

**AGENCY RULE REPORT  
OKLAHOMA CORPORATION COMMISSION  
PERMANENT RULEMAKING  
OAC 165:10. OIL & GAS CONSERVATION  
CAUSE NO. RM 202200002**

Pursuant to the Oklahoma Administrative Procedures Act requirements in 75 O.S. §§ 303.1(A) and 308(A), the Oklahoma Corporation Commission ("Commission") hereby respectfully submits this Agency Rule Report to the Honorable J. Kevin Stitt, Governor of the State of Oklahoma, the Honorable Greg Treat, President Pro Tempore of the State Senate, the Honorable Charles McCall, Speaker of the House of Representatives, the Honorable Tom Gann, Co-Chair, Joint Committee on Administrative Rules, and the Honorable Julie Daniels, Co-Chair, Joint Committee on Administrative Rules.

**1. DATE OF THE PUBLICATION OF NOTICE OF PROPOSED RULEMAKING:**

A. The Commission's Notice of Proposed Rulemaking was published in The Journal Record of Oklahoma City, Oklahoma on February 15, 2022.

B. The Commission's Notice of Proposed Rulemaking was published in The Tulsa World of Tulsa, Oklahoma on February 12, 2022.

C. 75 O.S. § 250.4 exempts the Commission from the requirements of 75 O.S. §§ 255, 303(A), and 303(B) respectively, to publish a Notice of Intended Rulemaking in The Oklahoma Register.

**2. NAME AND ADDRESS OF THE AGENCY:**

Oklahoma Corporation Commission  
P.O. Box 52000  
Oklahoma City, Oklahoma 73152-2000

**3. TITLE AND NUMBER OF THE RULES:**

Subchapter 1. Administration  
Part 1. General Provisions  
165:10-1-3. Scope of rules [AMENDED]  
165:10-1-4. Citation effective date [AMENDED]  
165:10-1-6. Duties and authority of the Conservation Division [AMENDED]  
165:10-1-7. Prescribed forms [AMENDED]  
Part 3. Surety  
165:10-1-10. Operator's agreement; Category A and Category B surety [AMENDED]  
Part 5. Spacing  
165:10-1-22. Drilling and spacing units [AMENDED]  
165:10-1-24. Permitted well locations within standard drilling and spacing units [AMENDED]

Subchapter 3. Drilling, Developing, and Producing

Part 1. Drilling

165:10-3-1. Required approval of notice of intent to drill, deepen, re-enter, or recomplete; Permit to Drill [AMENDED]

165:10-3-4. Casing, cementing, wellhead equipment, and cementing reports [AMENDED]

165:10-3-5. Underground storage [AMENDED]

Part 3. Completions

165:10-3-10. Well completion operations [AMENDED]

165:10-3-17. Well site and surface facilities [AMENDED]

Part 5. Operations

165:10-3-26. Well logs [AMENDED]

165:10-3-27. Deviation from the vertical [AMENDED]

165:10-3-28. Horizontal drilling [AMENDED]

Subchapter 5. Underground Injection Control

165:10-5-2. Approval of injection wells or disposal wells [AMENDED]

165:10-5-5. Application for approval of injection and disposal operations [AMENDED]

165:10-5-15. Application for order or permit for simultaneous injection well [AMENDED]

Subchapter 7. Pollution Abatement

Part 3. Storage and Disposal of Fluids

165:10-7-19. Land application of water-based fluids from earthen pits, tanks and pipeline construction [AMENDED]

165:10-7-26. Land application of contaminated soils and petroleum hydrocarbon based drill cuttings [AMENDED]

Subchapter 11. Plugging and Abandonment

165:10-11-1. License for pulling ~~pipe~~ casing and plugging wells [AMENDED]

165:10-11-3. Duty to plug ~~and abandon~~ [AMENDED]

Subchapter 29. Special Area Rules

165:10-29-1. Lake Atoka and McGee Creek Reservoir [AMENDED]

**4. STATUTORY AUTHORITY FOR THE RULES:**

17 O.S. § 52, 27A O.S. § 1-3-101, 52 O.S. § 87.1, 52 O.S. § 139, 52 O.S. § 318.1, and 75 O.S. § 314.

**5. FEDERAL OR STATE LAW, COURT RULING, OR OTHER AUTHORITY REQUIRING THE RULES:**

Please see response to item number 4.

**6. STATEMENT OF THE GIST OF THE RULES AND BRIEF SUMMARY OF THE CONTENT OF THE ADOPTED RULES:**

The adopted rules streamline and clarify the Oil & Gas Conservation rules, update the list of Oil & Gas Conservation Division (OGCD) prescribed forms and eliminate forms, change requirements regarding operator agreements, modify Permit to Drill requirements, allow the Commission to issue a Permit to Drill prior to the issuance of an order under certain circumstances, establish parameters concerning cementing of wells and submission of cementing reports, and revise provisions pertaining to notice of hydraulic fracturing operations and eliminate a reference to citations.

The adopted rules also clarify requirements regarding submission of well logs, update specifications concerning approval of underground injection wells, increase the amount and type of information to be supplied in connection with applications for approval of underground injection wells, modify requirements pertaining to simultaneous injection wells, and streamline provisions pertaining to issuance of licenses for pulling casing and plugging wells. Certain amendments in adopted rules OAC 165:10-1-22, OAC 165:10-1-24, OAC 165:10-3-1, and OAC 165:10-3-27 regarding issuance of Permits to Drill prior to the issuance of orders in particular circumstances are consistent with proposed amendments to 52 O.S. § 87.1 pending in House Bill 3039 in the current 2022 legislative session.

**7. STATEMENT EXPLAINING THE NEED FOR THE ADOPTED RULES:**

Operators of wells doing business in the State will benefit from adoption of OAC 165:10-1-7 updating the list of OGCD prescribed forms and eliminating forms; OAC 165:10-1-10 modifying requirements regarding operator agreements, including elimination of driver license numbers; OAC 165:10-1-22, OAC 165:10-1-24, OAC 165:10-3-1, and OAC 165:10-3-27 allowing the Commission to issue a Permit to Drill prior to the issuance of an order under certain circumstances; OAC 165:10-3-1 requiring the OGCD to send an approved Permit to Drill by electronic mail to the operator applying for the Permit to Drill at the electronic mail address(es) listed in the operator agreement filed by the operator, or by mail if no electronic mail address is specified in the operator agreement; OAC 165:10-3-26 clarifying the format for digital submission of well logs; and OAC 165:10-5-15 eliminating the filing of multiple copies of applications for simultaneous injection wells, in addition to eliminating filing of annual reports regarding surface casing pressure, production casing pressure, and fluid levels pertaining to such wells. Applicants for licenses for pulling casing and plugging wells will benefit from adoption of OAC 165:10-11-1 streamlining the issuance of such licenses.

Citizens of the State and well operators will benefit from adoption of OAC 165:10-3-4 establishing parameters concerning cementing of well casing strings; OAC 165:10-5-2 augmenting requirements for approval of proposed underground injection wells, and prohibiting approval of commercial disposal wells within a designated wellhead protection area as identified by the Wellhead Protection Program, or within one mile of a public water supply well for which a wellhead protection area has not been delineated; OAC 165:10-5-5 requiring additional information to be submitted regarding applications to approve underground injection wells; and OAC 165:10-5-15 enhancing specifications for approval of simultaneous injection wells.

**8. DATE AND LOCATION OF THE HEARING AT WHICH THE RULES WERE ADOPTED:**

On March 22, 2022, the rules were adopted in a public hearing held in Courtroom 301, Oklahoma Corporation Commission, Jim Thorpe Office Building, 2101 N. Lincoln Blvd., Oklahoma City, Oklahoma 73105, before the Commission.

**9. SUMMARY OF COMMENTS AND EXPLANATION OF CHANGES OR LACK OF ANY CHANGES MADE IN THE ADOPTED RULES AS A RESULT OF TESTIMONY RECEIVED AT THE PUBLIC HEARINGS OR MEETINGS HELD OR SPONSORED BY THE AGENCY FOR THE PURPOSE OF PROVIDING THE PUBLIC AN OPPORTUNITY TO COMMENT ON THE RULES OR OF ANY COMMENTS RECEIVED PRIOR TO ADOPTION OF THE RULES:**

Comments submitted in writing by persons or organizations may be viewed on the Commission's website at <http://imaging.occ.ok.gov/imaging/OAP.aspx>, by searching Cause No. RM 202200002.

**Summary of Written Comments:**

Written comments were provided by Ed A. Keegan, II, Professional Engineer. Mr. Keegan commented on several rules (OAC 165:10-1-15, OAC 165:10-5-10, OAC 165:10-11-7, and OAC 165:10-11-9) and Appendix E which were not listed in the Notice of Proposed Rulemaking filed in Cause RM No. 202200002. Staff will consider, in connection with future rulemaking proceedings, the suggestions made in Mr. Keegan's comments regarding the foregoing rules and Appendix E which were not listed in the Notice of Proposed Rulemaking filed in Cause RM No. 202200002.

Mr. Keegan objected to the proposal in OAC 165:10-1-3 adding language that the rules in Chapter 10 shall not be construed as limiting the Commission's authority to grant an exception, for good cause shown, to any rule contained therein unless otherwise precluded by law. He objected to such language on the grounds that the Commission too easily grants rule exceptions sought by operators, and that the interests of surface owners ought to be considered. Staff's response is that the language proposed in OAC 165:10-1-3 mirrors the language in OAC 165:5-1-2(c) of the Chapter 5 Rules of Practice, and there are means by which surface owner concerns can be addressed.

Mr. Keegan requested that language be added to OAC 165:10-1-6(a) that the Commission shall also consider surface owners' interests as to property on which oil and gas operations are conducted, use of the surface owner's property by oil and gas producers shall always be subject to a reasonableness standard, etc. Staff did not agree to add the language to OAC 165:10-1-6(a) requested by Mr. Keegan as the Commission's jurisdiction regarding surface interests is limited under existing law. Protections are afforded to surface owners in 52 O.S. § 318.2 *et seq.* regarding surface damages, OAC 165:5-1-25 *et seq.* specifies procedures to address pollution complaints lodged by any person alleging that site specific pollution has occurred or is imminent, or that a site specific pollution control law or rule has been violated, and for which the complainant expects

action to be taken by an environmental regulatory agency, so disputes between surface owners and operators can be addressed in the appropriate forum.

Mr. Keegan requested that language be added to proposed renumbered OAC 165:10-1-7(b)(83) regarding Form 1085 Complaint Reports that photographs and observations of Field Inspectors shall be included in the Form 1085 and that the complainant must always be provided copies of all Forms 1085 and information on investigations and remedial actions. OAC 165:10-1-7(b)(83) provides that Form 1085 is used by Commission personnel to report violations of Commission rules and to report progress regarding ongoing remedial actions, and that copies of the Form 1085 are sent to all parties concerned with the investigation. It is Staff's position that Mr. Keegan's requests to add language to proposed renumbered OAC 165:10-1-7(b)(83) are addressed by the existing language in such paragraph.

Mr. Keegan commented that operator surety requirements in OAC 165:10-1-10 are insufficient, and that operators should be required to post surety on a per well basis. As operator surety requirements in OAC 165:10-1-10 are consistent with such requirements in 52 O.S. § 318.1, Staff did not include in OAC 165:10-1-10 the language suggested by Mr. Keegan.

Mr. Keegan requested that language be added to OAC 165:10-3-17(c) that the surface owner's property is not to be used as a long-term storage yard for an operator's inactive equipment and material, that operators be required to place equipment and material into use within specified periods of time or that such equipment and material be removed from the surface owner's property, that trees and plant material cleared for building or maintaining well sites, roads and surface materials shall be considered junk and debris and shall be hauled off the surface owner's property within a specified period of time, etc. It is Staff's opinion that existing language in OAC 165:10-3-17 is sufficient to address Mr. Keegan's concerns. OAC 165:10-3-17(b) addresses removal of fire hazards, OAC 165:10-3-17(c) pertains to removal of surface trash, debris, and junk, and useable equipment and material related to the operations of the property, and OAC 165:10-3-17(k), along with OAC 165:10-3-17(l), specify actions required to be performed by operators after wells are plugged or leases are abandoned, including removing equipment, trash and debris, restoring the surface to as near to its natural state as reasonably possible, except by written agreement with the surface owner to leave the surface in some other condition, etc.

Mr. Keegan requested that language be added to proposed new subsection (d) in OAC 165:10-7-5 so as to require testing of oil and gas wells that have not produced in over twelve months, and to require testing of underground injection wells in which injection has not occurred for over twenty-four months. Mr. Keegan also requested that testing of such wells be required irrespective of any exemptions to plugging requirements in OAC 165:10-11-3(g), and that a Field Inspector's presence to witness such tests is mandatory. Staff subsequently withdrew the proposed amendments to OAC 165:10-7-5 to afford opportunities for further discussions with stakeholders.

Mr. Keegan requested that language be added to OAC 165:10-11-3 regarding plugging of wells specifying if an unplugged well is a part of a unit that is still producing in paying quantities, the operator should be required by the Commission to produce or plug such well, or to use the well to inject, within ninety days and that exemptions from plugging in OAC 165:10-11-3(g) shall not apply to such wells. It is Staff's opinion that the language proposed by Mr. Keegan conflicts with

the requirements of 17 O.S. § 53 regarding plugging of wells, and specific exemptions from plugging appearing in OAC 165:10-11-3(g).

Mr. Keegan also requested that language be added to OAC 165:10-11-3 requiring the Commission to take immediate steps to plug wells if the owner/operator of such well cannot be located. Staff did not include in OAC 165:10-11-3 the language requested by Mr. Keegan. The Commission has authority, after notice and hearing pursuant to 52 O.S. § 309 *et seq.* to plug, replug, or repair wells for which no responsible person can be found or who is financially unable to pay the cost of performing such work, if the wells present a threat to the environment. Funds to plug, replug or repair such wells are limited based on statutory allocations from the Petroleum Excise Tax.

Written comments were provided by The Petroleum Alliance of Oklahoma (Petroleum Alliance). The Petroleum Alliance expressed its appreciation for Staff striking the requirement in OAC 165:10-1-10(e), as the Petroleum Alliance had requested, that driver license numbers be included in Form 1006B Operator Agreements filed with the Conservation Division. Language is proposed in OAC 165:10-1-10(e) that if an operator is required to file a Form 10-K with the United States Securities and Exchange Commission, the operator must submit a current Form 10-K with the Form 1006B to the Conservation Division. The Petroleum Alliance requested that language be added to OAC 165:10-1-10(e) clarifying that such operators must complete page one of the Form 1006B, and the Form 10-K is submitted in lieu of other required information in the Form 1006B. Staff responded by adding such language to OAC 165:10-1-10(e).

The Petroleum Alliance requested that the phrase "if requested by a representative of the Conservation Division" be added to OAC 165:10-3-4(c)(2)(A) regarding submission by cementers of quality control data sheets to the Technical Services Department in connection with the cementing of well casing strings. Staff responded by adding such language to OAC 165:10-3-4(c)(2)(A).

Written comments were provided by Michael Schmidt of Regulatory Solutions, Inc. Mr. Schmidt requested that OAC 165:10-1-7(b)(8) and OAC 165:10-3-4(j)(1) regarding submission of Form 1002C Cementing Reports be revised to specify that such Reports be submitted within forty-five days of the release of the rig used to drill such well. Staff responded by incorporating such language in OAC 165:10-1-7(b)(8) and OAC 165:10-3-4(j)(1). Mr. Schmidt also requested that OAC 165:10-3-28(c)(1)(A) concerning submission of directional surveys run in horizontal wells be revised to specify that such surveys be submitted within forty-five days of the release of the rig used to drill such well. Staff responded by incorporating such language in OAC 165:10-3-28(c)(1)(A).

Mr. Schmidt requested that OAC 165:10-3-26(d) be revised to specify that well logs shall be submitted in digital form, unless the operator obtains authorization from the Technical Services Department to submit a continuous print paper version of the log. Staff responded by incorporating such language in OAC 165:10-3-26(d).

Mr. Schmidt questioned the need for the proposal in OAC 165:10-5-5(b)(1)(C)(ix) for applicants requesting approval of proposed injection or disposal wells to identify any well or

borehole that penetrates the top of the proposed injection/disposal zone which is mud plugged and/or is configured in a manner that will not prevent the potential movement of fluids from the injection/disposal zone into treatable water strata, to submit corresponding Form 1003 Plugging Records for such wells, and to provide a corrective action plan to prevent injected/disposed fluids from impacting treatable water strata. He stated that industry acknowledges and accepts that mud plugged wells and/or wells that are configured in a manner that will not prevent potential movement of fluids from the injection/disposal zone into treatable water strata must be properly addressed prior to approval of applications for injection or disposal wells. Mr. Schmidt enquired whether the proposal in OAC 165:10-5-5(b)(1)(C)(ix) is an effort by Staff to codify requirements that are acknowledged and accepted by industry.

Mr. Schmidt also questioned the need for the proposal in OAC 165:10-5-5(b)(1)(C)(x) for applicants requesting approval of proposed injection or disposal wells to identify any well where the top of cement is behind the long string below any portion of the proposed injection/disposal zone, to submit corresponding Form 1002A Completion Reports for such wells, and to provide a corrective action plan to prevent injected/disposed fluids from impacting treatable water strata. He stated that the proposal would be applied statewide and that it limits the areas for placement of disposal wells. Mr. Schmidt questioned what types of corrective action could be acceptable to Staff.

In response, Staff maintains that the information required in both OAC 165:10-5-5(b)(1)(C)(ix) and OAC 165:10-5-5(b)(1)(C)(x) is essential in evaluating applications requesting approval of proposed injection or disposal wells. The Commission is charged with protecting treatable water. OAC 165:10-5-2(a) provides that authorization of the Commission regarding the subsurface injection or disposal of any substance for any purpose may be conditioned upon the applicant taking corrective action to protect treatable water. OAC 165:10-5-5(b)(1)(C)(ix) and OAC 165:10-5-5(b)(1)(C)(x) both specify that corrective action plans to prevent injected/disposed fluids from impacting treatable water strata may include, but not be limited to, a written request by the applicant for a technical conference with the Conservation Division. Elements of corrective action plans are tailored to specific proposed injection or disposal wells.

Mr. Schmidt suggested that only those wells or boreholes within the applicable radius in subparagraph (b)(1)(A) be identified in OAC 165:10-5-5(b)(1)(C)(ix) and OAC 165:10-5-5(b)(1)(C)(x). Staff does not agree with Mr. Schmidt's suggestion, as it would limit identification of such wells or boreholes to applications requesting approval of proposed noncommercial disposal wells and injection wells, and exclude applications for approval of proposed commercial disposal wells.

Mr. Schmidt stated that he agreed with the comments filed on March 9, 2022, by Michael Booze on behalf of Teocalli Exploration, LLC, regarding proposed amendments to OAC 165:10-7-5 concerning tests that may be required by the Conservation Division for wells that have not produced for a specified period of time. He stated that if Staff believes that a well is causing or creating an environmental issue, Staff can suggest a proper remedy for consideration and obtain an order of the Commission. Mr. Schmidt suggested that the proposed amendments to OAC 165:10-7-5 be withdrawn. Staff subsequently withdrew the proposed amendments to OAC 165:10-7-5 to afford opportunities for further discussions with stakeholders.

Michael Booze, of Oklahoma Energy Advisors, PLLC, submitted comments on behalf of Teocalli Exploration, LLC (Teocalli) regarding a proposal to amend OAC 165:10-7-5 concerning tests that may be required by the Conservation Division for wells that have not produced for a specified period of time. Teocalli opposed the proposed amendments to the rule and requested that the amendments be withdrawn. Teocalli stated that the amendments afford Conservation Division Field Inspectors unrestrained authority to require wells to be tested, that there has been no showing of a need for the proposed amendments, and there is an absence of a triggering mechanism in the proposed amendments upon which the need to test a well is based. Teocalli stated that current Commission rules address well casing and cementing requirements which operate to safeguard treatable water. Staff subsequently withdrew the proposed amendments to OAC 165:10-7-5 to afford opportunities for further discussions with stakeholders.

Michael Booze, of Oklahoma Energy Advisors, PLLC, submitted comments on behalf of Avalanche Oil & Gas, LLC (Avalanche) regarding a proposal to amend OAC 165:10-7-5 concerning tests that may be required by the Conservation Division for wells that have not produced for a specified period of time. Avalanche opposed the proposed amendments and requested that the amendments be withdrawn. Avalanche stated that the proposed amendments impose an undue burden on small operators, that the amendments do not benefit the State, landowners, mineral owners or operators, that the practical effect of the proposed amendments will be a waste of State resources and those of private operators, with no articulable effect on environmental protection. Staff subsequently withdrew the proposed amendments to OAC 165:10-7-5 to afford opportunities for further discussions with stakeholders.

**Public Meeting Comments:**

The first Technical Conference was scheduled to be held on February 24, 2022, at 1:30 p.m.; however, the Commission was closed due to inclement weather. The first Technical Conference was rescheduled and held on March 3, 2022, at 1:30 p.m. at the Oklahoma Corporation Commission, Jim Thorpe Office Building, Courtroom 301, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma, to afford the public an opportunity to appear and comment on, and suggest additions and/or revisions to, the proposed rules. Commissioners Murphy and Hiatt attended the Technical Conference.

During the first Technical Conference, oral comments were provided by Steve Altman, President, Altman Engineering, Inc. Mr. Altman expressed his appreciation to Staff for proposed amendments to OAC 165:10-1-7(b)(8) and OAC 165:10-3-4(j)(1) requiring submission of Form 1002C Cementing Reports within forty-five days of the running of the final casing string in the well, and OAC 165:10-3-28(c)(1)(A) requiring submission of directional surveys run in horizontal wells within forty-five days of the completion of the drilling of the lateral.

Howard L. (Bud) Ground of The Petroleum Alliance of Oklahoma (Petroleum Alliance) stated that the Petroleum Alliance appreciated Staff striking the requirement in OAC 165:10-1-10(e) that driver license numbers be included in Form 1006B Operator Agreements filed with the Conservation Division, and for including in such subsection language that if an operator is required to file a Form 10-K with the United States Securities and Exchange Commission, the operator



must submit a current Form 10-K with the Form 1006B to the Conservation Division. Mr. Ground requested that language be added to OAC 165:10-1-10(e) clarifying that such operators must complete page one of the Form 1006B, and the Form 10-K is submitted in lieu of other required information in the Form 1006B. Staff responded by incorporating such language in OAC 165:10-1-10(e).

Michael Schmidt of Regulatory Solutions, Inc. requested that OAC 165:10-3-26(d) be revised to specify that well logs shall be submitted in digital form, unless the operator obtains authorization from the Technical Services Department to submit a continuous print paper version of the log. Staff responded by incorporating such language in OAC 165:10-3-26(d).

Commissioner Murphy questioned Staff regarding proposals in OAC 165:10-5-5(b)(1)(C)(ix) and OAC 165:10-5-5(b)(1)(C)(x) requiring applicants requesting approval of proposed injection or disposal wells to provide corrective action plans to prevent injected/disposed fluids from impacting treatable water strata if information such as Form 1003 Plugging Records and Form 1002A Completion Reports concerning certain wells are not available. Staff responded by stating that corrective action plans can include requests by applicants for a technical conference with the Conservation Division. Staff added language to the proposals in OAC 165:10-5-5(b)(1)(C)(ix) and OAC 165:10-5-5(b)(1)(C)(x) to clarify that corrective action plans may include, but are not limited to, written requests by applicants for technical conferences with the Conservation Division.

Commissioner Murphy questioned Staff regarding language in OAC 165:10-5-5(i)(3) specifying that a cement bond log showing quality and placement of cement must be furnished to and approved by the Conservation Division before any perforating of the production casing takes place. She enquired whether the Conservation Division determines whether such cement bond logs are acceptable, rather than approving the cement bond logs, and she enquired as to how the Conservation Division communicates to the operator that the cement bond logs are acceptable. Staff responded by modifying the proposal in OAC 165:10-5-5(i)(3) to provide that a cement bond log showing quality and placement of cement must be furnished to and acceptable to the Conservation Division before any perforating of the production casing takes place, and that the Conservation Division shall notify the operator by electronic mail as to whether the cement bond log is acceptable.

Kurt Bollenbach of Teocalli Exploration, LLC, and Michael Booze of Oklahoma Energy Advisors, PLLC, expressed concern regarding a proposal to amend OAC 165:10-7-5 concerning tests that may be required by the Conservation Division for wells that have not produced for a specified period of time. They opposed the proposed amendments and requested that they be withdrawn. Mr. Bollenbach and Mr. Booze stated that the amendments afford Conservation Division Field Inspectors unrestrained authority to require wells to be tested, that there has been no showing of a need for the proposed amendments, and there is an absence of a triggering mechanism in the proposed amendments upon which the need to test a well is based. They questioned the constitutionality of the proposed amendments, and stated that current Commission rules address well casing and cementing requirements which operate to safeguard treatable water.

David Guest of Guest Petroleum, Inc. requested on behalf of the Oklahoma Energy Producers Alliance (OEPA) that the proposed amendments to OAC 165:10-7-5 be referred to an industry committee for further discussion and to endeavor to reach an agreement, either within the context of the current rulemaking proceeding or a future rulemaking proceeding. Staff responded that a meeting with industry representatives would be convened to discuss the proposed amendments to OAC 165:10-7-5.

Heather Lacy of Devon Energy Production Company, L.P. suggested that proposed amendments to OAC 165:10-1-7(b)(8) and OAC 165:10-3-4(j)(1) regarding submission of Form 1002C Cementing Reports be revised to specify that such Reports be submitted within forty-five days of the release of the rig used to drill such well. Staff responded by incorporating such language in OAC 165:10-1-7(b)(8) and OAC 165:10-3-4(j)(1). Ms. Lacy also requested that proposed amendments to OAC 165:10-3-28(c)(1)(A) concerning submission of directional surveys run in horizontal wells be revised to specify that such surveys be submitted within forty-five days of the release of the rig used to drill such well. Staff responded by incorporating such language in 165:10-3-28(c)(1)(A).

The second Technical Conference was held on March 10, 2022, at 1:30 p.m. at the Oklahoma Corporation Commission, Jim Thorpe Office Building, Courtroom 301, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma, to afford the public an opportunity to appear and comment on, and suggest additions and/or revisions to, the proposed rules. Commissioner Murphy attended the Technical Conference.

During the second Technical Conference, oral comments were provided by David Guest of Guest Petroleum, Inc. on behalf of the OEPA. Mr. Guest stated that he appreciated Staff meeting with industry representatives to discuss proposed amendments to OAC 165:10-7-5 concerning tests that may be required by the Conservation Division for wells that have not produced for a specified period of time, and that OEPA requested further opportunities to discuss such proposed amendments with Staff. Staff subsequently withdrew the proposed amendments to OAC 165:10-7-5 to afford opportunities for further discussions with stakeholders.

Michael Booze of Oklahoma Energy Advisors, PLLC, on behalf of several of his clients, stated that he also appreciated the opportunity to meet with Staff to discuss proposed amendments to OAC 165:10-7-5. Mr. Booze said that the proposed amendments to OAC 165:10-7-5 as currently written do not address constitutional issues he has with such amendments. Staff subsequently withdrew the proposed amendments to OAC 165:10-7-5 to afford opportunities for further discussions with stakeholders.

Goetz Schuppan of Singer Oil Company, LLC, stated that the types of well tests addressed in proposed amendments to OAC 165:10-7-5 are expensive, that such tests do not indicate whether treatable water is being impacted, and that surface casing and production casing in wells provide protection for treatable water. Staff subsequently withdrew the proposed amendments to OAC 165:10-7-5 to afford opportunities for further discussions with stakeholders.

Chad Hux of Avalanche Oil & Gas, LLC (Avalanche), opposed the proposal to amend OAC 165:10-7-5 concerning tests that may be required by the Conservation Division for wells that

have not produced for a specified period of time, and he requested that the proposal be withdrawn. He said that well tests addressed in such proposed amendments would require additional time and expense for well operators. Mr. Hux stated that Avalanche operates wells in Canadian, Kingfisher, Dewey, and Blaine Counties, that Avalanche purchases wells that have not produced for several years, and that Avalanche has been successful in returning such wells to production. Staff subsequently withdrew the proposed amendments to OAC 165:10-7-5 to afford opportunities for further discussions with stakeholders.

Howard L. (Bud) Ground of the Petroleum Alliance suggested that the phrase "if requested by a representative of the Conservation Division" be added to OAC 165:10-3-4(c)(2)(A) regarding submission by cementers of quality control data sheets to the Technical Services Department in connection with the cementing of well casing strings. Staff responded by adding such language to OAC 165:10-3-4(c)(2)(A).

A public hearing took place before the Commission on March 15, 2022, at 9:30 a.m. at the Oklahoma Corporation Commission, Jim Thorpe Office Building, Courtroom 301, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma, to afford the public an opportunity to make oral comments concerning the revised proposed rules. Commissioners Murphy, Anthony, and Hiett were present. Prior to allowing public comment, the Commissioners announced that they would request a one-week continuance to allow for additional comments and consideration.

On March 22, 2022, at 9:30 a.m., the Commission reconvened to consider the proposed rules.

During the public hearing, oral comments were provided by Attorney John Reeves. Mr. Reeves requested that the following language be added in a new paragraph six to OAC 165:10-3-1(a) regarding Permits to Drill:

The Commission may issue a Permit to Drill for any well after a hearing for a special order or for an order on the merits prior to the issuance of any such order. Any such Permit to Drill is subject to and must conform with the final provisions of any such order.

Mr. Reeves requested that the foregoing language be added in a new paragraph six to OAC 165:10-3-1(a) to be consistent with proposed amendments to other Chapter 10 rules regarding issuance of Permits to Drill. Commissioners Murphy and Hiett stated that they agreed with Mr. Reeves' suggestion; counsel for the OGCD stated that Staff supported the language requested by Mr. Reeves.

The Commission considered the draft rules filed on March 17, 2022. After acknowledging all written and oral comments, the Commission voted to approve the March 17, 2022, version of the rules, with the addition of a new paragraph six to OAC 165:10-3-1(a) regarding Permits to Drill, which provides as follows:

The Commission may issue a Permit to Drill for any well after a hearing for a special order or for an order on the merits prior to the issuance of any such order. Any such Permit to Drill is subject to and must conform with the final provisions of any such order.

**10. LIST OF PERSONS OR ORGANIZATIONS WHO APPEARED OR REGISTERED FOR OR AGAINST THE ADOPTED RULES AT PUBLIC HEARING HELD BY THE COMMISSION OR THOSE WHO COMMENTED IN WRITING BEFORE OR AFTER SAID HEARINGS:**

**Appendix "A"** is a list of persons or organizations that appeared either in-person or virtually by Zoom at the first Technical Conference held on March 3, 2022, in Courtroom 301, Oklahoma Corporation Commission, Jim Thorpe Office Building, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma.

**Appendix "B"** is a list of persons or organizations that appeared either in-person or virtually by Zoom at the second Technical Conference held on March 10, 2022, in Courtroom 301, Oklahoma Corporation Commission, Jim Thorpe Office Building, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma.

**Appendix "C"** is a list of persons or organizations that appeared either in-person or virtually by Zoom at the public hearing scheduled before the Commission on March 15, 2022, in Courtroom 301, Oklahoma Corporation Commission, Jim Thorpe Office Building, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma.

**Appendix "D"** is a list of persons or organizations that appeared either in-person or virtually by Zoom at the public hearing before the Commission, which took place on March 22, 2022, in Courtroom 301, Oklahoma Corporation Commission, Jim Thorpe Office Building, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma.

**Appendix "E"** is a list of persons or organizations who submitted written comments for or against the adopted rules.

**11. RULE IMPACT STATEMENT:**

**Appendix "F"** is a copy of the Rule Impact Statement, filed with the Commission on February 23, 2022.

**12. ECONOMIC IMPACT AND ENVIRONMENTAL BENEFIT STATEMENT:**

**Appendix "G"** is a copy of the Economic Impact and Environmental Benefit Statement, filed with the Commission on February 23, 2022.

**13. RULES INCORPORATED FROM A BODY OUTSIDE THE STATE:**

N/A

**14. RECORDED VOTE OF EACH COMMISSIONER REGARDING ADOPTION OF THE RULES:**

On March 22, 2022, Commissioners Dana L. Murphy, Bob Anthony, and J. Todd Hiatt voted 3-0 to adopt on a permanent basis, and to submit to the Governor and the Legislature for their approval, pursuant to the Administrative Procedures Act, 75 O.S. §§ 250-323, the proposed rules filed on March 17, 2022, with the addition of new paragraph six to OAC 165:10-3-1(a) regarding Permits to Drill, which provides as follows:

The Commission may issue a Permit to Drill for any well after a hearing for a special order or for an order on the merits prior to the issuance of any such order. Any such Permit to Drill is subject to and must conform with the final provisions of any such order.

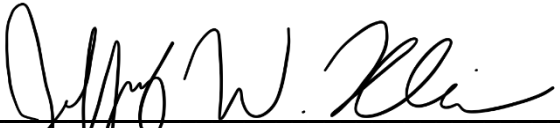
**15. PROPOSED EFFECTIVE DATE OF ADOPTED RULES:**

The rules adopted by the Commission on March 22, 2022, are attached as **Appendix "H"**. The proposed effective date is July 1, 2022.

**ATTESTATION**

I, the undersigned, do hereby attest that the copy enclosed herewith is a true and correct copy of amendments to OAC 165:10, Oil & Gas Conservation, which were adopted by the Oklahoma Corporation Commission on March 22, 2022, under permanent rulemaking provisions of the Administrative Procedures Act, 75 O.S. §§ 250 *et seq.*

I, the undersigned do hereby attest that such rules were finally adopted in substantial compliance with the Administrative Procedures Act.

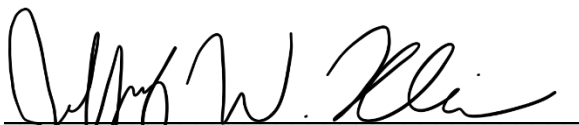


**Jeff W. Kline**  
Rules Liaison  
OKLAHOMA CORPORATION COMMISSION  
March 30, 2022

Name of Agency: Corporation Commission  
Type of Document: Agency Rule Report

LIAISON VERIFICATION:

I verify that I have reviewed the attached document and that it substantially conforms to filing and format requirements of the Administrative Procedures Act and the rules of the Secretary of State. Additional information may be obtained by contacting me at (405) 521-2308.



**Jeff W. Kline**

Rules Liaison

OKLAHOMA CORPORATION COMMISSION


March 30, 2022

## APPENDIX A



**ATTENDANCE SIGN-IN**  
 OKLAHOMA CORPORATION COMMISSION  
 Technical Conference #1  
 March 3, 2022, at 1:30 p.m.

Cause No. RM 20220002  
 OAC 165:10

<u>NAME</u>	<u>EMAIL</u>	<u>PHONE #</u>	<u>ENTITY / GROUP REPRESENTING</u>
Kurt Bollenbach			Teocalli Exp
Andrew Karim			..
Bud Ground			The Petroleum Alliance
DAVID A GUST			CPZ
Steve Altman			Altman Engineering
			
Michael Boze	michaelboze@opmca.com		OK Energy Advisors
Candace McGinnis	candace@opmca4you.com		OPMCA
Eric Pollard	epollard@acogok.gov		ACOG
M Justin Cokley	Justin.Cokley@chargepoint.com		ChargePoint, Inc.
Jared Ballew	jared.ballew@chargepoint.com		Charge Point
Michael Steck	mstaecklaw@aol.com		
Michael Schmidt	regulatory.solutions@cox.net		Consultant
Francesca Wahl	fwahl@tesla.com		Tesla
James Smith	jsmith@foundationenergy.com	918-346-7350	Foundation Energy Management, LLC

**FILED**  
 MAR 04 2022

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 CORPORATION COMMISSION  
 OF OKLAHOMA

## APPENDIX B



## APPENDIX C



## APPENDIX D



## APPENDIX E



Ed A. Keegan, II, Professional Engineer  
3384 S. Elmira Court  
Denver, CO 80231

The Petroleum Alliance of Oklahoma  
500 N.E. 4<sup>th</sup> Street  
Oklahoma City, OK 73104

Michael Schmidt  
Regulatory Solutions, Inc.  
11609 Randwick Drive  
Oklahoma City, OK 73162

Teocalli Exploration, LLC  
Michael S. Booze, Attorney for Teocalli Exploration, LLC  
Oklahoma Energy Advisors, PLLC  
P.O. Box 12874  
Oklahoma City, OK 73157

Avalanche Oil & Gas, LLC  
Michael S. Booze, Attorney for Avalanche Oil & Gas, LLC  
Oklahoma Energy Advisors, PLLC  
P.O. Box 12874  
Oklahoma City, OK 73157

## APPENDIX F

**BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA**

IN THE MATTER OF A PERMANENT  
RULEMAKING OF THE OKLAHOMA  
CORPORATION COMMISSION AMENDING  
OAC 165:10, OIL & GAS CONSERVATION

CAUSE NO. RM 202200002



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**RULE IMPACT STATEMENT**

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Pursuant to 75 O.S. § 303(D) of the Oklahoma Administrative Procedures Act, the Oil & Gas Conservation Division ("OGCD") of the Oklahoma Corporation Commission ("Commission") submits the following Rule Impact Statement for its proposed rules regarding Title 165, Chapter 10 of the Oklahoma Administrative Code ("OAC").

**I. Brief description of the purpose of the proposed rules:**

The purpose of the proposed rules is to streamline and clarify the Oil & Gas Conservation rules, update the list of OGCD prescribed forms and eliminate forms, change requirements regarding operator agreements, modify Permit to Drill requirements, allow the Commission to issue a Permit to Drill prior to the issuance of an order under certain circumstances, establish parameters concerning cementing of wells and submission of cementing reports, revise provisions pertaining to notice of hydraulic fracturing operations and eliminate a reference to citations, clarify requirements regarding submission of well logs, update specifications concerning approval of underground injection wells, increase the amount and type of information to be supplied in connection with applications for approval of underground injection wells, modify requirements pertaining to simultaneous injection wells, augment requirements regarding testing and other actions concerning wells that have not produced in over twelve months, and streamline provisions pertaining to issuance of licenses for pulling casing and plugging wells.

**II. Description of the classes of persons who most likely will be affected by the proposed rules, including classes that will bear the costs of the proposed rules, and any information on cost impacts received by the agency from any private or public entities:**

The persons who will most likely be affected by, and bear the costs of, the proposed rules include operators of oil, gas, disposal, and enhanced recovery injection wells, and working interest owners.

In the Notice of Proposed Rulemaking, the OGCD requested that business entities submit written comments to the Commission with cost impact information. As of the date of preparation of this Rule Impact Statement, the OGCD has received no cost impact statements from any private or public entity.

**III. Classes of persons who will benefit from the proposed rules:**

Operators of wells doing business in the State will benefit from proposed amendments to OAC 165:10-1-7 updating the list of OGCD prescribed forms and eliminating forms; OAC 165:10-1-10 modifying requirements regarding operator agreements, including elimination of driver license numbers; OAC 165:10-3-1 requiring the OGCD to send an approved Permit to Drill by electronic mail to the operator applying for the Permit to Drill at the electronic mail address(es) listed in the operator agreement filed by the operator, or by mail if no electronic mail address is specified in the operator agreement; OAC 165:10-3-26 clarifying the format for digital submission of well logs; and OAC 165:10-5-15 eliminating the filing of multiple copies of applications for simultaneous injection wells, in addition to eliminating filing of annual reports regarding surface casing pressure, production casing pressure, and fluid levels pertaining to such wells. Applicants for licenses for pulling casing and plugging wells will benefit from proposed amendments to OAC 165:10-11-1 streamlining the issuance of such licenses.

Citizens of the State and well operators will benefit from proposed amendments to OAC 165:10-3-4 establishing parameters concerning cementing of well casing strings; OAC 165:10-5-2 augmenting requirements for approval of proposed underground injection wells, and prohibiting approval of commercial disposal wells within a designated wellhead protection area as identified by the Wellhead Protection Program, or within one mile of a public water supply well for which a wellhead protection area has not been delineated; OAC 165:10-5-5 requiring additional information to be submitted regarding applications to approve underground injection wells; OAC 165:10-5-15 enhancing specifications for approval of simultaneous injection wells; and OAC 165:10-7-5 augmenting requirements regarding testing and other actions concerning wells that have not produced in over twelve months.

**IV. Description of the probable economic impact of the proposed rules upon affected classes of persons or political subdivisions, including a listing of all fee changes and, whenever possible, a separate justification for each fee change:**

Although the proposed rules could have an economic impact on entities regulated by the Commission, it is anticipated that the benefits obtained from the updates, increased efficiency, streamlining, and clarifications provided by such rules will outweigh any potential expenses associated with such proposed rules. It is not anticipated that the proposed rules will have an adverse economic impact upon political subdivisions. The proposed rules do not propose any fee changes.

**V. Probable costs and benefits to the agency and to any other agency of the implementation and enforcement of the proposed rules, the source of revenue to be used for implementation and enforcement of the proposed rules, and any anticipated effect on state revenues, including a projected net loss or gain in such revenues if it can be projected by the agency:**

The Commission will benefit from the proposed rules through increased efficiency and streamlining of processes. It is not anticipated that the proposed rules will result in increased costs to the Commission or any other agency, as such proposed rules will be implemented and enforced

by the Commission through its existing resources and personnel. The proposed rules contain no fee changes. There is no anticipated effect on State revenue.

**VI. Determination of whether implementation of the proposed rules will have an economic impact on any political subdivisions or require their cooperation in implementing or enforcing the rules:**

It is not anticipated that implementation and enforcement of the proposed rules will have an economic impact on any political subdivisions or require their cooperation in implementing or enforcing the rules.

**VII. Determination of whether implementation of the proposed rules may have an adverse economic effect on small business as provided by the Oklahoma Small Business Regulatory Flexibility Act:**

It is not anticipated that the proposed rules will have an adverse economic impact on small businesses. Although the proposed rules could have an economic impact on entities regulated by the Commission, it is anticipated that the benefits obtained from the updates, increased efficiency, streamlining, and clarifications provided by such rules will outweigh any potential expenses associated with such proposed rules.

**VIII. Explanation of the measures the agency has taken to minimize compliance costs and a determination of whether there are less costly or nonregulatory methods or less intrusive methods for achieving the purpose of the proposed rules:**

There are no known less costly, nonregulatory methods or less intrusive methods for achieving the purpose of the proposed rules.

**IX. Determination of the effect of the proposed rules on the public health, safety, and environment and, if the proposed rules are designed to reduce significant risks to the public health, safety, and environment, an explanation of the nature of the risk and to what extent the proposed rules will reduce the risk:**

Proposed amendments to OAC 165:10-3-4 establishing parameters concerning cementing of well casing strings; OAC 165:10-5-2 augmenting requirements for approval of proposed underground injection wells, and prohibiting approval of commercial disposal wells within a designated wellhead protection area as identified by the Wellhead Protection Program, or within one mile of a public water supply well for which a wellhead protection area has not been delineated; OAC 165:10-5-5 requiring additional information to be submitted regarding applications to approve underground injection wells; OAC 165:10-5-15 enhancing specifications for approval of simultaneous injection wells; and OAC 165:10-7-5 augmenting requirements regarding testing and other actions concerning wells that have not produced in over twelve months will have a positive effect on public health, safety, and the environment.

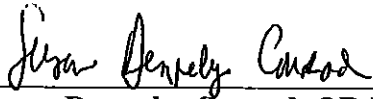
**X. Determination of any detrimental effect on the public health, safety, and environment if the proposed rules are not implemented:**

The public would be denied the positive impact the proposed rules will have on public health, safety, and the environment if the proposed rules are not implemented.

**XI. Date of preparation of Rule Impact Statement:**

This Rule Impact Statement was prepared on February 23, 2022.

Prepared by:



**Susan Dennehy Conrad, OBA #12249**

Attorney

Administrative, Judicial and Legal Services Division

OKLAHOMA CORPORATION COMMISSION

P.O. Box 52000

Oklahoma City, Oklahoma 73152

Ph: (405) 521-3939; Fax: (405) 521-4150

Email: Susan.Conrad@occ.ok.gov

*Attorney for the Oil & Gas Conservation Division*

## APPENDIX G

**BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA**

IN THE MATTER OF A PERMANENT  
RULEMAKING OF THE OKLAHOMA  
CORPORATION COMMISSION AMENDING  
OAC 165:10, OIL & GAS CONSERVATION

CAUSE NO. RM 202200002

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**ECONOMIC IMPACT AND ENVIRONMENTAL BENEFIT STATEMENT**

---

Pursuant to 27A O.S. § 1-1-206, the Oil & Gas Conservation Division ("OGCD") of the Oklahoma Corporation Commission ("Commission") submits the following Economic Impact and Environmental Benefit Statement for its proposed rules regarding Title 165, Chapter 10 of the Oklahoma Administrative Code ("OAC").

**I. Economic Impact of the Proposed Rules:**

Although the proposed rules could have an economic impact on entities regulated by the Commission, it is anticipated that the benefits obtained from the updates, increased efficiency, streamlining, and clarifications provided by such rules will outweigh any potential expenses associated with such proposed rules. It is not anticipated that the proposed rules will have an adverse economic impact upon political subdivisions. The proposed rules do not propose any fee changes.

**II. Environmental Benefit of the Proposed Rules:**

The proposals in OAC 165:10 will have a positive effect on public health, safety, and the environment. Specifically, proposed amendments to OAC 165:10-3-4 establishing parameters concerning cementing of well casing strings; OAC 165:10-5-2 augmenting requirements for approval of proposed underground injection wells, and prohibiting approval of commercial disposal wells within a designated wellhead protection area as identified by the Wellhead Protection Program, or within one mile of a public water supply well for which a wellhead protection area has not been delineated; OAC 165:10-5-5 requiring additional information to be submitted regarding applications to approve underground injection wells; OAC 165:10-5-15 enhancing specifications for approval of simultaneous injection wells; and OAC 165:10-7-5 augmenting requirements regarding testing and other actions concerning wells that have not produced in over twelve months will each have positive effects on public health, safety, and the environment.

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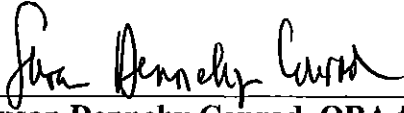
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CORPORATION COMMISSION  
OF OKLAHOMA



**III. Date of Preparation of Economic Impact and Environmental Benefit Statement:**

This Economic Impact and Environmental Benefit Statement was prepared on February 23, 2022.

Prepared by:



**Susan Dennehy Conrad, OBA #12249**

Attorney

Administrative, Judicial and Legal Services Division

OKLAHOMA CORPORATION COMMISSION

P.O. Box 52000

Oklahoma City, Oklahoma 73152

Ph: (405) 521-3939; Fax: (405) 521-4150

Email: Susan.Conrad@occ.ok.gov

*Attorney for the Oil & Gas Conservation Division*

## APPENDIX H

## OAC 165:10. OIL & GAS CONSERVATION

### SUBCHAPTER 1. ADMINISTRATION

#### PART 1. GENERAL PROVISIONS

##### **165:10-1-3. Scope of rules**

All rules of general application in this Chapter promulgated to prevent waste, assure the greatest ultimate recovery from the reservoirs of this state, protect the correlative rights of all interests, and to prevent pollution shall be effective throughout the State of Oklahoma and be in force in all pools except as amended, modified, altered, or enlarged in specific individual pools by orders now in effect or hereafter issued by the Commission. The rules of this Chapter shall not be construed as limiting the Commission's authority to grant an exception, for good cause shown, to any rule contained herein unless otherwise precluded by law.

##### **165:10-1-4. Citation effective date**

- (a) These rules shall be cited as OAC Title 165 Chapter 10 (OAC 165:10).
- (b) The effective date of the rules of this Chapter is as set out below:
  - (1) Order No. 937 - Effective 06/16/15
  - (2) Order No. 1299 - Effective 08/20/17
  - (3) Order No. 1986 - Effective 01/05/22
  - (4) Order No. 6251 - Effective 04/12/33
  - (5) Order No. 6252 - Effective 04/15/33
  - (6) Order No. 6393 - Effective 07/19/33
  - (7) Order No. 6394 - Effective 07/20/33
  - (8) Order No. 7263 - Effective 04/10/34
  - (9) Order No. 8229 - Effective 10/31/33
  - (10) Order No. 17528 - Effective 01/24/45
  - (11) Order No. 19334 - Effective 10/24/46
  - (12) Order No. 29232 - Effective 10/06/54
  - (13) Order No. 30712 - Effective 09/09/55
  - (14) Order No. 44297 - Effective 04/01/61
  - (15) Order No. 47397 - Effective 12/01/61
  - (16) Order No. 53568 - Effective 12/08/63
  - (17) Order No. 53749 - Effective 01/03/64
  - (18) Order No. 62481 - Effective 05/11/66
  - (19) Order No. 62631 - Effective 06/01/66
  - (20) Order No. 63817 - Effective 10/04/66
  - (21) Order No. 64203 - Effective 11/10/66
  - (22) Order No. 64207 - Effective 12/01/66
  - (23) Order No. 65747 - Effective 05/05/67
  - (24) Order No. 66006 - Effective 06/08/67
  - (25) Order No. 66778 - Effective 09/05/67
  - (26) Order No. 67113 - Effective 10/09/67
  - (27) Order No. 67379 - Effective 11/06/67
  - (28) Order No. 69103 - Effective 06/01/68

- (29) Order No. 69104 - Effective 06/01/68
- (30) Order No. 69340 - Effective 07/01/68
- (31) Order No. 70704 - Effective 01/03/69
- (32) Order No. 75248 - Effective 07/01/69
- (33) Order No. 77627 - Effective 01/01/70
- (34) Order No. 78830 - Effective 01/01/70
- (35) Order No. 78831 - Effective 01/01/70
- (36) Order No. 79460 - Effective 04/01/70
- (37) Order No. 79461 - Effective 04/01/70
- (38) Order No. 80401 - Effective 06/01/70
- (39) Order No. 80402 - Effective 06/01/70
- (40) Order No. 81221 - Effective 08/01/70
- (41) Order No. 81222 - Effective 08/01/70
- (42) Order No. 83168 - Effective 01-01-71
- (43) Order No. 84223 - Effective 04-01-71
- (44) Order No. 84224 - Effective 04-01-71
- (45) Order No. 84318 - Effective 03-29-71
- (46) Order No. 85138 - Effective 06-01-71
- (47) Order No. 85139 - Effective 06-01-71
- (48) Order No. 87730 - Effective 01-01-72
- (49) Order No. 87829 - Effective 01-01-72
- (50) Order No. 93381 - Effective 10-05-72
- (51) Order No. 93382 - Effective 10-05-72
- (52) Order No. 94418 - Effective 01-01-73
- (53) Order No. 96671 - Effective 04-01-73
- (54) Order No. 87829 - Effective 01-01-72
- (55) Order No. 94418 - Effective 01-01-73
- (56) Order No. 102096 - Effective 01-01-74
- (57) Order No. 109595 - Effective 01-01-75
- (58) Order No. 117899 - Effective 03-01-76
- (59) Order No. 128534 - Effective 03-01-77
- (60) Order No. 128781 - Effective 03-01-77
- (61) Order No. 138348 - Effective 03-01-78
- (62) Order No. 151077 - Effective 03-23-79
- (63) Order No. 161968 - Effective 01-03-80
- (64) Order No. 164345 - Effective 03-17-80
- (65) Order No. 164346 - Effective 02-14-80
- (66) Order No. 164347 - Effective 02-14-80
- (67) Order No. 165935 - Effective 04-01-80
- (68) Order No. 185407 - Effective 03-09-81
- (69) Order No. 185890 - Effective 03-16-81
- (70) Order No. 211505 - Effective 03-30-82
- (71) Order No. 228675 - Effective 01-01-83
- (72) Order No. 230515 - Effective 01-01-83
- (73) Order No. 230781 - Effective 01-01-83
- (74) Order No. 246797 - Effective 01-01-84

- (75) Order No. 250273 - Effective 01-01-84
- (76) Order No. 250466 - Effective 01-01-84
- (77) Order No. 260734 - Effective 07-01-84
- (78) Order No. 290210 - Effective 01-09-86
- (79) Order No. 292212 - Effective 02-10-86
- (80) Order No. 299185 - Effective 06-12-86
- (81) Order No. 302126 - Effective 10-08-86
- (82) Order No. 303650 - Effective 10-02-86
- (83) Order No. 304257 - Effective 10-16-86
- (84) Order No. 305211 - Effective 11-07-86
- (85) Order No. 311872 - Effective 05-06-87
- (86) Order No. 312391 - Effective 05-14-87
- (87) Order No. 310755 - Effective 06-01-87
- (88) Order No. 313445 - Effective 06-12-87
- (89) Order No. 313446 - Effective 07-09-87
- (90) Order No. 313660 - Effective 06-17-87
- (91) Order No. 313932 - Effective 06-25-87
- (92) Order No. 314001 - Effective 06-27-87
- (93) Order No. 313446 - Effective 07-09-87
- (94) Order No. 315275 - Effective 08-19-87
- (95) Order No. 320171 - Effective 12-21-87
- (96) Order No. 320741 - Effective 01-08-88
- (97) Order No. 320742 - Effective 01-08-88
- (98) Order No. 321123 - Effective 01-21-88
- (99) Order No. 323847 - Effective 05-01-88
- (100) Order No. 325144 - Effective 05-02-88
- (101) Order No. 326275 - Effective 06-27-88
- (102) Order No. 326343 - Effective 06-01-88
- (103) Order No. 326344 - Effective 06-01-88
- (104) Order No. 327514 - Effective 07-01-88
- (105) Order No. 327515 - Effective 07-01-88
- (106) Order No. 329661 - Effective 08-26-88
- (107) Order No. 329662 - Effective 08-26-88
- (108) Order No. 329663 - Effective 08-26-88
- (109) Order No. 334130 - Effective 01-04-89
- (110) Order No. 337475 - Effective 03-31-89
- (111) Order No. 337476 - Effective 03-31-89
- (112) Order No. 339860 - Effective 05-07-89
- (113) Order No. 341102 - Effective 08-25-89
- (114) Order No. 341103 - Effective 08-14-89
- (115) Order No. 346071 - Effective 03-29-90
- (116) Order No. 346107 - Effective 03-30-90
- (117) Order No. 355458 - Effective 03-20-91
- (118) Order No. 355461 - Effective 03-20-91
- (119) Order No. 355463 - Effective 03-20-91
- (120) Order No. 355471 - Effective 03-21-91

- (121) Order No. 364345 - Effective 06-25-92
- (122) Order No. 364382 - Effective 06-25-92
- (123) Order No. 368110 - Effective 08-28-92
- (124) Order No. 372796 - Effective 06-25-93
- (125) Order No. 381632 - Effective 07-11-94
- (126) Order No. 381755 - Effective 07-11-94
- (127) Order No. 387223 - Effective 10-20-94
- (128) RM No. 950000023 - Effective 07-01-96
- (129) RM No. 950000024 - Effective 07-01-96
- (130) RM No. 950000025 - Effective 07-11-96
- (131) RM No. 960000008 - Effective 07-01-96
- (132) RM No. 960000009 - Effective 07-01-96
- (133) RM No. 960000018 - Effective 10-15-96
- (134) RM No. 970000002 - Effective 07-01-97
- (135) RM No. 970000011 - Effective 07-01-98
- (136) RM No. 970000025 - Effective 07-11-98
- (137) RM No. 980000013 - Effective 07-15-98
- (138) RM No. 980000016 Emergency, - Effective 03-30-98
- (139) RM No. 980000017 Emergency, - Effective 03-30-98
- (140) RM No. 980000020 Emergency, - Effective 01-05-99
- (141) RM No. 980000033 - Effective 07-01-99
- (142) RM No. 980000034 - Effective 07-01-99
- (143) RM No. 980000035 - Effective 07-01-99
- (144) RM No. 990000010 - Emergency, - Effective 12-28-99
- (145) RM No. 200000002 - Effective 07-01-00
- (146) RM No. 200000009 - Emergency, - Effective 11-02-00
- (147) RM No. 200000009 - Permanent, - Effective 05-11-01
- (148) RM No. 200100005 - Effective 07-01-01
- (149) RM No. 200100006 - Effective 07-01-01
- (150) RM No. 200100009 - Emergency, - Effective 01-14-02
- (151) RM No. 200200017 - Effective 07-01-02
- (152) RM No. 200300001 - Effective 07-01-03
- (153) RM No. 200400006 - Effective 07-01-04
- (154) RM No. 200600012 - Effective 07-01-06
- (155) RM No. 200600013 - Emergency, - Effective 10-04-06
- (156) RM No. 200700004 - Effective 07-01-07
- (157) RM No. 200800003 - Effective 07-11-08
- (158) RM No. 200900001 - Effective 07-11-09
- (159) RM No. 201000003 - Effective 07-11-10
- (160) RM No. 201100004 - Emergency, - Effective 05-19-11
- (161) RM No. 201000007 - Effective 07-11-11
- (162) RM No. 201200005 - Effective 07-01-12
- (163) RM No. 201300001 - Effective 07-01-13
- (164) RM No. 201400002 - Effective 09-12-14
- (165) RM No. 201500001 - Effective 08-27-15
- (166) RM No. 201600001 - Effective 08-25-16

- (167) RM No. 201600019 – Effective 09-11-17
- (168) RM No. 201800002 – Effective 09-14-18
- (169) RM No. 201900002 – Effective 08-01-19
- (170) RM No. 202000002 – Effective 10-01-20
- (171) RM No. 202100003 – Effective 10-01-21

**165:10-1-6. Duties and authority of the Conservation Division**

- (a) It shall be the duty of the Conservation Division to administer and enforce the statutes of this State and the rules, regulations, and orders of the Commission relating to the conservation of oil and gas and the prevention of pollution in connection with the exploration, drilling, producing, transporting, purchasing, processing, and storage of oil and gas. A schedule of fines listed in this Chapter is in Appendix E.
- (b) The Conservation Division shall have the right at all times to go upon and inspect any oil and gas properties, pipelines, tank farms, refineries, and other processing plants and pump stations for the purpose of making any investigations or tests to ascertain whether the rules, regulations, and orders of the Commission are being complied with, and shall report to the Commission any violation thereof.
- (c) The Conservation Division may require the testing or retesting of any oil, gas, injection, or disposal well upon 48-hour notice. Until the test is completed or excused, no allowable will be assigned the well and the purchaser or taker of oil or gas from such well shall not run oil or gas until authorized by the Conservation Division.
- (d) The Director of the Conservation Division may administratively reclassify a well according to the gas-oil ratio as specified in 165:10-13-2 if the retesting of a well pursuant to this Section indicates a change in the original gas-oil ratio. This administrative reclassification shall only be used for allowable or priority purposes pursuant to 165:10-17-12. The operator shall be notified in writing by the Conservation Division within 15 days of the effective date of any change in classification.
- (e) If the operator of the well which has been reclassified objects to said reclassification, he may file a written objection with the Conservation Division within 15 days of receiving notice of the reclassification. At the same time that the objection is filed, the operator shall file an application and notice setting cause for hearing with the Court Clerk ~~Commission~~. The notice shall be published one time at least 15 days prior to the hearing in a newspaper of general circulation published in Oklahoma County and in a newspaper of general circulation published in each county in which lands embraced in the application are located.
- (f) The Conservation Division shall have access to all well records, wherever located. All companies, operators, drilling contractors, drillers, service companies, or other persons shall permit any authorized employee of the Commission to come upon any lease or property operated or controlled by them, and to inspect the records of wells; provided, that information so obtained shall be confidential. Any person who attempts, by means of any threat or violence, to deter or prevent any authorized employee of the Commission from performing any duty hereunder shall be prosecuted to the fullest extent of the law.
- (g) Upon request of the Conservation Division, service companies or other persons shall furnish and file reports and records showing gun perforating, hydraulic fracturing, cementing, shooting, chemical treatment, and all other service operations on any well.

**165:10-1-7. Prescribed forms**

(a) Required Conservation Division forms ~~may~~shall be submitted to the Commission on forms supplied by the Commission, which are available on the Commission's website, or on ~~xerographic~~ copies of Commission forms or by operator computer generated forms. ~~Operator computer generated forms will be printed from Commission designed files made available to operators via the electronic Bulletin Board Service (BBS), Internet (World Wide Web) or magnetic disk.~~ Operator computer generated forms must contain the exact language and wording of Commission forms. Any alteration of Commission forms language and wording may subject the signature party and/or operator to perjury charges.

(b) The following Conservation Division forms are prescribed for filing purposes:

(1) **Form 1000 - Notice of ~~Intention~~Intent/Permit to Drill application:** Operator shall file Form 1000 before any oil, gas, injection, disposal, service well or stratigraphic test hole is drilled, recompleted, re-entered or deepened. Such notice shall include the name(s) and address(es) of the surface owner(s) of the land upon which the well is to be located. ~~The Commission~~Conservation Division shall process the application, and ~~mail a copy of the permit to drill or re-enter to the surface owner(s)~~the Conservation Division shall send an approved Permit to Drill by electronic mail to the operator applying for the Permit to Drill at the electronic mail address(es) listed in the Form 1006B Operator Agreement filed by the operator with the Conservation Division. If no electronic mail address is listed in the Form 1006B Operator Agreement filed by the operator with the Conservation Division, the Conservation Division shall mail the approved Permit to Drill to the operator's address listed in the Form 1006B. For each Permit to Drill other than a Permit to Drill for a recompletion, the operator shall send by facsimile, electronic mail or regular mail a copy of the Permit to Drill to each surface owner listed on the Form 1000 within ten (10) business days of the Conservation Division's approval of the Permit to Drill. Upon approval, the operator will have eighteen months to commence the permitted operations. A six month extension may be granted without fee providing the Conservation Division staff determines that no material change of condition has occurred, if ~~written~~a request by facsimile, electronic mail, or regular mail for such extension is received from the operator prior to the expiration of the original permit. Only one extension may be granted. A copy of the approved permit shall be posted at the well site. [Reference 165:10-3-1 and 165:10-1-25 and OAC 165:10-7-31]

(2) **Form 1000B - Application to Drill Deep Anode Groundbeds:** Form 1000B is required to be filed for wells drilled for deep anode groundbeds as required by OAC 165:10-7-14. The purpose of Commission Form 1000B is to ensure groundwater is being protected in construction of the deep anode groundbed. [Reference 165:10-7-14]

(3) **Form 1000S - Application for seismic operations:** A permit for seismic operations must be obtained. The applicant must post a \$50,000 bond with the Surety Department in the Oil and Gas Conservation Division. The application must also be accompanied with a pre-plot of the project area. [Reference 165:10-7-31]

(4) **Form 1001 - Notification of Intention to Plug:** Operator shall file notice on Form 1001 five days prior to plugging operations and shall notify the appropriate Conservation Division District Office before work is started. If the well is an exhausted producer, list OTC assigned county and lease number. If the Intent to Plug is



cancelled, the operator shall notify the Commission by letter. [Reference 165:10-11-4 and 165:10-11-6]

(5) **Form 1001A - Notification of Spudding of New Well:** Operator shall file a Form 1001A with the Conservation Division within 14 days of spudding a new well or reentering a previously plugged well. [Reference 165:10-3-2]

(6) **Form 1002A - Well completion report:** Operator shall furnish a complete well record on Form 1002A within 60 days after completion of operations to drill, recomplete, re-enter, or convert to injection or disposal well. Effective for both dry hole and/or producer. If well is an oil or gas producer, list OTC assigned county and lease number. Gas-oil ratio must be shown when Form 1002A is filed. List on a 24-hour basis both oil and gas. [Reference 165:10-3-25]

(A) **Oil well:** GOR less than 15,000:1

(B) **Gas well:** GOR 15,000:1 or more

(7) **Form 1002B - Confidential Filing of Electric Logs:** Operator shall file Form 1002B within 60 days from the earlier of the date of completion of the well or the date of the running of the last formation evaluation type ~~wire line~~ well log to hold logs confidential for one year period. Optional extension for six months may be requested by operator in writing to the Technical Services Department of the Conservation Division. [Reference 165:10-3-26]

(8) **Form 1002C - Cementing Report to accompany Well Completion Report:** Operator shall file Form 1002C ~~with the Well Completion Report (Form 1002A)~~ within 45 days of the release of the rig used to drill such well. The Form 1002C shall ~~describing~~ describe all cementing operations on surface, intermediate, and production casing strings, including multistage cementing jobs. The ~~form~~ Form shall be completed and signed by employees of both the operator and the cementing company. [Reference ~~165:10-3-4(i)~~ 165:10-3-4(j)]

(9) **Form 1003 - Plugging Record:** Operator will file Form 1003 within 30 days after plugging operations are completed. The Form 1003 is to be mailed or e-mailed to the appropriate Conservation Division District Office. Form 1003 shall be completed and signed by employees of both the operator and the cementer. If a depleted producer, list OTC assigned county and lease number. [Reference 165:10-11-6 and 165:10-11-7]

(10) **Form 1003A - Notice of Temporary Exemption from Well Plugging:** Form 1003A shall be filed with the appropriate Conservation Division District Office. [Reference 165:10-11-3 and 165:10-11-9]

(11) **Form 1004 - Monthly Report of Unallocated Natural Gas Wells Production:** Each operator of the required meter under 165:10-17-5 shall file a monthly well report on Form 1004 with the Commission of all natural gas volumes transferred through the meter for the preceding month, by the last day of the month following such transfer. List formation name plus OTC assigned county and lease number. If more than one meter, the operator of each shall file this form. [Reference 165:10-1-47]

(12) **Form 1004B - Notice of Gas Purchase Curtailments:** In any month wherein a first purchaser or first taker has a market demand/supply imbalance and must curtail purchases or takes in compliance with 165:10-17-12, Form 1004B shall be filed by said first purchaser or first taker with the Conservation Division. [Reference 165:10-17-12]

(13) **Form 1005 - Monthly Report of Purchasers** (Gas: subject to field rules): [Reference 165:10-1-47 and 165:10-15-1]

(A) **GAS:** Each operator of the required meter or meters under 165:10-17-5 shall complete computer-generated Form 1005, and return a copy to the Conservation Division indicating the gas amounts transferred through the meter for the preceding month on allocated and special allocated gas wells.

(B) **OIL:** Each first purchaser, or first taker of oil from wells and projects which are capable of producing in excess of their maximum assigned allowables, must complete computer-generated Form 1005 and return a copy to the Conservation Division indicating the amount of oil taken from each well or unit for the preceding month.

(14) **Form 1006 - Surety bond for oil, gas, injection, or disposal wells:** Prior to drilling and/or operating a well, the operator shall furnish the Conservation Division a surety bond (\$25,000.00) or other present alternate surety, including, but not limited to, Form 1006A or 1006C. Operator must file the original copy only with a copy of the power of attorney from the bonding company. The name and address of the Oklahoma resident service agent shall be endorsed on the bond form. [Reference 165:10-1-10 and 165:10-1-12]

(15) **Form 1006A - Financial Statement for oil, gas, injection or disposal wells:** Prior to drilling and/or operating a well, the operator shall furnish the Conservation Division a verifiable financial statement (minimum net worth \$50,000.00 within the State of Oklahoma) or other present alternate surety, including, but not limited to, Form 1006 or 1006C. Operator must file an original copy on Form 1006A, which must be updated annually from the last filing date. [Reference 165:10-1-10 and 165:10-1-11]

(16) **Form 1006B - Operator Agreement to plug oil, gas, and service wells within the State of Oklahoma:** Operator shall agree to plug well(s) in compliance with the Commission rules. This agreement must accompany the operator's elective choice of surety (including, but not limited to, Form 1006, 1006A, or 1006C). The operator is required to file a Form 1006B with the Conservation Division once every twelve (12) months. [Reference 165:10-1-10, 165:10-1-11, 165:10-1-12, 165:10-1-13, and 165:10-1-14]

~~(17) **Form 1006BR - Recycling, Reclaiming Operator's Agreement to Close the Reclaiming Facility:** Prior to operating a recycling or reclaiming facility the operator shall file an agreement to close the facility in compliance with OCC rules. This agreement must accompany the application for certification (Form 1020A). [Reference 165:10-8-5]~~

~~(18)~~(17) **Form 1006BR-A - Operator agreement to close hydrocarbon recycling/reclaiming facility:** Operators of hydrocarbon recycling/reclaiming facilities are required to file agreements with the Commission concerning closure of such facilities. [Reference 165:10-8-5]

~~(19)~~(18) **Form 1006BR-B - Surety for closure of hydrocarbon recycling/reclaiming facility:** Operators of hydrocarbon recycling/reclaiming facilities are required to file surety with the Commission for closure and reclamation of such facilities. [Reference 165:10-8-5]

~~(20)~~(19) **Form 1006BT-A – Operator's agreement to close, reclaim and remediate truck wash pit:** Operators of truck wash pits are required to file agreements with the Commission regarding closure of such pits. [Reference 165:10-7-33]

~~(21)~~(20) **Form 1006BT-B - Surety for closure of truck wash pits:** Operators of truck wash pits are required to file surety with the Commission for closure, reclamation and remediation of such pits. [Reference 165:10-7-33]

~~(22)~~(21) **Form 1006C - Irrevocable commercial letter of credit:** Prior to drilling and/or operating a well, the operator shall furnish the Conservation Division an irrevocable commercial letter of credit (\$25,000.00) or other present alternate surety, including, but not limited to, Form 1006A or 1006. Operator must file the original copy of with the bank seal affixed Form 1006C. A letter of credit must be valid for at least a one year period. [Reference 165:10-1-10 and 165:10-1-13]

~~(23)~~(22) **Form 1006D - Affidavit of well plugging costs:** An operator may submit an affidavit on Form 1006D to the Conservation Division concerning the operator's statewide plugging liability. The Commission may approve Category B surety in an amount less than \$25,000.00 for an operator whose statewide plugging liability is less than \$25,000.00. The Form 1006D must be properly executed by a duly licensed pipe pulling and well plugging company and such Form must be acceptable to the Conservation Division. [Reference 165:10-1-10, 165:10-1-12, 165:10-1-13 and 165:10-1-14]

~~(24)~~(23) **Form 1006S – Operator's agreement to plug seismic shot holes within the State of Oklahoma:** Prior to commencing seismic operations the operator shall file an agreement to plug shot holes in accordance with Commission rules. This agreement must accompany the financial surety guarantee. [Reference 165:10-7-31]

~~(25)~~(24) **Form 1006SB - Surety bond for seismic shot hole plugging within the State of Oklahoma:** Before commencing any seismic operation that requires the drilling of shot holes, those companies actually doing the work in the field must secure a bond in the amount of \$50,000.00. Seismic companies must file the original Form 1006SB only with a copy of the power of attorney from the bonding company. The name and address of the Oklahoma resident service agent shall be endorsed on the bond form. Form 1000S shall be filed with the bond. [Reference 165:10-11-6 and 165:10-7-31]

~~(26)~~(25) **Form 1010 - Application for Cancelled Underage:** Operator shall file, within 30 days for oil, and six months for special allocated and allocated gas from the date of cancellation, to reinstate cancelled underage; stating reason for this request and notifying all offset operators. List OTC assigned county and lease number. [Reference 165:10-13-10 and 165:10-17-9]

~~(27)~~(26) **Form 1011 - Multi-Zone lease runs report:** If there are two or more common sources of supply that are produced through a well or wells on the same lease or drilling and spacing unit and that are not commingled, production from each common source of supply shall be separately produced, measured and/or accounted for to the Commission. If one or more of the zones produced are classified as oil for allowable purposes, the operator is required to submit to the Conservation Division a multi-zone report on Form 1011 showing the production from each oil-bearing

common source of supply on or before the last day of the succeeding proration period.  
[Reference 165:10-13-7]

~~(28)~~**(27) Form 1012 - Fluid Injection Report:** Operators shall file Form 1012 with the Conservation Division by January 31 of each year covering the previous calendar year (January 1 through December 31) on all enhanced recovery projects, pressure maintenance projects, noncommercial disposal wells, LPG storage wells, authorized waterfloods and gas repressuring projects for each UIC well. The completed form will list well identification including API number, the Commission order or permit number, injection volume and pressure, etc., as required on the form. No UIC well is to be operated for injection or disposal unless the Form 1012 is filed by the above date.  
[Reference 165:10-5-7].

~~(29)~~**(28) Form 1012C – Commercial disposal well fluid disposal report:** Operators of commercial disposal wells shall file Form 1012C with the Conservation Division by January 31 and July 31 of each year for the previous six-month period. The completed form will list well identification including API number, the Commission order or permit number, disposal volume and pressure, etc. as required on the form. No commercial disposal well is to be operated unless the Form 1012C is filed by the above dates. [Reference 165:10-5-7].

~~(30)~~**(29) Form 1012D – Daily volume and pressure report for disposal wells within areas of interest:** Operators of wells authorized for disposal within areas of interest designated by the Oil and Gas Conservation Division shall submit Form 1012D containing daily volumes and pressures to the Manager of the ~~Pollution Abatement~~Induced Seismicity Department at a minimum on a weekly basis or as designated by such Manager. [Reference 165:10-5-7]

~~(31)~~**(30) Form 1013 - Application for adjusting an allowable for an Excessive Water Exemption or Reservoir Dewatering Oil Spacing unit:** An operator in an unallocated oil pool may be permitted to produce at a full capacity allowable rate, provided that the water- oil ratio at the well is greater than or equal to 3:1 as an excessive water exemption. To qualify for the reservoir dewatering oil spacing unit allowable shown on Appendix J, the operator must provide data to show that the water - oil ratio is greater than 1:1. The operator shall submit a production test on Form 1013 to the Conservation Division. [Reference 165:10-15-1, 165:10-15-16, 165:10-15-17 and 165:10-15-18].

~~(32)~~**(31) Form 1014 - Application for Permit to Use Earthen Pit, noncommercial disposal or enhanced recovery well pit used for temporary storage of saltwater, or pit associated with commercial disposal well surface facility:** The operator of a proposed off-site reserve pit, recycling/reuse pit, spill containment pit, remediation pit, noncommercial disposal or enhanced recovery well pit used for temporary storage of saltwater, or pit associated with a commercial disposal well surface facility must submit Form 1014 to the appropriate Conservation Division District Office for approval before constructing or using the pit. [Reference 165:10-7-16, 165:10-7-20 and 165:10-9-3]

~~(33)~~**(32) Form 1014A – Commercial facility report:** A report that operators of hydrocarbon recycling/reclaiming facilities, commercial pits, commercial soil farming sites and commercial recycling facilities are required to submit to the Manager of

Pollution Abatement. [Reference 165:10-8-8, 165:10-9-1, 165:10-9-2 and 165:10-9-4]

~~(34)~~(33) **Form 1014C - Chain of custody record/analysis request:** Form 1014C is available for use by Commission personnel when samples are collected for submission to and analysis by a laboratory certified by the Oklahoma Water Resources Board or operated by the State of Oklahoma.

~~(35)~~(34) **Form 1014CA - Compliance agreement for land application:** Any person responsible for supervision of land application must submit a compliance agreement to the Commission. [Reference 165:10-7-19 and 165:10-7-26]

~~(36)~~(35) **Form 1014CR - Application for commercial recycling facility construction:** After a Commission order is obtained, Form 1014CR must be submitted for approval to the Manager of Pollution Abatement prior to the construction of the commercial recycling facility authorized by the order. [Reference OAC 165:10-9-4]

~~(37)~~(36) **Form 1014CS - Application for Commercial Soil Farming:** For a commercial soil farming site that has an order to operate, the operator shall submit a Form 1014CS to the Pollution Abatement Department for approval prior to commencing soil farming. [Reference 165:10-9-2]

~~(38)~~(37) **Form 1014D - Application for Surface Discharge or for reclaiming and/or recycling of produced water:** Each application for surface discharge of produced water or for reclaiming and/or recycling of produced water must be submitted to the appropriate Conservation Division District Office on Form 1014D in quadruplicate. Applications will be processed within five business days. [Reference 165:10-7-17 or 165:10-7-32]

~~(39)~~(38) **Form 1014F - Application for permit to use noncommercial pit with capacity in excess of 50,000 barrels to contain deleterious substances:** The operator of a proposed noncommercial pit with a capacity in excess of 50,000 barrels must submit the Form 1014F to and obtain the approval of the Manager of the Pollution Abatement Department or obtain the issuance of a Commission order before constructing or using the pit. [Reference 165:10-7-16]

~~(40)~~(39) **Form 1014HD - Notice for Disposal of Hydrostatic Test Water:** Companies wishing to discharge water as required by OAC 165:10-7-17, used to test a pipeline, tank, etc. must submit a Form 1014HD to the appropriate Conservation Division District Office and the Pollution Abatement Department for prior approval. [Reference 165:10-7-17]

~~(41)~~(40) **Form 1014L - Surface Owner Permission for Land Application:** Each application for land application must include an original Form 1014L, whereby the applicable surface owner gives permission for the applicant to land apply certain deleterious substances to a specific property. [Reference 165:10-7-19 and 165:10-7-26]

~~(42)~~(41) **Form 1014LA - Designation of land application agent:** A notarized affidavit designating any agent of an operator for land application must be submitted to the Commission. [Reference 165:10-7-17, 165:10-7-19 and 165:10-7-26]

~~(43)~~(42) **Form 1014LC - Letter of credit for land application:** Persons who contract to land apply materials are required to file surety with the Commission. [Reference 165:10-7-10]

~~(44)~~(43) **Form 1014N - Application for Commercial Pit Construction:** After a Commission order is obtained, Form 1014N must be submitted for approval by the Manager of Pollution Abatement prior to the construction of each commercial pit authorized by the order. [Reference 165:10-9-1]

~~(45)~~(44) **Form 1014P – Annual report for surface discharge:** An annual report is required to be submitted to the Commission by April 1 of each year on Form 1014P concerning surface discharges of produced water. Current (within three month) analyses of the produced water and soil from the discharge plot must be attached to the annual report. [Reference 165:10-7-17]

~~(46)~~(45) **Form 1014R – Post land application report:** A post land application report shall be submitted by the operator or the operator's agent to the Manager of Pollution Abatement within ninety (90) days of the completion of land application. [Reference 165:10-7-19 and 165:10-7-26]

~~(47)~~(46) **Form 1014RW – Application for permit to use reclaimed water in oil and gas operations:** Each application for a permit to use reclaimed water in oil and gas operations must be submitted to the Manager of Field Operations on Form 1014RW. [Reference OAC 165:10-7-34]

~~(48)~~(47) **Form 1014S - Application for Land Application:** Each application for land application of materials must be submitted to the Pollution Abatement Department on Form 1014S. The applicant must be the operator of the well or other operator responsible for generating the waste to be land applied, except that a commercial pit operator may also apply in case of emergency or for the purpose of facilitating repair or closure, and the Oklahoma Energy Resources Board or its contractor may apply in cases where there is no responsible party. The Form 1014S shall be processed within five business days of submission of all required or requested information. [Reference 165:10-7-19 and 165:10-7-26]

~~(49)~~(48) **Form 1014SB – Surety bond for land application:** Persons who contract to land apply materials are required to file surety with the Commission. [Reference 165:10-7-10]

~~(50)~~(49) **Form 1014T – Application for permit to use truck wash pit:** The operator of a proposed truck wash pit must submit Form 1014T to the Manager of Pollution Abatement for the Conservation Division and obtain a permit before constructing or using the pit. [Reference 165:10-7-33]

~~(51)~~(50) **Form 1014W - Application for waste oil or drill cuttings use by County Commissioners:** Application to apply waste oil, waste oil residue, crude oil contaminated soil or freshwater drill cuttings must be made by any Board of County Commissioners on Form 1014W. The Form 1014W is required to be submitted by electronic mail to the appropriate District Manager. [Reference 165:10-7-22 and 165:10-7-28]

~~(52)~~(51) **Form 1014X - Application for waste oil or drill cuttings use by operators:** Application to apply waste oil, waste oil residue, crude oil contaminated soil or freshwater drill cuttings must be made by any operator on Form 1014X. The Form 1014X is required to be submitted by electronic mail or mailed to the appropriate District Manager. [Reference 165:10-7-27 and 165:10-7-29]

~~(53)~~(52) **Form 1015 - Application for Administrative Approval to Dispose of or Inject Class II fluids into Well(s) or to amend existing orders authorizing**

**injection for injection, disposal or LPG storage well(s):** Applicant shall file an original of the application and one complete set of attachments with the Commission on Form 1015. When requesting approval to dispose of or inject Class II fluids into wells, applicant will also furnish copies of the application on Form 1015 as specified, and, where noted, required attachments to Form 1015. Applicant will submit an affidavit of delivery or mailing to the Commission not later than five business days after the application is filed. Applicant shall file with the Commission proof of publication regarding the notice of application in an Oklahoma County newspaper and a county newspaper in which the well is located. [Reference 165:10-5-2, 165:10-5-5, and 165:5-7-30]

~~(54)~~(53) **Form 1015SI - Application for Order or Permit for Simultaneous Injection Well:** Operator shall file original with the Underground Injection Control Department on Form 1015SI. A copy of the form will also be supplied to the operator of any producing lease within one-half (1/2) mile of the proposed injection well. [Reference 165:10-5-15]

~~(55)~~(54) **Form 1015T - Application for Injection of Reserve Pit Fluids:** Each application for the on-site injection of reserve pit fluids (i.e., drilling mud fluids or fracture fluids) used in drilling or well completion shall be filed with the Underground Injection Control Department by the well operator on Form 1015T. The original of the application and one complete set of attachments shall be furnished to the Underground Injection Control Department. A copy of the application will also be supplied to the land owner and the operator of any producing lease within one-half (1/2) mile of the proposed well. [Reference 165:10-5-13]

~~(56)~~(55) **Form 1016 - Back Pressure Test for Natural Gas Wells:** Operators and/or purchasers, on the Form 1016, will report all single-point and four-point potential tests as required by pool rule orders or general rules. List OTC assigned county and lease numbers and special allocated pool numbers, first date of sales, and complete flow data. [Reference 165:10-17-6 and 165:10-17-7]

~~(57)~~(56) **Form 1017 - Guymon-Hugoton Field Gas Well Deliverability Tests:** Operators and/or purchasers of gas in this field shall take deliverability tests between January 1 and August 31 of each year, and on the test sheet Form 1017 file the results with the Commission. List OTC assigned lease number for each well. [Reference Orders No. 17867 and 87291 and 165:10-17-9]

~~(58)~~(57) **Form 1019 - Guymon-Hugoton Field Acreage Statement for Gas Wells:** A fact statement as to acreage attributable to each well shall be filed with the Commission on Form 1019 within 30 days of the well completion with a plat or map showing location of the well. List OTC assigned county and lease number. [Reference Order No. 17867 and 165:10-17-9]

~~(59)~~(58) **Form 1020A - Application for Certification for the Recycling, Reuse of Deleterious Substances:** Applicant shall file an original Form 1020A with necessary attachments with the Pollution Abatement Department. Form 1020A is filed prior to construction of facility or change of operator. [Reference 165:10-8-1 through 165:10-8-11]

~~(60)~~(59) **Form 1021 - Application for Priority Hardship Classification:** The applicant shall file Form 1021 and the necessary attachments with the Technical Services Department for review prior to any hearing for priority one hardship

classification. In addition, a formal application for hearing must be filed with the Court Clerk's Office of the Commission. [Reference 165:10-17-12]

~~(64)~~(60) **Form 1021A - Application for limited deviation from the priority gas rules:** The applicant shall file Form 1021A and the necessary attachments with the Technical Services Department for review prior to any hearing for deviation from the priority gas rules. In addition, a formal application for hearing must be filed with the Court Clerk's Office of the Commission. [Reference 165:10-17-12]

~~(62)~~(61) **Form 1022 - Application to flare or vent gas:** Operator shall file one copy of Form 1022 with the Technical Services Department of the Conservation Division listing OTC assigned county lease number. [Reference 165:10-3-15]

~~(63)~~(62) **Form 1022A - Application to operate vacuum pump:** Operator shall file one copy of Form 1022A with the required attachments with the Technical Services Department of the Conservation Division. [Reference 165:10-3-31]

~~(64)~~(63) **Form 1023 - Application for multiple completion, multichoke assembly or commingle completion:** Operator will file the original of Form 1023 with the required attachments. List OTC assigned county and lease number. [Reference 165:10-3-35; 165:10-3-39; 165:10-3-37]

~~(65)~~(64) **Form 1024 - Packer setting affidavit:** Operator will submit Form 1024 as required. [Reference 165:10-3-35 and pertinent field rules]

~~(66)~~(65) **Form 1025 - Packer leakage test:** Operator will submit Form 1025 as required. [Reference 165:10-3-35 and pertinent field rules]

~~(67)~~(66) **Form 1027 - Bottom hole pressure test:** Operator, on the pink sheet of Form 1027, shall take BHP tests in the manner and during periods prescribed by special field rules. List OTC assigned county and lease numbers. [Reference Special Field Rules and 165:10-13-3]

~~(68)~~(67) **Form 1028 - Application for discovery oil allowable:** Operator shall file Form 1028 with the required exhibits and tests within 30 days of completion of each new well in a discovery oil pool. [Reference 165:10-15-7]

~~(69)~~(68) **Form 1029A - Production or potential test - oil only:** Operator of each newly completed discovery oil well shall file a potential test Form 1029A not later than 30 days after completion of the well. All tests, if requested, shall be witnessed by another operator. [Reference 165:10-15-7].

~~(70)~~(69) **Form 1030 - Application for allowable adjustment:** Each operator or other interested parties desiring to adjust the allowable for a well or wells shall file Form 1030 for administrative review and approval. The allowable may be increased, decreased, or transferred as the evidence may indicate for the most efficient rate of production from the well or wells. [Reference 165:10-13-5, 165:10-13-8, 165:10-15-18 and 165:5-7-12]

~~(71)~~(70) **Form 1034 - Nominations and purchasers report:** [Reference 165:10-1-36, 165:10-1-37 and 165:10-1-46] **Oil:** Purchasers will furnish nomination data, actual runs from leases, stocks, and other information on Form 1034 to the Conservation Division not later than noon Friday of the week preceding each scheduled market demand hearing. On months in which no market demand hearing is held, Form 1034 shall be filed by the 20th of the month listing crude oil runs for the previous month on line 5 only. Any change in nominations from the previous hearing shall be so indicated on this monthly report.



~~(72)~~(71) **Form 1034-G – Gas nominations:** Operators of natural gas wells in special allocated gas pools where well allowable calculations according to special allocated field rules are in effect shall file their pool nominations on Form 1034-G no later than one week prior to the market demand hearing. [Reference 165:10-1-36, 165:10-1-37, 165:10-1-49 and 165:10-17-9].

~~(73)~~(72) **Form 1040 - Monthly allocation schedule (gas):** Monthly gas schedule Form 1040 will be forwarded to operators by the Conservation Division indicating the status of special allocated gas wells and their current allowables. Operators will inform the Conservation Division of errors, if any, found in Form 1040 as promptly as possible. Additionally, purchasers will receive the monthly schedule and shall return the production from each well as requested. [Reference 165:10-1-47]

~~(74)~~(73) **Form 1055 - Application for PipeCasing Pulling and Well Plugging License:** No person shall contract to pull casing or plug oil, gas, injection, disposal, or other service wells, or contract to salvage casing therefrom, or purchase wells for the purpose of salvaging casing therefrom until a license has been secured from the Commission. [Reference 165:10-11-1]

~~(75)~~(74) **Form 1070 - Inventory of authorized existing enhanced recovery wells:** Operators shall file reporting Form 1070 before injecting into any enhanced recovery well. [Reference 165:10-5-3]

~~(76)~~(75) **Form 1071 - Inventory of authorized existing disposal wells:** Operators shall file the reporting Form 1071 before disposing into any disposal well. [Reference 165:10-5-3]

~~(77)~~(76) **Form 1072 - Notice of termination of injection:** Within 30 days of the termination of injection Form 1072 must be filed. [Reference 165:10-5-7]

~~(78)~~(77) **Form 1073 - Notice of transfer of oil or gas well operatorship:** The new operator shall file Form 1073 to notify the Conservation Division of any change of operation of any oil or gas well within 30 days of transfer of the well. [Reference 165:10-1-15]

~~(79)~~(78) **Form 1073I - Notice of transfer of underground injection well operatorship:** The new operator shall file Form 1073I to notify the Underground Injection Control Department of any change of operation of any injection, disposal, or hydrocarbon storage well within 30 days of transfer of the well. [Reference 165:10-5-10]

~~(80)~~(79) **Form 1073IMW - Notice of transfer of multiple underground injection well operatorship:** For transfers involving more than 10 underground injection wells, a transferor and transferee may file a single Form 1073IMW with the Conservation Division indicating the transfer of multiple wells. If the Form 1073IMW is used, such Form must be filed with the Conservation Division regarding any change of operations of such wells within 30 days of transfer of the wells. [Reference 165:10-5-10]

~~(84)~~(80) **Form 1073MW - Notice of transfer of multiple oil or gas well operatorship:** For transfers involving more than 10 oil or gas wells, a transferor and transferee may file a single Form 1073MW with the Conservation Division indicating the transfer of multiple wells. If the Form 1073MW is used, such Form must be filed with the Conservation Division regarding any change of operations of such wells within 30 days of transfer of the wells. [Reference 165:10-1-15]

~~(82)~~(81) **Form 1075 - Mechanical integrity pressure test:** A pressure or monitoring test must be performed on new and existing injection wells and disposal wells. Information must be submitted on Form 1075 and witnessed by a Field Inspector. Forms shall be submitted to the Conservation Division's Underground Injection Control Department. [Reference 165:10-5-6]

~~(83)~~(82) **Form 1081 - Mineral owners escrow account:** Operator shall file, in quadruplicate, Form 1081 annually on anniversary date of first pooling order issued after effective date of Senate Bill 299 (7-1-84) and shall include all applicable orders issued during the twelve-month reporting period. [Reference 165:10-25-1 through 165:10-25-10]

~~(84)~~(83) **Form 1085 - Complaint report:** Form 1085 is used by Commission personnel to report violations of General Rules of the Commission and to report progress on ongoing remedial actions. Copies are sent to all parties concerned with investigation. Form 1085 combines and replaces old Forms 1034 and 1062. [Reference 165:10-7-7]

~~(85) Form 1139 - Application for gross production tax exemption:~~ Operators shall file one copy of Form 1139 with the required attachments with the Technical Services Department of the Conservation Division. [Reference 165:10-21-75 through 165:10-21-80]

~~(86)~~(84) **Form 1535 - Application for classification of reservoir dewatering project for exemption of sales tax on electricity used for such operations and application for state sales tax exemption for electricity sold for operations involving enhanced recovery methods on a spacing unit or lease:** Operators shall file one original of Form 1535 with the required attachments with the Technical Services Department of the Conservation Division. To obtain the exemption of sales tax on the sale of electricity and associated delivery and transmission used for reservoir dewatering operations, or for a state sales tax exemption for electricity sold for operations involving enhanced recovery methods on a spacing unit or lease, the operator shall contact the Director's Office, Taxpayer Assistance Division, Oklahoma Tax Commission, 2501 N. Lincoln Blvd., Oklahoma City, Ok. 73194. [Reference 165:10-21-90 through 165:10-21-92 and 165:10-21-95 through 165:10-21-97]

~~(87)~~(85) **Form 2000BF - AAI Oversight Qualification:** The Applicant shall file one (1) Form 2000BF with the Brownfield Program of the Conservation Division listing the qualifications as per AAI of each Environmental Professional who will work on the site. [Reference 165:10-10-1 through 165:10-10-14]

~~(88)~~(86) **Form 2001BF - Brownfield Applicant Eligibility:** The applicant shall file one (1) Form 2001BF with the Brownfield Program of the Conservation Division. This Form is filed to demonstrate applicant's eligibility to be in the Brownfield program. [Reference 165:10-10-1 through 165:10-10-14]

~~(89)~~(87) **Form 2002BF - Consent to Entry:** The applicant shall file one (1) Form 2002BF with the Brownfield Program of the Conservation Division. This Form is the landowner's permission for applicant and their contractors to enter the property for assessment and cleanup work. Copies will be sent to all parties concerned with the assessment and/or cleanup. [Reference 165:10-10-1 through 165:10-10-14]

~~(90)~~(88) **Form 2003BF - Application for Brownfield Site Eligibility and Assessment:** The applicant shall file one (1) Form 2003BF with the Brownfield

Program of the Conservation Division for all sites applicant is entering into the program. This Form provides necessary information on the site. This Form can be used by public, quasi-public, and non-profit entities to request a free Targeted Brownfield Assessment of a site that has been approved as eligible for the Brownfield program. [Reference 165:10-10-1 through 165:10-10-14]

~~(94)~~(89) **Form 2005BF - Brownfield Certificate of No Action Necessary:** The Form 2005BF will be issued by the Commission to the Brownfield Applicant, after the Brownfield staff has made a no action necessary decision. The applicant must file the Certificate of No Action Necessary in the office of the county clerk where the site is located, provide a copy to the landowner if the landowner is not the applicant, and submit a file-stamped copy to the Oklahoma Corporation Commission within 30 days. [Reference 165:10-10-1 through 165:10-10-14]

~~(92)~~(90) **Form 2006BF - Brownfield Certificate of Completion:** The Form 2006BF will be issued by the Commission to the Brownfield Applicant, after the Brownfield staff has made a final inspection of the site and review of the project following a remedial action. The applicant must file the Certificate of Completion and any land use restrictions in the office of the county clerk where the site is located, provide a copy to the landowner if the landowner is not the applicant, and submit a file-stamped copy to the Oklahoma Corporation Commission within 30 days. [Reference 165:10-10-1 through 165:10-10-14]

~~(93)~~(91) **Form 3000NGS – Application for Investigation and/or Abatement of Seeping Natural Gas:** An owner of property which has seeping natural gas shall file an application with the Commission regarding the Commission's investigation and/or abatement of the seeping natural gas. [Reference 165:10-12-9]

~~(94)~~(92) **Form 4000WIP – Well impact report:** If an operator has evidence that its well(s) have been impacted by hydraulic fracturing operations, the operator may report the occurrence by electronic mail to the appropriate Conservation Division District Office Conservation Division within 24 hours of discovery. The operator must use Form 4000WIP to report the occurrence. [Reference 165:10-3-10]

~~(95)~~(93) **Form 5000NTL - Notice of temporary lines which may be used to transport produced water:** Operators are required to notify the Conservation Division, the appropriate County Commissioners and the surface owners of the land that is subject to the rights-of-way sought to be utilized by the operator, at least 48 hours prior to placing in public road rights-of-way temporary lines that may at any time be used to transport produced water for well drilling, completion, or remedial workover operations. Operators must use Form 5000NTL to provide the notice. [Reference 165:10-3-10.1]

~~(96)~~(94) **Form 6000NHF – Notice to Conservation Division of hydraulic fracturing operations:** Operators are required to notify the Conservation Division using Form 6000NHF at least 48 hours prior to commencement of hydraulic fracturing operations on a well. [Reference 165:10-3-10]

~~(97)~~(95) **Form 6000NOO – Notice to operators of producing wells of hydraulic fracturing operations:** Operators are required to notify operators of producing wells within one mile of the completion interval of the subject well at least 5 business days prior to commencement of hydraulic fracturing operations on such well. The notice to

be provided such operators shall contain the information in Form 6000NOO.  
[Reference 165:10-3-10]

### PART 3. SURETY

#### **165:10-1-10. Operator's agreement; Category A and Category B surety**

(a) "Any person who drills or operates any well for the exploration, development or production of oil or gas, or as an injection or disposal well, within this State, shall furnish in writing, on forms approved by the Corporation Commission, ~~his~~such person's agreement to drill, operate and plug wells in compliance with the rules and regulations of the Commission and the laws of this state, together with evidence of financial ability to comply with the requirements for plugging, closure of surface impoundments, removal of trash and equipment as established by the rules of the Commission and by law." ~~[52 O.S. § 318.1]~~  
Any operator violating this Section may be fined up to \$500.00. To establish evidence of financial ability, the Commission shall require:

(1) Category A surety which shall include a financial statement listing assets and liabilities and including a general release that the information may be verified with banks and other financial institutions. The statement shall prove a net worth of not less than \$50,000.00 in U.S. dollars; or

(2) Category B surety shall include an irrevocable commercial letter of credit, cash, a cashier's check, a certificate of deposit, bank joint custody receipt, other approved negotiable instrument, or a blanket surety bond. Except as provided in (3) of this subsection, the amount of such Category B surety shall be in the amount of \$25,000.00 in U.S. dollars but may be set higher at the discretion of the Director of the Conservation Division. The Commission is authorized to establish Category B surety in an amount greater than \$25,000.00 in U.S. dollars based upon the past performance of the operator and its insiders and affiliates regarding compliance with the laws of this state, and compliance with any rules promulgated thereto including but not limited to the drilling, operation and plugging of wells, closure of surface impoundments, or removal of trash and equipment. Any such Category B surety shall constitute an unconditional promise to pay and be in a form negotiable by the Commission.

(3) The Commission may grant Category B surety in an amount less than \$25,000.00 in U.S. dollars to an operator whose statewide well plugging liability is less than \$25,000.00 in U.S. dollars. Said Category B surety shall be in an amount that is sufficient to cover the total estimated cost of properly plugging and abandoning each and every well, the operations for which, an operator is responsible. Statewide well plugging liability shall be documented by an affidavit filed on Form 1006D and shall be properly executed by a duly licensed pipe casing pulling and well plugging company and shall be approved by the Conservation Division. Said affidavit shall state, among other things, an estimated cost of plugging, closure, and removal operations for each well in accordance with 165:10-11-3 through 165:10-11-8 inclusively and shall be accompanied by a Form 1000 (Intent to Drill) if the estimate involves a proposed well or by a Form 1002A (Completion Report) if the estimate involves a well that is a producing, injection, or disposal well. The estimated cost shall not include any salvage value as to recoverable casing, tubing, or well head equipment. The total statewide well plugging liability of an operator utilizing this Category B surety shall be kept current

and shall be increased as additional wells are added to the responsibility of the operator and may be decreased as included wells are plugged and abandoned, but in no event shall exceed \$25,000.00 in U.S. dollars unless otherwise ordered by the Commission.

(b) Operators of record as of June 7, 1989, who do not have any outstanding contempt citations or fines and whose insiders or affiliates have no outstanding contempt citations or fines may post Category A surety.

(1) New operators, operators who have outstanding fines or contempt citations and operators whose insiders or affiliates have outstanding contempt citations or fines as of June 7, 1989, shall be required to post Category B surety. Operators who have posted Category B surety and have operated under this type surety and have no outstanding fines at the end of three years may post Category A surety.

(2) Operators using Category A surety who are assessed a fine of \$2,000.00 or more and who do not pay the fine within the specified time shall be required to post a Category B surety within 30 days of notification by the Commission.

(c) If a bond is required, the bond shall be executed by a corporate surety authorized to do business in this State and shall be renewed and continued in effect until the conditions have been met or release of the bond is authorized by the Commission.

(d) Irrespective of (a), (b), and (c) of this Section, for good cause shown concerning pollution or improper plugging of wells by an operator posting either Category A or Category B surety or by an insider or affiliate of such operator, the Commission, upon application of the Director of the Conservation Division after notice and hearing, may require the filing of additional Category B surety in an amount greater than \$25,000.00 in U.S. dollars but not to exceed \$100,000.00 in U.S. dollars. If the Commission has evidence that any person applying to the Commission for authority to operate may not possess a satisfactory compliance history with Commission rules, the Director of the Conservation Division may seek an order of the Commission, issued after application, notice, and hearing, determining whether the person should be authorized to operate.

(e) The agreement (Form 1006B-Operator's Agreement to Plug Oil, Gas and Service Wells Within the State of Oklahoma) provided for in (a) of this Section shall provide that if the Commission determines, after notice and hearing, that the person furnishing the agreement has neglected, failed, or refused to plug and abandon, or cause to be plugged and abandoned, or replug any well or has neglected, failed or refused to close any surface impoundment or remove or cause to be removed trash and equipment in compliance with the rules of this Chapter, then the person shall forfeit from ~~his~~such person's bond, letter of credit, or negotiable instrument or shall pay to this State, through the Commission for deposit in the State Treasury, a sum equal to the cost of plugging the well, closure of any surface impoundment, or removal of trash and equipment. The Commission may cause the remedial work to be done, issuing a warrant in payment of the cost thereof drawn against the monies accruing in the State Treasury from the forfeiture or payment. Any monies accruing in the State Treasury by reason of a determination that there has been a noncompliance with the provisions of the agreement (Form 1006B) or the rules and regulations of the Commission, in excess of the cost of remedial action ordered by the Commission, shall be credited to the ~~Conservation~~Oil and Gas Revolving Fund. The Commission shall also recover any costs arising from litigation to enforce this provision if the Commission prevails. Provided, before a person is required to forfeit or pay any monies to the State pursuant to this Section, the Commission shall notify the person at ~~his~~such

person's last-known address of the determination of neglect, failure, or refusal to plug or replug any well, or close any surface impoundment, or remove trash and equipment, and said person shall have ten days from the date of notification within which to commence remedial operations. Failure to commence remedial operations shall result in forfeiture or payment as provided in this subsection. If the operator is a corporation, association, partnership, limited liability company or any entity other than an individual, and such entity is not required to file a Form 10-K with the United States Securities and Exchange Commission, the operator shall file as part of its Form 1006B a complete list, in tabular form, of the full names (first, middle and last names) and any applicable suffix, e.g. Senior, Junior, business mailing addresses, physical business addresses (cannot be post office boxes), business telephone numbers, business email addresses, driver license numbers, and percentages of ownership of all officers, directors, partners or principals of the operator and the insiders and affiliates of the operator. The operator shall also file as part of its Form 1006B the current names and business mailing addresses of all service agents of the operator and the operator's insiders and affiliates. If the operator is required to file a Form 10-K with the United States Securities and Exchange Commission, the operator must submit a current Form 10-K with the Form 1006B to the Conservation Division. Such operator must complete page one of the Form 1006B, and the Form 10-K is submitted in lieu of other required information in the Form 1006B. Operators who are individuals shall file, as part of the operator's Form 1006B, the operator's full name (first, middle and last names) and any applicable suffix, e.g. Senior, Junior, business mailing address, physical business address (cannot be a post office box), business telephone number, business email address, percentages of ownership of the operator in insiders and affiliates of the operator, the full names, business mailing addresses, physical business addresses (cannot be post office boxes), business telephone numbers, and business email addresses of the officers, directors, partners or principals of the operator's insiders and affiliates. The operator shall also file as part of the operator's Form 1006B the current names and business mailing addresses of all service agents of the operator's insiders and affiliates. The operator is required to file a Form 1006B with the Conservation Division every twelve (12) months.

(f) No person shall drill or operate any well, or receive an allowable, without complying with the provisions of this Section.

(g) No person shall drill or operate any oil or gas well subject to the provisions of this Section, without the evidence of financial ability required by this Section. The Commission shall shut in, without notice, hearing or order of the Commission, the wells of any such person violating the provisions of this ~~Section~~subsection and such wells shall remain shut in for noncompliance until the required evidence of Category B surety is obtained and verified by the Commission. No taker, transporter, or purchaser of oil or gas shall take, transport, or purchase oil or gas from the wells of any such drillers or operators after receiving a copy of the shut-in order or notice by certified mail of the issuance of such an order.

(h) If title to property or a well is transferred, the transferee shall furnish the evidence of financial ability to plug the well and close surface impoundments required by the provisions of this ~~section~~Section, prior to the transfer.

(i) The following words, when used in this Section, shall have the following meaning:

- (1) "Affiliate" means an entity which owns twenty percent (20%) or more of the operator, or an entity of which twenty percent (20%) or more is owned by the operator.
- (2) "Insider" means officer, director, or person in control of the operator; general partners of or in the operator; general or limited partnership in which the operator is a general partner; spouse of an officer, director, or person in control of the operator; spouse of a general partner of or in the operator; corporation of which the operator is a director, officer, or person in control; affiliate, or insider of an affiliate as if such affiliate were the operator; or managing agent of the operator.

## PART 5. SPACING

### **165:10-1-22. Drilling and spacing units**

(a) The ~~commission~~Commission may establish drilling and spacing units in any common source of supply as provided by law, and the ~~special orders~~ creating drilling and spacing units shall supersede the provisions of 165:10-1-21. It shall be the responsibility of any operator who proposes to drill a well to ascertain the existence and provisions of ~~special spacing orders~~ creating drilling and spacing units.

(b) The drilling of a well or wells into a common source of supply in an area covered by an application pending before the ~~commission~~Commission seeking the establishment of drilling and spacing units is prohibited except by special order of the ~~commission~~Commission. However, the Commission may issue a Permit to Drill for any well after a hearing for a special order or for an order on the merits prior to the issuance of any such order. Any such Permit to Drill is subject to and must conform with the final provisions of any such order. However, if an Intent to Drill (Form 1000) Additionally, if a Permit to Drill has been approved by the ~~commission~~Commission and operations commenced prior to the filing of a spacing application, the operator shall be permitted to drill and complete the well without a special order of the Commission.

(c) Standard drilling and spacing units shall be either approximately square or rectangular; if rectangular, the drilling and spacing unit shall consist of two approximately square tracts.

(d) Standard square drilling and spacing units shall be those containing approximately 10, 40, 160, or 640 acres; standard rectangular units shall contain approximately 20, 80, or 320 acres.

(e) The drilling and spacing units within any common source of supply of oil or gas shall be of approximately uniform size and shape. In a combination reservoir, the drilling and spacing units within the oil portion of the reservoir shall be of approximately uniform size and shape, and the drilling and spacing units within the gas portion of the reservoir shall be of approximately uniform size and shape; provided, however, the drilling and spacing units within the gas portion of a combination reservoir along the gas-oil contact line or transition zone may be of nonuniform size and shape.

### **165:10-1-24. Permitted well locations within standard drilling and spacing units**

(a) The permitted well location within any standard square drilling and spacing unit shall be the center of the unit. The permitted well locations within standard rectangular drilling and spacing units shall be the centers of alternate square tracts constituting the units (alternate halves of the units); provided, however, a well will be deemed drilled at the permitted location if drilled within the following tolerance areas:

(1) Not less than 165 feet from the boundary of any standard 10-acre drilling and spacing unit or the proper square 10-acre tract within any standard 20-acre drilling and spacing unit.

(2) Not less than 330 feet from the boundary of any standard 40-acre drilling and spacing unit or the proper square 40-acre tract within any standard 80-acre drilling and spacing unit.



(3) Not less than 660-feet from the boundary of any standard 160-acre drilling and spacing unit or the proper square 160-acre tract within any standard 320-acre drilling and spacing unit.

(4) Not less than 1320 feet from the boundary of any standard 640-acre drilling and spacing unit.

(b) The proper square tract of a rectangular drilling and spacing unit established prior to January 1, 1971, for which a slot drilling pattern was prescribed, shall be the northeast quarter and the southwest quarter of the governmental section, quarter section, or quarter quarter section containing two abutting rectangular drilling and spacing units; provided, slot patterns may be established or re-established upon application, notice, and hearing where consistent with available geological and engineering information when necessary to prevent waste or protect correlative rights.

(c) The permitted well location tolerance areas set out in (a) of this Section shall apply to each standard drilling and spacing unit heretofore or hereafter established, notwithstanding the provisions of any ~~special~~ order of the Commission prescribing a different permitted well location tolerance area; provided, however, this Section shall not affect any adjusted allowable or penalty applied to any well by ~~special~~ order of the Commission prior to the effective date of this Section, nor shall any well heretofore drilled within a then permitted tolerance area be deemed outside the permitted tolerance area by reason of this Section.

(d) Wells drilled ~~off-pattern~~off-pattern without first obtaining an exception after notice and hearing by the Commission are hereby prohibited from producing either oil or gas.

(e) Whenever permission is granted to drill a well at a location other than specified in this Chapter, the allowable or production therefrom, or both, may be adjusted for the protection of the correlative rights of all persons entitled to share in the common source of supply.

(f) Unless the order granting a well location exception provides otherwise, the permission to drill the well at the excepted location shall expire twelve (12) months after the date of the order, unless a well was commenced at the excepted location on or before the expiration date. The order granting the well location exception will thereafter expire when the well is plugged, abandoned, or converted.

(g) An application for an emergency order granting a well location exception may be granted if the applicant has obtained the written consent of the operator of each adjoining or cornering tract of land or drilling and spacing unit, currently producing from the same formation, toward which the well location is proposed to be moved. Provided, however, if the applicant is the operator of the well in an adjoining or cornering tract of land or drilling and spacing unit, currently producing from the same formation, toward which the well location is proposed to be moved, the applicant shall obtain the written consent of each working interest owner in such well.

(1) Letters evidencing the written consent of off-set operators and working interest parties as described in this subsection shall be introduced and received into evidence at the time of the emergency hearing and reviewed. Copies of said letters shall be filed with the Court Clerk of the Commission.

(2) If the written consent described in this subsection cannot be obtained, the applicant may send written notice to said non-consenting party giving that party at least five business days notice of the emergency hearing. If said non-consenting

party fails to appear, then the emergency application shall be considered and may be granted without the non-consenting party's written consent. The applicant shall file an affidavit of mailing with the Court Clerk to prove the mailing of the five day notice.

(h) If a spacing application is currently pending and the applicant or any party who owns the right to drill needs to commence a well prior to issuance of the spacing order, the applicant or party shall obtain an emergency order to commence such well and an emergency location exception order, or the Commission may issue a Permit to Drill for any well after a hearing for an emergency location exception order prior to the issuance of any such order. Any such Permit to Drill is subject to and must conform with the final provisions of any such order if:

(1) The proposed well is ~~offpatternoff-pattern~~ according to the existing spacing for any formation involved, or

(2) The well is ~~offpatternoff-pattern~~ according to 165:10-1-21 governing well patterns for unspaced areas.

(i) Whenever an order permits an ~~offpatternoff-pattern~~ well with a percentage penalty, the order permitting said well may provide, at the request of a party entitled to notice in the cause, for said party to have the right, at his sole cost and risk, to attend and monitor the initial potential testing and all subsequent annual testing of the proposed ~~offpatternoff-pattern~~ well to ensure proper testing. If the order permits witnessing of tests as prescribed above, then the order shall further provide that at least five days prior to the initial potential testing and each subsequent annual testing of the proposed well, the operator of the well shall notify, in writing, all parties entitled to notice in the cause who requested to attend and monitor these tests of the date and time upon which said testing shall commence.

### **SUBCHAPTER 3. DRILLING, DEVELOPING, AND PRODUCING**

#### **PART 1. DRILLING**

##### **165:10-3-1. Required approval of notice of intent to drill, deepen, re-enter, or recomplete; Permit to Drill**

###### **(a) Permit to Drill.**

(1) Except as provided in ~~(1)(l)~~ of this Section, on emergency authorization to commence, the operator shall obtain for the well a Permit to Drill approved by the Conservation Division before:

(A) Spudding a well for the exploration for and production of oil or gas.

(B) Spudding a well for use as an injection, disposal, or service well.

(C) Re-entry into a plugged well.

(D) Recompletion of a well.

(E) Deepening an existing well.

(2) A Permit to Drill shall be valid only for each common source of supply listed on the permit.

(3) Any operator who drills, deepens, reenters or recompletes a well without a permit to drill may be fined up to \$1,000.00.

(4) An operator requesting a Permit to Drill for a well shall submit a plat utilizing Commission records showing the location, well name, operator, section, township, range and county, ground elevation, and total depth of each abandoned, plugged, producing or drilling well, and dryhole within one quarter (1/4) mile of the completion interval of the proposed well. The operator is also required to submit a certified plat regarding the proposed well prepared by a licensed surveyor, and the following information shall be included in the plat concerning the completion interval of the proposed well: the surface hole location footages from the quarter section with latitude and longitude, proposed bottom hole location footages from the quarter section with latitude and longitude, landing point, corner coordinates at section corners and quarter section points, GPS Datum NAD 27 and NAD 83, and distance to wells that will be closer than authorized in Commission rules or by Commission order. In addition, regarding an application for a Permit to Drill to recomplete a well, the operator shall include on the plat the surface hole location latitudes and longitudes for wells for which Permits to Drill have been approved.

(5) The Conservation Division shall send an approved Permit to Drill by electronic mail to the operator applying for the Permit to Drill at the electronic mail address(es) listed in the Form 1006B Operator Agreement filed by the operator with the Conservation Division. If no electronic mail address is listed in the Form 1006B Operator Agreement filed by the operator with the Conservation Division, the Conservation Division shall mail the approved Permit to Drill to the operator's address listed in the Form 1006B.

(6) The Commission may issue a Permit to Drill for any well after a hearing for a special order or for an order on the merits prior to the issuance of any such order. Any such Permit to Drill is subject to and must conform with the final provisions of any such order.

(b) **Amended or additional Form 1000 requirements.**

(1) **When required.** If the Conservation Division has issued a Permit to Drill for a well, the operator of the well shall submit an amended Form 1000 for the well and obtain an amended Permit to Drill before:

- (A) Completing the well in a common source of supply which is not listed on the current unexpired Permit to Drill for the well.
- (B) Recompleting the well in a common source of supply which is not listed on the current unexpired Permit to Drill for the well.
- (C) Installing less surface casing than the amount approved on the unexpired Permit to Drill for the well.
- (D) Deviating from an alternative casing and cementing procedure which the Conservation Division approved on the unexpired Permit to Drill for the well.
- (E) Completing a well in a common source of supply at a subsurface location which does not correspond with the surface location on the most recently issued Permit to Drill for the well.

(2) **Effect of amended or additional Permit to Drill on prior Permit to Drill.** Each approved, amended, or additional Permit to Drill for a well cancels any previously issued Permit to Drill for the well.

(c) **Expired or revoked Permit to Drill.** If a Permit to Drill for a well expires or is revoked, the operator shall be subject to the requirements of (a) of this Section.

- (d) **Casing and cementing requirements.** Each Permit to Drill shall list the minimum amount of surface casing to be used or an approved alternative casing and cementing program under 165:10-3-4.
- (e) **Spud report and well spacing requirements.** In addition to complying with the requirement of obtaining a Permit to Drill, the operator shall comply with the following:
- (1) The spud report requirement of 165:10-3-2.
  - (2) Any well spacing requirements applicable by order or rule of the Commission. Well spacing requirements do not apply to injection or disposal wells.
- (f) **Disposal of drilling fluids.**
- (1) The operator shall indicate on Form 1000 the proposed method(s) for disposal of drilling fluids. These methods shall include, but not be limited to:
    - (A) Evaporation/dewatering and leveling of the reserve pit.
    - (B) Soil farming.
    - (C) Recycling.
    - (D) Commercial off-site earthen pit disposal.
    - (E) Annular injection.
    - (F) Hauling to a facility or location other than a commercial earthen pit.
  - (2) If the method in (1)(F) in this subsection is used, the operator shall provide the location to which the drilling fluids are to be hauled.
  - (3) Issuance of the Permit to Drill shall not be construed as constituting approval of the disposal method(s) indicated. An operator who desires to dispose of drilling fluids through either evaporation/dewatering and leveling of the reserve pit, soil farming, commercial earthen pit disposal, or annular injection must comply with 165:10-7-16, 165:10-7-19 or 165:10-9-2, 165:10-9-1, or 165:10-5-13 respectively.
  - (4) If the proposed method for drilling fluid disposal is changed, the operator shall notify the appropriate Conservation Division District Office, either by telephone, facsimile or electronic mail, within twenty-four (24) hours after the change. An amended Form 1000 for the well shall not be required for a change in disposal method.
- (g) **Notice to surface owners.**
- (1) The operator shall include on each Form 1000 submitted to the Conservation Division, the name and address of each surface owner of record for the wellsite.
  - (2) For each Permit to Drill other than a Permit to Drill for a recompletion, the Conservation Division operator shall mail by regular U.S. mail send by facsimile, electronic mail or regular mail a copy of the Permit to Drill to each surface owner listed on the Form 1000 within ten (10) business days of the Conservation Division's approval of the Permit to Drill.
- (h) **Disapproval for noncompliance with Commission order.** If an operator is not in compliance with an enforceable order of the Commission, the Conservation Division shall not issue any Permit to Drill for the operator, until the operator complies with the order.
- (i) **Erroneous approval.** Erroneous issuance of a Permit to Drill shall not excuse noncompliance with any order or rule of the Commission.
- (j) **Expiration.**
- (1) **Eighteen-month period.** Except as provided in (3) of this subsection for expiration after submission of a completion report, a permit to drill shall expire eighteen months from the date of issuance, unless drilling operations are commenced and thereafter continued with due diligence to completion.

(2) **Six-month extension.** A six month extension may be granted without fee providing the Conservation Division staff determines that no material change of condition has occurred, if ~~written~~ a request by facsimile, electronic mail, or regular mail for such extension is received from the operator prior to the expiration of the original permit. Only one extension may be granted.

(3) **If Form 1002A is filed.** If the operator of the well submits to the Conservation Division a Completion Report (Form 1002A) for the well, the Permit to Drill for the well shall expire on the date the Completion Report is approved by the Conservation Division.

(k) **Posting of Permit to Drill at the wellsite.** During any activity subject to this Section, the operator shall maintain at the wellsite an original or legible copy of the Permit to Drill for inspection by Commission personnel.

(l) **Emergency authorization without approval of a Permit to Drill.** In an emergency, the Manager of the Technical Services Department of the Conservation Division may temporarily authorize commencement of activities without a Permit to Drill for a period up to five business days.

(m) **Limits of authority.** A Permit to Drill does not grant the operator authority to produce, inject or dispose without the required permits or allowable assignment.

#### **165:10-3-4. Casing, cementing, wellhead equipment, and cementing reports**

(a) **Scope.**

(1) This Section governs the following:

(A) Surface casing and cementing requirements.

(B) Alternate casing and cementing procedure used instead of adequate surface casing and cement.

(C) Minimum cementing and testing requirements for intermediate and production casing.

(D) Minimum valve and blowout preventer requirements.

(E) Cementing reports.

(2) This Section shall apply to the following:

(A) Wells drilled or reentered for the production of oil, gas or brine.

(B) Wells drilled or reentered for disposal of oilfield wastes.

(C) Wells drilled for injection.

(D) Wells drilled in subsurface gas storage units created by order of the Commission.

(E) Other oilfield related service wells.

(b) **Effect on area rules.**

(1) If any area rules promulgated by order of the Commission require less casing and cement than required by this Section, then this Section shall supersede the area rules.

(2) If an applicable area rule promulgated by order of the Commission has more stringent casing and cementing requirements than what are required by this Section, the Conservation Division shall enforce the area rules.

(c) **Quality of cement.**

(1) **Parameters.** Cement used in the procedures described in this Section shall meet or exceed the following specifications:

(A) Minimum compressive strength: 500 psi;

- (B) Maximum Young's modulus: < 1.2 x 10<sup>6</sup> psi;
- (C) Permeability:< 0.1 mD; and
- (D) Minimum concentration of Portland cement: approximately 20%.

**(2) Required information.**

(A) If requested by a representative of the Conservation Division, the cementer shall provide quality control data sheets regarding the cement to the Technical Services Department, which data shall include, but not be limited to, the most recent laboratory test results for the cement. Laboratory test results for the cement must be no more than 12 months old.

(B) If requested by a representative of the Conservation Division, a sample of the cement shall be split and an adequate portion (approximately one gallon) shall be properly labeled and delivered or otherwise provided to the Technical Services Department.

**(e)(d) Surface casing and cementing requirements for wells listed in (a)(2) of this Section:**

(1) **Minimum surface casing requirements.** Unless an alternate casing program is authorized by the Conservation Division or by an order of the Commission, suitable and sufficient surface casing shall be run and cemented from bottom to top with a minimum setting depth which is the greater of:

- (A) Ninety feet below the surface, or
- (B) Fifty feet below the base of treatable water.

(2) **Penalty for noncompliance.** An operator setting less than the required amount of surface casing or failing to remediate uncirculated cement before resuming operations may be fined up to \$5,000.00.

(3) **Exceptions to ~~(e)(1)(d)(1)~~.** Operators having wells producing hydrocarbons which were in compliance with the surface casing requirements at the time of completion shall not be required to comply with (1) of this subsection.

(4) **Well to be used for annular injection under 165:10-5-13.** If the operator intends to dispose of drilling or stimulation fluids by annular injection, then the operator shall comply with 165:10-5-13 which requires a surface casing string to be set not less than 200 feet below the base of treatable water, unless a Commission order provides otherwise.

(5) **Depth limitation on setting surface casing.** The well operator shall run and cement the surface casing string required by this subsection before drilling the well more than 250 feet below the base of treatable water, unless otherwise approved on the Permit to Drill.

(6) **Penalties.** Operators failing to obtain permission to drill a well more than 250 feet below the treatable water, or to obtain permission for an alternate casing and cementing procedure may be fined up to \$2,500.00.

(7) **Cementing procedures.**

(A) **Approved methods.** Except as provided in (B) of this paragraph for bradenhead cementing, cement shall be run by either the tubing and pump method, the pump and plug method, or the displacement method.

(B) **Bradenhead cementing prohibited.** Bradenhead cementing is prohibited without written permission from the appropriate Conservation Division District Office.

**(C) Restrictions on stage cementing.**

(i) **Above 200 feet.** Running cement through small tubulars is permitted above 200 feet in depth without special permission.

(ii) **Below 200 feet.** Below 200 feet in depth, the operator shall obtain permission from the appropriate Conservation Division District Office before using small tubulars to run cement.

**(D) Steel casing required.** For purposes of the surface casing requirements of this Section, surface casing shall be oil field grade steel casing.

**(E) Minimum cement setup time.** The cement behind the surface casing shall set at least eight hours before further drilling. The cement behind the surface casing in wells drilled in an underground storage facility pursuant to OAC 165:10-3-5 shall set at least twenty-four hours before further drilling.

**(F) Down-hole testing of surface casing and cement.** Before drilling the shoe of the surface casing, the operator shall test the surface casing using the procedure prescribed by (g) of this Section.

**(G) Failure to circulate cement or fall back of cement behind surface casing.**

(i) **Verifying the top of cement.** If no conductor string is set and the cement did not circulate to the surface or falls back more than five feet, the operator shall determine the top of the cement using a method approved by the District Manager or Field Inspector Supervisor.

(ii) **Top of cement less than 200 feet from the surface.** If the top of the cement is found less than 200 feet from the surface, the operator may circulate cement to surface using small tubulars.

(iii) **Top of cement greater than 200 feet from the surface.** If the top of the cement is greater than 200 feet from the surface, the operator shall perform a corrective cementing operation by circulating cement to the surface from the determined top of the cement. The District Manager or Field Inspector Supervisor may grant permission to circulate cement through small tubulars.

**(H) Insufficient surface casing or mechanical failure.** Within 24 hours after discovery of a problem with the surface casing or cement, the operator shall notify the appropriate Conservation Division District Office by telephone, facsimile or electronic mail of:

(i) Any mechanical failure of the surface casing or cement.

(ii) Discovery of a treatable water formation below the shoe of the surface casing.

**(I) Penalty.** An operator, failing to report a rupture, break, or opening in the surface casing, may be fined up to \$1,000.00 and the well shut down.

**(J) Notice.** The District Manager or Field Inspector shall be given at least 24 hours notice by telephone, facsimile or electronic mail prior to any cementing operation in order that they may have the opportunity to witness.

**~~(d)~~(e) Alternate casing and cementing procedures.**

(1) **Requirement of approval on the Permit to Drill.** Use of an alternative casing and cementing procedure instead of surface casing and cement required by ~~(e)~~(d) of this Section is prohibited without authorization on the Permit to Drill for the well.

(2) **Disapproval.** The Manager of Technical Department may not issue a permit for an alternate casing string and cementing procedure if one or more of the following conditions exist:

(A) The well will penetrate a known lost circulation zone.

(B) The treatable water bearing formation(s) will be endangered.

(C) The projected depth of the well is less than 100 feet from the top of any authorized secondary project or gas storage facility.

(3) **Applicability of other casing and cementing standards.** Alternate casing and cementing procedures under this subsection are subject to the provisions of ~~(e)(7)~~(d)(7) of this Section.

(4) **Alternate casing and cementing procedure.**

(A) An operator having permission to run an alternate casing string may, for protection of the treatable water, drill the well to casing point and circulate cement to the surface, or circulate cement from a depth of 100 feet below the base of treatable water to the surface after following the procedures set out in ~~(f)~~(g) of this Section.

(B) Oil based drilling mud shall be prohibited.

(C) If a well is completed using an alternate casing and cementing procedure, a bond log covering the interval from 100 feet below the base of the treatable water to the surface shall be required. The District Manager may waive this requirement. A completion attempt, in cases where the protection of treatable water is questionable, is strictly prohibited.

(D) Unless extended by the District Manager, the operator shall have 72 hours after drilling and testing is completed to run production casing or plug the well. A minimum of 24 hours prior notice by telephone, facsimile or electronic mail must be given to the appropriate Conservation Division District Office prior to cementing operations so that a Field Inspector may have the opportunity to witness the cementing or plugging procedures. If the well is plugged and abandoned, procedures set out in ~~(e)~~(f) of this Section shall be followed.

(E) In the event that casing is run and cement does not circulate to the surface, or falls back, the operator shall determine the top of the cement using a method approved by the District Manager.

(5) **Remedial actions.**

(A) If the top of the cement is less than 200 feet from the surface, the operator may circulate cement from that point to the surface using small tubulars or by perforating the casing at that point and circulating cement to the surface.

(B) If the top of the cement is greater in depth than 200 feet, the operator shall perforate the casing at the top of the cement and circulate cement to the surface, or with the written permission of the District Manager or Field Inspector Supervisor, use small tubulars.

(C) In the event that a conductor string had been set and the top of the cement is at least ten feet above the base of the conductor casing no remedial action is needed.

(D) Unless waived by the appropriate Conservation Division District Office, all corrective cementing operations shall be approved and witnessed by the Field Inspector.



(E) In wells where corrective actions were needed for casing or cementing problems, a completion attempt shall not be made without approval by the District Manager.

~~(e)~~(f) **Permanent well marker.** In the event that the well is a dry hole and no casing has been run, then during the plugging of the well the operator shall run and cement from bottom to top at least one joint of casing at the surface not less than 25 feet in length for use as a permanent well marker. The casing used as a well marker shall be oil field grade steel casing with an outside diameter of at least seven inches. The top of the marker shall be three feet below the surface and be capped with a steel plate inscribed or embedded with the well number and date of plugging on the steel plate. An operator failing to run and cement the well marker as required may be fined up to \$1,000.00 and shall, under the supervision of the Commission, replug the well.

~~(f)~~(g) **Minimum cement for additional casing strings.** If additional casing other than surface casing is run, except for temporary purposes, it shall be run, set, and cemented with a calculated volume of cement sufficient to fill the annular space behind the casing string from the base of the casing string to a minimum height which is the greater of five percent of the depth to which the casing string is set, or a height of 200 feet. Any well approved for horizontal completion shall be cemented with a calculated volume of cement sufficient to fill the annular space behind the production casing string to isolate the producing formation. The Conservation Division may grant a variance to this requirement for a horizontal well upon request.

~~(g)~~(h) **Pressure testing of casing strings.**

(1) Before drilling the cement plug in a casing string, the operator shall pressure test the installed casing for 30 minutes at a minimum pressure which is the lesser of the surface gauge pressure equal in pounds per square inch to 0.2 of the length of the casing in feet or 1500 psig.

(2) During the 30 minute test, if the surface pressure drops ten percent or more, the operator shall:

(A) Repair and retest the casing until the requirements of this subsection are met; or

(B) Plug the well according to the rules of this Chapter.

~~(h)~~(i) **Minimum wellhead equipment for drilling wells.** All reasonable and prudent precautions shall be taken for keeping the well under control during drilling operations, including but not limited to the use of blowout preventers or other similar equipment with appropriate pressure fittings attached to properly cemented casing strings and the maintenance of mud-laden fluid of sufficient weight to provide proper well control. A blowout preventer or other equipment necessary to maintain control of the well shall be installed prior to drilling out of the surface casing. Blowout preventers and associated equipment shall be maintained in good working order. Blowout preventers shall be pressure tested at regular intervals, not to exceed twenty-one days, to ensure proper operation. A function test shall be conducted on a routine basis during drilling operations to ensure that annular preventers and rams will operate properly. Alternate testing procedures may be approved by the District Manager. The rig personnel shall be trained in the use of blowout prevention equipment and well control procedures on the rig.

~~(i)~~(j) **Cementing reports.**

(1) The operator of the well shall submit, ~~attached to Form 1002A Completion Report,~~ a Form 1002C Cementing Report within 45 days of the release of the rig used to drill such well, describing all cementing operations on surface, intermediate, and production casing strings, including multistage cementing jobs.

(2) If additional cementing operations occur after submission of the Cementing Report, the operator shall submit an amended Form 1002C for the well.

~~(j)~~(k) **Surface casing requirements for re-entry wells.** For a re-entry as defined by 165:10-1-2, casing and cementing requirements at the time of re-entry shall apply.

~~(k)~~(l) **Surface casing requirement for recompletions.** For a recompletion as defined by 165:10-1-2, casing and cementing requirements applicable to wells commenced on the latter of the spud date or re-entry date for the well shall apply.

~~(j)~~(m) **Casing and cementing requirements for wells converted for injection or disposal.** If a well is converted for use as an injection or disposal well, it shall be subject to the casing and cementing requirements of this Section effective at the time of conversion of the well.

~~(m)~~(n) **Casing and cementing requirements for wells penetrating unitized common sources of supply.** Each newly drilled or re-entered well which penetrates a common source of supply in which enhanced recovery operations are being conducted shall be properly cased and cemented from not less than 100 feet below to not less than 100 feet above each unitized common source of supply to prevent migration of formation fluids and contain formation pressure. In the event the well is to be plugged without being cased, the well shall be properly cemented over the aforementioned interval(s) during plugging procedures.

~~(n)~~(o) **Insufficient surface casing and cement.** When it has been determined that a treatable water-bearing formation has not been properly cased and cemented, the operator shall take such measures designated by the Director of Conservation or ordered by the Commission to protect any treatable water-bearing formation.

### **165:10-3-5. Underground storage**

(a) **Scope.** This Section shall apply to all operations pertaining to the drilling, completion, recompletion, or remedial operations on wells located within the boundaries of an underground storage facility as defined in (b)(4) of this Section or wells whose completion intervals will, at any point, be located within 600 feet of the underground storage facility.

(b) **Definitions.**

(1) "Underground storage" shall mean storage of natural gas in a subsurface stratum or formation of the earth.

(2) "Natural gas" shall mean gas either while in its natural state or after the same has been processed by removal therefrom of component parts not essential to its use for lights and fuel.

(3) "Storage operator" shall mean any person, firm, or corporation which operates an underground storage facility.

(4) "Underground storage facility" shall mean any subsurface stratum or formation of the earth used for underground storage. Provided that, in the case of a natural gas bearing subsurface stratum or formation, the commercially producible native gas shall have been substantially depleted and the gas therein shall not be used primarily for

the secondary recovery of oil in paying quantities from the subsurface stratum or formation.

(5) "Well" means a vertical, directional or horizontal well drilled or bored or to be drilled or bored within the certified boundary of an underground storage facility, or whose completion interval will, at any point, be located within 600 feet of the underground storage facility.

(6) "Well operator" shall be the person, firm, or corporation that is the operator of a well.

(7) "Major remedial operations" shall mean any workover operations requiring a workover rig, wire line or pump truck services.

(8) "Good quality cement" means cement that would obtain a compressive strength to prevent oil, gas, or water migration within a twenty four (24) hour period.

(9) "Certified boundary" means the perimeter of the legal description of an underground storage facility established by certificate and order of the Commission.

(10) "Completion interval" means for open hole completion or recompletions, the interval from the point of entry to the terminus and, for cased and cemented completions or recompletions, the interval from the first perforations to the last perforations.

(c) **Notice to storage operator.** Upon receipt of Form 1000 from a well operator, the Conservation Division shall determine whether the proposed well falls within one (1) mile of the certified boundary of an underground storage facility. Following a positive determination, the Conservation Division shall instruct the well operator to provide notice of the application for a Permit to Drill the well to the storage operator and the Director of the Public Utility Division as part of the application for Permit to Drill process. The well operator is required to supply written confirmation to the Conservation Division that notice of the application for a Permit to Drill the well has been provided to the storage operator and the Director of the Public Utility Division.

(d) **Operational procedures.**

(1) All storage operators and well operators are required to maintain on file with the Commission's Surety Department current mailing addresses, email addresses, and 24 hour telephone numbers. In addition, storage operators are required to maintain on file with the Commission's Surety Department the Commission order number pertaining to the underground storage facility.

(2) Before spudding a well within the certified boundary of a gas underground storage facility, the well operator shall mail a copy of the Permit to Drill to the storage operator at the address listed at the Commission and also supply a copy of the Permit to Drill to the Director of the Public Utility Division. The storage operator will inform the well operator of the estimated depth, thickness, and pressure of the underground storage facility at that location. Failure of the storage operator to provide the data to the well operator shall not be a cause to delay drilling, but the well operator is required to notify the storage operator, by phone a minimum of 24 hours prior to commencing drilling operations at a 24 hour telephone number furnished to the Commission by the storage operator.

(3) A well operator shall comply with the provisions of ~~165:10-3-4(c)~~165:10-3-4(d). Alternate casing programs shall not be permitted.

(4) Drilling rigs shall be equipped with a blowout preventer. The preventer shall be installed and tested at least 500 psig above the anticipated underground storage facility pressure before drilling below the base of the surface casing.

(5) The storage operator shall receive drilling reports daily from the well operator and the storage operator shall be provided 48 hours notice by the well operator at a 24 hour telephone number furnished to the Commission by the storage operator to afford the storage operator an opportunity to witness any tests or logging operations from the surface to 600 feet below the base of the underground storage facility. Any abnormal conditions occurring during the drilling operation, such as abnormal pressures and/or lost circulation, shall be reported immediately by the well operator to the storage operator at the 24 hour telephone number supplied by the storage operator to the Commission.

(6) The well operator shall drill the well in such a manner as to prevent invasion of drilling fluids into, or the escape of natural gas from, the underground storage facility. The well operator shall be required to mud up at least 100 feet above the anticipated depth of the top of the underground storage facility.

(7) If run, a copy of either an open hole porosity or resistivity well log run from the base of surface casing to total depth shall be promptly forwarded to the storage operator. The logs submitted to the storage operator may be terminated 600 feet below the base of the underground storage facility. At least 48 hours prior to commencing logging operations the well operator shall notify the storage operator at the 24 hour telephone number furnished by the storage operator to the Commission, and the storage operator shall have the option of witnessing the open hole logging operation.

(8) In the event that the well is noncommercial and is to be plugged and abandoned, the well operator shall place a cement plug using a good quality cement, covering from not less than 300 feet below the base to not less than 300 feet above the top of the underground storage facility. At least 48 hours prior to commencing the plugging operation, the well operator shall notify the storage operator at the 24 hour telephone number furnished by the storage operator to the Commission, and the storage operator shall have the option of witnessing the plugging operation. The field inspector may invoke the provisions of 165:10-11-6(m), (n) and (o).

(9) In the event that casing is run, the well operator will cause the underground storage facility interval to be covered with steel casing and be cemented from not less than 100 feet below the base to not less than 100 feet above the top of the underground storage facility using a good quality cement. At least 48 hours prior to commencing the casing operation, the well operator shall notify the appropriate Conservation Division District Office and the storage operator at the 24 hour telephone number furnished by the storage operator to the Commission. The Commission field inspector for the area and storage operator shall have the option of witnessing the operation.

(10) For the purpose of ensuring the integrity of the underground storage facility, the well operator shall be required to run a cement bond log through the underground storage facility formation before any completion attempts are made. At least 48 hours prior to commencing the logging operation, the well operator shall notify the storage operator at the 24 hour telephone number furnished by the storage operator to the

Commission, and the storage operator shall have the option of witnessing the logging operation and be furnished with a copy of the bond log from the top of cement to total depth or, at the option of the well operator, to 600 feet below the base of the underground storage facility. If the integrity of either the bond log or cement across the underground storage facility interval is questioned by the storage operator, the storage operator may, at its sole risk and expense, run additional logs. No completion, recompletion or major remedial operations shall be permitted until the fact has been established by the well operator, storage operator and the Managers of the Technical Services and Field Operations Departments, that the integrity of the cement is sound and that the underground storage facility is isolated from the remainder of the bore hole. The remedial work, if needed to protect the storage reservoir, shall be at the risk and expense of the well operator.

(11) The storage operator, the Managers of the Technical Services and Field Operations Departments and the Director of the Public Utility Division shall be notified at least 48 hours prior to commencement of completion, recompletion, or major remedial operations so as to afford opportunities to witness such operations. The well site shall be made accessible at all times to the storage operator and all information pertaining to the completion shall be forwarded daily to the storage operator. If the completion, recompletion, or major remedial operations attempt is to be made in any formation within 600 feet of the underground storage facility, the proposed plan of completion shall be forwarded to the storage operator ten business days prior to commencement of operations. The storage operator shall have five business days after receipt of the proposed plan to forward any objection to the well operator. Completion operations, recompletion, or major remedial operations shall not be permitted until the matter is resolved.

(12) At any time that the storage operator shall reasonably believe that damage may be occurring to the underground storage facility or that natural gas may be escaping into any other formations or otherwise believe that a well may compromise the integrity of the underground storage facility, the storage operator may then request that the operator of the well conduct specific tests solely at the storage operator's risk and expense. If an agreement cannot be obtained between the parties concerned, the storage operator or well operator may bring the matter before the Corporation Commission for determination by application, notice, and hearing following the procedure set out in OAC 165:5-7.

(13) If tests establish that damage is occurring and/or that natural gas is escaping by the continued operation of the well, the well shall be shut down immediately and the remedial operation to rectify the condition shall be commenced within ten days, at the sole risk and expense of the well operator.

(14) All information furnished to the storage operator shall be kept confidential until released in writing by the well operator.

### **PART 3. COMPLETIONS**

#### **165:10-3-10. Well completion operations**

(a) **Hydraulic fracturing and acidizing.** In the completion of an oil, gas, injection, disposal, or service well, where acidizing or fracture processes are used, no oil, gas, or

deleterious substances shall be permitted to pollute any surface or subsurface fresh water. Unless an operator confers with and obtains the approval of the Conservation Division, the use of diesel fuel as the base fluid for hydraulic fracturing operations is prohibited. Approval of the Conservation Division shall be reflected in writing. Within 5 days of obtaining written authorization, the operator is required to send the authorization by facsimile, electronic mail or regular mail to the following:

- (1) The owner of the surface location where the proposed well is to be drilled; and
- (2) Each operator of a producing spacing unit or well within 1 mile of the perforated interval of the proposed well.

**(b) Notice of hydraulic fracturing operations.**

(1) Notice shall be given by facsimile, electronic mail or regular mail at least 5 business days prior to the commencement of hydraulic fracturing operations on a horizontal well to operators of producing wells within 1 mile of the completion interval of the subject well. The notice to be provided to such operators shall contain the information in Form 6000NOO. If the hydraulic fracturing operations schedule changes after notice has been provided, resulting in a delay of operations of more than 5 days from the initial notice, new notice is required to be given.

(2) Notice shall be sent to the Conservation Division electronically using Form 6000NHF as provided on the Commission's website at least 48 hours prior to commencement of hydraulic fracturing operations on a well. The time period for sending such notice to the Conservation Division may be waived by the Manager of the Induced Seismicity Department.

(3) Separate stages of a planned multi-stage hydraulic fracturing operation shall not constitute separate hydraulic fracturing operations for notification purposes.

(4) If an operator has evidence that hydraulic fracturing operations have impacted its well(s), the operator may report the occurrence by electronic mail to the ~~appropriate Conservation Division District Office~~ Conservation Division as provided on the Commission's website within 24 hours of discovery. The operator shall use Form 4000WIP to report the occurrence.

**(c) Chemical disclosure.** Within 60 days after the conclusion of hydraulic fracturing operations on an oil, gas, injection, disposal, or service well that is hydraulically fractured, the operator must submit information on the chemicals used in the hydraulic fracturing operation to the FracFocus Chemical Disclosure Registry.

(1) The submission required by this subsection must include the following information:

- (A) the name of the operator;
- (B) the API number of the well;
- (C) the longitude and latitude of the surface location of the well;
- (D) the dates on which the hydraulic fracturing operation began and ended;
- (E) the total volume of base fluid used in the hydraulic fracturing operation;
- (F) the type of base fluid used;
- (G) the trade name, supplier, and general purpose of each chemical additive or other substance intentionally added to the base fluid; and
- (H) for each ingredient in any chemical additive or other substance intentionally added to the base fluid, the identity, Chemical Abstract Service (CAS) number, and maximum concentration. The maximum concentration for any ingredient must be

presented as the percent by mass in the hydraulic fracturing fluid as a whole, and is not required to be presented as the percent by mass in any particular additive.

(2) For purposes of this subsection, the phrase "chemical additive or other substance intentionally added to the base fluid" refers to a substance knowingly and purposefully added to the base fluid and does not include trace amounts of impurities, incidental products of chemical reactions or processes, or constituents of natural materials.

(3) The operator is not responsible for inaccurate information provided to the operator by a vendor or service provider, but the operator is responsible for ensuring such information is corrected when any inaccuracy is discovered.

(4) If certain chemical information, such as the chemical identity, CAS number, and/or maximum concentration of an ingredient, is claimed in good faith to be entitled to protection as a trade secret under the Uniform Trade Secrets Act, 78 O.S. §§85-94, the submission to the FracFocus Chemical Disclosure Registry may note the proprietary nature of that chemical information instead of disclosing the protected information to the registry. The submission must include the name of the supplier, service company, operator, or other person asserting the claim that the chemical information is entitled to protection as a trade secret and provide the chemical family name or similar descriptor for the chemical if the chemical identity and CAS number are not disclosed. The Commission or the Director of the Oil and Gas Conservation Division may require the claimant to file with the Commission a written explanation in support of the claim.

(5) Nothing in this subsection restricts the Commission's ability to obtain chemical information under the provisions of OAC 165:10-1-6 or other applicable Commission rules.

(6) This subsection applies to:

(A) horizontal wells that are hydraulically fractured on or after January 1, 2013;  
and

(B) other wells that are hydraulically fractured on or after January 1, 2014.

(d) **Rule reference guide.** References to Commission rules regarding management of hydraulic fracturing operations are as follows:

(1) Duties and authority of the Conservation Division (OAC 165:10-1-6).

(2) Required approval of notice of intent to drill, deepen, re-enter or recomplete; Permit to Drill (OAC 165:10-3-1).

(3) Surface and production casing (OAC 165:10-3-3).

(4) Casing, cementing, wellhead equipment and cementing reports (OAC 165:10-3-4).

(5) Swabbing and bailing (OAC 165:10-3-11).

(6) Leakage prevention in tanks; protection of migratory birds (OAC 165:10-3-13).

(7) Well site and surface facilities (OAC 165:10-3-17).

(8) Completion reports (OAC 165:10-3-25).

(9) Administration and enforcement of rules (OAC 165:10-7-2).

(10) Cooperation with other agencies (OAC 165:10-7-3).

(11) Water quality standards (OAC 165:10-7-4).

(12) Prohibition of pollution (OAC 165:10-7-5).

(13) Protection of public water supplies (OAC 165:10-7-6).

- (14) Informal complaints, citations, red tags and shut down of operations (OAC 165:10-7-7).
- (15) Use of noncommercial pits (OAC 165:10-7-16).
- (16) Surface discharge of fluids (OAC 165:10-7-17).
- (17) Discharge to surface waters (OAC 165:10-7-18).
- (18) One-time land application of water-based fluids from earthen pits and tanks (OAC 165:10-7-19).
- (19) Noncommercial disposal or enhanced recovery well pits used for temporary storage of saltwater (OAC 165:10-7-20).
- (20) Waste management practices reference chart (OAC 165:10-7-24).
- (21) One-time land application of contaminated soils and petroleum hydrocarbon based drill cuttings (OAC 165:10-7-26).
- (22) Application of fresh water drill cuttings by County Commissioners (OAC 165:10-7-28).
- (23) Application of freshwater drill cuttings by oil and gas operators (OAC 165:10-7-29).
- (24) Application to reclaim and/or recycle produced water for surface activities related to drilling, completion, workover, and production operations from oil and gas wells (OAC 165:10-7-32).
- (25) Use of commercial pits (OAC 165:10-9-1).
- (26) Commercial soil farming (OAC 165:10-9-2).
- (27) Commercial recycling facilities (OAC 165:10-9-4).
- (28) Duty to plug and abandon (OAC 165:10-11-3).
- (29) Notification and witnessing of plugging (OAC 165:10-11-4).
- (30) Plugging and plugging back procedures (OAC 165:10-11-6).
- (31) Plugging record (OAC 165:10-11-7).
- (32) Review of environmental permit applications (OAC 165:5-1-15 through OAC 165:5-1-19)
- (33) Response to citizen environmental complaints (OAC 165:5-1-25 through OAC 165: 5-1-30).
- (34) Contempt (OAC 165:5-19-1 through OAC 165:5-19-2).

**165:10-3-17. Well site and surface facilities**

- (a) **Scope.** This Section shall be applicable to all operators and owners of oil and gas wells, leases, secondary recovery units, converted or newly drilled disposal or injection wells, and re-entries or reworkings of the above; however, this Section does not cover pits used in connection with oil and gas operations (see 165:10-7-16).
- (b) **Removal of fire hazards.** Any material that might constitute a fire hazard shall be removed a safe distance from the well location, tanks, and separator. All waste oil shall be ~~burned~~ or disposed of in a manner to avoid creating a fire hazard.
- (c) **Removal of surface trash.**
  - (1) All surface trash, debris, and junk associated with the operations of the property shall be removed from the premises. Equipment and material that may be useable and related to the operations of the property are not considered trash, debris and junk. With written permission from the surface owner, the operator may, without applying for an



exception to 165:10-3-17(b), bury all nonhazardous material at a minimum depth of three feet; cement bases are included.

(2) If the operator fails to remove trash, debris, and junk after written notice, the Commission may fine the operator up to \$1,000.

(d) **Required lease signs.** Within 30 days after the completion of any producing oil or gas well subsequent to the effective date of this Section, a sign shall be posted and maintained at the location indicating no trespassing, no unauthorized personnel or similar language, showing the operator of the well and the operator's twenty-four hour emergency telephone number, name of the well, number of the well, legal description of the well and API number; provided, however, where more than one well is producing on a lease, the operator may post and maintain a sign at the principal lease entrance indicating no trespassing, no unauthorized personnel or similar language, the lease name, operator, the operator's twenty-four hour emergency telephone number, legal description, and number of wells, and on each well designate the number of the well and API number. Within 30 days after completion or recompletion of an injection well or a disposal well subsequent to the effective date of this Section, a sign shall be posted and maintained at the well location indicating no trespassing, no unauthorized personnel or similar language, showing the operator of the well, the operator's twenty-four hour emergency telephone number, well name, well number, legal description of the well, API number and the Commission order number by which it was authorized. The legal description of each well completed on or after March 1, 1976, shall be posted at the well and shall describe the location of the well to the nearest quarter quarter quarter section and shall show the section, township, and range. On a 160-acre or larger drilling and spacing unit, a sign shall also be posted at the entrance to the well site. Upon the Commission's approval, after the effective date of this Section, of transfer to a new operator of a well completed or recompleted prior to the effective date of this Section, the operator must comply with all requirements in this Section. If an operator fails to post a sign as directed, the Commission may fine the operator \$50.00 per violation; provided that total fines per incident shall not exceed \$500.00 per lease.

(e) **Notice of fire or blowout.** In case of a fire or blowout, the well operator shall notify by telephone or electronic mail, as soon as possible, either the Conservation Division or the appropriate Conservation Division District Office.

(f) **OTC numbers on stock tanks for oil and condensate.**

(1) On all oil and gas producing leases, the first purchaser of crude oil or condensate shall print its name or affix the company logo and print or affix the OTC Gross Production Division Purchaser Reporting Number on the lease sign or at least one of the storage tanks from which marketable liquids are being delivered.

(2) On all oil and gas producing leases, the well operator shall print or affix the OTC Gross Production Division assigned Production Unit Number and the OTC Gross Production Division Operator Reporting Number on the lease sign or at least one of the tanks from which marketable liquids are being stored. In the case of an enhanced recovery or unitization operation where several OTC Gross Production Division assigned Production Unit Numbers exist for the wells in the unit, the word "unitized" shall be printed or affixed to the lease sign or one of the storage tanks from which marketable liquids are being delivered to the purchaser.

(3) The identification numbers required in this subsection shall always be clearly legible. All letters and numbers shall be a minimum of two inches in height. Any operator failing to post required information may be fined up to \$50.00 per violation; provided that total fines per incident shall not exceed \$500.00 per well.

(g) **OTC numbers on gas meter or meter house.**

(1) On all gas producing leases, the operator of the well site gas meter required under 165:10-17-5 shall print or affix its name and OTC reporting number on the outside of the meter house or on the outside of the meter itself if no meter house exists.

(2) The operator of the lease shall print its OTC lease number and operator reporting number on the meter house or on outside of the meter if no meter house exists.

(3) The identification required in this subsection shall always be clearly legible.

(h) **Valve and seals on stock tanks.** The operator shall install tank valves such that metal identification seals can be properly utilized. These seals shall be used on all delivery tank valves to lessen unauthorized movement of marketable products.

(i) **Man-ways on frac tanks.** Each frac tank used at the wellsite shall have protective man-ways to prevent persons from accidentally falling into the frac tank.

(j) **Guy line anchors.** All guy line anchors left buried for use in future operations of the well shall be properly marked by a marker of bright color not less than four feet in height and not greater than one foot east of the guy line anchor.

(k) **Well site cleared.** Within 90 days after a well is plugged and abandoned, the well site shall be cleared of all equipment, trash, and debris. Any foreign surface material is to be removed and the location site restored to as near to its natural state as reasonably possible, except by written agreement with the surface owner to leave the surface in some other condition. If the location site is restored but the vegetative cover is destroyed or significantly damaged, a bona fide effort shall be made to restore or re-establish the vegetative cover within 180 days after abandonment of the well.

(l) **Restored surface.** Within 90 days after a lease has been abandoned, surface equipment such as stock tanks, heater, separators, and other related items shall be removed from the premises. The surface shall be restored to as near to its natural state as reasonably possible, except by written agreement with the surface owner to leave the surface in some other condition. If the surface is restored but the vegetative cover is destroyed or significantly damaged, a bona fide effort shall be made to restore or re-establish the vegetative cover within 180 days after abandonment of the lease.

(m) **Leasehold roads.** All leasehold roads shall be kept in a passable condition and shall be made accessible at all times for representatives and field inspectors of the Commission. At the time of abandonment of the property, the area of the road shall be restored to as near to its natural state as reasonably possible, except by written agreement with the surface owner to leave the surface in some other condition. If the road area is restored but the vegetative cover is destroyed or significantly damaged, a bona fide effort shall be made to restore or re-establish the vegetative cover within 180 days after abandonment of the property.

(n) **Extension of time.**

(1) An operator may request an extension of time required in (k), (l), and (m) of this Section for not more than six months by applying to the appropriate Conservation Division District Office and showing that there is no imminent danger to the environment and that one of the following conditions exists:

- (A) That an agreement with the surface owners is not possible.
  - (B) That adverse weather conditions exist or existed.
  - (C) That the equipment needed to conform to (k), (l), and (m) of this Section was not or is not available.
- (2) If approved by the District Manager, the extension shall be granted and the surface owner shall be notified by the operator. Any extension beyond six months shall require application, notice and hearing pursuant to OAC 165:5-7-41.

## PART 5. OPERATIONS

### 165:10-3-26. Well logs

- (a) **60 days to submit well log(s).** All well logs required by this Section shall be submitted to the Conservation Division within 60 days from the earlier of the date of completion of the well or the date that the last formation evaluation type well log was run. An operator who fails to properly submit formation evaluation type well logs, if run, may be fined up to \$250.00.
- (b) **Formation evaluation type well logs.** This Section does not require an operator to run a formation evaluation type well log. However, if an operator does run formation evaluation type well logs, the operator shall only be required under this Section to submit a resistivity log and a porosity log, if available. Resistivity and porosity logs include but are not limited to spontaneous potential, induction, laterolog, density, gamma ray, neutron and sonic logs.
- (c) **Other logs to be available upon request.** Any other well logs, if available, shall be submitted to the Technical Services Department upon Commission order or special request of the Conservation Division.
- (d) **Requirements for submitting a copy of a log.** A copy of a log submitted under this Section shall be in digital image, continuous as full size pages with 200 dpi, a single page Tiff image file, and Tiff Group 4 compression, with the well's legal description noted on it, unless the operator obtains authorization from the Technical Services Department to submit a continuous print paper version of the log. If there are separate runs for multiple casing strings, the operator shall submit the separate runs.
- (e) **Obtaining confidential treatment of well log(s).**
- (1) Unless the operator requests confidential treatment of a well log(s), any well log(s) submitted to the Conservation Division shall be available for public inspection.
  - (2) To obtain confidential treatment of a well log, the operator of the well shall:
    - (A) Place the well log(s) in a sealed envelope with a completed Form 1002B attached to the envelope.
    - (B) Submit to the Technical Services Department of the Conservation Division the envelope with the log(s) and Form 1002B within 60 days from the earlier of:
      - (i) The completion date of the well, or
      - (ii) The date that the last formation evaluation log was run.
  - (3) A confidential well log under ~~(2)(B) of this Section,~~ this subsection shall remain confidential for one year from the date the last log was run on the well. Upon written request, the Conservation Division may administratively extend the period of confidentiality for six months. Under no circumstances shall confidentiality be granted for a period in excess of 18 months from the date the last log was run on the well.

(f) **No allowable before submission of well logs.** The Conservation Division shall not assign an allowable to a well before the operator of the well submits to the Conservation Division any well log required to be submitted under (b) of this Section.

**165:10-3-27. Deviation from the vertical**

(a) **Well location for purposes of well spacing.** For purposes of the well spacing requirements of 165:10-1-21 and 165:10-1-24, the location of a well in a common source of supply is the closest point to the unit boundary where the wellbore intersects the common source of supply.

(b) **Presumed bottom hole location.** For purposes of review of Form 1000 applications, the Conservation Division may presume that the location in a common source of supply of a well without a horizontal drainhole is the same as the surface location for the well unless:

- (1) The operator submits a bottom hole survey, if the well has been drilled; or
- (2) The operator complies with (c)(1) of this Section.

(c) **Permitted and prohibited locations.**

(1) ~~Off-pattern~~**Off-pattern surface location; permitted subsurface location.**

(A) The Conservation Division may approve a Form 1000 for a well to be commenced without a location exception at an ~~off-pattern~~off-pattern surface location for a common source of supply when:

- (i) The Form 1000 lists a subsurface location which is a permitted location for the common source of supply.
- (ii) Issuance of a Permit to Drill is conditioned on the operator running a bottom hole survey within 30 days after reaching total depth and on the operator submitting the survey to the Conservation Division within 45 days after the well reaches total depth.

(B) The well shall not receive an allowable for the common source of supply until a bottom hole survey shows that the well is at a permitted location or until the operator obtains a location exception order for the subsurface location.

(2) ~~Off-pattern~~**Off-pattern subsurface location.**

(A) The Conservation Division ~~shall not~~may approve a Form 1000 ~~without a location exception order~~ for an ~~off-pattern~~off-pattern subsurface location for any well after a hearing for an emergency location exception order or an order on the merits for a location exception order prior to the issuance of any such order. Any such Permit to Drill is subject to and must conform with the final provisions of any such order.

(B) Issuance of a Permit to Drill under (1) of this subsection does not permit an operator to have, without a location exception order, an ~~off-pattern~~off-pattern subsurface location for a common source of supply, unless a Permit to Drill is approved after a hearing for an emergency location exception order or an order on the merits for a location exception order prior to the issuance of any such order. Any such Permit to Drill is subject to and must conform with the final provisions of any such order.

(d) **Required directional and bottom hole surveys.** For good cause, the Commission may order an operator to run directional and/or bottom-hole surveys for a common source of supply in a well:

- (1) Upon application, notice, and hearing; or
- (2) In any case involving the location of a well, upon motion of an affected party or upon the Commission's own motion.

**165:10-3-28. Horizontal drilling**

(a) **Scope.** This Section affects a horizontal well with one or more laterals.

(b) **Definitions.** The following words and terms, when used in this Section, shall have the following meaning, unless the context clearly indicates otherwise:

(1) **"Adjacent common source of supply"** shall mean a common source of supply which is immediately adjacent to and adjoining the targeted reservoir(s) in a multiunit horizontal well being drilled or a well being drilled in a horizontal well unitization pursuant to 52 O.S. § 87.6 et seq. and which is inadvertently encountered in the drilling of the lateral of a multiunit horizontal well or a well pursuant to a horizontal well unitization when such well is drilled out of or exits, whether on one or multiple occasions, the targeted reservoir(s), and which is not the primary target of the subject well and shall not be included in the relinquished rights pursuant to 52 O.S. § 87.1(h). In the event that an adjacent common source of supply may be inadvertently encountered in the drilling of the lateral of a multiunit horizontal well or a well pursuant to a horizontal well unitization when such well is drilled out of or exits, whether on one or multiple occasions, the targeted reservoir(s), then said inadvertently entered adjacent common source of supply shall be included as part of the targeted reservoir only for the purpose of the inadvertent penetrations, and any subsequent completion, commingling and production of said adjacent common source of supply with the targeted reservoir(s), but not for future development of said adjacent common source of supply [52 O.S. § 87.6(B)(1)].

(2) **"Completion interval"** shall mean, for open hole completions, the interval from the point of entry to the terminus and, for cased and cemented completions, the interval from the first perforations to the last perforations [52 O.S. § 87.6(B)(5)].

(3) **"Conventional reservoir"** shall mean a common source of supply that is not an unconventional reservoir.

(4) **"Date of first production"** shall mean the date hydrocarbons are first produced from the horizontal well, whether or not production occurs during drilling, completion, or through permanent surface equipment.

(5) **"Directional survey"** shall mean that survey or report showing the location of any point of the wellbore as it relates to the surveyed surface location from the surface to the terminus of each lateral.

(6) **"Horizontal component"** shall mean the calculated horizontal distance from the point of entry to the terminus [52 O.S. § 87.6(B)(8)].

(7) **"Horizontal well"** shall mean a well drilled, completed, or recompleted with one or more laterals which, for at least one lateral, the horizontal component of the completion interval exceeds the vertical component of the completion interval and the

horizontal component extends a minimum of 150 feet in the formation [52 O.S. § 87.6(B)(6)].

(8) "**Horizontal well unit**" shall mean a drilling and spacing unit established by the Commission, after application, notice, and hearing, for a common source of supply into which a horizontal well has been or will be drilled.

(9) "**Horizontal well unitization**" shall mean a unitization for a targeted reservoir created pursuant to 52 O.S. § 87.6 et seq. [52 O.S. § 87.6(B)(7)].

(10) "**Lateral**" shall mean the portion of the wellbore of a horizontal well from the point of entry to the terminus [52 O.S. § 87.6(B)(9)].

(11) "**Multiunit horizontal well**" shall mean a horizontal well in a targeted reservoir or targeted reservoirs wherein the completion interval of the well is located in more than one unit formed for the same targeted reservoir, with the well being completed in and producing from such targeted reservoir in two or more of such units [52 O.S. § 87.6(B)(10)].

(12) "**Non-standard horizontal well unit**" shall mean a horizontal well unit that is not a standard horizontal well unit.

(13) "**Point of entry**" shall mean the point at which the borehole of a horizontal well first intersects the top of the common source of supply [52 O.S. § 87.6(B)(12)].

(14) "**Standard horizontal well unit**" shall mean a horizontal well unit that is a square 10-, 40-, 160-, or 640-acre tract or a rectangular 20-, 80-, 320- or 1,280-acre tract in accordance with OAC 165:10-1-22.

(15) "**Targeted reservoir**" shall mean one or more common sources of supply which will be encountered by the horizontal lateral portion of a horizontal well, and which has been designated by the Commission as part of an order, rule or emergency rule as potentially suited for development for the applied for multiunit horizontal well or horizontal well unitization pursuant to 52 O.S. § 87.6 et seq. Provided, however, that more than one common source of supply may only be granted by the Commission and included in the targeted reservoir upon a showing of reasonable cause by the applicant requesting the multiunit well in the application requesting authority for the multiunit well prior to the drilling of said multiunit well that the inclusion of the additional common source(s) of supply shall prevent waste and protect the correlative rights of all of the owners of the oil and gas rights [52 O.S. § 87.6(B)(14)].

(16) "**Terminus**" shall mean the end point of the borehole of a horizontal well in the targeted reservoir [52 O.S. § 87.6(B)(15)].

(17) "**True vertical depth**" shall mean that depth at the point of entry perpendicular to the surface as measured from the elevation of the kelly bushing on the drilling rig.

(18) "**Unconventional reservoir**" shall mean a common source of supply that is a shale or a coal bed. "Unconventional reservoir" shall also mean any other common source of supply designated as such by Commission order or rule.

(19) **"Vertical component"** shall mean the calculated vertical distance from the point of entry to the terminus of the lateral [52 O.S. § 87.6(B)(20)].

(c) **General horizontal well requirements.**

(1) Within 60 days after completion of a horizontal well, the operator shall show that the location of the completion interval complies with the applicable general rule, location exception order, or other order of the Commission by submitting the following to the Technical Services Department:

(A) A directional survey run in the horizontal well shall be submitted within 45 days of the release of the rig used to drill such well. The survey shall be submitted electronically using a program provided by the Commission.

(B) An "as drilled" plat constructed from the results of the directional survey showing the completion interval, including the depths of the first and last perforations and footages with latitude and longitude from the quarter section. The depths of the first and last perforations reflected in the "as drilled" plat must correspond to the information included in the OCC Form 1002A Completion Report for the well. The "as drilled" plat must be submitted to the Conservation Division with the OCC Form 1002A Completion Report for the well.

(2) The completion interval of an oil and or gas horizontal well shall be located not closer than the minimum distance as set out below from any other oil or gas well completed in the same common source of supply except as authorized by a special order of the Commission:

(A) Three hundred feet from any other oil or gas well completed in the same common source of supply, the top of which is less than 2,500 feet in true vertical depth.

(B) Six hundred feet from any other oil or gas well completed in the same common source of supply, the top of which is 2,500 feet or more in true vertical depth.

(C) This paragraph does not apply to horizontal wells drilled in a unit created for secondary or enhanced recovery operations pursuant to 52 O.S. § 287.1 et seq. or to horizontal wells drilled in a horizontal well unitization created pursuant to 52 O.S. § 87.6 et seq. or to any wells operated by the same operator in the unit. Notification to working interest owners must be indicated on Form 1000.

(3) The perforated interval of an oil or gas non-horizontal well shall be located not closer than the minimum distance as set out below from the completion interval of any oil or gas horizontal well completed in the same common source of supply, except as authorized by a special order of the Commission:

(A) Three hundred feet from any completion interval of any oil or gas horizontal well completed in the same common source of supply, the top of which is less than 2,500 feet in true vertical depth.

(B) Six hundred feet from any completion interval of any oil or gas horizontal well completed in the same common source of supply, the top of which is 2,500 feet or more in true vertical depth.

(C) This paragraph does not apply to non-horizontal wells drilled in a unit created for secondary or enhanced recovery operations pursuant to 52 O.S. § 287.1 et seq.

(d) **Horizontal well requirements in an unspaced common source of supply.** In a horizontal well drilled in a common source of supply in which the Commission has not established any drilling and spacing units or horizontal well units, the completion interval of a horizontal well may not be located closer to the boundaries of the applicable mineral estate, oil and gas leasehold estate, or voluntary unit than the minimum distance set out below except as authorized by a special order of the Commission:

(1) Not less than 165 feet when the top of the common source of supply is less than 2,500 feet in true vertical depth.

(2) Not less than 330 feet when the top of the common source of supply is 2,500 feet or more in true vertical depth.

(e) **Drilling and spacing units.**

(1) A horizontal well may be drilled on any drilling and spacing unit.

(2) A horizontal well unit may be created in accordance with 165:10-1-22 and 165:5-7-6. Such units shall be created as new units after notice and hearing as provided for by the Rules of Practice, OAC 165:5.

(3) The Commission may create a non-standard horizontal well unit covering contiguous lands in any configuration or shape deemed by the Commission to be necessary for the development of a conventional reservoir or an unconventional reservoir by the drilling of one or more horizontal wells. A non-standard horizontal well unit may not exceed 1,280 acres plus the tolerances and variances allowed pursuant to 52 O.S. § 87.1.

(4) A horizontal well unit may be established for a common source of supply for which there are already established non-horizontal drilling and spacing units, and said horizontal well unit may include within the boundaries thereof more than one existing non-horizontal drilling and spacing unit for the common source of supply. Upon the formation of a horizontal well unit that includes within the boundaries thereof one or more non-horizontal drilling and spacing units, the Commission shall provide that such horizontal well unit exists concurrently with one or more of such non-horizontal drilling and spacing units, and each such unit may be concurrently developed.

(f) **Horizontal well location requirements for horizontal well units and horizontal well unitizations.**

(1) **Conventional reservoirs.** In a conventional reservoir, the completion interval of a horizontal well in a horizontal well unit shall be located not less than the minimum distance from the unit boundary as follows:



(A) Not less than 165 feet from the boundary of any 10-, 20-, or 40-acre horizontal well unit.

(B) Not less than 330 feet from the boundary of any 80- or 160-acre horizontal well unit.

(C) Not less than 660 feet from the boundary of any 320-, 640- or 1,280-acre horizontal well unit.

(2) **Unconventional reservoirs.** In an unconventional reservoir, the completion interval of a horizontal well in a horizontal well unit shall be located not less than the minimum distance from the unit boundary as follows:

(A) Not less than 165 feet from the boundary of any 10-, 20-, or 40-acre horizontal well unit.

(B) Not less than 330 feet from the boundary of any 80-, 160-, 320-, 640- or 1,280-acre horizontal well unit.

(3) **Horizontal well unitizations.** The completion interval of a horizontal well in a horizontal well unitization shall not be located less than 330 feet from the unit boundary.

(g) **Alternative well location requirements.** The Commission may establish well location requirements different from those provided in subsection (f) of this Section when necessary to prevent waste and protect correlative rights. These requirements may be established in the order creating a standard or non-standard horizontal well unit or through a special rule of the Commission covering a conventional or unconventional reservoir in a designated geographic area. (see OAC 165:10, Subchapter 29, Special Area Rules).

(h) **Allowable.**

(1) Horizontal oil well allowables may be established administratively using the standard allowables provided in Appendix A (Allocated Well Allowable Table) supplemented by the additional allowables provided in Appendix C (Table HD) to this Chapter.

(2) The allowable for a horizontal gas well shall be computed in the manner prescribed for a non-horizontal gas well in the same common source of supply.

(3) The allowable for a horizontal well unit or horizontal well unitization with multiple horizontal gas wells shall be the sum of the allowables for the separate horizontal gas wells. For this summation, the allowable for each horizontal gas well will be calculated as if it were the only well in the unit.

(4) The allowable for a multiunit horizontal well shall be allocated to each affected unit using the allocation factors determined in accordance with 52 O.S. § 87.8(B)(1).

(i) **Pooling.** Horizontal well units, horizontal well unitizations and multiunit horizontal wells may be pooled as provided in 52 O.S. § 87.1, 52 O.S. § 87.6 et seq. and Commission Rules of Practice, OAC 165:5.

## SUBCHAPTER 5. UNDERGROUND INJECTION CONTROL

**165:10-5-2. Approval of injection wells or disposal wells**

- (a) The subsurface injection or disposal of any substance for any purpose is prohibited except upon approval of the Commission pursuant to 165:10-5-5 or 165:10-5-12 and 165:10-5-13. This authorization may be conditioned upon the applicant taking corrective action to protect treatable water as specified by the Commission Conservation Division. The Commission may fine an operator up to \$5,000.00 for any violation of this subsection.
- (b) Except as provided in (c) and (d) in this Section, every well used for injection or disposal shall be cased and tested in accordance with 165:10-3-4 and 165:10-5-6.
- (c) The testing requirements of 165:10-5-6 shall not apply to wells permitted by Commission order for subsurface injection of onsite reserve pit fluids.
- (d) The Conservation Division may approve a Form 1015 application to convert an existing well for injection or disposal if the well does not otherwise comply with 165:10-3-4 if:
  - (1) The operator attaches to the Form 1015 application a description of an alternate method of protecting treatable water.
  - (2) The Conservation Division approves the proposed alternate method.
  - (3) The application is filed in accordance with OAC 165:5-7 if a hearing is required.
  - (4) The application is not protested.
- (e) Any proposed injection or disposal well which is within one-half (1/2) mile of any public water supply well shall not be approved without notice and hearing, and the Commission shall not issue an order authorizing injection or disposal into said well until the applicant proves at the hearing that said well shall not pollute said water supply well. A commercial disposal well shall not be approved within a designated wellhead protection area (WPA) as identified by the Wellhead Protection Program (42 USC Section 300h-7, Safe Water Drinking Act), or within one (1) mile of a public water supply well for which a WPA has not been delineated.

**165:10-5-5. Application for approval of injection and disposal operations**

- (a) **Application.** Each application for the approval of a proposed injection well, disposal well, or commercial disposal well shall be filed with the UIC Department on Form 1015 and shall be verified by a duly authorized representative of the operator.
- (b) **Application.** The application for the approval of an injection or disposal well(s) shall be accompanied by:
  - (1) **Plat.**
    - (A) **Noncommercial disposal well.** A plat showing the location and total depth of the well(s) and each abandoned, producing or drilling well, and dry hole within one-quarter (1/4) mile of the proposed injection well or disposal well for volumes less than 20,000 barrels per day and within one-half (1/2) mile of the proposed disposal well for volumes equal to or greater than 20,000 barrels per day, and identifying the surface owner of the land on which the injection or disposal well is to be located, and each operator of a producing spacing unit or well within one-half (1/2) mile of each injection or disposal well with a requested injection rate of less than five thousand barrels per day, and each operator of a producing spacing unit or well within one (1) mile of each injection or disposal well with a requested injection rate of five thousand barrels per day or more.
    - (B) **Commercial disposal well.** A plat showing the location and total depth of the well(s) and each abandoned, producing or drilling well and dry hole within one-half

(1/2) mile of the disposal well, and identifying the surface owner of the land on which the disposal well is to be located, and each operator of a producing spacing unit or well within one (1) mile of each disposal well.

(C) **Additional required information.** The following information must be submitted in a separate document regarding wells listed on such plats:

- (i) Well name and number and API number;
- (ii) Current operator of well;
- (iii) Well status;
- (iv) Total depth of well;
- (v) Geologic name of any producing interval in the well and/or any interval used for injection or disposal purposes;
- (vi) The diameter of and setting depth for the surface casing, intermediate casing (if set), production casing (if set) and liner (if used) in the well;
- (vii) Top of cement obtained from Forms 1002A or 1002C, if specified, or a cement bond log, temperature log or cased hole log, if available, in the outermost string of casing in the well perforating the injection interval to be used by the proposed noncommercial or commercial disposal well or injection well. If such logs are not available, a calculated top of cement will be acceptable; ~~and~~
- (viii) The size and amount of casing pulled, if any, and the depths of any plugs set, if any, in any plugged well;:
- (ix) Identify any well or borehole that penetrates the top of the proposed injection/disposal zone which is mud plugged and/or is configured in a manner that will not prevent the potential movement of fluids from the injection/disposal zone into treatable water strata. The applicant is required to submit the corresponding Form 1003 Plugging Records for such wells identified in this unit. If such Form 1003 Plugging Records are not available, the applicant must provide a corrective action plan to prevent injected/disposed fluids from impacting treatable water strata, which corrective action plan may include, but not be limited to, a written request by the applicant for a technical conference with the Conservation Division; and
- (x) Identify any well where the top of cement is behind the long string below any portion of the proposed injection/disposal zone. The applicant is required to submit the corresponding Form 1002A Completion Reports for such wells identified in this unit. If such Form 1002A Completion Reports do not contain enough information to make the foregoing determination, or if Form 1002A Completion Reports are not available, the applicant must provide a corrective action plan to prevent injected/disposed fluids from impacting treatable water strata, which corrective action plan may include, but not be limited to, a written request by the applicant for a technical conference with the Conservation Division.

(2) **Completion Report.** If the well has been drilled, a copy of the Completion Report (Form 1002A) and any available electric or radioactivity log of the well.

(3) **Schematic diagram.** A schematic diagram of the well showing:

- (A) The total depth or plugback depth of the well.

(B) The depth of the injection or disposal interval indicating both the top and bottom.

(C) The geological name (geological group) of the injection or disposal zone.

(D) The depths of the tops and bottoms of the casing and cement to be used in the well.

(E) The size of the casing and tubing, and the depth of the packer.

(4) **Proposed zone information.** Information showing that injection into the proposed zone will not initiate fractures through the overlying strata which could enable the injection fluid or formation fluid to enter fresh water strata.

(A) When the fluid injection rate is 1,000 barrels per day or less, or equivalent rate for any fraction of twenty-four (24) hours, an overlying strata of at least 200 feet in thickness between the lowest base of fresh water and the top of the proposed interval of injection is considered sufficient evidence of fresh water protection.

(B) When the fluid injection rate is greater than 1,000 barrels per day or equivalent rate for any fraction of twenty-four (24) hours, an overlying strata of at least 500 feet in thickness between the lowest base of fresh water and the top of the proposed interval of injection is considered sufficient evidence of fresh water protection.

(C) When the fluid injection rate is greater than 10,000 barrels per day or equivalent rate for any fraction of twenty-four (24) hours, an overlying strata of at least 3,000 feet in thickness between the lowest base of fresh water and the top of the proposed interval of injection is considered sufficient evidence of fresh water protection.

(D) If the overlying strata is less than required in (A), (B), or (C) of this paragraph, the Commission may administratively approve injection provided a finding is made that such injection will not initiate fractures through the overlying strata into the fresh water strata. Applicant is required to furnish to the Commission, sworn evidence and data in support of such findings. The Commission, when issuing an order approving fluid injection, shall consider the following:

(i) Maximum injection rate.

(ii) Maximum surface injection pressure.

(iii) Injection fluid.

(iv) The lithology and rock characteristics of the injection zones and overlying strata.

(5) **Proposed operating data:**

(A) Daily injection rates and pressures. The maximum permitted surface injection pressure may be the pressure requested in the application or 1/2 psi per foot of depth to the top of the injection/disposal interval, whichever is less, unless the results of a fracture pressure step-rate test support a higher pressure. The Conservation Division may designate areas of interest in which pressures and volumes may be more restrictive. The UIC Department may request that the applicant perform a fracture pressure step-rate test.

(B) Geologic name, depth, and location of injection fluid source.

(C) Qualitative and quantitative analysis of fresh water from two (2) or more fresh water wells within one (1) mile of the proposed injection or disposal well showing location of wells and dates samples were taken, or statement why samples were

not submitted. The analysis shall include at a minimum chloride, sodium, and total dissolved solids. Sample collection date(s) must be no more than 12 months prior to the date the application is filed.

(D) Qualitative and quantitative analysis of representative sample of Class II fluids to be injected. The analysis shall include at a minimum chloride, sodium, and total dissolved solids.

(c) **Application for approval.** A copy of the Form 1015 application for approval of injection or disposal of Class II fluids in a well and, where noted, required attachments to Form 1015, except for proofs of publication, fresh water analyses, analyses of representative samples of Class II fluids to be injected, and electric or radioactivity logs, shall be served by the applicant within five (5) business days of the date the application is filed by regular mail or delivered to the following, and applicant must submit an affidavit of mailing or delivery to the UIC Department not later than five (5) business days after the date the application is filed:

(1) The owner of the surface of the land on which the proposed injection or disposal well is to be located;

(2) For a proposed commercial disposal well, to each surface owner and surface lessee of record on each tract of land adjacent and contiguous to the site of the proposed well;

(3) For a proposed injection or noncommercial disposal well with a requested injection rate of less than five thousand (5,000) barrels per day, to each operator of a producing spacing unit or well within one-half (1/2) mile of such proposed well along with required Form 1015 attachments;

(4) For a proposed noncommercial disposal well with a requested injection rate of five thousand (5,000) barrels per day or more, or a commercial disposal well, to each operator of a producing spacing unit or well within two (2) miles of such proposed well along with required Form 1015 attachments;

(5) For a proposed horizontal injection or noncommercial disposal well with a requested injection rate of less than five thousand (5,000) barrels per day, to each operator of a producing spacing unit or well within one-half (1/2) mile of the lateral of such proposed well along with required Form 1015 attachments;

(6) For a proposed noncommercial horizontal disposal well with a requested injection rate of five thousand (5,000) barrels per day or more, or a horizontal commercial disposal well, to each operator of a producing spacing unit or well within two (2) miles of the lateral of such proposed well along with required Form 1015 attachments;

(7) For a proposed injection well with a requested injection rate of five thousand (5,000) barrels per day or more, to each operator of a producing spacing unit or well within one (1) mile of such proposed well along with required Form 1015 attachments; and

(8) For a proposed horizontal injection well with a requested injection rate of five thousand (5,000) barrels per day or more, to each operator of a producing spacing unit or well within one (1) mile of the lateral of such proposed well along with required Form 1015 attachments.

(d) **Notice of application.** Notice of an application relating to injection, disposal or commercial wells shall be published one time for injection and noncommercial disposal wells and two times for a commercial disposal well in a newspaper of general circulation

published in Oklahoma County, Oklahoma, and in a newspaper of general circulation published in each county in which land embraced in the application are located. Applicant shall file with the UIC Department proof of publication regarding the notice of application.

The notice shall include:

- (1) UIC tracking number.
- (2) Name and address of applicant.
- (3) Location of proposed well to nearest 10 acre tract.
- (4) Well name.
- (5) The geological name of the injection formation.
- (6) The top and bottom of the injection interval.
- (7) Maximum injection pressures.
- (8) Maximum BID or MCFID injection rate.
- (9) The type of well (injection, disposal, commercial).

(e) **Written objection.** If a written objection to the application is filed within fifteen (15) days after the application is published for injection and noncommercial disposal wells or thirty (30) days after the last publication date for commercial disposal wells, or if hearing is required by the Commission, the application shall be set for hearing and notice thereof shall be given in the same manner as required for the filing of the application on the pollution docket. If no objection is filed and the Commission does not require a hearing, the matter shall be presented administratively to the Manager of Underground Injection Control who may sign the permit.

(f) **Surety requirements for commercial disposal well facilities.**

(1) Any operator of a commercial disposal well facility shall file with the Surety Department for the Conservation Division an agreement to properly plug the well and reclaim the site upon termination of operations. The agreement shall be on forms available from the Conservation Division and shall be accompanied by surety. The agreement shall provide that if the Commission finds that the operator has failed or refused to comply with Commission rules or take remedial action as required by law and Commission rules, the surety shall pay to the Commission the full amount of the operator's obligation up to the limit of the surety.

(2) The Commission shall establish the amount of surety in the order or permit for the authority to operate a commercial disposal well facility. The amount of surety shall be based on factors such as the depth of the well, dimensions of the facility, and costs of plugging the well, reclamation, monitoring, plugging of monitor wells, any pit closure, trucking of any deleterious substances, remediation and earth work. The amount may be subject to change for good cause. The surety shall be maintained for as long as monitoring is required. The type of surety shall be a corporate surety bond, certificate of deposit, irrevocable commercial letter of credit, or other type of surety approved by order or permit of the Commission. Any type of surety that expires shall be renewed prior to 30 days before the expiration date.

(3) Operators of commercial disposal well facilities authorized prior to the effective date of this subsection must either comply with this subsection or close such facilities within one (1) year of the effective date of this subsection.

(g) In addition to the requirements listed above, the Manager of Underground Injection Control may request the applicant to submit the following information as a prerequisite to approval of the application:

- (1) For those wells included in OAC 165:10-5-5(b)(1) which penetrate the top of the injection interval, a tabulation of the wells indicating the following information, if available, from public records:
  - (A) Dates the wells were drilled.
  - (B) The present status of the wells.
  - (C) The identity of any abandoned well which was improperly plugged or remains unplugged.
- (2) A list of the following information, if available, to the applicant:
  - (A) The shut-in bottom hole formation pressure in psi; or the stabilized shut-in surface pressure and fluid level in the proposed injection well.
  - (B) The permeability of the proposed injection zone expressed in millidarcies.
  - (C) The porosity of the proposed injection zone expressed as a percentage of pore volume.
  - (D) Documentation of the methods used to arrive at the data requested above.
- (h) Authorization of an injection well or a disposal well or a commercial disposal well will expire and become null and void if no well completion report (Form 1002A) is filed or if no mechanical integrity test is performed pursuant to OAC 165:10-5-6 within sixty (60) days from the date of completion or conversion of the well.
- (i) In addition to the well construction requirements as set out in 165:10-3-1, commercial disposal wells shall comply with the following requirements:
  - (1) At a minimum, the well shall be constructed with a wellhead, surface casing, production casing, tubing, and packer.
  - (2) The surface casing shall be set and cemented at least fifty (50) feet below the base of the treatable water bearing zone. The production casing will not be allowed to also serve as the surface casing.
  - (3) The production casing must be set and cemented through the injection zone with the cement circulated behind the casing to a height at least two hundred fifty (250) feet above the disposal zone. A cement bond log showing quality and placement of the cement must be furnished to and ~~approved by~~ acceptable to the Commission Conservation Division before the well may be used for injection or disposal any perforating of the production casing takes place. The Conservation Division shall notify the operator by electronic mail as to whether the cement bond log is acceptable. Information regarding the proposed perforations shall be supplied to the Conservation Division with the cement bond log. The Manager of Underground Injection Control may approve the Arbuckle Formation for open hole completion.
  - (4) The annulus between the tubing and the casing must be open from the surface to the packer to allow for pressure testing and monitoring of the injection tubing and packer and the annulus filled with a packer fluid that protects against corrosion.
  - (5) The packer must be set at least within seventy-five (75) feet of the top of the perforations.
  - (6) Adequate gauges shall be installed on each annulus to allow proper monitoring of the disposal operation.
  - (7) Tubing must be internally coated or lined to prevent corrosion from injected fluids. PVC, Plastic Coated, Stainless Steel or Fiberglass will qualify.
  - (8) The packer must be either internally coated or stainless steel.

(9) Commercial disposal wells authorized with a positive injection pressure must be equipped with a down hole shut-off device with a seal divider installed between the packer and the tubing. A Stainless Steel Profile Nipple and an "ON-OFF" Tool will qualify under this Section.

(j) No Commercial disposal well will be permitted whose injection pressure approaches or exceeds the demonstrated frac gradient of the injection zones(s).

(k) The geologic injection intervals authorized by the order or permit which are not perforated during the initial or subsequent completion of the disposal well will not expire until the disposal well is plugged, or the authority to inject is terminated or vacated.

(l) In the event the Commission has evidence that an applicant for a commercial disposal well may not possess a satisfactory compliance history with Commission rules, the Director of the Conservation Division may seek an order of the Commission, issued after application, notice, and hearing, determining whether the applicant should be authorized to operate such commercial disposal well.

### **165:10-5-15. Application for order or permit for simultaneous injection well**

#### **(a) General.**

(1) Simultaneous injection of salt water without a valid permit from the Underground Injection Control Department (UIC Department) or Commission order may result in the assessment of a fine up to \$5,000 per day of operation.

(2) A simultaneous injection ~~facility~~well shall be inspected by a representative of the ~~commission~~Commission prior to operation.

#### **(b) Criteria for approval.**

(1) Simultaneous injection may be permitted if the following conditions are met and injection will not adversely affect offsetting production nor endanger treatable water-;

(A) Injection zone is located below the producing zone in the borehole.

(B) Injection pressure is limited to less than the local fracture gradient.

~~(C) If injection is by gravity flow, no Area of Review will be required.~~

~~(D)(C) If injection is by positive pump pressure, a 1/4 mile Area of Review plat~~ will be required for all simultaneous injection well applications containing the information specified in OAC 165:10-5-5(b)(1)(A) and OAC 165:10-5-5(b)(1)(C). If unplugged or mud-plugged boreholes are located within the 1/4 mile radius, the operator of the proposed simultaneous injection well will be required to ~~reconcile these~~submit a corrective action plan in writing to the UIC Department to address such boreholes so as to protect treatable water prior to an order or permit being issued.

~~(E)(D)~~ Simultaneous injectors must meet the requirements of OAC 165:10-3-4 as they apply to producing wells.

~~(F)(E) Simultaneous injectors may be authorized to accept produced water from other wells. The UIC Department will determine on a case-by-case basis whether such a well warrants designation as a simultaneous injector, or whether the well requires a Commission order.~~ Class II fluids from other wells operated by the operator of a simultaneous injection well may be disposed of in such simultaneous injection well if the operator applies on Form 1015 and obtains the issuance of a new permit or order pursuant to the requirements in OAC 165:10-5-5 pertaining to authorization of noncommercial disposal wells. The filing fee specified in OAC 165:5-3-1(b)(1)(E) must accompany the Form 1015 application.



(2) **Required form and attachments.** Each application for simultaneous injection shall be submitted to the UIC Department on Form 1015SI ~~in quadruplicate~~. The forms must be properly completed and signed. Attached to ~~one copy~~ of the application form shall be the following:

(A) Affidavit of mailing a copy of the completed Form 1015SI to each operator of a producing lease within 1/2 mile of the subject well.

(B) Schematic diagram of the well showing all casing and tubing strings, packers, perforations and pumps.

(3) **Monitoring, testing and reporting requirements for simultaneous injection wells.**

(A) Upon receiving ~~an order or permit~~, ~~the operator shall file an~~ Form 1002A Completion Report or an amended Completion Report Form 1002A Completion Report within ~~30~~60 days of completion or recompletion of the well.

(B) Mechanical integrity will be demonstrated by ~~filing annual reports of surface casing pressure, production casing pressure and fluid level~~ the operator performing a radioactive tracer survey on the well before the well is operated as a simultaneous injection well, and thereafter on an annual basis, reflecting that the injection fluids are going into the authorized zone(s). The radioactive tracer surveys must be submitted to the UIC Department within 7 days of the performance of the surveys, and the results of the surveys must be acceptable to the UIC Department before the well can be used as a simultaneous injection well.

(C) Annual Report Form 1012 shall be submitted to the UIC Department by January 31 of each year for the previous calendar year ~~and semi-annual report Form 1012C shall be submitted by January 31 and July 31 of each year for the previous six-month period.~~

(4) If no protest is received within 15 days of the mailing of Form 1015SI, the application shall be submitted to the UIC Department for administrative ~~approval~~review. If a protest is received within the protest period, the operator shall, within 30 days, set the application for hearing and give proper notice of a date for the hearing on the Pollution Docket before an Administrative Law Judge.

(c) **Expiration of the order or permit.** ~~The simultaneous injection well order or permit shall expire on its own terms if the subject well is not recompleted or if a revised Form 1002A is not submitted within 180 days from the date on the permit~~ the operator fails to perform the initial radioactive tracer survey on the well and submit the results of the survey to the UIC Department within 18 months after the effective date of the order or permit.

## SUBCHAPTER 7. POLLUTION ABATEMENT

### PART 3. STORAGE AND DISPOSAL OF FLUIDS

#### **165:10-7-19. Land application of water-based fluids from earthen pits, tanks and pipeline construction**

(a) **Authority for land application.** No person shall land apply fluids except as provided by 165:10-9-2, 165:10-7-17, or this Section. Any operator failing to obtain a permit may be

fined up to \$2,000. The land application permit shall be posted at the well site, pad or pipeline construction location.

(b) **Scope.** This Section shall cover the land application of water-based drilling fluids and cuttings from earthen pits, tanks, or other containment structures; however, this Section shall not be exclusive of other authorities for land application listed in (a) of this Section. Any land application made under this Section shall be done from a single well, single pad (containing multiple wells), or pipeline construction location. Permits shall not be granted for lands that have been previously permitted and used for these practices or similar practices such as soil remediation within the last three (3) years.

(c) **Site suitability restrictions.** Land application shall only occur on land having all of the following characteristics below, as field verified by a soil scientist or other qualified person pre-approved by the Commission. Any variance from site suitability restrictions must be approved by the Oil and Gas Conservation Division (see (f)(2)(C) of this Section).

(1) **Maximum slope.** A maximum slope of eight percent for all application methods.

(2) **Depth to bedrock.** Depth to bedrock must be at least 20 inches.

(3) **Soil texture.** A soil profile (as defined by USDA soil surveys) containing at least twelve inches (may be cumulative) of one of the following soil textures between the surface and the water table, unless a documented impeding layer of shale is present: loam, silt loam, silt, sandy clay loam, silty clay loam, clay loam, sandy loam, fine sandy loam, sandy clay, silty clay, or clay.

(4) **Salinity.** Slight salinity [defined as Electrical Conductivity (EC) less than 4,000 micromhos/cm] in the topsoil, or upper six inches of the soil, and a calculated Exchangeable Sodium Percentage (ESP) less than 10.0.

(5) **Depth to water table.** No evidence of a seasonal water table within six (6) feet of the soil surface as verified by field observation and published data.

(6) **Distance from water bodies.** A minimum distance of 100 feet from the land application site boundary to any perennial stream and 50 feet to any intermittent stream shown on the appropriate United States Geological Survey (U.S.G.S.) topographic map (available for viewing at the Commission's Oklahoma City Office and appropriate Conservation Division District Offices) and a minimum of 100 feet to any freshwater pond, lake, or wetland. [Designated by the National Wetlands Inventory Map Series, prepared by the U.S. Fish and Wildlife Service, available for viewing at the Commission's Oklahoma City Office (also, see (h)(6) of this Section)].

(7) **Site specific concerns.** Void of slick spots within or adjacent to the land application area, where subsurface lateral movement of water is unlikely, or areas void of concentrated surface flow such as gullies or waterways.

(8) **Stockpiling of cuttings.** Stockpiling of cuttings may be used during the handling and transportation of the cuttings both at the well and pipeline construction location and the receiving site. At the well site or pad generating the waste or pipeline construction location the cuttings must be placed in a steel pit or the areas used for this practice must be lined and bermed. A stockpile of cuttings at the receiving site must be located within the permitted area and the areas used for this practice must be lined and bermed. The stockpile of cuttings, whether at the well or pipeline construction location or the receiving site, must be closed within 30 days of cessation of drilling operations.

(d) **Sampling requirements.**

(1) **Notice to Field Inspector.** The appropriate Field Inspector shall be contacted at least two business days prior to sampling of the receiving soil and sampling of the drilling fluids and/or cuttings to be land applied from an earthen pit. This is to allow a Commission representative an opportunity to be present.

(2) **Receiving soil.** Sampling of the receiving soil shall be performed by, or under the supervision of, a soil scientist or other qualified person pre-approved by the Commission. Soil samples shall be taken from the proposed application area and analyzed. A minimum of four representative core samples from the surface (0-6 inches) must be taken from each ten acres, or part thereof. Each group of surface core samples representative of a ten-acre area (or less) shall be combined and thoroughly mixed. A minimum one-pint composite sample shall be taken and placed in a clean container for delivery to the laboratory. Alternatively, soil samples may be composited by the laboratory.

(3) **Drilling fluids and/or cuttings.**

(A) **Earthen pits.** Drilling fluids and/or cuttings to be land applied shall be sampled using the following procedure:

(i) Prior to sampling, fresh water (except natural precipitation) shall not be added to any pit for dilution or any other purpose.

(ii) A minimum of four samples, each from different quadrants of the pit and representative of the materials to be land applied, must be taken if the volume to be land applied is 25,000 bbls. or less. If more than 25,000 bbls. are to be land applied, a minimum of four quadrant samples plus one sample for each 5,000 bbls. over 25,000 bbls. will be required. The samples shall be combined and thoroughly mixed, then a minimum two quart composite sample placed into a foil or teflon covered glass container. The container shall be filled completely to exclude air and delivered to the laboratory within seven days. No samples shall be altered in any way.

(iii) After samples have been taken for analysis from a pit, the operator shall not allow the addition of fluids or other materials, except natural precipitation or fresh water to decrease the viscosity of the fluid.

(B) **Tanks.** Sampling of the drilling fluids and/or cuttings shall occur after the application has been approved. A minimum of one representative sample must be taken from each tank, the contents of which are to be land applied.

(e) **Analysis requirements.**

(1) **Testing.**

(A) The composite sample(s) of soil shall be tested by a laboratory operated by the State of Oklahoma or certified by the Oklahoma Department of Environmental Quality or in the North American Proficiency Testing System. Either a 1:1 extract or saturated paste extract shall be used for sample preparation.

(B) **Methods of analysis.**

(i) **Earthen pits.** The composite sample(s) of drilling fluids and/or cuttings shall be analyzed by a laboratory operated by the State of Oklahoma or certified by the Oklahoma Department of Environmental Quality or in the North American Proficiency Testing System.

- (ii) **Tanks.** Samples of the drilling fluids and/or cuttings may be tested on-site. A filter press shall be used for preparation of samples. Tests must be performed by a person who is knowledgeable and experienced in the chemical testing of fluids. Acceptable on-site testing protocol may be obtained from the appropriate Conservation Division District Office.
- (2) **Parameters for receiving soil.** Parameters for analysis of the receiving soil shall include at a minimum EC and ESP.
- (3) **Parameters for drilling fluids and/or cuttings.**
  - (A) **Earthen pits.** Parameters for analysis of the drilling fluids and/or cuttings shall include at a minimum EC and Oil and Grease (O&G). Dry Weight shall also be determined if a significant amount of solids will be land applied.
  - (B) **Tanks.** EC shall be a required parameter for analysis of drilling fluids and/or cuttings. Dry weight shall also be determined if a significant amount of solids will be land applied.
- (f) **Application for permit.**
  - (1) **Who may apply.** Only the operator of a well or pipeline or the operator's designated agent may apply for a land application permit under this Section, except that a commercial pit operator may also apply in case of emergency or for the purpose of facilitating repair or closure.
  - (2) **Required form and attachments.** Each application for land application of drilling fluids and/or cuttings shall be submitted to the Pollution Abatement Department on Form 1014S. A legible application shall be required. The following shall be attached to the application:
    - (A) Written permission from the surface owner to allow the applicant to land apply drilling fluids and/or cuttings. For purposes of obtaining such consent, the applicant shall use Form 1014L.
    - (B) A topographic map and the most recent aerial photograph (minimum scale 1:660) with the proposed and potential land application areas delineated as well as the location of cultural features such as buildings, water wells, etc. Both the topographic map and aerial photograph must show all areas within 1,320 feet of the boundary of the land application area.
    - (C) A site suitability report, pursuant to subsections (c) and (h)(6) of this Section, based on an on-site investigation and signed by a soil scientist or other qualified person. The report shall include detailed information concerning the site and shall discuss how all site characteristics were determined. Any requests for a variance to site suitability restrictions must be accompanied by a written justification that has been developed or approved by a soil scientist or other qualified person. The justification shall provide explanation as to safeguards which will assure that conditions of the permit will be met and there will be no adverse impacts from the land application.
    - (D) Analysis of drilling fluids and/or cuttings (for earthen pits only).
    - (E) Analyses of soil samples.
    - (F) Loading calculations.
    - (G) Copies of all chains-of-custody related to sampling.
    - (H) Manufacturer, model number, and specifications of testing equipment to be used (for tanks only).

(I) If there is an agent, a notarized affidavit designating same, signed by the operator within the last twelve months (Form 1014LA).

(J) Identification of any soil farming permit that has been issued in the same quarter section within the last three years. This information is available in the OCC Soil Farming Database on the ~~web at www.occweb.com~~ Commission's website.

(K) Other information as required by this Section or requested by the Pollution Abatement Department.

(3) **Review period.** The Pollution Abatement Department shall review the application, either approve or disapprove it, and return a copy of Form 1014S within five business days of submission of all required or requested information. If approved, a permit number shall be assigned to Form 1014S; if disapproved, the reason(s) shall be given. The applicant may make application for a hearing if it is not approved.

(g) **Calculating maximum application rate.**

(1) **Earthen pits.**

(A) The maximum application rate shall be calculated by the applicant or the applicant's designated agent based on the analyses of the pit materials and the soil of the application area. The averaging of TDS or TSS values of soil sampling areas shall not be permitted. If the entire application area is larger than ten acres, requiring separate soil sampling areas, the applicant or the applicant's designated agent shall use the highest soil TDS or TSS value of any sampling area in calculating the maximum application rate for the entire application area, and shall also calculate the maximum application rate of each ten acre (or less) application area using the respective TDS or TSS values of each soil sampling area. The applicant or the applicant's designated agent shall decide which of the two loading rates to use and notify the appropriate Conservation Division District Office when notification of commencement of land application is given, pursuant to (h)(1) of this Section.

(B) Soil loading formulas contained in Appendix I shall be used.

(C) The maximum application rate shall be restricted by the most limiting parameter. The Pollution Abatement Department shall indicate on the permit the maximum application rate and the minimum acreage that must be used.

(2) **Tanks.**

(A) The applicant shall calculate the maximum application rate based on the analysis of each tank or other containment vessel to be land applied and the soil of the application area. The averaging of TDS or TSS values of soil sampling areas shall not be permitted. If the entire application area is larger than ten acres, requiring separate soil sampling areas, the applicant shall have the option of using the highest soil TDS or TSS value of any sampling area in calculating the maximum application rate for the entire application area, or calculating the maximum application rate of each ten-acre (or less) application area using the respective TDS or TSS value of each soil sampling area.

(B) Soil loading formulas contained in Appendix I shall be used.

(C) Based on the maximum application rate, the applicant or its designated agent shall determine where the fluids will be applied and supervise the land application process.

(h) **Conditions of permit.** Any land application which is performed under this Section shall be subject to the following conditions or stipulations of the permit:

- (1) **Notice to Field Inspector.** The applicant shall notify the appropriate Field Inspector at least 24 hours prior to the commencement of land application to allow a Commission representative an opportunity to be present.
- (2) **Compliance agreement.** Any person responsible for supervision of land application shall have signed a compliance agreement with the Commission (Form 1014CA).
- (3) **Presence of representative.** A representative of the applicant shall be on the land application site at all times during which fluids and/or cuttings are being applied. The representative shall be an employee of the applicant, designated agent, contractor, or other person pre-approved by the Commission.
- (4) **Materials to be land applied.** Land application shall be limited to water-based drilling fluids and/or cuttings.
- (5) **Weather restrictions.** Land application, including incorporation, shall not be done:
  - (A) During precipitation events.
  - (B) When the soil moisture content is at a level such that the soil cannot readily take the addition of drilling fluids.
  - (C) When the ground is frozen to a degree that the soil cannot readily take the addition of fluids.
  - (D) By spray irrigation when the wind velocity is such that even distribution of materials cannot be accomplished or the buffer zones, pursuant to (6) of this subsection, cannot be maintained.
- (6) **Buffer zones.** Land application shall not be done within the following buffer zones, as identified in the site suitability report:
  - (A) Fifty feet of a property line boundary.
  - (B) Three hundred feet of any water well or water supply lake used for domestic or irrigation purposes.
  - (C) One-quarter (1/4) mile of any public water well or public water supply lake.
- (7) **Land application rate.** The maximum calculated application rate of drilling fluids and/or cuttings shall not be exceeded. It may require more than one pass to achieve the maximum application rate while avoiding runoff or ponding, pursuant to (9) of this subsection. Application of drilling fluids and/or cuttings outside the approved plot shall be prohibited.
- (8) **Land application method.**
  - (A) Application of drilling fluids and/or cuttings shall be uniform over the approved land application plot, shall not be applied at a rate to cause permanent vegetation damage, and shall be made by a method approved by the Commission prior to use. The flood irrigation method shall be limited to those fields that normally are irrigated in that manner.
  - (B) For earthen pits, if more than 500 lbs/acre of Oil and Grease or 50,000 lbs/acre of Dry Weight materials are applied, the materials shall be incorporated into the soil by use of the injection method, or by disking or some other method approved by the Commission.
  - (C) All land application vehicles shall be either a single or double axle vehicle with a permanently attached tank that shall not exceed 100 barrels, and the vehicle shall be equipped so as to minimize pooling and ruts caused by tire tracks. It shall have a diffuser mechanism to spread the mud/fluids in a fan pattern. Spreader bars shall

not be used. The mud/fluids shall be forced from the tank with air pressure or a mechanical pump. Gravity applications are prohibited. Transport/tanker trucks (18 wheel vehicles) shall not be used for land application at any time. Use of an unauthorized vehicle or equipment may result in the revocation of the land application permit. A fine of up to \$2,000.00 may be assessed for each violation of this paragraph.

(D) Drill cuttings shall be spread with an industrial mechanical spreader capable of broadcasting and/or fanning out the cuttings. Dozers, backhoes, motor blades or scrapers shall not be used to spread drill cuttings or drill solids during land application at any time.

(9) **Runoff or ponding prohibited.** No runoff of land applied materials shall be allowed during application. Ponding is prohibited, except where the flood irrigation method is approved. In order to comply with this rule, some applications will require the use of more than the minimum calculated acreage and/or a drying period between applications.

(10) **Vegetative cover.** If the vegetative cover is destroyed or significantly damaged by disking, injection, or other practice associated with land application, a bona fide effort shall be made to restore or reestablish the vegetative cover within 180 days after the land application is completed. Additional efforts shall be made until the vegetative cover is fully restored or reestablished.

(11) **Time period.**

(A) **Earthen pits.** Land application shall be completed within 90 days from the date of the permit. At the end of the 90-day period, the permit shall expire by its own terms.

(B) **Tanks.** Land application shall be completed within 90 days after drilling ceases. At the end of the 90-day period, the permit shall expire by its own terms.

(12) **Post-application report.** A post-application report (Form 1014R) shall be submitted by the operator or the operator's agent to the Manager of the Pollution Abatement Department within 90 days of the completion of land application. One extension may be granted for a period of up to 90 days by the Manager of the Pollution Abatement Department. If approval is obtained to amend the permit to authorize land application of contaminated soils and petroleum hydrocarbon based cuttings, any extension of time for submission of the post-application report granted by the Manager of the Pollution Abatement Department shall begin on the date the amended permit is approved. The report shall give specific details of the land application, including test results of materials applied and loading rate calculations (for tanks only), volumes of materials applied, and an aerial photograph (minimum scale 1:660) delineating the actual area where materials were applied. All applicable loading calculations from Appendix I of this Chapter shall be included in the Form 1014R. The report shall contain a statement certifying that the land application was done in accordance with the approved permit. Failure to timely submit a Form 1014R may result in the assessment of a fine of up to \$500.00.

(13) **Violations.** If the applicant violates the conditions of the permit or this Section, the land application shall be discontinued and the Pollution Abatement Department shall be contacted immediately. The Pollution Abatement Department may revoke the permit and/or require the operator to do remedial work. If the permit is not revoked, land

application may resume with the Pollution Abatement Department's approval. If the permit is revoked, the operator may make application for a hearing to reinstate it.

(14) **Requirements to close pit.** Neither filing an application nor receiving a permit under this Section shall extend the time limit for closing a reserve pit pursuant to 165:10-7-16, or a commercial pit pursuant to 165:10-9-1.

(i) **Variiances.** A variance from the time provisions of (d)(1), (h)(1), or (h)(10) of this Section may be granted by the appropriate Conservation Division District Office for justifiable cause. A written request and supporting documentation shall be required. The appropriate Conservation Division District Office shall respond in writing within five business days after receipt, either approving or disapproving the request.

### **165:10-7-26. Land application of contaminated soils and petroleum hydrocarbon based drill cuttings**

(a) **Authority for land application.** No person shall land apply soils or drill cuttings contaminated by salt or petroleum hydrocarbons except as provided by this Section. Any operator failing to obtain a permit may be fined up to \$2,000.00. The land application permit shall be posted at the well site, pad or pipeline construction location.

(b) **Scope.** This Section shall cover the land application of soils and drill cuttings contaminated by salt and/or petroleum hydrocarbons. Petroleum hydrocarbon-contaminated soils land applied under this Section shall meet the RCRA criteria for exempt or non-exempt/nonhazardous waste. [Reference 40 CFR Subtitle C and EPA publication EPA530-K-95-003 "Crude Oil and Natural Gas Exploration and Production Wastes: Exemption from RCRA Subtitle C Regulation]. Hazardous waste as defined at 40 CFR 261.3 is regulated by the Oklahoma Department of Environmental Quality. Any land application made under this Section shall be done from a single well or a single pad (containing multiple wells). Permits shall not be granted for lands that have been previously permitted and used for this practice or similar practices such as soil remediation within the last three (3) years.

(c) **Receiving site suitability restrictions.** Land application shall only occur on land having all of the characteristics below, as field verified by a soil scientist or other qualified person pre-approved by the Commission. Any variance from site suitability restrictions must be approved by the Oil and Gas Conservation Division (see (g)(2)(C) of this Section).

(1) **Maximum slope.** A maximum slope of eight percent for all application methods.

(2) **Depth to bedrock.** Depth to bedrock will be at least 20 inches if crude oil contaminated soils or petroleum hydrocarbon-based drill cuttings are to be applied; 20 inches if salt contaminated soils are to be applied.

(3) **Soil texture.** A soil profile (as defined by USDA soil surveys) containing at least twelve inches (may be cumulative) of one of the following soil textures between the surface and the water table, unless a documented impeding layer of shale is present: loam, silt loam, silt, sandy clay loam, silty clay loam, clay loam, sandy loam, fine sandy loam, sandy clay, silty clay, or clay.

(4) **Salinity.** Slight salinity [defined as Electrical Conductivity (EC) less than 4,000 micromhos/cm] in the topsoil, or upper six inches of the soil, and a calculated Exchangeable Sodium Percentage (ESP) less than 10.0.

(5) **Depth to water table.** No evidence of a seasonal water table within six (6) feet of the soil surface as verified by field observation and published data.



(6) **Distance from water bodies.** A minimum distance of 100 feet from the land application site boundary to any perennial stream and 50 feet to any intermittent stream found on the appropriate United States Geological Survey (U.S.G.S.) topographic map (available for viewing at the Commission's Oklahoma City Office and appropriate Conservation Division District Offices); and a minimum of 100 feet to any freshwater pond, lake, or wetland designated by the National Wetlands Inventory Map Series, prepared by the U.S. Fish and Wildlife Service (available for viewing at the Commission's Oklahoma City Office). Also, see (h)(6) of this Section.

(7) **Site specific concerns.** Void of slick spots within or adjacent to the land application area, where subsurface lateral movement of water is unlikely, or areas void of concentrated surface flow such as gullies or waterways.

(8) **Stockpiling of cuttings.** Stockpiling of cuttings may be used during the handling and transportation of the cuttings both at the well location and the receiving site. At the well site or pad generating the waste, the cuttings must be placed in a steel pit or the areas used for this practice must be lined and bermed. A stockpile of cuttings at the receiving site must be located on the permitted area and the areas used for this practice must be lined and bermed. The stockpile of cuttings, whether at the well location or the receiving site, must be closed within 30 days of cessation of drilling operations.

(d) **Sampling requirements.**

(1) **Notice to Field Inspector.** The appropriate Field Inspectors shall be contacted at least two business days prior to sampling of the receiving soil and materials to be land applied. This is to allow a Commission representative an opportunity to be present.

(2) **Receiving soil.** Sampling of the receiving soil shall be performed by, or under the supervision of, a soil scientist or other qualified person pre-approved by the Commission. Soil samples shall be taken from the proposed application area and analyzed. A minimum of four representative surface core samples from the surface (0-6 inches) must be taken from each ten acres, or part thereof. Each group of surface core samples representative of a ten-acre area (or less) shall be combined and thoroughly mixed. A minimum one pint composite sample shall be taken and placed in a clean container for delivery to the laboratory. Alternatively, soil samples may be composited by the laboratory.

(3) **Materials to be land applied.** Representative samples of the materials to be land applied shall be taken, composited into a minimum one-pint sample, and placed in a clean container for delivery to the laboratory. Alternatively, materials to be land applied may be composited by the laboratory.

(e) **Analysis requirements.**

(1) **Salt contaminated soils or drill cuttings.** Analysis requirements will be dependent upon the loading method that is chosen. For most applications, loading based on Total Dissolved Solids (TDS) or Total Soluble Salts (TSS) will be most appropriate. However, applicants proposing to land apply on a site in western Oklahoma, where the soils commonly contain moderate to high levels of gypsum, may benefit from using the loading formula based on Chlorides (Cl).

(A) Samples of soil and materials to be land applied shall be tested by a laboratory proficient in testing soils. Either a 1:1 extract or saturated paste extract shall be used for sample preparation for TDS or TSS or Cl loading. A saturated paste

moisture equivalent is necessary where the saturated paste sample preparation method is used.

(B) Parameters for analysis of the receiving soil shall include at a minimum EC, TDS or TSS, and ESP for TDS/TSS loading. For Chloride loading, parameters shall include Chlorides (dry weight basis) and ESP.

(C) Parameters for analysis of soils or drill cuttings contaminated by salt shall include at a minimum EC for TDS/TSS loading and both EC and Cl for Chloride loading.

(2) **Soils and drill cuttings contaminated by petroleum hydrocarbons.**

(A) Samples of soil and materials to be land applied shall be tested by a laboratory proficient in testing soils.

(B) Parameters for analysis of the receiving soil shall include at a minimum EC and ESP.

(C) Parameters for analysis of soils or drill cuttings contaminated by petroleum hydrocarbons shall include at a minimum a test of the appropriate carbon range(s), which is determined by the nature of the waste material. These include Gasoline Range Organics (GRO) - C6 to C10 (EPA test method 8015/8020 M) and TPH (Oklahoma method 1005 extended C35).

(f) **Application rates.**

(1) **Calculations.** The maximum application rate for TDS or TSS, Cl, and GRO, or TPH shall be calculated by the applicant based upon the analyses of the materials to be land applied and the soil of the application area. For salt contaminated soils or drill cuttings, if the application area encompasses more than one soil sampling area, the rate shall be calculated in one of two ways, depending on how the application will be made. The applicant may either calculate the maximum application rate for the entire application area based upon the highest soil TDS or TSS or Cl value of any sampling area (averaging not allowed), or calculate it for each ten acre (or less) application area using the respective soil TDS or TSS or Cl values of each sampling area.

(2) **Soil loading formulas.** The maximum application rate for any application area shall be restricted by the most limiting parameter. To determine this, the soil loading formulas in Appendix I of this Chapter shall be used as applicable.

(3) **Variances.** In special situations, a request for a variance relating to soil loading of petroleum hydrocarbons may be administratively approved by the Manager of the Pollution Abatement Department. The applicant shall submit a written request explaining the circumstances or conditions which warrant a variance and shall also submit a management plan for reducing the petroleum hydrocarbon content in the soil to two percent or less.

(g) **Application for permit.**

(1) **Who may apply.** Only the operator responsible for generating the waste to be land applied or the operator's designated agent may apply for a land application permit, except that the Oklahoma Energy Resources Board or its designated contractor may make application to land apply materials for which there is no responsible party.

(2) **Required form and attachments.** Each application for land application of soils contaminated by salt and/or crude oil or petroleum hydrocarbon-containing deleterious substances shall be submitted to the Pollution Abatement Department on Form 1014S.

A legible application shall be required. The following shall be attached to the application:

(A) Written permission from the surface owner to allow the applicant to land apply, incorporate, and fertilize materials. For purposes of obtaining such consent, the applicant shall use Form 1014L.

(B) A topographic map and the most recent aerial photograph (minimum scale 1:660) with the proposed and potential land application areas delineated as well as the location of cultural features such as buildings, water wells, etc. Both the topographic map and aerial photograph must show all areas within 1320 feet of the boundary of the land application area.

(C) Receiving site suitability report, pursuant to subsections (c) and (h)(6) of this Section, based on an on-site investigation and signed by a soil scientist or other qualified person. The report shall include detailed information concerning the site and shall discuss how all site characteristics were determined. Any requests for a variance to site suitability restrictions must be accompanied by a written justification that has been developed or approved by a soil scientist or other qualified person. The justification shall provide explanation as to safeguards which will assure that conditions of the permit will be met and there will be no adverse impacts from the land application.

(D) Analyses of receiving soil samples.

(E) Analyses of contaminated soil or petroleum hydrocarbon-based drill cuttings.

(F) For contaminated soils, an investigation report and diagram, drawn to scale, detailing the aerial extent and depth of the contamination; and sampling procedures which were used to assure that representative samples were taken.

(G) Loading calculations.

(H) Copies of all chains-of-custody related to sampling.

(I) If there is an agent, a notarized affidavit designating same, signed by the operator within the last 12 months (Form 1014LA).

(J) Identification of any soil farming permit that has been issued in the same quarter section within the last three (3) years. This information is available in the OCC Soil Farming Database on the ~~web at www.occweb.com~~ Commission's website.

(K) Other information as required by this Section or requested by the Pollution Abatement Department.

(3) **Review period.** The Pollution Abatement Department shall review the application, either approve or disapprove it, and return a copy of Form 1014S within five business days of submission of all required or requested information. If approved, a permit number shall be assigned to Form 1014S; if disapproved, the reason(s) shall be given. The applicant may make application for a hearing if it is not approved.

(h) **Conditions of permit.** Any land application which is performed under this Section shall be subject to the following conditions or stipulations of the permit:

(1) **Notice to Field Inspector.** The applicant shall notify the appropriate Field Inspector at least 24 hours prior to the commencement of land application to allow a Commission representative an opportunity to be present.

(2) **Compliance agreement.** Any person responsible for supervision of land application shall have signed a compliance agreement with the Commission (Form 1014CA).

(3) **Presence of representative.** A representative of the applicant shall be on the land application site at all times during which materials are being applied. The representative shall be an employee of the applicant, designated agent, contractor, or other person pre-approved by the Commission.

(4) **Materials to be land applied.** Land application under this Section shall be limited to soils and drill cuttings contaminated by salt and/or petroleum hydrocarbons. Petroleum hydrocarbon-contaminated soils or drill cuttings land applied under this Section shall meet the RCRA criteria for exempt or non-exempt/nonhazardous waste. Hazardous waste as defined at 40 CFR 261.3 is regulated by the Oklahoma Department of Environmental Quality.

(5) **Weather restrictions.** Land application, including incorporation, shall not be done:

(A) During precipitation events.

(B) When the soil moisture content is at a level such that the soil cannot readily take the addition of materials.

(C) When the ground is frozen to a degree that the soil cannot readily take the addition of fluids.

(6) **Buffer zones.** Land application shall not be done within the following buffer zones, as identified in the site suitability report:

(A) Fifty feet of a property line boundary.

(B) Three hundred feet of any water well or water supply lake used for domestic or irrigation purposes.

(C) One-quarter (1/4) mile of any public water well or public water supply lake.

(7) **Land application rate.** The maximum calculated application rate of materials shall not be exceeded. Under no circumstances shall land applied materials exceed a two inch depth. Furthermore, no runoff or ponding of land applied materials shall be allowed. It may require more than one pass or lift to achieve the maximum application rate while avoiding runoff or ponding. For land applications involving petroleum hydrocarbons all free oil shall be removed.

(8) **Land application method.**

(A) Application of materials shall be uniform over the approved land application area, and shall be made by a method approved by the Commission prior to use. Land applied materials shall be incorporated into the soil by disking or chiseling during or immediately after application to a minimum depth of two times the depth of applied materials; however, if any contaminated sandy soil is applied to any clayey soil, incorporation shall be to a minimum depth of four times the depth of the applied materials. Tillage of grassland may not be necessary. If materials are land applied on grassland a reduced application rate may be necessary.

(B) All land application vehicles shall be either a single or double axle vehicle with a permanently attached tank that shall not exceed 100 barrels, and the vehicle shall be equipped so as to minimize pooling and ruts caused by tire tracks. It shall have a diffuser mechanism to spread the materials in a fan pattern. Spreader bars shall not be used. The materials shall be forced from the tank with air pressure or a mechanical pump. Gravity applications are prohibited. Transport/tanker trucks (18 wheel vehicles) shall not be used for land application at any time. Use of an unauthorized vehicle or equipment may result in the revocation of the land

application permit. A fine of up to \$2,000.00 may be assessed for each violation of this paragraph.

(C) The materials shall be spread with an industrial mechanical spreader capable of broadcasting and/or fanning out the cuttings. Dozers, backhoes, motor blades or scrapers shall not be used to spread materials during land application at any time.

(9) **Fertilizer.** For any land application involving petroleum hydrocarbon-contaminated soils and/or drill cuttings, if it is determined that revegetation is needed, fertilizer shall be applied at an appropriate rate as indicated by soil testing for available N-P-K to adjust the average carbon-nitrogen ratio in order to enhance biodegradation of the petroleum hydrocarbons and assist in reestablishing vegetation. Soil tests shall also include at a minimum EC, ESP, N-P-K, C:N ratio and TPH. Soil samples shall be collected from the affected area at a depth of six (6) inches. Background samples shall be collected from an adjacent unaffected area. In the absence of soil testing, Nitrogen, Phosphorus, and Potassium shall be applied at a rate of 160-40-40 lbs. per acre (actual N-P-K). Application of fertilizers shall be done in a manner that minimizes runoff potential (split applications) and so as to increase availability of nutrients to microorganisms for degradation of petroleum hydrocarbons.

(10) **Vegetative cover.** A bona fide effort shall be made to restore or reestablish the vegetative cover within 180 days after the land application is completed. Additional efforts shall be made until the vegetative cover is fully restored or reestablished.

(11) **Time period.**

(A) Land application shall be completed within 90 days of the anticipated completion date shown on the approved application form; or

(B) Land application shall be completed within 90 days after drilling ceases. At the end of the 90-day period the permit shall expire by its own terms.

(12) **Post-application report.** A post-application report (Form 1014R) shall be submitted by the operator or the operator's agent to the Manager of the Pollution Abatement Department within 90 days of the completion of land application. One extension may be granted for a period of up to 90 days by the Manager of the Pollution Abatement Department. If approval is obtained to amend a permit to land apply water-based fluids so as to authorize land application of contaminated soils and petroleum hydrocarbon based cuttings, any extension of time for submission of the post-application report granted by the Manager of the Pollution Abatement Department shall begin on the date the amended permit is approved. The report shall give specific details of the land application, including volumes of materials applied and an aerial photograph (minimum scale 1:660) delineating the actual area where materials were applied. All applicable loading calculations from Appendix I of this Chapter shall be included in the Form 1014R. The report shall contain a statement certifying that the land application was done in accordance with the approved permit. Failure to timely submit a Form 1014R may result in the assessment of a fine of up to \$500.00.

(13) **Violations.** If the applicant violates the conditions of the permit or this Section, the land application shall be discontinued and the Pollution Abatement Department shall be contacted immediately. The Pollution Abatement Department may revoke the permit and/or require the operator to do remedial work. If the permit is not revoked, land application may resume with approval of the Pollution Abatement Department. If the permit is revoked, the operator may make application for a hearing to reinstate it.

(i) **Variiances.** A variance from the time provisions of (d)(1), (h)(1), or (h)(10) of this Section may be granted by the appropriate Conservation Division District Office for justifiable cause. A written request and supporting documentation shall be required. The appropriate Conservation Division District Office shall respond in writing within five business days after receipt, either approving or disapproving the request.

## SUBCHAPTER 11. PLUGGING AND ABANDONMENT

### 165:10-11-1. License for pulling pipecasing and plugging wells

(a) No person shall contract to pull casing or plug oil, gas, injection, disposal, or other service wells, or contract to salvage casing therefrom, or purchase wells for the purpose of salvaging casing therefrom until a license has been secured from the Commission.

~~(1) The application on Form 1055 for such license shall state must include:~~

~~(A)(1) The name, business address, business telephone number, business email address, and business facsimile number of the applicant.~~

~~(B)(2) The names, and business addresses, business telephone numbers, business email addresses, and business facsimile numbers of all partners, chief officers, and directors, or principals if the applicant is a partnership, corporation, limited liability company, or any entity other than an individual.~~

~~(C)(3) The experience of applicant in pulling casing and plugging wells.~~

~~(D)(4) Evidence of financial responsibility of the applicant.~~

~~(E)(5) The counties in which the applicant will operate.~~

~~(6) Other information as required by the Commission.~~

~~(2) Notice that an application has been filed shall be published by the applicant in a newspaper of general circulation in Oklahoma County and in the county where the applicant's principal place of business is located. The applicant shall file proof of publication prior to the hearing or administrative approval. The notice shall include:~~

~~(A) The name of the applicant.~~

~~(B) Generally what operations the applicant intends to conduct for which applicant is financially responsible.~~

~~(C) The counties in which applicant will operate.~~

~~(3) If a written objection to the application is filed within 15 days after the application is published or if a hearing is required by the Commission, the application shall be set for hearing and notice thereof shall be given as the Commission shall direct. If no objection is filed and the Commission does not require a hearing, the matter shall be presented administratively to the Manager of Field Operations who shall file a report and make recommendations to the Commission.~~

(b) Applicant shall submit the Form 1055 and required information to the Oil and Gas Conservation Division Field Operations Department for review at the email address indicated on the Form 1055. The Field Operations Department shall review the Form 1055, and the Form 1055 shall either be approved or disapproved within fifteen (15) business days of applicant's submission of all required or requested information. If the Form 1055 is approved, the Manager of the Field Operations Department shall sign the license. If the Field Operations Department denies the Form 1055, the applicant may request a hearing regarding the application.

~~(b)~~(c) The license shall not be transferable and may at any time be suspended or revoked by the Commission upon ~~complaint~~application, notice, and hearing.

~~(c)~~(d) Any person violating this Section may be fined up to \$2,500.00. Any operation in violation of this Section shall be shut down pending compliance with this Section.

### **165:10-11-3. Duty to plug and abandon**

(a) **Scope.** This Section applies to:

- (1) Liability of the well owners and operator or other responsible person(s) to plug a well.
- (2) Time periods for plugging wells:
  - (A) Without casing.
  - (B) With only surface casing and cement.
  - (C) With production casing.
- (3) Wells exempted from plugging.
- (4) Notice of Temporary Exemption from Plugging granting permission to postpone plugging of a well.

(b) **Liability of owners and operators or other responsible persons(s).** Any working interest owner and operator of any oil, gas, disposal, injection, or other service well or any seismic, core, or other exploratory hole, whether cased or uncased, shall be jointly and severally liable and responsible for the plugging thereof in accordance with this Subchapter unless other responsible person(s) become liable for such plugging. "Other responsible person(s)" means person(s) exercising dominion and control over any oil, gas, disposal, injection, or other service well or any seismic, core, or other exploratory hole, whether cased or uncased, without the authority or permission of the working interest owners or operator thereof. In such instances the other responsible person(s) shall be jointly and severally liable with the owners and operator for the plugging of the well. The owner of the surface estate shall not be considered an "other responsible person" solely as a result of:

- (1) the reversion of the ownership of an abandoned wellbore and associated equipment to the surface owner, as a matter of law, unless the surface owner engages in activities that potentially compromise the integrity of the wellbore; or
- (2) the removal of abandoned surface equipment, trash and debris from the surface estate, or remediation activities regarding the surface estate.

(c) **Time period for plugging well without casing.** Each well in which neither production casing nor surface casing has been run shall be properly plugged within 72 hours after drilling or testing is completed. However, should the lack of production and surface casing create a fire hazard or a risk of contaminating the environment or formations containing oil, gas, or known treatable water, said well shall be properly plugged within 24 hours after drilling and testing is completed. The well marker requirement described in ~~165:10-3-4~~ ~~(e)~~165:10-3-4(f) shall be followed.

(d) **Time period for plugging well with only surface casing and cement.** Each well in which only surface casing has been run and cemented in conformance with 165:10-3-4 shall be properly plugged within 90 days after drilling or testing is completed unless the lack of production or intermediate casing creates a fire hazard or risk of contaminating the environment or formations containing oil, gas, or known treatable water, in which case or cases the well shall be plugged within 24 hours.

(e) **Time period for plugging well with production casing.** Unless exempted under provisions contained elsewhere in this Section, any well which has production casing in place shall be plugged within one year after the latter of:

- (1) Cessation of drilling if the well was not completed or tested; or
- (2) Cessation of the latter of completion or testing if the well has not produced; or
- (3) Cessation of production.

(f) **Operators failing to commence timely plugging operations.** An operator who fails to commence plugging operations as required in (c), (d), and (e) of this Section after due notice from the District Office or the appropriate field inspector may be fined up to \$1,000.00.

(g) **Wells exempted from plugging.** The following wells which have production casing in place shall be exempt from (e) of this Section:

- (1) Shut-in gas wells, for the purpose of this Section, shall be considered producing wells in operation.
- (2) Any well for which a written order of the Commission granting a specific exception to plugging is in full force and effect.
- (3) Supply wells or wells authorized by order of the Commission for injection or disposal purposes and are in compliance with the rules of the Commission.
- (4) Any well for which a temporary exemption from the plugging rules has been approved.
- (5) Any oil or gas well which is exempt from plugging pursuant to 17 O.S. § 53.

## **SUBCHAPTER 29. SPECIAL AREA RULES**

### **165:10-29-1. Lake Atoka and McGee Creek Reservoir**

(a) **Scope.** The requirements of this section will apply to wells located in the areas listed below, and will supersede all field orders related to these areas. These requirements are in addition to the Commission's existing statewide requirements. The areas controlled by this section include:

#### **(1) IN ATOKA COUNTY**

- (A) Sections 1-35 of Township 1 North, Range 12 East;
- (B) Sections 1-18, 21-28 and 35-36 of Township 1 North, Range 13 East;
- (C) Sections 1-36 of Township 1 North, Range 14 East;
- (D) Section 6 of Township 1 North, Range 15 East;
- (E) Sections 1-5, 8-16, 20-29 and 32-36 of Township 2 North, Range 12 East;
- (F) Sections 1-36 of Township 2 North, Range 13 East;
- (G) Sections 4-9 of Township 2 North, Range 14 East;
- (H) Sections 1-2, 11-14, 23-26 and 36 of Township 1 South, Range 11 East;
- (I) Sections 2-10, 16-20, 24-25 and 30-31 of Township 1 South, Range 12 East;
- (J) Sections 1-3, 9-16, 19-30 and 32-36 of Township 1 South, range 13 East;
- (K) Sections 1-11 and 13-36 of Township 1 South, Range 14 East;
- (L) Sections 1-5, 8-17, 22-27 and 34-36 of Township 2 South, Range 13 East;
- (M) Sections 1-24 and 26-35 of Township 2 South, Range 14 East;
- (N) Sections 1-2 and 12 of Township 3 South, Range 13 East;
- (O) Sections 2-9 of Township 3 South, Range 14 East.

#### **(2) IN PITTSBURG COUNTY**



- (A) Sections 7, 18-22 and 25-36 of Township 2 North, Range 14 East;
- (B) Section 31 of Township 2 North, Range 15 East;
- (C) Sections 1-3, 9-16, 20-29 and 32-36 of Township 3 North, Range 12 East;
- (D) Sections 1-36 of Township 3 North, Range 13 East;
- (E) Sections 6 and 28-33 of Township 3 North, Range 14 East;
- (F) Sections 26-28 and 32-36 of Township 4 North, Range 13 East.

**(3) IN COAL COUNTY** Sections 12-14, 22-27 and 34-36 of Township 1 North, Range 11 East.

(b) **General.** The design criteria for all wells shall consider all pertinent factors for well control including formation pressures and casing setting depths such that the wellbore can be maintained under control at all times and that all surface and subsurface fresh water supplies or formations are protected.

(c) **Well site limitations.** No oil and/or gas well shall be located within 1,320 feet of the maximum water surface level contour line of either reservoir. The maximum water surface level is 609.8 feet above sea level for McGee Creek and 590 feet above sea level for Lake Atoka Reservoir.

(d) **Drill site containment.** During the drilling and completion of an oil and gas well the operator shall:

(1) Maintain an earthen retaining wall downslope of the well, no closer than 50 feet from the wellbore, if the well is located within six (6) miles of the maximum water surface level contour line of either reservoir. The maximum water surface level is 609.8 feet above sea level for McGee Creek Reservoir and 590 feet above sea level for Lake Atoka. The retaining wall shall be constructed prior to the commencement of drilling and shall be of adequate size for the terrain involved with a minimum length of 330 feet and a minimum compacted height of two (2) feet;

(2) Maintain a diversion ditch upslope of the well. The diversion ditch shall be constructed prior to the commencement of drilling and shall be adequate to divert surface drainage water from the well location;

(3) Pump any fluid, other than storm water, trapped within the well site into steel tanks for storage and removal. Storm water may be discharged as necessary as long as there is no sheen or other visible evidence of hydrocarbons being present, the chloride concentration does not exceed 500 mg/l, and the operator maintains records of each discharge for a period of three (3) years. These records must be supplied to the Commission upon request.

(e) **Production site containment.**

(1) During production operations, all fluid separation and storage vessels shall be enclosed within earthen or equivalent retaining walls so that the enclosed area has a storage capacity of at least one and one-half (1.5) times the liquid capacity of the largest vessel in the storage area.

(2) Any fluid other than storm water and any storm water that cannot be discharged will be pumped into steel tanks for storage and removal. Storm water may be discharged as necessary as long as there is no sheen or other visible evidence of hydrocarbons being present, the chloride concentration does not exceed 500 mg/l, and the operator maintains records of each discharge for a period of three (3) years. These records must be supplied to the Commission upon request.

(f) **Erosion control.** During the drilling phase of operations, silt fencing or other suitable materials or practices shall be used on the downslope side of the drill site to control runoff from the location. The silt fencing or other suitable materials or practices used to control runoff at the location shall be maintained in a manner so as to consistently work to control run-off.

(g) **Circulating and reserve pits.**

(1) Steel tanks shall be used for circulating and reserve pits for all drilling operations located within one (1) mile of the maximum water surface level contour line of either reservoir. The maximum water surface level is 609.8 feet above sea level for McGee Creek Reservoir and 590 feet above sea level for Lake Atoka.

(2) Outside of the areas designated by OAC 165:10-29-1(g)(1), any pit shall be lined with a geomembrane liner that meets or exceeds each of the following specifications:

(A) be made of linear low density polyethylene;

(B) have a thickness of 20 millimeters; and

(C) conform to the test requirements prescribed in the Geosynthetic Research Institute (GRI) Test Method GM17; and

(D) The liner shall also comply with the requirements for geomembrane liners found in OAC 165:10-7-16(c)(7).

(3) No pit shall be constructed or maintained so as to receive outside runoff water and the fluid level of earthen pits shall be maintained at all times as least 24 vertical inches below the lowest point of embankment.

(4) If there is flowback during the fracing of a well, the flowback must be to steel tanks prior to being placed into a lined pit if the temperature of the flowback exceeds 150 degrees Fahrenheit.

(5) The Oklahoma Corporation Commission shall inspect all pits within the purview of these rules prior to the liner being installed. The operator shall notify the District Office at least one (1) business day prior to installation of the liner. If the Commission has not inspected the pit within one (1) business day following the notification, the operator may proceed to install the liner.

(6) Any reserve/circulation pit shall be closed within six (6) months after drilling operations cease. Upon request by the operator, a six (6) month extension shall be granted by the District Office, after review by a field inspector to confirm the pit is in compliance with Commission requirements.

(h) **Air drilling.** When drilling with air for circulation, an unlined earthen pit to contain the wellbore cuttings is allowed, provided the chloride concentration of any fluids discharged into the pit does not exceed 1000 mg/l. Discharge of air and cuttings from the "blooey line" shall be subjected to fresh water injection or spray to eliminate, to the greatest extent possible, the drift of dust and particulates from the well site. Water and additives for liquid drilling fluid shall be maintained at the well site at all times in sufficient volumes to circulate the wellbore if needed. All water in the unlined earthen pit shall be removed and properly disposed of as soon as air drilling ceases.

(i) **Casing.** All casing shall be new or reconditioned and tested to conform to API specifications.

(1) **Surface casing.** Surface casing shall be set to a minimum depth of 700 feet, or 50 feet below the deepest treatable water, whichever depth is greater. In setting the

surface casing, a minimum of six (6) centralizers shall be used in the bottom portion of the casing string.

(2) **Production casing.** Production casing of four and one-half (4.5) inches or greater OD, and all related equipment items, such as the wellhead valves, shall have a pressure rating sufficiently in excess of the highest formation pressure encountered in the well. In setting the production casing, the annular space between the wellbore and the production casing shall be filled with cement calculated to fill at least 500 feet above the shallowest planned zone to be tested. Centralizers shall be used across the planned zone(s) to be tested. The production casing shall be pressure tested to conform to ~~OAC 165:10-3-4(g)~~OAC 165:10-3-4(h). In the event the total depth of the well is less than 500 feet, the annular space between the wellbore and the production casing shall be filled with cement calculated to fill at least that portion of the wellbore to the base of the surface casing. Centralizers shall be used across the planned zone to be tested. The production casing shall be pressure tested to comply with ~~OAC 165:10-3-4(g)~~OAC 165:10-3-4(h).

(j) **Blowout prevention equipment.** Before drilling below the surface casing and until drilling operations are completed, a blowout preventer (BOP) with a minimum of two (2) hydraulically operated rams, one (1) blind type and one (1) pipe type to fit the drill pipe, and related well control equipment, including a manifold and a floor valve, with a working pressure that exceeds the maximum anticipated surface pressure, shall be installed, used and tested in a manner to prevent blowouts. The BOP stack shall include a drilling spool with side outlets if side outlets are not provided on the BOP body. BOPs shall be tested to the rated pressure of the blowout stack assembly. All blowout prevention equipment is to be tested prior to drilling out from the surface casing. While drilling operations are in progress, the BOP shall be actuated once each trip. When removing drill pipe from any hole that utilized drilling fluids, the annulus shall be filled with mud before the mud level drops 100 feet from surface. A Kelley-cock shall be installed below the swivel. Wells being drilled to a depth less than 4,000 feet may use annular type blowout preventers.

(k) **Drill stem testing.** Drill stem testing shall only be allowed during daylight hours. Fluid removed from the well during testing must be flowed or pumped into steel pits or tanks and promptly removed from the location at the conclusion of testing. The formation fluids in the hole shall be reversed-out prior to the removing of the drill stem test tool from the hole.

(l) **Prevention of leakage and pollution.** Equipment, pipe, pumps, tanks, and other appurtenances used in conducting operations shall be maintained at all times to prevent leakage and the escape of saltwater, oil and other deleterious substances. All oil, water and deleterious substances from wet strings of tubing shall be drained into steel tanks. All cellars with oil and oil sumps shall be promptly pumped out.

(m) **Exceptions to this section.** When good cause is shown, and when it is not reasonably likely to result in any pollution to either reservoir, an administrative exception to a requirement of this section may be granted by the Oklahoma Corporation Commission. Notice of an application for an exception to this section shall be sent at least 15 days in advance to: (1) the manager of the District 4 Office of the Oil and Gas Conservation Division of the Oklahoma Corporation Commission; (2) the General Manager of the Oklahoma City Water Utilities Trust, 420 W. Main, Suite 500, Oklahoma City, Oklahoma 73102; and (3) the General Manager of the McGee Creek Authority, 420

W. Main, Suite 500, Oklahoma City, Oklahoma 73102. A 15-day period from the date of the written notice should be established for any party to file an objection to such an administrative application. If an objection is filed, a full hearing shall be held on the merits.

(n) **Other.** In reviewing an application for a permit-to-drill (form 1000), the Technical Services Department of the Oklahoma Corporation Commission will determine whether or not the well lies within any of the areas designated in OAC 165:10-29-1(c), OAC 165:10-29-1(d)(1) and OAC 165:10-29-1(g)(1).