil is very thick, said Scott Kaden, a department geologist. MegaWest Energy Corporation is using steam to help "thin," or liquefy, the oil and make it easier to produce from the ground".

The break-even point for profit for the production of heavy oil from Vernon County is approximately \$50 per barrel.

The department's spring 2008 issue of Missouri Resources Magazine offers more details about Missouri's untapped resources. See Missouri's Black Gold feature article beginning on page two: www.dnr.mo.gov/magazine/2008-spring.pdf.

The Ed Clark Museum of Missouri Geology, where rocks, minerals, fossils and map-making tools are on display, is open to the public weekdays between 8 a.m. and 5 p.m. Posters, maps, trading cards and a wide variety of publications relating to geology are available at the publications desk in Rolla at 111 Fairgrounds Road. Call 573-368-2125 or 800-361-4827 or visit online at www.dnr.mo.gov/geology.