TITLE 165: CORPORATION COMMISSION
CHAPTER 10: OIL AND GAS CONSERVATION

Effective July 11, 2009

Last Amended
The Oklahoma Register
Volume 26, Number 20
July 1, 2009 publication
Pages 2409 - 2662

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[**Authority:** 52 O. S. §§ 86.2 through 320, 528 through 614]

[**Source:** Codified 12-31-91]

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PART 1. GENERAL PROVISIONS

165:10-1-1. Purpose

The rules of this Chapter were promulgated in furtherance of the public policy and statutory laws of the State of Oklahoma to prevent the waste of oil and gas, to assure the greatest ultimate recovery from the State's reservoirs, to protect the correlative rights of all interest owners, and to prevent pollution.

165:10-1-2. Definitions.

The following words and terms, when used in this Chapter, shall have the following meaning unless the context clearly indicates otherwise:

"Agent" means any person authorized by another person to act for him.

"Aquifer" means a geological formation, group of formations, or part of a formation that is capable of yielding a significant amount of water to a well or spring.

"Area of exposure" means an area within a circle constructed with the point of escape of poisonous gas (hydrogen sulfide) as its center and the radius of exposure as its radius.

"Associated gas" means any gas produced from a Commission ordered combination oil and gas reservoir in which allowed rates of production are based upon volumetric withdrawals.

"BS&W" means basic sediment and water which is that portion of fluids and/or solids that settle in the bottom of storage tanks and/or treating vessels and is unsaleable to the first purchaser in its present form. BS&W usually consists of water, paraffin, sand, scale, rust, and other sediments.

"Barrel" means 42 (U.S.) gallons at 60 F at atmospheric pressure.

"Basic sediment pit" means a pit used in conjunction with a tank battery for storage of basic sediment removed from a production vessel or from the bottom of an oil storage tank.

"Blowout" means the uncontrolled escape of oil or gas, or both, from any formation.

"Blowout preventer" means a heavy casinghead control fitted with special gates and/or rams which can be closed around the drill pipe or which completely closes the top of the casing.

"Blowout preventer stack" means the assembly of well control equipment including preventers, spools, valves, and nipples connected to the top of the casinghead.

"Carrier", or **"transporter"**, or **"taker"** means any person moving or transporting oil or gas away from a lease or from any common source of supply.

"Casing pressure" means the pressure within the casing or between the casing and tubing at the wellhead.

"Choke manifold" means an assembly of valves, chokes, gauges, and lines used to control the rate of flow from the well when the blowout preventers are closed.

"Closure" means the practice of dewatering, trenching, filling, leveling, terracing, and/or vegetating a pit site after its useful life is reached in order to restore or reclaim the site to near its original condition.

"Commercial disposal well" means a well where the owner receives and disposes of produced water or any deleterious substance from multiple well owners/operators and receives compensation for these services and where the owner's primary business objective is to provide these services.

"Commercial pit" is a disposal facility which is authorized by Commission order and used for the disposal, storage, and handling substances or soils contaminated by deleterious substances produced, obtained, or used in connection with drilling and/or production operations. This does not include a disposal well pit.

"Commercial soil farming" means the practice of soil farming or land applying drilling fluids and/or other deleterious substances produced, obtained, or used in connection with the drilling of a well or wells at an off-site location. Multiple applications to the same land are likely.

"Commission" means the Corporation Commission of the State of Oklahoma.

"Common source of supply" or **"pool"** means "that area which is underlaid or which, from geological or other scientific data, or from drilling operations, or other evidence, appears to be underlaid by a common accumulation of oil and/or gas; provided that, if any such area is underlaid, or appears from geological or other scientific data or from drilling operations, or other

evidence, to be underlaid by more than one common accumulation of oil or gas or both, separated from each other by strata of earth and not connected with each other, then such area shall, as to each said common accumulation of oil or gas or both, shall be deemed a separate common source of supply." [52. O.S.A. §86.1(c)].

"Completion/fracture/workover pit" means a pit used for temporary storage of spent completion fluids, frac fluids, workover fluids, drilling fluids, silt, debris, water, brine, oil scum, paraffin, or other deleterious substances which have been cleaned out of the wellbore of a well being completed, fractured, recompleted, or worked over.

"Condensate" means a liquid hydrocarbon which:

(A) Was produced as a liquid at the surface,

(B) Existed as gas in the reservoir, and

(C) Has an API gravity greater than or equal to fifty degrees, unless otherwise proven.

"Conductor casing" means a casing string which is often set and cemented at a shallow depth to support and protect the top of the borehole from erosion while circulating and drilling the surface casing hole.

"Conservation Division" means the Division of the Commission charged with the administration and enforcement of the rules of this Chapter.

"Contingency plan" is a written document which provides for an organized plan of action for alerting and protecting the public within an area of exposure following the accidental release of a potentially hazardous volume of poisonous gas such as hydrogen sulfide.

"Contractor" means any person who contracts with another person for the performance of prescribed work.

"Cubic foot of gas" means the volume of gas contained in one cubic foot of space at an absolute pressure of 14.65 pounds per square inch and at a temperature of 60°F. Conversion of volumes to conform to standard conditions shall be made in accordance with Ideal Gas Laws corrected for deviation from Boyle's Law when the pressure at point of measurement is in excess of 200 pounds per square inch gauge.

"Date of completion" means:

(A) For an oil well, the date that the well first produces oil into the lease tanks through permanent wellhead equipment.

(B) For a gas well, the date of completion of a gas well is the date that gas is capable of being delivered to a pipeline purchaser.

(C) For a well, which does not produce either oil or gas, is the date on which attempts to obtain production from the well cease.

"Day" means a period of 24 consecutive hours. For reporting purposes, it shall be from 7:00 a.m. to 7:00 a.m. the following day.

"Deleterious substances" means any chemical, salt water, oil field brine, waste oil, waste emulsified oil, basic sediment, mud, or injurious substance produced or used in the drilling, development, production, transportation, refining, and processing of oil, gas and/or brine mining.

"Design mud weight" means the planned drilling mud weight to be used. This mud weight is used in the design of the casing strings.

"Design wellhead pressure" means the maximum anticipated wellhead pressure which is expected to be experienced on the inside of the casing string and on wellhead equipment. This pressure is used to design the casing string and to select wellhead equipment with sufficient working pressure rating.

"Development" means any work which actively looks toward bringing in production, such as erecting rigs, building tankage, drilling wells, etc.

"Directional drilling" means intentional changing of the direction of the well from the vertical.

"Director of Conservation" means the person in official charge of the Conservation Division.

"Discharge" means the release or setting free by any spilling, leaking, pumping, pouring, emitting, emptying, or dumping of substances.

"Distressed well" means a well authorized by Commission order to produce at an unrestricted rate in the interest of public safety due to technical difficulties which temporarily cannot be controlled.

"Diverter" means a device attached to the wellhead to close the vertical access and direct any flow into a line away from the rig. Diverters differ from blowout preventers in that flow is not stopped but rather the flow path is redirected away from the rig.

"Duly authorized representative" means, for the purpose of underground injection well applications, that person or position having a responsibility for the underground injection well.

"Emergency pit" means a pit used for the storage of excessive or unanticipated amounts of fluids during an immediate emergency situation in the drilling or operation of a well, such as a well blowout or a pipeline rupture. This does not include a spill prevention structure required by local, state, or federal regulations.

"Enhanced recovery operation" means the introduction of fluid or energy into a common source of supply for the purpose of increasing the recovery of oil therefrom according to a plan which has been approved by the Commission after notice and hearing.

"Enhanced recovery well" means a well producing in an enhanced recovery operation in accordance with Commission order.

"Exchangeable Sodium Percentage (ESP)" is the relative amount of the sodium ion present on the soil surface, expressed as a percentage of the total Cation Exchange Capacity (CEC). Since the determination of CEC is time consuming and expensive, a practical and satisfactory correlation between the Sodium Adsorption Ratio (SAR) and ESP was established. The SAR is defined elsewhere in this Section. ESP can be estimated by the following empirical formula:

$$ESP = \frac{100 \quad (-0.0126 + 0.01475 \times SAR)}{1 + (-0.0126 + 0.01475 \times SAR)}$$

"Exempted aquifer" means an aquifer or its portion that meets the criteria in the definition of "underground source of drinking water" or in the definition of "treatable water", but which has been exempted according to the procedures in 165:5-7-28 and 165:10-5-14.

"Facility" means, for the purposes of 165:10-21-15, any building(s), parts of a building, equipment, property, or vehicles that are actively engaged in the reuse, recycling, or ultimate destruction of deleterious substances pursuant to 68 O.S. Supp. 1986, §2357.14-§2357.20.

"Field" means the general area underlaid by one or more common sources of supply.

"Flare pit" means a pit which contains flare equipment and which is used for temporary storage of liquid hydrocarbons which are sent to the flare but are not burned due to equipment malfunction. Flare pits may be used in conjunction with tank batteries or wells.

"Flowing well" means any well from which oil or gas is produced naturally and without artificial lifting equipment.

"Fresh water strata" means a strata from which fresh water may be produced in economical quantities.

"Gas" means any petroleum hydrocarbon existing in the gaseous phase.

(A) Casinghead gas means any gas or vapor, or both, indigenous to an oil stratum and produced from such stratum with oil.

(B) Dry gas or dry natural gas means any gas produced in which there are no appreciable hydrocarbon liquids recoverable by separation at the wellhead.

(C) Condensate gas means any gas which is produced with condensate as defined as "condensate".

"Gas allowable" or **"allowable gas"** means the amount of natural gas authorized to be produced from any well by order of the Commission or as provided by statute.

"Gas lift" means any method of lifting liquid to the surface by injecting gas into the well bore from which production is obtained.

"Gas repressuring" means the injection of gas into a common source of supply to restore or increase the gas energy of a reservoir.

"GOR (Gas/Oil Ratio)" means the ratio of the gas produced in standard cubic feet to one barrel of oil produced during any stated period. Condensate and load oil excepted under 165:10-13-6 shall not be considered as oil for purposes of determining GOR.

"Hardship well" means a well authorized by Commission order to produce at a specified rate because reasonable cause exists to expect that production below said rate would damage the well and cause waste.

"Hydrogen sulfide gas (H_2S)" means a toxic poisonous gas with a chemical composition of H_2S which is sometimes found mixed with and produced with fluids from oil and gas wells.

"Hydrostatic head" or **"hydrostatic pressure"** means the pressure which exists at any point in the wellbore due to the weight of the column of fluid or gas above that point.

"Illegal gas" means gas which has been produced within the State from any well or wells in violation of any rule, regulation, or order of the Commission, as distinguished from gas produced within the State not in violation of any such rule, regulation, or order which is "legal gas".

"Illegal oil" means oil which has been produced within the State from any well or wells in violation of any rule, regulation or order of the Commission, as distinguished from oil produced within the State not in violation of any such rule, regulation, or order which is "legal oil".

"Intermediate casing" means the casing string or strings run after setting the surface casing and prior to setting the production string or liner.

"Kick" means the intrusion of formation liquids or gas that results in an increase in circulation pit volume. Without corrective measures, this condition can result in a blowout.

"Land application" is the application of deleterious substances and/or soils contaminated by deleterious substances to the land for the purpose of disposal or land treatment; also known as soil farming.

"Lease allowable" means the total of the allowables of the individual wells on the lease.

"Liner" means a length of casing used downhole as an extension to a previously installed casing string to case the hole for further drilling operations and/or for producing operations.

"Meter" means an instrument for measuring and indicating or recording the volumes of gases or liquids.

"Mud" means any mixture of water and clay or other material as the term is commonly used in the industry.

"Multi-well system" means two or more wells that have intersecting well-bores or laterals.

"Multiple zone completion" means the completion of any well so as to permit the production from more than one common source of supply, with such common sources of supply completely segregated.

"Noncommercial pit" means an earthen pit which is located either on-site or off-site and is used for the handling, storage, or disposal of deleterious substances or soils contaminated by deleterious substances produced, obtained, or used in connection with the drilling and/or operation of a well or wells, and is operated by the generator of the waste. This does not include a disposal well pit.

"Normal pressure" means a formation pore pressure, proportional to depth, which is roughly equal to the hydrostatic pressure gradient of a column of salt water (.465 psi/ft).

"Off-site reserve pit" means a pit located off-site which is used for the handling, storage, or disposal of drilling fluids and/or cuttings.

"Oil" or **"crude oil"**, means, for purposes of these regulations, any petroleum hydrocarbon, except condensate, produced from a well in liquid form by ordinary production methods.

"Oil allowable" or **"allowable oil"** means the amount of oil authorized to be produced from any well by order of the Commission.

"Operator" means the person who is duly authorized and in charge of the development of a lease or the operation of a producing property.

"Overage" means the oil or gas delivered to a carrier, transporter, or taker in excess of the allowable set by the Commission for any given period.

"Owner" means the person or persons who have the right to drill into and to produce from any common source of supply, and to appropriate the production either for himself, or for himself and others.

"Person" means any natural person, corporation, association, partnership, receiver, trustee, guardian, executor, administrator, fiduciary, or representative of any kind, and shall include the plural.

"Plug" means the closing off, in a manner prescribed by the Commission, of all oil, gas, and waterbearing formations in any producing or nonproducing wellbore before such well is abandoned.

"Pollution" means the contamination of fresh water or soil, either surface or subsurface, by salt water, mineral brines, waste oil, oil, gas, and/or other deleterious substances produced from or obtained or used in connection with the drilling, development, producing, refining, transporting, or processing of oil or gas within the State of Oklahoma.

"Pool" See "common source of supply".

"Potential" means the properly determined capacity of a well to produce oil or gas, or both, under conditions prescribed by the Commission.

"Primary well" means a wellbore that, as part of a multi-well system, serves as the conduit through which oil and gas is produced to the surface.

"Producer" See "Operator" or "Owner".

"Production casing" means the casing string set above or through the producing zone of a well which serves the purpose of confining and/or producing the well production fluids.

"Productivity index" means the daily production of oil in barrels per unit pressure differential between the static reservoir pressure and the stabilized flowing pressure during flow at a stated rate.

"Proration period" means:

(A) The proration period for any well, other than an unallocated gas well, shall be one calendar month which shall begin at 7 a.m. on the first day of such month and end at 7 a.m. on the first day of the next succeeding month unless otherwise specified by order of the Commission.

(B) The proration period for any unallocated gas well shall be one calendar year which shall begin at 7:00 a.m. the first day of such year and end at 7:00 a.m. on the first day of the next succeeding year unless otherwise specified by order of the Commission.

"Public area" means a dwelling place, a business, school, hospital, school bus stop, government building, a public road, all or any portion of a park, city, town, village, or other similar area that can be expected to be populated.

"Public street" or **"road"** means any federal, state, county, or municipal street or road owned or maintained for public access or use.

"Purchaser" or **"transporter"** means any person who acting alone or jointly with any person or persons, via his own, affiliated or designated carrier, transporter, or taker, shall directly or indirectly purchase, take, or transport by any means whatsoever or otherwise remove from any lease, oil or gas, and/or other hydrocarbons produced from any common source of supply in this State, excepting royalty portions from leases owned by that person.

"Radius of exposure" means that radius constructed with the point of escape of poisonous (hydrogen sulfide) gas as its starting point and its length calculated by use of the Pasquill-Gifford equations.

"Reclaimer" or **"reclamation plant"** includes any person licensed by the Oklahoma Tax Commission pursuant to 68 O.S.§1015.1 who reclaims or salvages or in any way removes or extracts oil from waste products associated with the production, storage, or transportation of oil including, but not limited to BS&W, tank bottoms, pit and waste oil, and/or waste oil residue.

"Recomplete" or **"recompletion"** means any operation to:

(A) Convert an existing well from an injection well or disposal well, to a producing well, or

(B) Add or change common sources of supply in an existing well.

"Recycling" is the reuse, processing, reclaiming, treating, neutralizing, or refining of materials and by-products into a product of beneficial use which, if discarded, would be deleterious substances.

"Recycling/reuse pit" means a pit which is used for the recycling or reuse of deleterious substances, is located off-site, and is operated by the generator of the waste.

"Re-enter" or **"re-entry"** is the act of entering a plugged well for the purpose of utilizing said well for the production of oil or gas, for the disposal of fluids therein, for a service well, or for the salvaging of tubing or casing therefrom.

"Remediation pit" means a pit which is used for the handling, storage, or disposal of deleterious substances and/or soils contaminated by deleterious substances which are relocated to the pit for the purpose of remediating a site which is known to be or suspected to be causing pollution.

"Reserve pit" or **"circulation pit"** means a pit located either on-site or off-site which is used in conjunction with a drilling rig for the handling, storage, or disposal of drilling fluids and/or cuttings.

"Reservoir" See "common source of supply".

"Reservoir pressure" means the static or stabilized pressure in pounds per square inch existing at the face of the formation of an oil or gas well.

"Reuse" is the introduction (or reintroduction) into an industrial, manufacturing, or disposal process of a material which would otherwise be classified as a deleterious substance. A material will be considered "used or reused" if it is either:

(A) Employed as an ingredient (including use as an intermediate) in an industrial, manufacturing, or disposal process to make or recover a product.

(B) Employed in a particular function or application as an effective substitute for a commercial product or non-deleterious substance.

"Rotating head" means a rotating, pressure sealing device used in drilling operations utilizing air, gas, foam, or any other drilling fluid whose hydrostatic pressure is less than the formation pressure.

"Secretary" means the duly appointed and qualified Secretary of the Commission or any person appointed by the Commission to act as such Secretary during the absence of the Secretary, his inability, or disqualification to act.

"Separator" means any apparatus for separating oil, gas, and water as they are produced from a well at the surface.

"Service well" means a well that, as part of a multi-well system, is used for drilling laterals, stimulation, or maintenance, or functions in any capacity other than as a conduit to the surface for the production of oil and gas.

"Slick spot" means a small area of soil having a puddled, crusted, or smooth surface and an excess of exchangeable sodium. The soil is generally silty or clayey, is slippery when wet, and is low in productivity.

"Slit trench" means a pit or bermed area at the drilling site used for the temporary storage of drilling fluids and/or cuttings to provide access for equipment to remove the contents off site.

"Sodium Adsorption Ratio (SAR)" means the index which indicates the relative abundance of sodium ions in solution as compared to the combined concentration of calcium and magnesium ions. It is calculated as follows:

$$SAR = \frac{(Na\ ppm/23.0)}{\text{sq. root of } [\{(Ca\ ppm/20.02) + (Mg\ ppm/12.16)\} / 2]}$$

where Na=Sodium
Ca=Calcium
Mg=Magnesium

"Soil farming" means the application of oilfield drilling or produced wastes to the soil for the purpose of disposing of the waste without being a detriment to water or land; also known as land application.

"Spill containment pit" mean a permanent pit which is used for the emergency storage of oil and/or saltwater spilled as a result of any equipment malfunction.

"Subnormal pressure" means the formation pore pressure, proportional to depth, which is less than a hydrostatic pressure gradient of .465 psi/ft.

"Sulfide stress cracking" means the cracking phenomenon which is the result of corrosive action of hydrogen sulfide on susceptible metals under stress.

"Surface casing" means the first casing string designed and run to protect the treatable water formations and/or control fluid or gas flow from the well.

"Tank bottoms" means the liquids and/or solids in that portion of a storage facility below the sales line or connection that are unsaleable to the crude oil first purchaser in its present form. Tank bottoms may consist of a combination of several elements including, but not limited to, oil, BS&W, and treating fluids.

"Treatable water" means, for purposes of setting surface casing and other casing strings, subsurface water in its natural state, useful or potentially useful for drinking water for human consumption, domestic livestock, irrigation, industrial, municipal, and recreational purposes, and which will support aquatic life, and contains less than 10,000 mg/liter total dissolved solids or less than 5,000 ppm chlorides. Treatable water includes, but is not limited to, fresh water.

"Trenching" means the practice of constructing trenches in or adjacent to a pit for the purpose of relocating all or a portion of the solids so as to facilitate closure.

"Ultimate destruction" means the treatment of a deleterious substance such that both its weight and volume remaining for disposal have been substantially reduced, and there is no demonstrated process or technology commercially available to further reduce its weight and volume and remove or reduce its harmful properties, if any. For the purposes of demonstrating a substantial reduction in weight and volume, any aqueous portion separated from the balance of a waste that meets drinking water standards or is evaporated into the ambient air shall count toward the weight and volume reduction.

"Underage" means the volume of allowable oil or gas not actually delivered to a carrier, transporter, or taker during any given proration period.

"Underground Source of Drinking Water (USDW)" means an aquifer or its portion which:

(A) Supplies any public water system; or

(B) Contains a sufficient quantity of ground water to supply a public water system; and

(i) Currently supplies drinking water for human consumption; or

(ii) Contains fewer than 10,000 mg/l total dissolved solids; and

(C) Is not an exempted aquifer.

"Unit operations" means a unit consisting of a portion of a lease, a lease, or more than one lease or portions thereof which covers contiguous lands containing one or more common sources of supply which has been approved by Commission order as a unit for the purpose of unitized management, after notice and hearing.

"Vacuum" means pressure below the prevailing pressure of the atmosphere.

"Waste" means:

(A) As applied to the production of oil, in addition to its ordinary meaning, "shall include economic waste, underground waste, including water encroachment in the oil or gas bearing strata; the use of reservoir energy for oil producing purposes by means or methods that unreasonably interfere with obtaining from the common source of supply the largest ultimate recovery of oil; surface waste and waste incident to the production of oil in excess of transportation or marketing facilities or reasonable market demands." [52 O.S.A., 86.2]

(B) As applied to gas, in addition to its ordinary meaning, shall include economic waste; "the inefficient or wasteful utilization of gas in the operation of oil wells drilled to and producing from a common source of supply; the inefficient or wasteful utilization of gas in the operation of gas wells drilled to and producing from a common source of supply; the production of gas in such quantities or in such manner as unreasonably to reduce reservoir pressure or unreasonably to diminish the quantity of oil or gas that might be recovered from a common source of supply; the escape, directly or indirectly, of gas from oil wells producing from a common source of supply into the open air in excess of the amount necessary in the efficient drilling, completion or operation thereof; waste incident to the production of natural gas in excess of transportation and marketing facilities or reasonable market demand; the escape, blowing, or releasing, directly or indirectly, into the open air, of gas from well productive of gas only, drilled into any common source of supply, save only such as is necessary in the efficient drilling and completion thereof; and the unnecessary depletion or inefficient utilization of gas energy contained in a common source of supply." [52 O.S.A. §86.3]

(C) The use of gas for the manufacture of carbon black or similar products predominately carbon, except as specifically authorized by the Commission, shall constitute waste.

(D) The flaring of tail gas at gasoline, pressure maintenance, or recycling plants where a market is available.

"Waste oil" shall include, but not be limited to, crude oil or other hydrocarbons used or produced in the process of drilling for, developing, producing, or processing oil or gas from wells, oil retained on cuttings as a result of the use of oil-based drilling muds, or any residue from any oil storage facility on a producing lease or on a commercial disposal operation or pit. The term "waste oil" shall not include any refined hydrocarbons to which lead has been added.

"Waste oil residue" means that portion of waste oil remaining after treatment and after the saleable liquids and water have been extracted. Waste oil residue is a type of waste oil.

"Well log" or **"well record"** means a systematic, detailed and correct record of formations encountered in the drilling of a well.

[**Source:** Amended at 12 Ok Reg 2017, eff 7-1-95; Amended at 14 Ok Reg 2198, eff 7-1-97 (RM 97000002); Amended at 16 Ok Reg 842, eff 1-5-99 (emergency RM 980000020); Amended at 16 Ok Reg 2190, eff 7-1-99 (980000034); Amended at 17 Ok Reg 1860, eff 7-1-00 (RM 200000002); Amended at 24 OK Reg 1785, eff 7-1-07 (RM 200700004); Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

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.

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. 187373 - Effective 04-02-81
(71) Order No. 211505 - Effective 03-30-82
(72) Order No. 228675 - Effective 01-01-83
(73) Order No. 230515 - Effective 01-01-83
(74) Order No. 230781 - Effective 01-01-83
(75) Order No. 246797 - Effective 01-01-84
(76) Order No. 250273 - Effective 01-01-84
(77) Order No. 250466 - Effective 01-01-84
(78) Order No. 260734 - Effective 07-01-84
(79) Order No. 290210 - Effective 01-09-86
(80) Order No. 292212 - Effective 02-10-86
(81) Order No. 299185 - Effective 06-12-86
(82) Order No. 302126 - Effective 10-08-86
(83) Order No. 303650 - Effective 10-02-86
(84) Order No. 304257 - Effective 10-16-86
(85) Order No. 305211 - Effective 11-07-86
(86) Order No. 311872 - Effective 05-06-87
(87) Order No. 312391 - Effective 05-14-87
(88) Order No. 310755 - Effective 06-01-87
(89) Order No. 313445 - Effective 06-12-87
(90) Order No. 313446 - Effective 07-09-87
(91) Order No. 313660 - Effective 06-17-87
(92) Order No. 313932 - Effective 06-25-87
(93) Order No. 314001 - Effective 06-27-87
(94) Order No. 313446 - Effective 07-09-87
(95) Order No. 315275 - Effective 08-19-87
(96) Order No. 320171 - Effective 12-21-87
(97) Order No. 320741 - Effective 01-08-88
(98) Order No. 320742 - Effective 01-08-88
(99) Order No. 321123 - Effective 01-21-88
(100) Order No. 323847 - Effective 05-01-88
(101) Order No. 325144 - Effective 05-02-88
(102) Order No. 326275 - Effective 06-27-88
(103) Order No. 326343 - Effective 06-01-88
(104) Order No. 326344 - Effective 06-01-88
(105) Order No. 327514 - Effective 07-01-88
(106) Order No. 327515 - Effective 07-01-88

(107) Order No. 329661 - Effective 08-26-88
(108) Order No. 329662 - Effective 08-26-88
(109) Order No. 329663 - Effective 08-26-88
(110) Order No. 334130 - Effective 01-04-89
(111) Order No. 337475 - Effective 03-31-89
(112) Order No. 337476 - Effective 03-31-89
(113) Order No. 339860 - Effective 05-07-89
(114) Order No. 341102 - Effective 08-25-89
(115) Order No. 341103 - Effective 08-14-89
(116) Order No. 346071 - Effective 03-29-90
(117) Order No. 346107 - Effective 03-30-90
(118) Order No. 355458 - Effective 03-20-91
(119) Order No. 355461 - Effective 03-20-91
(120) Order No. 355463 - Effective 03-20-91
(121) Order No. 355471 - Effective 03-21-91
(122) Order No. 364365 - Effective 06-25-92
(123) Order No. 364382 - Effective 06-25-92
(124) Order No. 368011 - Effective 05-23-93
(125) Order No. 372796 - Effective 06-25-93
(126) Order No. 381632 - Effective 07-11-94
(127) Order No. 381755 - Effective 07-11-94
(128) Order No. 387223 - Effective 10-20-94
(129) RM No. 950000023 - Effective 07-01-96
(130) RM No. 950000024 - Effective 07-01-96
(131) RM No. 950000025 - Effective 07-11-96
(132) RM No. 960000008 - Effective 07-01-96
(133) RM No. 960000009 - Effective 07-01-96
(134) RM No. 960000018 - Effective 10-15-96
(135) RM No. 970000002 - Effective 07-01-97
(136) RM No. 970000011 - Effective 07-01-98
(137) RM No. 970000025 - Effective 07-11-98
(138) RM No. 980000013 - Effective 07-15-98
(139) RM No. 980000016 Emergency, - Effective 03-30-98
(140) RM No. 980000017 Emergency, - Effective 03-30-98
(141) RM No. 980000020 Emergency, - Effective 01-05-99
(142) RM No. 980000033 - Effective 07-01-99
(143) RM No. 980000034 - Effective 07-01-99
(144) RM No. 980000035 - Effective 07-01-99
(145) RM No. 990000010 - Emergency, - Effective 12-28-99
(146) RM No. 200000002 - Effective 07-01-00
(147) RM No. 200000009 - Emergency, - Effective 11-02-00
(148) RM No. 200000009 - Permanent, - Effective 05-11-01
(149) RM No. 200100005 - Effective 07-01-01
(150) RM No. 200100006 - Effective 07-01-01
(151) RM No. 200100009 - Emergency, - Effective 01-14-02
(152) RM No. 200200017 - Effective 07-01-02
(153) RM No. 200300001 - Effective 07-01-03
(154) RM No. 200400006 - Effective 07-01-04
(155) RM No. 200600012 - Effective 07-01-06
(156) RM No. 200600013 - Emergency, - Effective 10-04-06
(157) RM No. 200700004 - Effective 07-01-07

[**SOURCE:** Amended at 16 Ok Reg 2206, eff 7-1-99 (RM 980000033; Amended at 19 Ok Reg 1947, eff 7-1-02 (RM 200200017); Amended at 20 Ok Reg 1479, eff 4-24-03 (emergency); Amended at Ok Reg 1543, eff 7-1-03 (RM 200300001); Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-1-5. Conservation Division [RESERVED]

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, and to administer and enforce the applicable provisions of the Natural Gas Policy Act of 1978.

(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.

[**SOURCE:** Amended at 9 Ok Reg 2337, eff 6-25-92; Amended at 26 Ok Reg 2498, eff 7-11-09, (RM 200900001)]

165:10-1-7. Prescribed forms

(a) Required Conservation Division forms may be submitted to the Commission on forms supplied by the Commission 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 to Drill application:** Operator shall file Form 1000 before any oil, gas, injection, disposal, or service well is drilled, recompleted, or re-entered. 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 shall process the application and, if approved, return a computer-generated permit to the operator. The Commission shall mail a copy of the permit to drill or re-enter to the land owner(s). Upon approval, the operator will have six 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 request 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]

(2) **Form 1000A - Request for Reserve Pit Requirements:** The operator shall file Form 1000A in duplicate for information before any noncommercial pit is constructed. The Commission shall indicate the necessary liner requirements, if any, and return to the operator. [Reference 165:10-7-16]

(3) **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]

(4) **Form 1000S - Application to Drill Seismograph and Stratigraphic Test Holes:** 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 plat of the project area. [Reference 165:10-7-31]

(5) **Form 1001 - Notification of Intention to Plug:** Operator shall file notice on Form 1001, in duplicate, five days prior to plugging operations and shall notify the appropriate Commission 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. The operator of each offset producing lease shall be notified prior to the plugging of any well other than a dry hole. [Reference 165:10-11-4, 165:10-11-5, and 165:10-11-6]

(6) **Form 1001A - Notification of Spudding of New Well:** Form 1001A is mailed to the operator with the intent to drill permit. Operator shall file with the Conservation Division within 14 days of spudding a new well or reentering a previously plugged well. [Reference 165:10-3-1]

(7) **Form 1002A - Well completion report:** Operator shall furnish a complete well record on Form 1002A within 30 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

(8) **Form 1002B - Confidential Filing of Electric Logs:** Operator shall file Form 1002B within 60 days of the running of the last formation evaluation type wire line 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]

(9) **Form 1002C - Cementing Report to accompany Well Completion Report:** Operator shall file Form 1002C with the Well Completion Report (Form 1002A) describing all cementing operations on surface, intermediate, and production casing strings, including multistage cementing jobs. The form shall be completed and signed by employees of both the operator and the cementing company. [Reference 165:10-3-4(i)]

(10) **Form 1003 - Plugging Record:** Operator will file Form 1003, in duplicate, within 30 days after plugging operations are completed. Both copies are to be mailed to the applicable Commission District Office. If a depleted producer, list OTC assigned county and lease number. [Reference 165:10-11-6 and 165:10-11-7]

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

(12) **Form 1003C - Cementing Report to accompany Plugging Record:** operator shall file Form l003/1003C when well has been plugged. Form 1003/1003C shall be completed and signed by employees of both the operator and the cementing company. [Reference 165:10-11-6 and 165:10-11-7]

(13) **Form 1004 - Monthly Report of Unallocated Natural Gas Wells Production:** Each operator of the required meter under 165:10-17-5 shall make a monthly well on Form 1004 report 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]

(14) **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]

(15) **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.

(16) **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, 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 165:10-1-12]

(17) **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, Form 1006 or 1006C. Operator must file an original copy on Form 1006A, which must be updated annually from the last filing date. [Reference 165:10-1-11]

(18) **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 (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]

(19) **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 165:10-8-1 and/or 165:10-8-2]

(20) **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, Form 1006A or 1006. Operator must file the original copy with the bank seal affixed. A letter of credit must be valid for at least a one year period. [Reference 165:10-1-13]

(21) **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 1006B 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 1006S shall be filed with the bond. [Reference 165:10-11-6]

(22) **Form 1007A - IBM operator annual unallocated natural gas wells survey:** Annual Survey Form 1007A will be furnished to all operators at the end of each calendar year in duplicate. The form shall be updated by the operator as of December 31 notifying the Commission of any new wells, wells sold (to whom and address), or abandoned since the last 1007A was filed. Original only shall be forwarded to Conservation Division by February 15th for the previous year's activity. List OTC assigned county and lease number (if not imprinted). See 165:10-17-11 for production penalties on overproduced wells. [Reference 165:10-17-1 and 165:10-17-16]

(23) **Form 1008S - Operators agreement to plug seismic shot holes with 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 shall be duly registered with the Conservation Division on Form 1006SB. [Reference 165:10-11-6]

(24) **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 165:10-15-5]

(25) **Form 1012 - Annual Fluid Injection Report:** Operators shall file Form 1012 by April 1 of each year covering the previous calendar year (January 1 through December 31) on all enhanced recovery projects, pressure maintenance projects, and salt water disposal wells (commercial disposal wells will report twice per year on January 31 and July 31 for the previous six months) for each UIC well. The completed form will list well identification including API number, the Commission order 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 dates. [Reference 165:10-5-7].

(26) **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 in 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 [Reference 165:10-15-1, 165:10-15-16, 165:10-15-17 and 165:10-15-18].

(27) **Form 1014 - Application for Permit to Use Earthen Pit**: The operator of a proposed off-site reserve pit, recycling/reuse pit, spill containment pit, or remediation pit must submit Form 1014 in duplicate to the appropriate District Office for approval before constructing or using the pit. [Reference 165:10-7-16]

(28) **Form 1014CS - Application for Commercial Soil Farming**: For a commercial soil farming site which has an order to operate, the operator shall submit a Form 1014CS to the Pollution Abatement Department for prior approval each time that soil farming is proposed to be done. The application must be processed within ten (10) days of submission. [Reference 165:10-9-2]

(29) **Form 1014D - Application for Surface Discharge**: Each application for surface discharge of produced water must be submitted to a Field Operations office on Form 1014D in quadruplicate. Applications will be processed within five working days. [Reference 165:10-7-17 or 165:10-7-32]

(30) **Form 1014HD - Application for Disposal of Hydrostatic Test Water**: Company wishing to discharge water as required by OAC 165:10-7-17, used to test a pipeline or tank, must submit a Form 1014HD to the Pollution Abatement Department for prior approval. [Reference 165:10-7-17]

(31) **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]

(32) **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]

(33) **Form 1014S - Application for Land Application**: Each application for land application of materials must be submitted to a Field Operations office on Form 1014S. An original and three copies are required. 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 working days of submission of all required or requested information. [Reference 165:10-7-19 and 165:10-7-26]

(34) **Form 1014W - Application for waste oil or drill cuttings use by County Commissioners**: Application to apply waste oil, waste oil residue, or freshwater drill cuttings must be made by any Board of County Commissioners on Form 1014W. An original and one copy are required to be submitted to the appropriate District Manager. [Reference 165:10-7-22 and 165:10-7-28]

(35) **Form 1014X - Application for waste oil or drill cuttings use by operators**: Application to apply waste oil, waste oil residue, or freshwater drill cuttings must be made by any operator on Form 1014X. An original and one copy are required to be submitted to the appropriate District Manager. [Reference 165:10-7-27 and 165:10-7-29]

(36) **Form 1015 - Application for Administrative Approval to Dispose of or Inject Water into Well(s)**: Applicant shall file an original and six copies of application and one complete set of attachments to the Commission on Form 1015. Applicant will also furnish one copy of the application on Form 1015 to the landowner and a copy of the application to each operator of a producing leasehold within one-half (1/2) mile of the well location. Applicant will submit an affidavit of delivery or mailing not later than

five days after the application is filed and shall file proof of publication in an Oklahoma City newspaper and a county newspaper in which the well is located. [Reference 165:10-5-5]

(37) **Form 1015SI - Application for Permit for Simultaneous Injection Well:** Operator shall file original and three copies 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 (1/2) mile of the proposed injection well. [Reference 165:10-5-15]

(38) **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 and three copies 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 1/2 mile of the proposed well. [Reference 165:10-5-13]

(39) **Form 1015U - Unit-wide application for Injection:** Optionally, the operator can file a unit-wide application for injection (Form 1015U) that fulfills all the requirements of 165:5-7-27 (b) through (e). Upon review and approval, the operator receives a unit-wide order that allows the operator to file an individual well application (Form 1015) and if it fits the unit-wide criteria, the UIC order can be issued immediately without an additional area of review, notice, or protest period. [Reference 165:5-7-27]

(40) **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]

(41) **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]

(42) **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]

(43) **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 and/or 165:10-8-2]

(44) **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]

(45) **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]

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

(47) **Form 1022A - Application to operate vacuum pump:** Operator shall file one copy of Form 1022A with the required attachments to the Technical Services Department of the Conservation Division. No filing fee will be required for application to operate a vacuum pump. Notice requirements as set out in OAC 165:5-7-25 shall apply. [Reference 165:10-3-31]

(48) **Form 1023 - Application for multiple completion, multichoke assembly or commingle completion:** Operator will file the original and four copies 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]

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

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

(51) **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]

(52) **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]

(53) **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.

(54) **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]

(55) **Form 1034 - Nominations and purchasers report:** [Reference 165:10-1-49]

(A) **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.

(B) **Gas:** Purchasers shall file their nominations by letter for wells in special allocated pools no later than one week prior to the market demand hearing.

(56) **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]

(57) **Form 1055 - Application for Pipe 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]

(58) **Form 1062 - Field Operations Inspection Report:** IN-HOUSE USE ONLY.

(59) **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]

(60) **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]

(61) **Form 1072 - Notice of (commencement) (termination) of injection:** Within 30 days of either the commencement or termination of injection Form 1072 must be filed. Failure to file Form 1072 within 18 months from the date of authorization results in termination of the Commission order. [Reference 165:10-5-7]

(62) **Form 1073 - Notice of transfer of well operatorship:** The new operator shall file Form 1073 to notify the Conservation Division of any change of operation or purchaser of any oil, gas injection, disposal, or enhanced recovery injection well within 30 days after transfer of the well. [Reference 165:10-5-10 and 165:10-1-15]

(63) **Form 1073I - Notice of transfer of well operatorship:** The new operator shall file Form 1073I to notify the Underground Injection Control Section of any change of operation of any injection, disposal, or enhanced recovery injection well within 30 days after transfer of the well. [Reference 165:10-5-10 and 165:10-1-15]

(64) **Form 1075 - Mechanical integrity pressure test:** A pressure or monitoring test must be performed on new and existing enhanced recovery 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]

(65) **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]

(66) **Form 1085 - Complaint report:** Form 1085 is used by Commission personnel to report violations of General Rules of the Commission 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]

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

(68) **Form 1534 - Application for tax rebate:** Operators shall file one original of Form 1534 with the required attachments to the Technical Services Department of the Conservation Division. To obtain the tax exemption of the gross production tax, the operator shall forward a copy of the Commission order to the Oklahoma Tax Commission, together with any other data required by that agency. [OTC Rule 10.030.03] [Reference 165:10-21-23, 165:10-21-37, 165:10-21-47, 165:10-21-57, 165:10-21-67 and 165:10-21-82.2]

(69) **Form 1535 - Application for classification of reservoir dewatering project for exemption of sales tax on electricity used for such operations:** Operators shall file one original of Form 1535 with the required attachments to 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, the operator shall contact the Director's Office, Taxpayer Assistance Division,

Oklahoma Tax Commission, 2501 N. Lincoln Blvd., Oklahoma City, Ok. 73194. [Reference 165:10-21-83, 165:10-21-83.1 and 165:10-21-83.2]

(70) **Form 2000BF - AAI Oversight Qualification:** The Applicant shall file one (1) original of form 2000BF to the Brownfields Program of the Conservation Division listing the qualifications as per AAI of each Environmental Professional who will work on the site.

(71) **Form 2001BF - Brownfields Applicant Eligibility:** The applicant shall file one (1) original of form 2001BF to the Brownfields Program of the Conservation Division. This form is filed to demonstrate applicant's eligibility to be in the Brownfields program.

(72) **Form 2002BF - Consent to Entry:** The applicant shall file one (1) original of form 2002BF to the Brownfields 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.

(73) **Form 2003BF - Application for Brownfields Site Eligibility:** The applicant shall file one (1) original of form 2003BF to the Brownfields Program of the Conservation Division for all sites applicant is entering into the program. This form provides necessary information on the site.

(74) **Form 2004BF - Application for Brownfields Site Assessment:** The applicant shall file one (1) original of form 2004BF to the Brownfields Program of the Conservation Division. This form can be used by public, quasi-public, and non-profit entities to request a free Targeted Brownfields Assessment of a site that has been approved as eligible for the Brownfields program.

(75) **Form 2005BF - Brownfields Certificate of NFA:** The form 2005BF will be issued by the Commission to the Brownfields Applicant, after the Brownfields staff has made a no further action (NFA) necessary decision. The applicant must file the Certificate of NFA 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.

(76) **Form 2006BF - Brownfields Certificate of Remediation Completion:** The form 2006BF will be issued by the Commission to the Brownfields Applicant, after the Brownfields 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.

[**SOURCE:** Amended at 12 Ok Reg 2017, eff 7-1-95; Amended at 13 Ok Reg 2373, eff 7-1-96; Amended at 13 Ok Reg 2381, eff 7-1-96; Amended at 14 Ok Reg 2198, eff 7-1-97 (RM 970000002); Amended at 15 Ok Reg 2989, eff 7-15-98 (RM 980000013); Amended at 16 Ok Reg 2206, eff 7-1-99 (RM 980000033); Amended at 18 Ok Reg 226, eff 11-2-00 (emergency RM 200000009); Amended at 18 Ok Reg 1035, eff 5-11-01 (permanent RM 200000009); Amended at 19 Ok Reg 1947, eff 7-1-02 (RM 200200017); Amended at 20 Ok Reg 1479, eff 4-24-03 (emergency);Amended at 20 Ok Reg 1543, eff 7-1-03 (RM 200300001); Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003); Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

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 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 shall be fined $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 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.

(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 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 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 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, the operator shall file as part of its Form 1006B a complete list, in tabular form, of the names, addresses, telephone numbers, social security numbers or 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 addresses of all service agents of the operator and 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) 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 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, 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.

[SOURCE: Amended at 9 Ok Reg 2295, eff 6-25-92; Amended at 13 Ok Reg 2373, eff 7-1-96]

165:10-1-11. Financial statement as surety

(a) A plugging agreement shall be accompanied by surety. The surety requirement may be met by furnishing the operator's current financial statement (Form 1006A) to the Conservation Division, which shall be a full statement of the operator's assets and liabilities and shall reflect the operator's total net worth of not less than $50,000.00 in U.S. dollars located in this State.

(b) The value of producing oil and gas leaseholds for which the financial statement stands as surety will be deducted from total net worth unless the financial statement is accompanied by the written appraisal of a recognized independent appraiser of oil and gas properties showing the fair market value of the leasehold interest owned by the operator.

(c) The Director of Conservation may require proof in the form of an appraisal or other proof of the fair market value of any asset listed in the financial statement, and the Director of Conservation may also require proof that the financial statement truly shows the net fair market value of all assets over and above all debts and encumbrances.

(d) A current financial statement shall be filed every twelve (12) months on Form 1006A.

(e) Only one operator's name shall appear on each Form 1006A.

(f) Along with the Form 1006A, an operator is required to file a Form 1006B (Operator's Agreement to Plug Oil, Gas and Service Wells Within the State of Oklahoma) with the Conservation Division.

(g) The Commission shall reject the operator's Form 1006A if the operator fails to file the documentation required by this Section with the Conservation Division.

[SOURCE: Amended at 13 Ok Reg 2373, eff 7-1-96]

165:10-1-12. Corporate surety bond

(a) An operator may file a blanket surety bond in the principal amount of $25,000.00 in U.S. dollars on Form 1006 as surety. In the alternative, the operator may file a surety bond of a lesser amount but that is sufficient to cover the total estimated cost of properly plugging and abandoning each and every well, the operations for which, the operator is responsible. Said estimated cost shall be documented on Form 1006D (Affidavit of Well Plugging Cost) for each and every well. Said alternative surety bond shall be increased upward, but not to exceed $25,000.00 in U.S. dollars, as additional wells are added to the operator's responsibilities, unless otherwise ordered by the Commission.

(b) For purposes of (a) of this Section, an operator may file a surety bond issued by a corporation authorized to issue such bonds in the State of Oklahoma.

(c) The Conservation Division shall not accept a bond unless the surety agrees to give the Conservation Division six months written notice before cancellation

of a bond prior to expiration of the bond and evidence furnished of acceptable alternate surety if required.
(d) Only one operator's name shall appear on each Form 1006.
(e) Along with the Form 1006, an operator is required to file a Form 1006B (Operator's Agreement to Plug Oil, Gas and Service Wells Within the State of Oklahoma) with the Conservation Division.
(f) The Commission shall reject the operator's Form 1006 if the operator fails to file the documentation required by this Section with the Conservation Division.

[SOURCE: Amended at 13 Ok Reg 2373, eff 7-1-96]

165:10-1-13. Irrevocable commercial letter of credit
(a) At his option, an operator may file an irrevocable commercial letter of credit of a bank in the sum of $25,000.00 in U.S. dollars on Form 1006C as surety. In the alternative, the operator may file an irrevocable commercial letter of credit of a lesser amount but that is sufficient to cover the total estimated cost of properly plugging and abandoning each and every well, the operations for which, the operator is responsible. Said estimated cost shall be documented on Form 1006D (Affidavit of Well Plugging Cost) for each and every well. Said alternative irrevocable commercial letter of credit shall be increased upward, but not to exceed $25,000.00 in U.S. dollars, as additional wells are added to the operator's responsibilities, unless otherwise ordered by the Commission.
(b) The letter of credit shall be for a term of not less than one year.
(c) The bank issuing the letter of credit shall endorse thereon that the letter of credit shall remain in effect until canceled or revoked by the bank or principal/operator upon six months notice in writing to the Conservation Division and evidence furnished of acceptable alternate surety if required.
(d) Only one operator's name shall appear on each Form 1006C.
(e) Along with the Form 1006C, an operator is required to file a Form 1006B (Operator's Agreement to Plug Oil, Gas and Service Wells Within the State of Oklahoma) with the Conservation Division.
(f) The Commission shall reject the operator's Form 1006C if the operator fails to file the documentation required by this Section with the Conservation Division.

[SOURCE: Amended at 13 Ok Reg 2373, eff 7-1-96]

165:10-1-14. Cashier's check, certificate of deposit, or other negotiable instrument
(a) An operator may deposit cash, a cashier's check, a certificate of deposit, bank joint custody receipt, or other negotiable instrument in the amount of $25,000.00 in U.S. dollars as surety. In the alternative, the operator may deposit cash, a cashier's check, a certificate of deposit, bank joint custody receipt, or other negotiable instrument of a lesser amount but that is sufficient to cover the total estimated cost of properly plugging and abandoning each and every well, the operations for which, the operator is responsible. Said estimated cost shall be documented on Form 1006D (Affidavit of Well Plugging Cost) for each and every well. Said alternate amount shall be increased upward, but not to exceed $25,000.00 in U.S. dollars, as additional wells are added to the operator's responsibilities, unless otherwise ordered by the Commission. However, any instrument must constitute an unconditional promise to pay and be in the form negotiable by the Commission.
(b) A certificate of deposit shall be for a term of no less than three hundred sixty-five (365) days.
(c) Financial institutions issuing certificates of deposit pursuant to this Section shall do so in the following manner: **"Oklahoma Corporation Commission or Oklahoma Corporation Commission and (Name of the Operator)."** Financial

institutions issuing the certificates of deposit shall retain the original documents and copies of the certificates of deposit shall be furnished to the Commission.
(d) Along with the negotiable instruments described in (a) of this Section, an operator is required to file a Form 1006B (Operator's Agreement to Plug Oil, Gas and Service Wells Within the State of Oklahoma) with the Conservation Division.
(e) The Commission shall reject the negotiable instruments described in (a) of this Section if the operator fails to file the documentation required by this Section with the Conservation Division.

[SOURCE: Amended at 13 Ok Reg 2373, eff 7-1-96]

165:10-1-15. Transfer of operatorship of wells
(a) Before the operations of a well can be transferred to a new operator, the following must be submitted:
(1) The new operator, or transferee, must comply with 165:10-1-10 before a change in operator is approved.
(2) Change of operator Form 1073 must be signed by both the transferor and transferee, with both stipulating that the facts presented are true and correct as to the area covered and the wells being transferred. Unless otherwise stated, the new operator assumes all responsibility for the wells specified within the boundaries of the outlined area. For transfers involving more than ten (10) wells, a transferor and transferee may file a single Form 1073 with the Conservation Division indicating the transfer of multiple wells, provided that such multiple well transfer shall be accompanied by a well list containing the following information regarding each well being transferred:
(A) API number of the well;
(B) Well name and number;
(C) Legal location of the well, described by section, township and range.
(3) The well list may be provided in spreadsheet form, if possible, and may be filed in digital format specified by the Conservation Division. In lieu of the spreadsheet, the transferor and transferee, at their option, may file one Form 1073 indicating the transfer of multiple wells with an OCC Form 1002A Completion Report attached for each well transferred. Upon review by the Conservation Division, it may require additional information from the transferor and/or the transferee to assist in identifying the specific well(s) being transferred. The additional information may include, but not be limited to, the quarter, quarter, quarter section calls, footages from the south and west quarter section lines, and the drilling and completion dates.
(4) The Conservation Division shall notify both the transferor and transferee of approval of the transfer of operatorship within thirty (30) days of the Conservation Division's approval of said transfer.
(5) Compliance with 165:5-7-11 when and if operatorship was designated by orders of the Commission in pooling, increased density, and location exception applications.
(b) Before the operatorship of a well can be transferred to a new operator when the current or former operator is unavailable for signature, one of the following may be submitted as proof of operatorship:
(1) A certified copy of a recorded lease or assignment transferring all rights, title, and interest to the wells described on Form 1073 to the new operator.
(2) A certified copy of a journal entry of judgment rendered by a district court of Oklahoma having jurisdiction over the wells described on Form 1073 vesting legal title to the new operator.
(3) A certified copy of bankruptcy proceeding by the federal district court having jurisdiction over the wells described on Form 1073.
(c) If an operator is not in compliance with an enforceable order of the Commission, the Conservation Division shall not approve any Form 1073

transferring well(s) to said operator until the operator complies with the order. The transferor of the well(s) listed on the Form 1073 remains responsible for the well(s) until any transfer is approved by the Commission.

[SOURCE: Amended at 13 Ok Reg 2373, eff 7-1-96; Amended in Rule Making 2000000002, eff 7-1-00]

165:10-1-16. Change of address

Each operator of a well or other facility subject to a permit shall give written notice of his change of address. Such notice shall be sent to the Director of the Conservation Division. It shall be due within 30 days after changing address.

[SOURCE: Amended at 9 Ok Reg 2295, eff 6-25-92; Amended at 13 Ok Reg 2373, eff 7-1-96]

PART 5. SPACING

165:10-1-20. Spacing [RESERVED]

165:10-1-21. General well spacing requirements

Any well drilled for oil or gas to an unspaced common source of supply 2,500 feet or more in depth shall be located not less than 330 feet from any property line or lease line, and shall be located not less than 600 feet from any other producible or drilling oil or gas well when drilling to the same common source of supply; provided and except that in drilling to an unspaced common source of supply that is less than 2,500 feet in depth, the well shall be located not less than 165 feet from any property line or lease line and not less than 300 feet from any other producible or drilling oil or gas well in the same common source of supply; provided, however, that the completed depth of the discovery well shall be recognized as the depth of the common source of supply for the purpose of this Section; provided further, when an exception to this Section is granted, the Commission may adjust the allowable or take such other action as it deems necessary for the prevention of waste and protection of correlative rights.

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

(a) The 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.

(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 seeking the establishment of drilling and spacing units is prohibited except by special order of the Commission. However, if an Intent to Drill (Form 1000) has been approved by the 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.

[**SOURCE:** Amended at 9 Ok Reg 2337, eff 6-25-92]

165:10-1-23. Extension of pool rules

(a) Any application to establish pool rules for a common source of supply shall include the entire common source of supply.

(b) To extend pool rules to a drilling and spacing unit, an application shall be filed and notice provided in the same manner as required to establish pool rules. In the event that more than one set of pool rules are in effect within a field, the Commission shall extend the appropriate pool rules consistent with available geological and engineering reservoir information.

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 offpattern 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 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 if:

(1) The proposed well is offpattern according to the existing spacing for any formation involved, or

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

(i) Whenever an order permits an offpattern well, the order permitting said well may provide, at the request of a party of record 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 offpattern well. 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 of record in the cause who requested to attend and monitor these tests of the date and time upon which said testing shall commence.

165:10-1-25. Replacement well

(a) Approval by the Conservation Division of a Notice of Intent to Drill (Form 1000) for a second well to be drilled in a common source of supply in a single drilling and spacing unit as a replacement well may be permitted when:

(1) The replacement well is to be drilled at a location permitted for the common source of supply by either an order or rule of the Commission; and

(2) The operator of the replacement well is either the operator or a working interest owner in the original unit well; and

(3) The Notice of Intent to Drill for the replacement well is accompanied by an affidavit from the operator, stating that on completion of the second well as a commercial producer, the common source of supply in the first well shall be plugged off immediately. The affidavit shall be attached to Notice of Intent to Drill.

(b) A replacement well shall not receive an allowable to produce oil or gas from the same common source of supply as the first well until:

(1) Said common source of supply in the original well in the drilling and spacing unit is plugged off; or

(2) The Commission issues an order authorizing the replacement well as an increased density well for said common source of supply; or

(3) The Commission issues an order reforming the drilling and spacing units in said common source of supply thereby placing the original well and the replacement well in different drilling and spacing units for the common source of supply.

165:10-1-26. Permitted producing well location within an enhanced recovery project

Any well drilled for or used for the production of oil or gas within any enhanced recovery project shall be located not less than 165 feet from the lease or project line, whichever is the outside boundary.

165:10-1-27. Increased density well

Upon application after notice and hearing, the Commission may issue an order permitting one or more additional wells within a drilling and spacing unit, if each additional well will prevent or assist in preventing the various types of waste prohibited by statute or if each additional well will protect or assist in protecting the correlative rights of interest owners in said common source of supply.

165:10-1-28. Geological correlation chart

The chart initially prepared by Phillips Petroleum and maintained by the Oklahoma City Geologic Society entitled "Geologic Section of Oklahoma and Northern Arkansas", along with ensuing revisions, shall be used as a guideline for stratigraphic nomenclature in all oil and gas conservation applications which are submitted to the Commission.

PART 7. MARKET DEMAND

165:10-1-35. Market demand [RESERVED]

165:10-1-36. Regulation, classification, and naming of pools

(a) When the Commission finds, upon notice and hearing, that oil or gas production from any source of supply exceeds the current market demand therefor or finds that the operation of the reservoir should be regulated in order to prevent waste, increase ultimate recovery, or protect correlative rights, the Commission shall thereupon promulgate appropriate pool rules to accomplish such objectives. Where any of the above findings are made by the Commission, the total production from the pool may be restricted and equitable allocation made to the various wells located therein, or the operation of the reservoir may be otherwise regulated and controlled to insure proper and adequate conservation.

(b) Any pool may be classified or reclassified by the Commission, upon hearing, as an oil pool, gas pool, combination pool, or condensate pool. All pool rules so promulgated shall be based on operating and technical data and shall be consistent with the characteristics attributable to each classification.

(c) All oil and gas pools in the State shall be named by the Commission.

165:10-1-37. Determination of market demand

(a) The Commission shall instruct the Director of Conservation to determine the reasonable market demand for oil, gas, and other hydrocarbon products produced in Oklahoma for consumption in and outside the State for the ensuing proration period(s) that can be produced from each common source of supply on a statewide basis without avoidable waste and with equitable participation in production and markets by all operators and other interested parties.

(b) Waste, in addition to its statutory and ordinary meaning, shall include but not be restricted to economic waste, underground waste, surface waste, and waste incident to the production of oil and gas in excess of the transportation or marketing facilities or reasonable market demand.
(c) Reasonable market demand shall include, but not be restricted to, the demand for oil, gas, and other hydrocarbons for reasonable current requirements for current consumption and use within and outside the State, with such adjustment as may be necessary upward or downward to maintain adequate aboveground stocks of crude oil and its products and underground stocks of natural gas, so as to provide a continuous supply of petroleum products to the consumer and essential strategic supplies for national defense.
(d) In determining the reasonable market demand, the Commission may consider:
(1) Any statement communicated to the Commission by any purchaser or taker of oil and gas, stating the amount of oil or gas produced from common sources of supply that such purchaser or taker contemplates or intends to purchase during the period of time involved; or in lieu thereof, the capacity of the purchaser's transportation or marketing facilities which will be, during the time involved, available for transporting and/or marketing the oil or gas that may be produced from common sources of supply.
(2) Official records, reports, and statistical information compiled and kept by the Conservation Division that can be utilized in determining reasonable market demand.
(3) Reports, facts, and materials by the Bureau of Mines or any other recognized authority that impartially reflects reasonable market demand.
(4) Sworn or unsworn statements of interested parties and any other evidence which the Commission may deem relevant to the determination of reasonable market demand.
(e) For purposes of periodic market demand hearings, the Manager of Production and Proration for the Conservation Division shall prepare exhibits summarizing the nominations from the various interested parties specified in (d) in this Section. Said exhibits shall be available for public inspection not less than five days before the hearing. At the time of hearing, if no one announces any objection to the introduction of said exhibits, then the exhibits shall be admitted into evidence without need for sponsoring testimony.
(f) After the Commission has determined the amount of oil or gas to be produced from all oil and/or gas pools during the following proration period, the amount so determined will be allocated ratably and without discrimination among the various pools within the State.

PART 9. PURCHASERS AND TRANSPORTERS

165:10-1-45. Purchasers and transporters [RESERVED]

165:10-1-46. Reports of purchasers and/or transporters

Purchasers and/or transporters of oil, waste oil, or waste oil residue, including truckers, shall file reports with the Commission as follows:
(1) On or before the last day of the succeeding month, transporters shall file a report showing monthly takings by barrels from leases in all pools in the State, other than wells or leases as specified in (2), (3), (4), and (5) of this Section; a copy of the Gross Production Tax Report made to the Oklahoma Tax Commission will satisfy this requirement.
(2) A report on computer generated Form 1005 showing monthly takings by barrels from leases or wells with capacities greater than the maximum allowable determined by the appropriate rule governing the classification of the oil pool or order of the Commission. The report shall be filed on or before the last day of the succeeding month.
(3) Upon request, storage and nomination information shall be filed on Form 1034.

(4) All truck transporters hauling crude oil shall file a report showing the amount of all crude oil taken by them during the preceding proration period, and showing the source and the disposition of the crude oil, waste oil, or waste oil residue. The report shall be filed on or before the last day of the succeeding month.
(5) All truck transporters hauling crude shall provide their drivers with copies of standard run tickets which must be in the possession of the drivers at all times and which run tickets shall show the source and the disposition of crude oil, including but not limited to waste oil or waste oil residue.

165:10-1-47. Gas volume reports to Conservation Division

(a) On or before the last day of the succeeding month, the person responsible for operating the required meter under 165:10-17-5 for each well classified as an unallocated gas well for allowable purposes shall report to the Conservation Division on Form 1004 the amount of gas in MCF which passed through the meter on a monthly basis.
(b) If a well classified as a gas well for allowable purposes is subject to special pool rules other than the Guymon-Hugoton or South Guymon Fields, the Conservation Division shall mail Form 1005 (Monthly Allocated Schedule) to the operator of record for each such well(s) on or before the 15th day of each month. The operator of record shall, in turn, complete said form by listing the gas volume sold on a monthly basis in MCF by well and return a copy to the Conservation Division on or before the last day of the month succeeding the sales.
(c) If a well classified as a gas well for allowable purposes is subject to the special pool rules for the Guymon-Hugoton or South Guymon Fields, the Conservation Division shall mail Form 1005 (Monthly Allocated Schedule) to the operator of record for each such well(s) on or before the tenth day of each month. The operator of record shall, in turn, complete said form by listing the gas volume sold, including gas bought by the landowner, on a monthly basis in MCF by well and return a copy to the Conservation Division on or before the 15th day of the month succeeding the sales.
(d) If there is a split connection at the well site, then the operator of record measuring gas volumes shall be responsible for reporting the total volume sold for each well.
(e) If a well classified as a gas well for allowable purposes is subject to special pool rules (including the Guymon-Hugoton Field), the Conservation Division shall mail Form 1040 to each operator on or before the tenth day of the second succeeding month following the custody transfer indicating the reported volume of gas taken from each well.
(f) If a well classified as a gas well for allowable purposes is subject to multiple gas purchase contracts or interest owners taking their gas in kind, the producing owner shall report and account to the well operator all volumes sold and the identity of all purchasers on or before the last day of the following month after sale of such gas. The operator(s) of the required meter(s) under 165:10-17-5 shall report and account to the well operator all volumes of gas measured by such meter(s) on or before the last day of the following month after measurement. Failure to comply with this subsection will result in such gas production being ordered shut-in.
(g) Failure of an operator to timely file sales volumes on Form 1005 shall result in a zero allowable being assigned to the operator's wells for the month in which the sales volumes would have been used in calculating the field allowable. Allocation factors for a pool shall not be recalculated as a result of the filing of a late Form 1005.

[**Source:** Amended at 12 Ok Reg 2017, eff 7-1-95]

165:10-1-48. Common purchaser and carrier rules

(a) 52 O.S., l961, Sections 54, 55, 56, and 240 are hereby adopted as common purchaser and common carrier rules as fully as if set out verbatim herein.
(b) No person shall purchase, take, or transport any oil or gas in excess of the allowable fixed by the Commission, or, when notified by the Conservation Division, such oil or gas being produced in violation of any rule, regulation, or order of the Commission; provided, this Section shall not require splitting a tank.

165:10-1-49. Filing of nominations

All 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 not later than one week prior to the date of the market demand hearing.

(1) Nominations shall be restricted to the volume not to exceed the wellhead absolute open flow (WHAOF) times calendar days for each well in a pool. For wells in pools where the WHAOF is not utilized, the equivalent well deliverability or calculated rate of flow applicable to that particular pool may be used in lieu of the WHAOF. For wells exempt from testing, nominations shall be restricted to a volume not to exceed the well's minimum, double minimum, or special allowable time calendar days.

(2) Operators shall attach to Form 1034-G a listing of each of their special allocated wells by pool, OTC Lease Number, API Number, well name and number, and location as recorded on Form 1040, plus the applicable WHAOF, deliverability, or rate of flow value as determined by the appropriate well test for that time period. Wells exempt from testing shall be indicated as test-exempt on the list.

(3) Failure of an operator to properly file nominations on Form 1034-G shall result in a zero allowable being assigned to the operator's wells for the month in which the nominations would have been used in calculating the field allowable. Allocation factors for a pool shall not be recalculated as a result of the filing of a late Form 1034-G.

[**Source:** Amended at 12 Ok Reg 2017, eff 7-1-95; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

SUBCHAPTER 3. DRILLING, DEVELOPING, AND PRODUCING

PART 1. DRILLING

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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) of this Section, on temporary 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 or reenters a well without a permit to drill shall be subject to a fine of $1,000.00.

(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 District Office of the Conservation Division, either by telephone or in writing, within a reasonable time 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 shall mail by regular U.S. mail a copy of the Permit to Drill to each surface owner listed on the Form 1000.

(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) **Six-month period.** Except as provided in (2) of this subsection for expiration after submission of a completion report, a permit to drill shall expire six 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 request 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) **Temporary 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 working 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.

[**SOURCE:** Amended at 9 Ok Reg 2295, eff 6-25-92; Amended in Rule Making 980000033, eff 7-1-99; Amended at 24 OK Reg 1790 (RM 200700004), eff 7-1-2007]

165:10-3-2. Notification of spudding of new well

(a) Except as provided in (c) of this Section, the operator of a new well shall file with the Conservation Division a Notice of Spudding of New Well on Form 1001A within 14 days after spudding of the well.

(b) For the purposes of (a) of this Section, spudding of a new well refers to:

(1) The first boring of the portion of the hole intended to penetrate the base of treatable water or a common source of supply, whichever is shallower, in the drilling of a well for the production of oil and gas or for use as an injection, disposal or service well.

(2) Reentry into a previously plugged well for purposes of producing oil and gas or for use as an injection, disposal or service well.

(c) Filing of a Notice of Spudding of a New Well on Form 1001A shall not apply to:

(1) Any workover operation to deepen, plug-back, or recomplete.

(2) An unplugged hole spudded before January 9, 1986.

(3) Recompletion attempts in an unplugged hole for which a Notice of Spudding of New Well has been filed.

(d) In addition to the notification of spudding a new well as required in (b) of this Section, the operator shall notify the district office no less than 24 hours before the first boring of the hole for setting conductor pipe used for the sole purpose of near surface stabilization of the borehole when such operations are not continuous with spudding operations as defined in (b) of

this Section. The notification required by this subsection may be provided in person, by phone, or in writing, and any written notification may be submitted by mail, fax, e-mail or other electronic means.

[**SOURCE:** Amended at 24 OK Reg 1790 (RM 200700004), eff 7-1-2007; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-3-3. Surface and production casing

(a) Owners, operators, and drilling contractors shall comply with 165:10-3-4 and 165:10-5-2.

(b) In the event a rupture, break, or opening occurs in the surface or production casing, the owner, operator, or drilling contractor shall take immediate action to repair it and shall report the occurrence to the appropriate District Office or the Manager of Pollution Abatement.

(c) Any operator who fails to timely report a rupture, break, or opening in the surface casing shall be fined $1,000.00, and the well shall be shut down until it is repaired or plugged.

[**SOURCE:** Amended at 9 Ok Reg 2295, eff 6-25-92]

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 enhanced recovery 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) **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 shall be fined $5,000.00.

(3) **Exceptions to (c)(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 $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 District Office of the Conservation Division.

(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 District Office of the Conservation Division 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) **Witnessing of setting of surface casing.** The operator shall give at least 24 hours notice by telephone to the appropriate District Office or Field Inspector as to the time when surface casing will be run.

(F) **Minimum cement setup time.** The cement behind the surface casing shall set at least eight hours before further drilling.

(G) **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 (f) of this Section.

(H) **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.

(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 a conductor string has been set and the cement has been found to be ten feet or more above the base of the conductor string, no corrective action is required. If no conductor string has been set and 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 a point 50 feet below the base of the treatable water or from the determined top of the cement, whichever is shallower. The District Manager or Field Inspector may grant permission to circulate cement through small tubulars.

(I) **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 District Office of the Conservation Division by telephone 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.

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

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

(d) **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 (c) 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 (c)(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) 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 must be given to the appropriate 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) 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 Field Inspector, 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 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) **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 shall be fined $1,000.00 and shall, under the supervision of the Commission, replug the well.

(f) **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) **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) **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 blow-out preventers and high pressure fittings attached to properly anchored and cemented casing strings and the maintenance of mud-laden fluid of sufficient weight to provide proper well control. Blow-out preventers shall be tested at regular intervals to ensure proper operation.

(i) **Cementing reports.**

(1) The operator of the well shall submit, attached to Form 1002A Completion Report, a Form 1002C Cementing Report 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) **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) **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.

(l) **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) **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) **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.

[**SOURCE:** Amended at 9 Ok Reg 2337, eff 6-25-92; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-3-5. Underground storage
(a) **Scope.** This Section shall apply to all operations pertaining to the drilling, completion, recompletion, or remedial work on wells located within the boundaries of an underground storage facility as defined in (b)(4) of this Section.
(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 well drilled or bored or to be drilled or bored within the boundaries of an underground storage facility.
(6) "Well operator" shall be the person, firm, or corporation that is the operator of a well.
(7) "Major remedial work" shall mean any workover operations requiring wire line or pump truck services.
(8) "Good quality cement" means that cement that would obtain a compressive strength to prevent oil, gas, or water migration within an eight (8) hour period.
(c) **Operational procedures.**
(1) Before spudding a well within the boundaries 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. 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.
(2) A well operator shall comply with the provisions of 165:10-3-4(c). Alternate casing programs shall not be permitted.
(3) 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.

(4) The storage operator shall receive drilling reports daily and shall be notified at a 24 hour telephone number furnished to the Commission by the storage operator in ample time to witness any tests or logging operations from the surface to 500 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 to the storage operator.

(5) 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 underground storage facility.

(6) 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. At the option of the well operator, the logs submitted to the storage operator may be terminated 500 feet below the base of the underground storage facility. The storage operator shall be given prior notice of logging operations of the underground storage facility interval and has the option of witnessing the open hole logging operation.

(7) 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 100 feet below the base to not less than 100 feet above the top of the underground storage facility. The storage operator shall be given prior notice so as to have the option of witnessing the plugging operation. The field inspector may invoke the provisions of 165:10-11-6 (l), (m), and (n).

(8) 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. The Commission field inspector for the area and storage operator shall be given prior notice so as to have the option of witnessing the operation.

(9) The well operator shall be required to run a cement bond log through the underground storage facility formation before any completion attempts are made. The storage operator shall be given prior notice so that he will 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 500 feet below the base of the underground storage facility. If the integrity of the bond log is questioned by the storage operator, the storage operator may, at its sole risk and expense, run additional logs. No completion work shall be permitted until the fact has been established, between the parties concerned, and the district manager of the Commission, 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.

(10) The storage operator shall be notified in ample time to witness completion, recompletion, or major remedial work 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 500 feet in depth to the underground storage facility, the proposed plan of completion shall be forwarded to the storage operator ten days prior to commencement of operations. The storage operator shall have five 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.

(11) At any time that the storage operator shall reasonably believe that damage may be occurring to the underground storage facility or that gas may be escaping into any other formations or otherwise believe that a well may be compromising the integrity of the underground storage facility, the storage operator may 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 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.

(12) 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.

(13) 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. Fracture 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 and subsurface fresh water.

165:10-3-11. Swabbing and bailing

In swabbing, bailing, or purging a well, all deleterious substances removed from the borehole shall be placed in adequate pits or tanks, and no such substances shall be permitted to pollute any surface and subsurface fresh water.

165:10-3-12. Leakage prevention in producing oil and gas wells

All wellhead connections, surface equipment, and tank batteries shall be maintained at all times so as to prevent leakage of oil, gas, saltwater, or other deleterious substances.

165:10-3-13. Water pollution prevention in tanks; protection of migratory birds

(a) Tanks for drilling mud or deleterious substances used in the drilling, completion, or recompletion of wells shall be constructed and maintained so as to prevent pollution of surface and subsurface fresh water.

(b) The protection of migratory birds shall be the responsibility of the operator. Therefore, the Conservation Division recommends that to prevent the loss of birds due to oil, all open top tanks containing oil on the surface be protected from access to birds. [See Advisory Notice 165:10-7-3(c)].

165:10-3-14. Waste of oil or gas

Except as provided in 165:10-3-15, waste of oil, condensate, or gas as defined in 165:10-1-2, is hereby prohibited.

PART 3. COMPLETIONS

165:10-3-15. Venting and flaring

(a) **Conditioning a well without a permit.** An operator may blow a producing well without permit if:

(1) Blowing the well is necessary for efficient operation of the well.

(2) Blowing the well will not damage any producing formation in the well.

(3) The operator complies with the H_2S requirements of 165:10-3-16.

(b) **Gas volumes less than or equal to 50 mcf/d.** An operator may vent or flare up to 50 mcf/d without a permit if:

(1) It is not economically feasible to market the gas.
(2) A suitable stand, line, or stack is used to prevent a hazard to people.
(3) H_2S content of gas exceeds 100 ppm, then the gas must be flared.

(c) **Permit to vent or flare gas volumes in excess of 50 mcf/d.**
(1) The Conservation Division may administratively grant a permit to vent or flare on a daily basis gas volumes in excess 50 mcf/d, if:
(A) The operator applies for the permit on Form 1022.
(B) The application lists the location of the well and the maximum daily volume of gas to be vent or flared.
(C) It is not economically feasible to market the gas.
(D) A suitable stack, stand, or line will be used to prevent a hazard to people or property.
(2) The operator shall file an amended application in the event that the amount of gas to be vented exceeds the permitted volume.

(d) **Application for an order permitting venting or flaring.**
(1) If the Conservation Division denies a Form 1022 application for a well, the operator of a well may apply for an order permitting venting or flaring of gas.
(2) The application and notice shall be accordance with OAC 165:5-7.
(3) Upon application, notice, and hearing, the Commission may grant or deny an application made pursuant to OAC 165:5-7.

[**SOURCE:** Amended in Rule Making 980000033]

165:10-3-16. Operation in hydrogen sulfide areas

(a) **Applicability.** Each operator who conducts operations as described in this subsection shall be subject to this Section and shall provide safeguards to protect the general public from the harmful effects of hydrogen sulfide:
(1) Operations including drilling, working over, producing, injecting, gathering, processing, transporting, and storage of hydrocarbon fluids that are part of, or directly related to, field production, transportation, and handling of hydrocarbon fluids that contain gas in the system which has hydrogen sulfide as a constituent of the gas to the extent as specified in (b) of this Section.
(2) This Section shall not apply to:
(A) Operations involving processing oil, gas, or hydrocarbon fluids which are either an industrial modification or products from industrial modifications, such as refining, petrochemical plants, or chemical plants.
(B) Operations involving gathering, storing, and transporting stabilized liquid hydrocarbons.
(C) Operations where the concentration of hydrogen sulfide in the system is less than 100 PPM.

(b) **General provisions.**
(1) Each operator shall determine the hydrogen sulfide concentration in the gaseous mixture in the operation or system. Tests shall be made in accordance with standards as set by ASTM Standard D-2385-81 or other methods approved by the Commission.
(2) For all operations subject to this Section, the radius of exposure shall be determined, except in the cases of storage tanks, by the following Pasquill-Gifford equations or by other methods approved by the Commission such as air dispersion models accepted or approved by the U.S. Environmental Protection Agency:
(A) For determining the location of the 100 ppm radius of exposure: x = [(1.589)(mole fraction H_2S)(Q)] to the power of (.6258).
(B) For determining the location of the 300 ppm radius of exposure: x = [(0.6743) (mole fraction H_2S) (Q)] to the power of (.6258).
(C) For determining the location of the 500 ppm radius of exposure: x = [(0.4546)(mole fraction H_2S)(Q)] to the power of (.6258); **Where: x =** radius of exposure in feet; **Q =** maximum volume determined to be available

for escape in cubic feet per day; **H_2S** = mole fraction of hydrogen sulfide in the gaseous mixture available for escape.

(3) The volume used as the escape rate in determining the radius of exposure shall be that specified below as is applicable:

(A) The maximum daily volume rate of gas containing hydrogen sulfide handled by that system for which the radius of exposure is calculated.

(B) For existing gas wells, the current adjusted open flow rate or the operator's estimate of the well's capacity to flow against zero back-pressure at the well head shall be used.

(C) For new wells drilled in developed areas, the escape rate shall be determined by using the current adjusted open-flow rate of offset wells or the field average current adjusted open-flow rate, whichever is larger.

(D) The escape rate used in determining the radius of exposure shall be corrected to standard conditions of 14.65 psia and 60° Fahrenheit.

(4) For drilling of a well in an area where insufficient data exists to calculate a radius of exposure but where hydrogen sulfide may be expected, then a 100 ppm radius of exposure equal to 3,000 feet shall be assumed. A lesser-assumed radius may be considered upon written request setting out the justification for same.

(c) **Storage tank provision.** Storage tanks which are utilized as a part of a production operation, and which are operated at or near atmospheric pressure and where the vapor accumulation has a hydrogen sulfide concentration that may reasonably be expected to exceed 500 ppm, shall be subject to the following:

(1) It shall not be necessary to determine a radius of exposure for storage tanks as described in this Section.

(2) A warning sign shall be posted at the facility. A wind indicator is to be located at the tank battery site so that it may be seen from the entrance to the site and from the storage tanks.

(3) Fencing as a security measure is required when storage tanks are located inside the populated limits of a townsite or city, where conditions cause the storage tanks to be exposed to the public. In other areas where storage tanks may be considered to be a danger the Commission may require a hearing to establish security measures. (See definitions.)

(4) **Vapor safety.**

(A) A flare, vapor recovery system or H_2S stripping system shall be installed on all tanks that have a hydrogen sulfide concentration that may reasonably be expected to exceed 500 ppm H_2S.

(B) The flare pipe shall be required to extend a safe distance from the tank as determined in accordance with API Standard 2000 or similar industry practice.

(5) **Sign requirements.** In satisfying the sign requirement of this subsection, the following will be acceptable:

(A) A sign shall be located within 50 feet of the facility and of sufficient size to be readable from the road or at the entrance to the facility.

(B) The warning sign shall state at a minimum that; hydrogen sulfide has been found and could be present.

(C) Signs constructed to satisfy this subsection shall use the language **"Caution, Poisonous Gas May Be Present"**, using black and yellow colors or **"Danger Poison Gas (Hydrogen Sulfide)"**, using red and white colors or equivalent language. Colors shall satisfy Table 1 of American National Standards Institute Standard 253.1-1967. Signs installed to satisfy this subsection are to be compatible with the regulations of the Federal Occupational Safety and Health Administration.

(d) **Drilling, completion, workover and production operations.** All operators whose operations are subject to this Section, and where the 100 ppm radius of exposure is in excess of 50 feet, shall be subject to the following:

(1) **Warning and marker provision.**

(A) For aboveground and fixed surface facilities, the operator shall post, where permitted by law, clearly visible warning signs on access roads or public streets, or roads which provide direct access to facilities located within the area of exposure.

(B) In populated areas such as townsites and cities where the use of signs is not considered to be appropriate, an alternative warning plan may be approved upon written request to the Commission.

(C) For buried lines subject to this Section, the operator shall comply with the following:

(i) A marker sign shall be installed at public road crossings on both sides of the road as close to the pipeline as possible.

(ii) Marker signs shall be installed along the line, when it is located within a public area or along a public road, at intervals frequent enough in the judgment of the operator so as to provide warning to avoid the accidental rupturing of line by excavation.

(iii) The marker sign shall contain the name of the operator and a 24-hour phone number (including area code), and shall indicate by the use of the words "Warning", "Caution", or "Danger" and "Poison Gas" that a potential danger exists. Markers installed in compliance with the regulations of the Federal Department of Transportation shall satisfy the requirements of this provision. Marker signs installed prior to the June 12, 1987 shall be acceptable provided they are in good condition and indicate the existence of a potential hazard.

(D) In satisfying the sign requirement of this subsection, the following will be acceptable:

(i) Sign of sufficient size to be readable from the road or at the entrance to the facility.

(ii) New signs constructed to satisfy this subsection shall refer to (c) (5) (iii) of this Section.

(2) **Security provision.**

(A) Unattended fixed surface facilities shall be protected from public access when located within one-forth (1/4) mile of a dwelling, place of business, hospital, school, church, government building, school bus stop, public park, town, city, village, or similarly populated area. This protection shall be provided by fencing and locking, or removal of pressure gauges and plugging of valve openings, or other similar means. For the purpose of this paragraph, surface pipeline shall not be considered as a fixed surface facility.

(B) For well sites, fencing as a security measure is required when a well is located inside populated limits of a townsite or city, where conditions cause the well to be exposed to the public. In other areas considered to be a danger, the Commission may require a hearing to establish security requirements.

(C) The fencing provision will be considered satisfied where the fencing structure is a deterrent to public access.

(e) **Control and equipment safety; contingency plan.**

(1) **Applicability; radius of exposure.** All operations subject to (a) of this Section shall be subject to (2) and (3) of this subsection, if any of the following conditions apply:

(A) The 100 ppm radius of exposure is in excess of 50 feet and includes any part of a "public area" except a public road.

(B) The 500 ppm radius of exposure is in excess of 50 feet and includes any part of a "public road".

(C) The 100 ppm radius of exposure is greater than 3,000 feet.

(2) **Control and equipment safety provision.** Operators subject to this subsection shall either install safety devices and maintain them in an operable condition, or shall establish written safety procedures designed to prevent the undetected continuing escape of hydrogen sulfide. Safety devises should be tested annually and a record kept of such tests.

(3) **Contingency plan provision.** A contingency plan provision shall be developed for each drilling, producing, well servicing, and plant operation that could reasonably result in accidental exposure of the public to a concentration of hydrogen sulfide in excess of 300 ppm. The operator should make appropriate contacts with any public agency listed in the contingency plan. The contingency plan shall provide an organized plan of action for alerting and protecting the public. The details of a contingency plan are determined largely by the time required for a potentially hazardous concentration of hydrogen sulfide to reach a public area and by the population density in the public area. A copy of the contingency plan should be maintained at the location which lends itself best to activation of the plan. A copy shall be submitted to the Conservation Division's District Office.

(A) The plan shall include instructions and procedures for alerting the general public and public safety personnel of the existence of an emergency.

(B) The plan shall include procedures for requesting assistance and for follow-up action to remove the public from an area of exposure.

(C) The plan shall include a call list which shall include the following as they may be applicable:

(i) Local supervisory personnel.
(ii) County Sheriff.
(iii) Department of Public Safety.
(iv) City Police.
(v) Ambulance Service.
(vi) Hospital.
(vii) Fire Department
(viii) Contractors for supplemental equipment.
(ix) District Commission Office.
(x) Local Department of Environmental Quality Office.
(xi) Other public agencies.

(D) The plan shall include a plat detailing the area of exposure. The plat shall include the locations of private dwellings or residential areas, public facilities, such as schools, business locations, public roads, or other similar areas where the public might reasonably be expected within the area of exposure.

(E) The plan shall include provisions for advance briefing of occupied dwellings within the 300 ppm radius of exposure. The following provisions apply;

(i) The hazards and characteristics of hydrogen sulfide.
(ii) The necessity for an emergency action plan.
(iii) the possible sources of hydrogen sulfide within the area of exposure.
(iv) Instructions for reporting a gas leak.
(v) The manner in which the public will be notified of an emergency.
(vi) Steps to be taken in case of an emergency.

(F) In a high density population area, or the case where the population density may be unpredictable, a reaction type of plan, in lieu of advance briefing for public notification, will be acceptable. The reaction plan option must be approved by the Commission.

(G) The plan shall include names and telephone numbers of residents within the area of exposure, except in cases where the reaction plan option has been approved by the Commission.

(H) The plan shall include a list of the names and telephone numbers of the responsible parties for each of the possibly occupied public areas, such as schools, churches, businesses, or other public areas or facilities within the area of exposure.

(f) **Training and requirement provision.** Each operator shall provide appropriate H_2S training for its employees who will be on-site. This training should include:

(1) Hazards and characteristics of hydrogen sulfide.
(2) Effect on metal components of the system.
(3) Operations of safety equipment and life support systems.
(4) First aid in event of an employee exposure.
(5) Use and operation of H_2S monitoring equipment.
(6) Emergency response procedures to include corrective actions, shut-down procedures, evacuation routes, and rescue methods.

(g) **Injection of fluids.** Injection of fluids containing hydrogen sulfide shall not be allowed under the conditions specified in this Section unless first approved by the Commission.

(h) **Venting and flaring.** Venting and flaring of gas shall be conducted in accordance with OAC 165:10-3-15.

(i) **Other requirements.** In addition to any other requirements of this Section, drilling and workover operations and processing plant sites where the 100 ppm radius of exposure is 50 feet or greater shall be subject to the following:

(1) Protective breathing equipment shall be maintained in good operating condition at two or more locations at the site.
(2) Wind direction indicators shall be installed at strategic locations at or near the site and be readily visible from the site.
(3) Automatic hydrogen sulfide detection and alarm equipment that will warn of the presence of hydrogen sulfide gas in harmful concentrations shall be utilized at the site.
(4) The Commission District Office shall be notified of the intention to conduct a drill stem test of a formation containing hydrogen sulfide in sufficient concentration to meet the requirements of this Section.

(j) **Accident notification.** Operators shall immediately notify the appropriate Commission District Office or field inspector of any accidental release of hydrogen sulfide gas of sufficient volume to present a public hazard and hydrogen sulfide related accident resulting in death or hospitalization of personnel.

(k) **Exception provision.** Any application for exception to the provisions of this Section should specify the provisions to which exception is requested, and set out in detail the basis on which the exception is to be requested.

(l) **Referenced organizations and publications.** The following organizations and publications are referenced in this Section:

(1) ANSI - American National Standards Institute 1430 Broadway, New York, New York 10018; Table I, Standard 253.1-1967.
(2) API - American Petroleum Institute 300 Corrigan Tower Building, Dallas, Texas 75201; Publication API RP-55 and API Standard 2000.
(3) ASTM - American Society for Testing and Materials 1916 Race Street, Philadelphia, Pennsylvania 19103; Standard D-2385-81.
(4) EPA - U.S. Environmental Protection Agency, Office or Air Quality Planning and Standards, Technical Support Division, Research Triangle Park, North Carolina 27711; Screen 2 Model User's Guide.

[**SOURCE:** Amended at 13 Ok Reg 2395, eff 7-1-96; Amended at 15 Ok Reg 2989, eff 7-15-98 (RM 980000013); Amended at 24 Ok Reg 1784 (RM 200700004), eff 7-1-2007; Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

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 saltwater 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) The District Office or field inspector may issue a Form 1036 for any alleged violation of this subsection. 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, a sign shall be posted and maintained at the location showing operator of the well and the operator's business phone number, name of farm, number of the well, and legal description of the well; 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 showing the lease name, operator, legal description, and number of wells, and on each well designate the number of the well. Within 30 days after completion or recompletion of an enhanced recovery injection well or a disposal well, a sign shall be posted and maintained at the well location showing the operator of well, name of farm, well number, legal description of the well, 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. The District Office or field inspector may issue Form 1036A for failure to post a required sign. 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 telegraph, as soon as possible, either the Conservation Division or the appropriate District Office of the Conservation Division.

(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 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 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 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 shall be fined $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 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.

[**SOURCE:** Amended at 9 Ok Reg 2295, eff 6-25-92; Amended in Rule Making 980000034; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

PART 5. OPERATIONS

165:10-3-25. Completion Reports

(a) **Initial Completion Report.** A Completion Report shall be filed with the Commission on Form 1002A within 30 days after completion of operations regardless of whether or not the well was completed as a dry hole, producer, injection, disposal, or service well. An operator who fails to file a complete and correct Form 1002A Completion Report within the allotted time limit shall be subject to a fine of $250.00.

(b) **Amended Completion Report. An** amended Completion Report shall be filed with the Commission on Form 1002A within 30 days after completion of operations to reenter, re-complete and/or convert to injection or disposal well regardless of whether or not the well was completed as a dry hole, producer, injection, disposal, or service well.

(c) **No allowable without Completion Report.** The Conservation Division shall not assign an allowable to a well without an up-to-date Completion Report on file with the Conservation Division.

(d) A completion report for any well in a multi-well system shall reference the primary well. An amended completion report for the primary well in a multi-well system shall reference all other wells in the system.

[**SOURCE:** Amended at 9 OK Reg 2295, eff 6-25-92; Amended at 24 Ok Reg 1794 (RM 200700004), eff 7-1-2007]

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 wireline log was run. An operator who fails to properly submit wireline surveys, if run, shall be subject to a warning with time limit followed by a fine of $250.00.

(b) **Wireline logs.** This Section does not require an operator to run a wireline survey. However, if an operator does run wireline surveys, the operator shall only be required under this Section to submit a resistivity type wireline log and a porosity type wireline log, if available. Resistivity and porosity type wireline logs include but are not limited to spontaneous potential, induction, laterolog, density, and gamma ray neutron logs.

(c) **Other logs to be available upon request.** Dipmeter, velocity, and radioactive tracer 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, instead of the original log, shall be a legible finished copy, complete, in one piece and with the well's legal description noted on it. 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, 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.

[**SOURCE:** Amended at 9 OK Reg 2295, eff 6-25-92]

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) **Offpattern 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 offpattern 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) **Offpattern subsurface location.**

(A) The Conservation Division shall not approve a Form 1000 without a location exception order for an offpattern subsurface location.

(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 offpattern subsurface location for a common source of supply.

(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.

[**SOURCE:** Amended at 24 Ok Reg 1794 (RM 200700004), eff 7-1-2007]

165:10-3-28. Horizontal drilling

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

(b) **Definitions.**

(1) **"Horizontal well"** shall mean a well drilled, completed, or recompleted in a manner in which the horizontal component of the completion interval in the geological formation exceeds the vertical component thereof and which horizontal component extends a minimum of 150 feet in the formation.

(2) **"Geological formation"** shall mean the common source of supply.

(3) **"Point of entry"** shall mean the point at which the borehole first intersects the top of the common source of supply.

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

(5) **"Terminus"** shall mean the end point of the borehole in the common source of supply.

(6) **"Lateral"** shall mean the measured distance drilled from the point of entry to the terminus.

(7) **"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.

(8) **"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.

(9) **"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.

(10) **"Vertical component"** shall mean the calculated vertical distance from the point of entry to the terminus of the lateral.

(11) **"Horizontal component"** shall mean the calculated horizontal distance from the point of entry to the terminus.

(c) **Drilling and producing on a lease basis or in a conventional drilling and spacing unit.**

(1) This subsection shall apply to a horizontal well, not a part of a horizontal well unit. For purposes of 165:10-1-21, 165:10-1-24, and 165:10-1-25, compliance with well location requirements shall be determined considering:

(A) The location at which the wellbore penetrates the top of the common source of supply.

(B) The location of each lateral and its terminus in the common source of supply.

(2) No operator shall be assigned an allowable to produce oil, gas, or gas condensate from the well until he submits a downhole survey showing that each lateral is at location permitted by general rule or location exception order. For allowable purposes, the well shall be considered as a single wellbore. For a gas well, the Conservation Division shall compute the gross allowable in the manner prescribed for a vertically drilled gas well at that location in the common source of supply. For an oil well, the Conservation Division shall compute the gross allowable using the provisions applicable to a horizontal well unit.

(d) **Horizontal well units.** Subsections (e) through (l) of this Section establish criteria for spacing, pooling, drilling, and producing a horizontal well with one or more laterals.

(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, 165:5-15-8, and 165:5-15-9. Such units shall be created as new

units after notice and hearing as provided for by the Rules of Practice, OAC 165:5.

(3) 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.

(A) Horizontal well units may exist concurrently with producing non-horizontal drilling and spacing units.

(B) Horizontal well units shall supersede existing non-developed non-horizontal drilling and spacing units for the duration of the horizontal well unit.

(f) **Single wellbore.**

(1) All laterals in the same common source of supply in a horizontal well with at least one lateral which exceeds 150 feet of total horizontal component shall be considered as a single wellbore for allowable purposes.

(2) Laterals in the same common source of supply directly connected through the wellbore to the same surface location in a horizontal well and which form an angle of 90 degrees or more shall be considered a single lateral in determining projected horizontal displacement for horizontal well unit purposes. The horizontal lateral displacement used to determine the appropriate horizontal well unit where multiple laterals exist shall be the horizontal displacement of the longest lateral, plus the projection of any other lateral on a line that extends in a one hundred eighty degree (180°) direction from the longest lateral.

(g) **Location.** For purposes of 165:10-1-22 and Appendix C (Table HD) to this Chapter, compliance with well location requirements shall be determined considering:

(1) The location of the point of entry.

(2) The location of each lateral in terms of direction and depth.

(3) The terminus of each lateral.

(h) **Determination of unit size and allowable.**

(1) The size of the proposed horizontal well unit shall be determined by the projected length of the horizontal component as shown in Appendix C (Table HD) to this Chapter.

(2) The allowable for the horizontal oil well shall be determined by the actual length of the lateral as shown in Appendix C (Table HD) to this Chapter.

(i) **Horizontal well spacing requirements.**

(1) A horizontal wellbore from its point of entry and along any part of the lateral shall be located not closer than the minimum distance as set out below from any other wellbore completed in or drilling to the same common source of supply except by a special order of the Commission:

(A) Three hundred feet from any other producible or drilling oil or gas well when drilling to the same common source of supply that is less than 2,500 feet in depth.

(B) Six hundred feet from any other producible or drilling oil or gas well when drilling to the same common source of supply that is 2,500 feet or more in 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.

(2) A horizontal wellbore from its point of entry and along any part of the lateral shall be located not less than the minimum tolerance distance from the boundary of the horizontal well unit 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 acre or 640 acre horizontal drilling and spacing unit.

(3) Any horizontal wellbore drilled into an unspaced common source of supply may not be located closer to the lease line or voluntary unit or to another wellbore completed in the same common source of supply than the tolerance distance prescribed for a well drilled in a standard horizontal well unit as determined by the length of the horizontal component of the unspaced horizontal wellbore.

(j) **Allowable.**

(1) Horizontal oil well allowables may be established administratively based on Appendix C (Table HD) to this Chapter.

(2) Allowables will be effective as of the date of first production. Underproduction will not be accumulated during drilling.

(3) Bonus allowables will be established for multilaterals by the summation of each individual lateral in an otherwise qualifying horizontal oil well, as provided in (f) of this Section.

(k) **Establishing allowables.** To establish an allowable for a horizontal well, the following must be submitted to the Commission:

(1) Directional survey.

(2) A plat constructed from data gathered from the directional survey showing point of entry, true vertical depth at point of entry, actual length, and direction of the lateral and horizontal component.

(3) An approved copy of Form 1002A.

(4) Total amount of oil or gas that has been produced from the well prior to the date of completion.

(l) **Pooling.** Horizontal well units may be pooled as provided for under 52 O.S. 87.1 and Commission Rules of Practice, OAC 165:5.

165:10-3-29. Oil storage

Oil storage tanks shall be constructed so as to prevent leakage. Dikes or retaining walls, where necessary, shall be constructed, based on tank capacity and throughput, so as to prevent oil or deleterious substances from causing pollution and to ensure public safety.

[**SOURCE:** Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-3-30. Use of gas for artificial lifting

(a) **Use of gas for artificial lifting of oil.** Gas may be used for the artificial lifting of oil; provided, all gas returned to the surface with the oil is not vented or otherwise wasted

(b) **The use of production.** The use of production from one common source of supply to assist in lifting the production from another common source of supply by commingling the production from both common sources of supply in the tubing string shall be permitted when the operator has authority to commingle the production in the tubing.

(c) **Use of artificial lift.** Artificial lift, initial or subsequent, in conjunction with the separate orifice or choke assembly shall be governed by OAC 165:10-3-37.

[**SOURCE:** Amended in Rule Making 980000033, eff 7-1-99]

165:10-3-31. Use of vacuum

(a) **Prohibited without an order.** Imposing vacuum on an oil or gas bearing formation is prohibited without an order of the Commission.

(b) **Requirement.** A vacuum shall not be permitted unless it can be shown that to use a vacuum as permitted will prevent waste and protect correlative rights.

(c) **Application for an order.** Each application for an order authorizing use of vacuum on a common source of supply shall be made according to 165:5-7-25.

(d) **Records required to be kept by the operator.**

(1) If an operator obtains an order authorizing use of vacuum, the operator shall make a record on a monthly basis of:
(A) The vacuum imposed in pounds per square inch or inches of mercury.
(B) The amount of gas, oil and water production per day.
(2) Any record required to be kept under this Section shall be made available to the Conservation Division upon request.

PART 7. PRODUCTION

165:10-3-35. Multiple zone production

(a) Production from more than one common source of supply from a single well is hereby prohibited except as authorized by the Conservation Division.
(b) For the purpose of this Section, completion of a well so as to separately produce or account for the production from two or more common sources of supply shall be a multiple completion, and the production from more than one common source of supply without segregation of the production shall be commingling.
(c) Any operator violating this Section shall be subject to a fine of $500.00. The Conservation Division may shut down a multiply completed well pending compliance with this Section.

[**SOURCE:** Amended at 9 Ok Reg 2295, eff 6-25-92; Amended in Rule Making 980000033, eff 7-1-99]

165:10-3-36. Multiple zone completions

(a) Each application for the approval of the multiple completion of a well shall be filed with the Technical Services Department on Form 1023.
(b) A copy of the application shall be mailed or delivered to each operator of a producing leasehold within one-half (1/2) mile of the well location. The applicant shall file an affidavit of delivery or mailing not later than five (5) days after the application is filed.
(c) If a written objection to the application is filed within fifteen (15) days after the application is filed, or if 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 reviewed administratively by the Director of Conservation or his designee. If the Conservation Division denies an application, the applicant may request a hearing on said application.

[**SOURCE:** Amended at 16 Ok Reg 2206, eff 7-1-99 (RM 980000033); Amended at 24 Ok Reg 1795 (RM 200700004), eff 7-1-2007; Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-3-37. Control of multiply completed wells

(a) Every multiply completed well shall be equipped, operated, produced, and maintained so that there will be no commingling of the production from separate common sources of supply in the well, except as hereinafter provided. The production from each common source of supply shall be separately accounted for or separately stored and measured on the lease. The production shall be measured by either:
(1) A positive displacement dump-type device;
(2) A continuous-flow measuring device; or
(3) A measuring device of any other type authorized by the Commission.
(b) Each application for the approval of production through a multiple choke assembly in a well shall be filed with the Technical Services Department on Form 1023. The multiple choke assembly must be so designed and located in the wellbore as to prevent commingling within the common sources of supply, but to permit commingling in the tubing string through individual choke orifices. The

commingled production shall be measured at the surface and allocated to each common source of supply.
(c) A copy of the application shall be mailed or delivered to each operator of a producing leasehold within one-half (1/2) mile of the well location. The applicant shall file an affidavit of delivery or mailing not later than five days after the application is filed.
(d) If a written objection to the application is filed within 15 days after the application is filed, or if 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 reviewed administratively by the Director of Conservation or his designee. If the Conservation Division denies an application, the applicant may request a hearing on said application.

[**SOURCE:** Amended at 16 OK Reg 2206, eff 7-1-99 (RM 980000033); Amended at 24 Ok Reg 1795 (RM 200700004), eff 7-1-2007; Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-3-38. Testing of multiply completed wells

The Conservation Division may at any time require a multiply completed well to be tested to determine the effectiveness of the separation of common sources of supply. The tests may be witnessed by representatives of the Conservation Division and may be witnessed by any offset operator. Testing procedures must be acceptable to a representative of the Conservation Division.

[**SOURCE:** Amended in Rule Making 980000033, eff 7-1-99]

165:10-3-39. Commingling of production

(a) **Commingling permit required.**

(1) Commingling of production from a well from separate common sources of supply is prohibited without a permit. A permit shall be required when production is from more than one source of supply, without segregation of the production in the wellbore, or is produced separately in the wellbore and then combined together downstream of the wellhead prior to measurement. Commingling downstream of the wellhead shall require Form 1024 (Packer Setting Affidavit) and Form 1025 (Packer Leakage Test) to be filed and approved. The Commission shall assess a fine of $500.00 for non-permitted commingling either down hole or downstream prior to measurement.

(2) Each application for the approval of the commingling of a well shall be filed with the Technical Services Department on Form 1023. The following shall be filed with the application:

(A) A well log section with top and bottom of open intervals marked.

(B) A schematic of the proposed completion configuration of the well.

(C) A plat showing the locations of all wells producing from the same common sources of supply within one-half (1/2) mile radius of the subject well.

(3) A copy of the application shall be served, by regular mail, or delivered to each operator of a producing leasehold within one-half (1/2) mile of the well location. An affidavit of mailing shall be filed within five (5) days of filing of the application. No notice is required to be published.

(4) If a written objection to the application for a commingling permit is filed within 15 days after the application is filed, or if 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 reviewed administratively by the Director of Conservation or his designee. If the Conservation Division denies an application, the applicant may request a hearing on said application.

(b) **Restrictions.**

(1) Commingling shall only be authorized when it would prevent waste and protect correlative rights.
(2) Commingling shall be prohibited where one producing zone is predominately gas and a second zone is predominately oil, unless the operator can verify in writing, submitted with the application, that no cross flow will occur resulting in reservoir damage.

(c) **Commingled allowables.**
(1) **Single allowable for commingled production.** Common sources of supply commingled under this Section receive a single allowable as if they constituted a single common source of supply in the wellbore.
(2) **Gross daily allowable for commingled production.** The gross daily allowable shall be based on the classification of the well as an oil or gas well for allowable purposes under OAC 165:10-13-2.
(A) **Unallocated oil well (GOR < 15,000:1).** The gross daily allowable shall be based on what would be the allowable if commingled production comes from the deepest commingled common source of supply.
(B) **Unallocated gas well (GOR > 15,000:1).** The gross daily allowable shall be a single unallocated gas allowable, as determined by OAC 165:10-17-11(c). Upon request in a commingling application or in any other appropriate application and upon proper notice thereof, the Commission may designate in a commingling permit or other appropriate order the specific gas formation, completed and producing in the applicable well, to which the allowable for such well is to be attributed when the Commission determines that such designation is necessary to prevent waste and to protect correlative rights.
(C) **Special allocated gas pool.** The gross daily allowable shall be based on what would be the allowable if the commingled production came from the special allocated gas pool in the well.
(3) **Operator option if multiple pool rules exist.** If more than one common source of supply under a commingling permit or appropriate order for a gas well is subject to gas pool rules, the order shall designate which set of pool rules is applicable for allowable purposes.
(4) **Net daily allowable.** The net daily allowable is the gross daily allowable under (3) of this subsection:
(A) Reduced accordingly by any penalty against any of the commingled common sources of supply under the permit or appropriate order.
(B) Reduced accordingly by any overage carried forward against a commingled common source of supply.
(C) Increased by any underage carried forward for the well under applicable allocated or special allocated pool rules.

[**SOURCE:** Amended at 9 Ok Reg 2295, eff 6-25-92; Amended at 16 Ok Reg 2206, eff 7-1-99 (RM 980000033); Amended at 24 Ok Reg 1796 (RM 200700004), eff 7-1-2007; Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-3-40. Production of brine
(a) All wells in excess of 300 feet in depth and producing brine for the extracting of minerals shall be under the full jurisdiction of the Conservation Division.
(b) The establishment of a unitized area for the purpose of efficient operations, prevention of waste, and the protection of correlative rights may be formed by following the procedures set out in 165:5-7-21
(c) Category B surety shall be a requirement for all brine producing wells or units. [See 165:5-7-21(f)]

SUBCHAPTER 5. UNDERGROUND INJECTION CONTROL

Section
165:10-5-1. Classification of underground injection wells
165:10-5-2. Approval of enhanced recovery injection wells or disposal wells
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165:10-5-1. Classification of underground injection wells

Underground injection wells shall be classified as follows:

(1) **Enhanced recovery injection well.** An enhanced recovery injection well is a well which injects fluids to increase the recovery of hydrocarbons.

(2) **Disposal well.** A disposal well is a well which injects, for purposes other than enhanced recovery, those fluids brought to the surface in connection with oil or natural gas production.

(3) **Storage well.** A storage well is a well used to inject, for storage purposes, hydrocarbons which are liquid at standard temperature and pressure.

(4) **Simultaneous injection well.** A well that injects or disposes of salt water at the same time it is producing oil and/or gas to the surface.

[SOURCE: Amended at 13 Ok Reg 2387, eff 7-1-96]

165:10-5-2. Approval of enhanced recovery 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. 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 for injection or disposal an existing well which does not 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 newly drilled or newly converted injection or disposal well which is within one-half (1/2) mile of any active or reserve municipal 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 by substantial evidence that said well shall not pollute said water supply well. A commercial disposal well shall not be approved within a designated wellhead protection area.

[**SOURCE:** Amended at 9 Ok Reg 2295; Amended at 9 Ok Reg 2337, eff 6-25-92; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-5-3. Authorization for existing enhanced recovery injection wells and existing disposal wells

(a) Each enhanced recovery injection well authorized under order of the Commission on the effective date of this Section is an existing enhanced recovery injection well. Injection is prohibited in any existing enhanced recovery injection well unless the operator has included that well on a completed Form 1070 submitted to the Commission within one year following the effective date of this Section. Form 1070 (Inventory of Authorized Existing Enhanced Recovery Injection Wells) shall include each well name, location, authorizing Commission order number (including all orders authorizing exceptions), date of order, maximum authorized injection rate, and maximum authorized injection pressure.

(b) Each disposal well being operated under order of the Commission on the effective date of this Section is an existing disposal well. Injection is prohibited in any existing disposal well unless the operator has included that well on a completed Form 1071 submitted to the Commission within one year following the effective date of this Section. Form 1071 (Inventory of Authorized Existing Disposal Wells) shall include each well name, location, authorizing Commission order number (including all orders authorizing exceptions), date of order, maximum authorized injection rate, and maximum authorized injection pressure.

165:10-5-4. Application for approval of enhanced recovery projects

(a) An enhanced recovery project shall be permitted only by order of the Commission after notice and hearing.

(b) The application for an order authorizing an enhanced recovery project shall contain the following:

(1) The names and addresses of the operator or operators of the project.

(2) A plat showing the lease, group of leases, or unit included within the proposed project; the location of the proposed injection well or wells, and the location of all oil and gas wells including abandoned and drilling wells and dry holes; and the names of all operators offsetting the area encompassed within the project.

(3) The common source of supply in which all wells are currently completed.

(4) The name, description, and depth of each common source of supply to be affected.

(5) A log of a representative well completed in the common source of supply.

(6) A description of the existing or proposed casing program for injection wells and the proposed method of testing casing.

(7) A description of the injection medium to be used, its source, and the estimated amounts to be injected daily.

(8) For a project with an allocated pool, a tabulation showing recent gas-oil ratio and oil and water production tests for each of the producing oil and gas wells.

(9) The proposed plan of development of the area included within the project.

(c) A copy of the application and notice of hearing shall be mailed to the owner or owners of the surface of the land upon which the project is located and

to each operator offsetting the project as shown on the application within five days after the application is filed. An affidavit of compliance with this Section shall be filed on or before the hearing.

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

(a) **Application.** Each application for the approval of a newly drilled or newly converted 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 enhanced recovery 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 enhanced recovery injection well or disposal well, and identifying the surface owner of the land on which the enhanced recovery injection or disposal well is to be located, and each operator of a producing leasehold within one-quarter (1/4) mile of each enhanced recovery injection or disposal well.

(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 leasehold within one-half (1/2) mile of each disposal well.

(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 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) lf the overlying strata is less than required in (A) and (B) 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) lnjection fluid.

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

(5) **Proposed operating data:**

(A) Daily injection rates and pressures.

(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 enhanced recovery 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.

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

(c) **Application for approval.** A copy of the application for approval of injection or disposal of water or other substances in a well shall be served by the applicant by regular mail or delivered to the owner of the surface of the land on which the injection or disposal well is to be located and to each operator of a producing leasehold within one-half (1/2) mile of the well location.

(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 City, Oklahoma, and in a newspaper of general circulation published in each county in which land embraced in the application are located. 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 shall sign the permit.

(f) 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.

(g) Authorization of an enhanced oil recovery 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 within six months from the date of completion or conversion of the well.

(h) In addition to the well construction requirements as set out in 165:10-3-1, commercial saltwater 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 the Commission before the well may be used for injection or disposal. 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 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.

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

(j) All permitted injection zones must be completed for injection. Authorization for any zones not initially completed as an injection zone will expire within 60 days following initial completion or recompletion date.

[**Source:** Amended at 11 Ok Reg 3691, eff 7-11-94; Amended in Rule Making 200600012, eff 7-1-2006; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-5-6. Testing and monitoring requirements for enhanced recovery injection wells and disposal wells

(a) **Mechanical integrity during injection.** The operator of an injection, disposal or commercial disposal well must maintain mechanical integrity in order to continue operation of the well.

(b) **Initial pressure test requirements for wells permitted on or after December 2, 1981.**

(1) **Mandatory initial mechanical test.** Before commencement of operation, each well authorized for enhanced recovery injection or disposal by a Commission order issued on or after December 2, 1981, must pass an initial pressure test of the casing tubing annulus according to the minimum testing standards of (2) of this subsection, unless a Commission order permits other

test procedures of the mechanical integrity of the well. Any operator failing to comply with initial mechanical integrity testing and reporting requirements shall be subject to a fine of $500.00.

(2) **Minimum testing standards for initial tests.** For each initial test required by (1) of this subsection, the minimum testing standards are:

(A) **Witnessing of the test.** The test shall be witnessed by an authorized representative of the Conservation Division. It shall be the responsibility of the well operator to secure the presence of the Commission representative.

(B) **Down-hole equipment.** Injection and disposal shall be through adequate tubing and packer.

(C) **Aboveground extensions and fittings.** Adequate aboveground extensions shall be installed in each annulus in the well. In addition, the operator shall install a one-fourth (1/4) inch female fitting, with cutoff valve to the tubing, so that the amount of injection pressure may be measured by the Commission representative using a gauge having a one-fourth (1/4) inch male fitting.

(D) **Packer setting depth under the order.** The mechanical packer shall be set within 40 feet of the packer setting depth prescribed by the order permitting the well for injection or within 75 feet of the perforations of the injection zone(s) opened.

(E) **Verification of packer setting depth.** The Commission District Manager may require the operator of the well to verify the packer setting depth by running a wireline or other method approved by the Manager of the Underground Injection Control Department.

(F) **Minimum testing pressure.** Noncommercial disposal and injection wells shall be tested as follows:

(i) If the maximum authorized injection pressure for the well is less than 300 psig under the order permitting the well for injection, the minimum testing pressure shall be 300 psig.

(ii) If the maximum authorized injection pressure is greater than 300 psig under the order permitting the well for injection, the minimum testing pressure shall be the lesser of 1000 psig or the maximum authorized injection pressure under the order permitting the well.

(G) **Thirty minute minimum testing period.** The minimum testing period shall be 30 minutes at the testing pressure.

(H) **Ten percent maximum permitted bleed-off.** The maximum permitted bleed-off during the testing period shall be ten percent of the maximum testing pressure used.

(I) **Test report on Form 1075.** The operators shall submit the results of the mechanical integrity test on Form 1075 within 30 days from the date the test is performed.

(J) **Cement circulated above injection zone.** The minimum cement height circulated above the injection or disposal zone in the annulus between the casing and the borehole shall be 250 feet.

(K) **Packer setting depth.** The packer must be set at a depth which is at least 50 feet below the depth of the top of cement behind the production casing.

(3) **Alternative testing procedures.** Operators can test at a maximum of 500 psi if there is in place an automatic and continuous pressure monitor on the tubing-casing annulus that will shut-in the well if there is a pressure increase of 250 psi on the annulus. Application for this alternative test procedure shall be made in writing to the Manager of the UIC Department.

(4) **Use of fluid seal without a mechanical packer.** Use of a fluid seal without a mechanical packer is prohibited.

(c) **Initial pressure test requirements for wells permitted prior to December 2, 1981.**

(1) **Mandatory initial pressure test or monitoring test.**

(A) Each well authorized for enhanced recovery injection or disposal by Commission order issued prior to December 2, 1981, must pass an initial

mechanical integrity test according to the minimum testing standards of (2) of this subsection.

(B) In lieu of casing test required in (A) of this paragraph, the operator shall monitor and record during actual injection the pressure in the casing-tubing annulus monthly and report the pressure annually on Form 1075. A measurable positive pressure must be maintained at the casing valve and be continuously measured to qualify.

(2) **Minimum testing standards for initial mechanical integrity tests.**

(A) **Wells with casing-tubing annulus.** The minimum testing standards of (a)(2) of this Section for an initial test of a well with a casing tubing annulus shall apply with the following modifications:

(i) The District Manager shall have the option to waive witnessing of the test.

(ii) If the test is not witnessed, the well operator shall submit documentation of the test to the Conservation Division within 30 days after the test on Form 1075.

(iii) The minimum testing pressure shall be 200 psig.

(B) **Wells without a casing-tubing annulus or wells with perforations above the packer.** The minimum testing standards for an initial test of a well without a casing-tubing annulus or wells with perforations above the packer are:

(i) **Witnessing of the test.** The test shall be witnessed by an authorized representative of the Conservation Division unless the District Manager for the Conservation Division waives the requirement of witnessing the initial test. It shall be the responsibility of the well operator to secure the presence of the commission representative for witnessing the test.

(ii) **Documentation for unwitnessed tests.** If the test is not witnessed, then the operator shall submit on Form 1075 documentation of the test to the Conservation Division within 30 days after the test.

(iii) **Aboveground extensions and fittings.** The operator shall install a one-fourth (1/4) inch female fitting, with cutoff valve to the tubing, so that the amount of injection pressure may be measured by the Commission representative using a gauge having a one-fourth (1/4) inch male fitting.

(iv) **Setting depth for plug.** For purposes of the test, a mechanical packer, retrievable bridge plug, or seating nipple plug shall be placed in the injection string not more than 75 feet above the top of the injection interval.

(v) **Pressure testing of tubing string.** The well operator shall pressure test the tubing string for at least 30 minutes. The minimum testing pressure shall be the greater of 300 psig, or the maximum authorized injection pressure provided that the actual working injection pressure for the well may be used instead of the maximum authorized injection pressure when necessary to prevent damage to the casing or packer.

(vi) **Ten percent maximum permitted bleedoff.** The maximum permitted bleedoff during the testing period shall be ten percent of the maximum testing pressure used.

(vii) **Radioactive tracer survey.** A radioactive tracer survey shall be run demonstrating that the injected fluid is going into the authorized zone when there is no cement bond log or cementing reports to demonstrate sufficient cement behind pipe to isolate the injection zone or to insure the packer is properly set.

(viii) **Pressure test using a gas media.** In lieu of a pressure test using a liquid testing media, the UIC Department may approve a mechanical integrity test using a gas media if it conforms to a method previously approved by the EPA.

(ix) **Test report on Form 1075.** The operator shall submit the results of the mechanical integrity test on Form 1075 to the Conservation Division within 30 days after the test.

(d) **Subsequent mechanical integrity test requirements.**

(1) **Pressure test every five years.** Unless a well has been approved by an order of the Commission for other testing procedures or monitoring, each well permitted for injection shall demonstrate mechanical integrity at least once every five years according to the minimum testing standards of (3) of this subsection. Any operator failing to comply with periodic mechanical integrity testing and reporting requirements shall be subject to a fine of $500.00.

(2) **Required retest if down-hole equipment is moved or replaced.** After a well passes a pressure test required by this Section, if the operator moves the packer or replaces either the packer or the tubing, then the operator shall retest the well according to the minimum testing standards of (3) of this subsection.

(3) **Minimum testing standards.**

(A) **Wells with casing-tubing annulus.** For a five year test or retest required by this subsection, the minimum testing standards of (a)(2) of this Section shall apply to wells with casing-tubing annulus with the following modifications:

(i) The District Manager shall have the option to waive witnessing of the test.

(ii) If the test is not witnessed, the well operator shall submit documentation of the test to the Conservation Division within 30 days after the test.

(iii) The minimum testing pressure shall be:

(I) 200 psig for a noncommercial well.

(II) 300 psig or the authorized injection pressure, whichever is greater, for commercial disposal wells.

(B) **Wells without a casing-tubing annulus or wells with perforations above the packer.** For a five year test or retest required by this subsection, the minimum testing reporting standards of (b)(3)(B) of this Section, shall apply to wells without a casing-tubing annulus or wells with perforations above the packer.

(C) **Wells with automatic monitoring of positive tubing-casing pressure.** Subsequent pressure tests will not be required if there is in place a pressure monitor on the annulus to demonstrate the maintenance of a certain, positive pressure. This monitor will be connected to an automatic alarm or a continuous chart recorder. Application for this alternative shall be made in writing to the Manager of the UIC Department. Monitoring records will be sent annually attached to Form 1012 to the UIC Department.

(e) **Monitoring requirements.**

(1) **Report on Form 1075.** In lieu of a mechanical integrity test every five years, the operator of a well permitted for injection or disposal may demonstrate the mechanical integrity by:

(A) Monitoring and recording the injection rate, volume, and casing-tubing annulus pressure monthly.

(B) Submitting to the Conservation Division the results of monthly monitoring for the calendar year on Form 1075 by the first day of April of the next calendar year.

(2) **Required positive casing-tubing annulus pressure.** A measurable positive pressure must be maintained at the casing valve and be continuously measured to qualify for mechanical integrity.

(f) **Testing requirements for commercial disposal wells.**

(1) **Before commencement of operation.** Before commencement of operation, each commercial disposal well must pass a pressure test of the casing tubing annulus.

(2) **Minimum testing standards.**

(A) The test shall be witnessed by an authorized representative of the Conservation Division.

(B) The well shall be tested at the maximum authorized injection pressure, but not less than 300 psig.

(C) The minimum testing period shall be thirty (30) minutes.

(D) The maximum allowable change in pressure during the testing period shall be ten percent (10%) of the testing pressure.

(E) The results of the test shall be submitted on Form 1075 within 30 days from the date of the test.

(3) **Subsequent mechanical integrity tests.**

(A) The well shall be tested a minimum of every twelve (12) months.

(B) After a well passes a pressure test required by this Section, if the operator moves the packer or replaces the packer or tubing, then the operator shall notify the Commission and retest the well according to the minimum testing standards of (2) of this subsection.

(4) **Alternative testing procedures.** Operators can test at a maximum of 500 psi if there is in place an automatic and continuous pressure monitor on the tubing-casing annulus that will shut-in the well if there is a pressure increase of 250 psig on the annulus. Application for this alternative test procedure shall be made in writing to the Manager of the UIC Department.

[SOURCE: Amended at 9 Ok Reg 2295; Amended at 9 Ok Reg 2337, eff 6-25-92; Amended at 11 Ok Reg 3691, eff 7-11-94; Amended at 13 Ok Reg 2387, eff 7-1-96; Amended in Rule Making 97000002, eff 7-1-97; Amended in Rule Making 200000002, eff 7-1-2000; Amended in Rule Making 200600012, eff 7-1-2006]

165:10-5-7. Monitoring and reporting requirements for wells covered by 165:10-5-1

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

(1) Notice of Commencement of Injection and Disposal Operations on Forms 1012 and 1075.

(2) Annual Report of Injection Projects, saltwater disposal wells and LPG storage wells on Form 1012.

(3) Notice of Voluntary Termination of Operations on Form 1072.

(4) Notice of mechanical failure or down-hole problems on Form 1075.

(b) **Annual report of enhanced recovery injection projects, saltwater disposal wells and LPG storage wells.**

(1) **Submit Form 1012 by April 1st.** Each operator of a saltwater disposal well, LPG storage well or an authorized waterflood, pressure maintenance project, gas repressuring project, or other enhanced recovery project shall submit annually Form 1012 for every well to the Conservation Division as follows:

(A) Form 1012 shall be submitted by April 1st for the previous calendar year for all noncommercial wells.

(B) For commercial disposal wells Form 1012 shall be submitted February 28 and August 31, for the previous six months.

(2) **Failure to submit Form 1012.** Any operator who fails to submit the report on Form 1012 as required by (c)(1) of this Section may be fined up to $500.00 and:

(A) Injection into the project is prohibited until the operator submits Form 1012 for each injection well.

(B) The order or permit is subject to termination.

(3) **Required monthly monitoring.** On a monthly basis, the operator of each enhanced recovery injection well and disposal well and LPG storage well shall monitor and record the injection rate and surface injection pressure for the well.

(4) **All UIC wells.** Saltwater disposal wells, injection wells and storage wells shall be reported on Form 1012 individually according to the order or permit authorizing disposal.

(c) **Monitoring requirements for commercial disposal well.**

(1) The operator of a commercial disposal well shall monitor and record the casing tubing annulus pressure and the injection pressure on a daily basis.

(2) The operator of a commercial saltwater disposal well shall make available upon request of the Commission a log of all loads of deleterious substances disposed at the well. The log shall be kept on file for a period of at least five (5) years. The log of record shall include at a minimum, the amount, the location of the source, and the operator and/or owner of the source of the deleterious substance.

(d) **Notice of voluntary termination.**

(1) If an operator permanently terminates injection into a well, the operator shall submit to the Conservation Division Form 1072 within 30 days after termination of injection. Form 1072 shall state:

(A) The legal description of the well.

(B) The reason for termination.

(C) The status of other wells, if the well is in an enhanced recovery project.

(2) Submission of Form 1072 to permanently terminate injection shall terminate the authority under the order.

(e) **Notice of mechanical integrity problem.**

(1) **Notice of mechanical failure or down-hole problem.** When a mechanical problem occurs, then:

(A) The well operator shall notify the Field Inspector for Conservation within 24 hours after discovery of the problem.

(B) Within five days after discovery of the problem, the well operator shall submit to the Manager of Underground Injection Control written notice of the failure and a plan to repair and/or retest the well.

(C) Repair shall be reported on the annual Form 1012 for the well.

(D) Any operator failing to timely notify the Commission shall be subject to a fine of $1,500.00.

(2) **Shutdown.**

(A) **Administrative shutdown.** The Conservation Division may shut down a well if a mechanical failure or down-hole problem indicates that injected substances are not or may not be entering the injection interval authorized by order of the Commission.

(B) **Administrative authority to recommence injection.**

(i) If a well is shut down under (1)(A) of this subsection, the well operator shall be responsible for proving to the satisfaction of the Manager of Underground Injection Control:

(I) The mechanical integrity of the well for injection.

(II) That the injected substances are going into and are confined to the permitted injection interval.

(ii) Upon submission of proper proof of the satisfactory capability of the well for injection, the Manager of Underground Injection Control may authorize recommencement of injection.

(C) **Resolution of disputes by order of the Commission.** In the event of a dispute between the Manager of Underground Injection Control and any person as to the suitability of a well for injection, the affected person may seek relief by order of the Commission. Upon application, notice, and hearing meeting the requirements of 165:5-7-27(c) and (d) for protested applications, the Commisson may issue an order determining whether or not the well should be used for further injection.

(3) **Notice of unreported repairs.** Any prior unreported repair of the well shall be reported on the next annual Form 1012 to be submitted to the Manager of the UIC Department.

[SOURCE: Amended at 9 Ok Reg 2295, eff 6-25-92; Amended at 11 Ok Reg 3691, eff 7-11-94; Amended at 13 Ok Reg 2389, eff 7-1-96; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-5-8. Liquid hydrocarbon storage wells

Authorization for storage wells will be granted by order of the Commission after notice and hearing, provided there is a finding that the proposed operation will not endanger fresh water strata.

165:10-5-9. Duration of underground injection well orders or permits

(a) Subject to 165:10-5-10, authorization of injection into enhanced recovery injection wells and disposal wells shall remain valid for the life of the well, unless revoked by the Commission for just cause or lapses and becomes null and void under the provisions of 165:10-5-5(g)

(b) An order granting underground injection may be modified, vacated, amended, or terminated during its term for cause. This may be at the Commission's initiative or at the request of any interested person through the prescribed complaint procedure of the Conservation Division. All requests shall be in writing and shall contain facts or reasons supporting the request.

(c) An order may be modified, vacated, amended, or terminated after notice and hearing if:

(1) There is a substantial change of conditions in the enhanced recovery injection well or the disposal well operation, or there are substantial changes in the information originally furnished.

(2) Information as to the permitted operation indicates that the cumulative effects on the environment are unacceptable.

(d) If an operator fails to complete or convert a well as approved by the Conservation Division within eighteen (18) months after the effective date of the order or permit authorizing injection into the well, then the order or permit authorizing injection into the well shall expire.

[**Source:** Amended at 11 Ok Reg 3691, eff 7-11-94; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-5-10. Transfer of authority to inject

(a) An order authorizing an enhanced recovery well(s), salt water disposal well, commercial salt water disposal well, or hydrocarbon storage well(s) shall not be transferred from one operator to another without the following:

(1) Notice in writing to the Commission on Form 1073I. For transfers involving more than ten (10) wells, a transferor and transferee may file a single Form 1073I with the Conservation Division indicating the transfer of multiple wells, provided that such multiple well transfer shall be accompanied by a well list containing the following information for each well transferred:

(A) API number of the well;

(B) Well name and number;

(C) Legal location of the well, described by section, township and range; and

(D) The Commission Order number(s) authorizing the injection, disposal, or hydrocarbon storage activity.

(2) The well list may be provided in spreadsheet form, if possible, and may be filed in digital format specified by the Conservation Division. In lieu of the information listed in subparagraphs (a)(1)(A) through (D), the transferor and transferee, at their option, may file one Form 1073I indicating the transfer of multiple wells with an OCC Form 1002A Completion Report attached for each well transferred. Upon review by the Conservation Division, it may require additional information from the transferor and/or the transferee to assist in identifying the specific well(s) being transferred. The additional information may include, but not be limited to, the quarter, quarter, quarter section calls, footages from the south and west quarter section lines, and the drilling and completion dates, and initial injection, disposal or storage dates.

~~(2)~~(3) Notice in writing to the Commission on Form 1075 demonstrating that a mechanical integrity test was performed within one year prior to the date of

transfer. For commercial disposal wells, the Mechanical Integrity Test shall be conducted within 30 days prior to the date of transfer.

(4) The performance of the mechanical integrity test required in (a)(2) of this subsection shall not apply to any operator transfer when the following conditions are present:

(A) The interest of the currently designated operator is transferred to its subsidiary or parent company, or a subsidiary of a parent company;

(B) The interest of the currently designated operator is transferred to a surviving or resulting corporation or business entity due to, respectively, a merger, consolidation or reorganization involving the transferor and transferee. As used in this subparagraph, "business entity" means a domestic or foreign partnership, whether general or limited; limited liability company; business trust; common law trust, or other unincorporated business; or

(C) The currently designated operator undergoes a name change. The relief afforded by this subparagraph is not applicable to situations where the name change involves the following conditions:

(i) The assignment of a new Federal Employer Identification number by the Internal Revenue Service to the new company;

(ii) The name change is accompanied by a change in the majority of partners in a partnership;

(iii) The name change is associated with a divorce between a husband and wife when the husband and wife comprise a partnership;

(iv) The name change is associated with the death of one spouse in a partnership comprised of a husband and wife;

(v) The name change involves a sole proprietorship; or

(vi) The name change is associated with such other circumstances where the Commission determines upon application, notice and hearing that the relief provided in this subparagraph is not applicable, or that an exception to any exclusion should be granted.

(vii) As used in this subparagraph, the term "partnership" means a domestic or foreign partnership, whether general or limited.

(b) The Commission shall, within 30 days therefrom, return a copy of Form 1073I to the new and previous operator, designating approval or denial of the transfer of authority to inject for the subject well(s).

[**SOURCE:** Amended at 13 Ok Reg 2390, eff 7-1-96; Amended in Rule Making 97000002, eff 7-1-97; Amended in Rule Making 200000002, eff 7-1-00]

165:10-5-11. Notarized reports

In lieu of notarization, all Conservation Division reports shall contain the following statement signed and dated by the responsible party representing the entity which is submitting the report:

"I declare that I have knowledge of the contents of this report, which was prepared by me or under my supervision and direction, with the data and facts stated herein to be true, correct, and complete to the best of my knowledge and belief".

165:10-5-12. Application for administrative approval for the subsurface injection of onsite reserve pit fluids

Except upon a case-by-case approval of the Commission pursuant to 165:10-5-13, the subsurface injection of reserve pit fluids is prohibited into:

(1) A newly drilled well which is to be plugged and abandoned, or

(2) The casing annulus of:

(A) A well being drilled.

(B) A recently completed well.

(C) A well which has been worked over.

165:10-5-13. Application for permit for one time injection of reserve pit fluids

(a) **General.**

(1) Injection of reserve pit fluids shall be limited to injection of only those fluids generated in the drilling, deepening, or workover of the specific well for which authorization is requested.

(2) An annular injection site shall be inspected by a duly authorized representative of the Commission prior to injection.

(3) The applicant shall file with the Underground Injection Control an affidavit of delivery or mailing not later than five days after the application is filed.

(4) An operator who disposes of drilling fluid into the surface casing or annulus without approval from the Manager of Pollution Abatement shall be fined $2,500.00.

(b) **Criteria for approval.**

(1) Casing string injection may be permitted if the following conditions are met and injection will not endanger treatable water:

(A) Surface casing injection may be authorized provided that surface casing is set and cemented at least 200 feet below the base of treatable water, except as otherwise provided by the Commission; or

(B) Intermediate casing injection may be authorized provided that intermediate casing is set at least 200 feet below the base of treatable water, except as otherwise provided by the Commission.

(2) Injection pressure shall be limited so that vertical fractures will not extend to the base of treatable water.

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

(A) Affidavit of mailing a copy of the Form 1015T or Form 1000 to the landowner and to each operator of a producing lease within 1/2 mile of the subject well.

(B) Cement Bond Log of subject well (if run).

(4) **Expiration of the permit.** The permit shall expire on its own terms three months after the date of issuance of the permit.

(c) **Emergency authority to inject into the annulus.** The Manager of the UIC Department may grant emergency authority to inject pit fluids into the annulus provided an imminent environmental endangerment exists.

(d) **Protest period.** If no protest is received within 15 days of the mailing of Form 1015T, the application shall be submitted for administrative approval. If a protest is received within the protest period, the operator shall, within 30 days, set and give proper notice of a date for hearing on the Pollution Docket before an Administrative Law Judge.

[SOURCE: Amended at 9 Ok Reg 2295, eff 6-25-92; Amended at 13 Ok Reg 2390, eff 7-1-96]

165:10-5-14. Exempt aquifers

(a) Upon application after notice and hearing, the Commission may issue an order designating an underground source of drinking water (USDW) as an exempted aquifer if the USDW:

(1) Does not currently serve as a source of drinking water.

(2) Cannot now and has no reasonable future prospect of serving as a source of drinking water because:

(A) It is mineral, hydrocarbon or geothermal energy producing source; or

(B) It is situated at a depth or location which makes recovery of water for drinking water purposes economically or technologically impractical; or

(C) It is so contaminated that it would be economically or technologically impractical to render that water fit for human consumption.

(b) For purposes of 165:10-3-4 and 165:10-5-2 through 165:10-5-13, an exempted aquifer shall not be considered as productive of treatable water.
(c) Each application under subsection (a) of this Section shall comply with 165:5-7-28.
(d) Each order designating a USDW as an exempted aquifer shall be subject to approval by the U.S. Environmental Protection Agency.

165:10-5-15. Application for permit for simultaneous injection well.
(a) **General.**
(1) Simultaneous injection of salt water without a valid permit from the Underground Injection Control Department will be subject to a fine of up to $5,000 per day of operation.
(2) A simultaneous injection facility shall be inspected by a representative of the 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) If injection is by positive pump pressure, a 1/4 mile Area of Review will be required. 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 boreholes prior to a permit being issued.
(E) Simultaneous injectors must meet the requirements of 165:10-3-4 as they apply to producing wells.
(F) 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.
(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 a permit, operator shall file an amended Completion Report Form 1002A within 30 days of recompletion.
(B) Mechanical integrity will be demonstrated by filing annual reports of surface casing pressure, production casing pressure and fluid level.
(C) Annual Report Form 1012 shall be submitted prior to April 1 of each year for the previous calendar year.
(4) If no protest is received within 15 days of the mailing of Form 1015SI, the application shall be submitted for administrative approval. If a protest is received within the protest period, the operator shall, within 30 days, set and give proper notice of a date for hearing on the Pollution Docket before an Administrative Law Judge.
(c) **Expiration of the permit.** The 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.

[SOURCE: Added at 13 Ok Reg 2391, eff 7-1-96]

SUBCHAPTER 7. POLLUTION ABATEMENT

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PART 1. GENERAL PROVISIONS

165:10-7-1. Pollution abatement [RESERVED]

165:10-7-2. Administration and enforcement of rules

(a) The Manager of Pollution Abatement shall supervise and coordinate the administration and enforcement of the rules of this Subchapter under the direction of the Director of Conservation and the Commission.
(b) Site assessments and remediation projects for petroleum and produced water pollution should adhere to the general practices appearing in the Oil and Gas Conservation Division's Guardian Guidance document including the Guidelines and Numerical Criteria for New or Historic Produced Water/Brine Spills Appendix. Any alternative plan shall be approved by the Manager of Pollution Abatement prior to implementation.
(c) **Specific areas of Conservation Division jurisdiction to which Pollution Abatement rules apply:**

(1) Field operations for geologic and geophysical exploration for oil, gas and/or brine, including seismic shot holes, stratigraphic test holes or other test wells.
(2) Exploration, drilling, development, production or processing of oil, gas and/or mineral brine at the lease site.
(3) The exploration, drilling development and operation of wells used in connection with the recovery, injection, or disposal of mineral brines including construction, operation, maintenance, closure and abandonment of the facilities and activities.
(4) Reclaiming and/or recycling facilities associated with the exploration, drilling, development, production or transportation of oil and/or gas (including the processing of saltwater, crude oil, natural gas condensate, tank bottoms or basic sediment from crude oil tanks, pipelines, pits and equipment).
(5) Underground injection control pursuant to the federal Safe Drinking Water Act and 40 CFR parts 144 through 148 for Class II injection wells, Class V wells used for the recovery, injection or disposal or mineral brines as defined in the Oklahoma Brine Development Act.
(6) Tank farms for storage of crude oil and petroleum products located outside the boundaries of refineries, petrochemical manufacturing plants, natural gas liquid extraction plants, or other facilities that are not subject to the jurisdiction of the Oklahoma Department of Environmental Quality.
(7) Construction and operation of pipelines and associated rights-of-way, equipment, facilities or buildings used in the transportation of oil, gas, petroleum, petroleum projects, anhydrous ammonia or mineral brine, or in the treatment of oil, gas or mineral brine during the course of transportation [not including pipelines in natural gas liquids extraction plants, refineries, or reclaiming facilities other than those specified in OAC 165:10-7-4(c)(6)].
(8) The handling, transportation, storage and disposition of saltwater, drilling fluids, mineral brines, waste oil and other deleterious substances produced from or obtained or used in connection with the drilling, development, production, and operation of oil and gas wells at any facility or activity specifically subject to Commission jurisdiction or other oil and gas extraction facilities and activities.
(9) Spills of deleterious substances associated with facilities and activities specified in OAC 165:10-7-4(c)(8) or otherwise associated with oil and gas extraction and transportation activities.
(10) Groundwater protection for activities subject to the jurisdictional areas of environmental responsibility of the Commission.

(d) **Monitoring of sites.** Before consideration for closure by the Conservation Division or the Commission, the responsible party shall monitor a remediation project subject to implementation of the water quality standards for a period of one (1) year, unless:

(1) Otherwise provided by Commission order, or
(2) As directed by the Manager of Pollution Abatement or designated Conservation Division staff.

(e) **Public participation; Resolution of complaint or disagreement with Conservation Division staff.**

(1) In any case where the Conservation Division determines the need for public participation in the resolution of a pollution complaint involving the implementation of the water quality standards or other issues relating to pollution, the Conservation Division may file an application and notice of hearing to request resolution of the complaint by adjudicative hearing and Commission order.

(2) In any case where a pollution complaint involving the implementation of the water quality standards or other issues relating to pollution cannot be resolved administratively between the responsible party and the complainant or because of a disagreement with the Conservation Division's manager of Pollution Abatement, Manager of Field Operations, or other Conservation Division staff, regarding the complaint, the responsible party or the complainant may file an application and notice of hearing to request resolution of the complaint by adjudicative hearing and Commission order.

[**SOURCE:** Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-7-3. Cooperation with other agencies

(a) The rules of this Subchapter shall not be construed as modifying the rights, obligations, or duties of any person under any law of this State or under any order, rule, or regulation of the Oklahoma Water Resources Board, State Department of Health, Oklahoma Wildlife Conservation Commission, State Board of Agriculture, Department of Environmental Quality, or any other agency of this State with respect to the pollution of fresh water.

(b) Whenever a written complaint against any person is filed with the Commission alleging pollution as prohibited by 165:10-7-5, the Manager of Pollution Abatement shall immediately initiate such action as may be necessary or appropriate to abate the pollution.

(c) OPERATORS TAKE NOTE: Federal statutes, such as the Bald Eagle Protection Act (16 U.S.C. Sections 668-668d), the Migratory Bird Treaty Act (16 U.S.C. Sections 703-711), the Endangered Species Act (16 U.S.C. Sections 1531-1542), and the Lacey Act Amendments of 1981 (16 U.S.C. Sections 3371-3378), dictate substantial fines and penalties for persons who allow birds of certain species to become fatally injured due to incidental contact with oil or oil by-products. These fines may be levied upon persons allowing such fatalities to occur, whether accidental or not. Misdemeanor and felony convictions may include imprisonment. Information on affected bird species, regulations under these Acts, and measures which can be taken to prevent such occurrences, such as the netting or covering of open-topped tanks and pits which contain oil or oil by-products, can be obtained from the U.S. Fish and Wildlife Service Office in Oklahoma City or the nearest Oklahoma Department of Wildlife Office.

(d) **Operators drilling in the Arbuckle-Simpson Aquifer.** The Arbuckle-Simpson Aquifer located in Pontotoc, Murray, and Johnston Counties has unique and unusual hydrogeologic conditions. Any operator intending to drill in this area should contact the Technical Services Department of the Oil and Gas Conservation Division prior to filing an intent-to-drill. The Technical Services Department may request a technical meeting prior to approval of an intent-to-drill to determine if additional protection of this aquifer is necessary.

[SOURCE: Amended at 23 Ok Reg 2229, eff 7-1-06 (RM 200600012); Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-7-4. Water quality standards

(a) **Scope.** The Commission hereby adopts the State water quality standards established and promulgated by the Oklahoma Water Resources Board (OWRB) or its successors effective October 7, 1987, and additions and revisions as lawfully

published in the Oklahoma Register effective as provided by statute. The Commission's Oil and Gas Conservation Division (Conservation Division) shall implement the water quality standards with regard to its particular jurisdictional areas as referred to in 165:10-7-2(c).

(b) **General considerations.**

(1) The primary goal of the implementation of the water quality standards in the context of a remediation project subject to Commission jurisdiction shall be the protection and/or restoration of the beneficial use of the land, the soil and any surface or subsurface waters of the State adversely impacted or impaired by pollution from a Commission regulated site or facility.

(2) A remediation project utilizing the water quality standards shall adhere to the general practices appearing in the Conservation Division's *Oklahoma Water Quality Standards Implementation Plan (WQSIP)*.

(3) Where appropriate, a remediation project utilizing the water quality standards shall follow the use support assessment protocols (OWRB-OAC 785:46-7) as specified in *Oklahoma Water Quality Standards Implementation Plan*.

[**SOURCE:** Amended in Rule Making 200100005, eff 7-1-01; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-7-5. Prohibition of pollution

(a) **General.** Pollution is prohibited. All operators, contractors, drillers, service companies, pit operators, transporters, pipeline companies, or other persons shall at all times conduct their operations in a manner that will not cause pollution.

(b) **Workable coal seams.** Sections 305, 306, 307, and 308 of Title 52, Oklahoma Statutes Annotated, governing the drilling, operations, and plugging of oil and gas wells in workable coal beds are hereby adopted as rules of the Commission as fully as if set out verbatim herein.

(c) **Reporting nonpermitted discharges (spills, etc.).**

(1) All operators, contractors, drillers, service companies, pit operators, transporters, pipeline companies, or other persons conducting operations regulated by the Commission shall:

(A) Report verbally, with respect to their operations, to the Commission District Office or Field Inspector within 24 hours of discovery:

(i) Any non-permitted discharge of deleterious substances of ten bbls. or more (single event) to the surface.

(ii) Any discharge of a deleterious substance, regardless of quantity, to the waters of the State.

(B) File a written or oral report with the District Office within ten working days specifying the following:

(i) Name of party reporting, firm name, and telephone number.

(ii) Legal location.

(iii) Lease or facility name.

(iv) Operator.

(v) Circumstances surrounding discharge and whether discharge was to water or soil.

(vi) Date of occurrence.

(vii) Volumes discharged.

(viii) Type of materials discharged.

(ix) Method of cleanup (if any) undertaken and completed.

(x) Volumes recovered.

(C) Maintain adequate records of each non-permitted discharge reflecting the information, time, and manner of reporting pursuant to this Section for a minimum of three (3) years.

Such documents shall be produced upon demand by an authorized representative of the Commission.

(D) Report hazardous substances that meet reportable quantities under Comprehensive Environmental Response Compensation and Liability Act (CERCLA) (40 C.F.R. Part 302) in the format as required under this subsection.

(2) Any operator, contractor, driller, service company, pit operator, transporter, or pipeline company who fails to comply with provisions of this rule may be fined $500.00 per incident.

[**SOURCE:** Amended at 9 Ok Reg 2295; Amended at 9 Ok Reg 2337, eff 6-25-92; Amended in Rule Making 97000002, eff 7-1-97]

165:10-7-6. Protection of municipal water supplies

The Commission, upon application of any municipality or other governmental subdivision, may enter an order establishing special field rules within a defined area to protect and preserve fresh water and fresh water supplies.

165:10-7-7. Informal complaints, citations, red tags, and shut down of operations

(a) This Section applies only to Field Operations Department of the Oil and Gas Conservation Division.

(b) For an alleged violation of an order or provision of this Chapter, a district manager or field inspector may attempt to contact the alleged violator or his agent, in person or by telephone. In addition, the district manager of field inspector may notify the alleged violator by mailing or delivering either Form 1036. The Form 1036 shall warn a person about an alleged violation, and it shall specify a time period for compliance. The Form 1036A shall be used for purposes of the monetary fines procedure in 165:10-7-9. Mailing of either form may be to the last known address of the alleged violator according to Commission records.

(c) Where surface or subsurface pollution is apparent, a district manager or field inspector may direct an alleged violator to take steps necessary to stop and/or clean up pollution. Said steps may include a temporary shut down of the lease or facility. If an alleged violator cannot be located, the district manager or field inspector may take emergency action necessary to abate pollution.

(d) If a district manager or field inspector issues a Form 1036, an inspection of the lease or facility shall be made after the compliance period shown on the form. If the inspection shows that the alleged violator failed to comply as directed, the district manager or field inspector may:

(1) Issue a Form 1036A, where applicable,

(2) Refer the matter to the Office of General Counsel for prosecution, and/or

(3) Temporarily shut down the lease or facility until further notice from the Commission.

(e) In shutting down a lease or facility, the district manager or field inspector shall affix at the site a red tag (directive to shut down). If the alleged violator removes or ignores a red tag, the Commission shall levy a monetary fine against him. The fine shall be $5,000.00.

[**Source:** Amended at 9 Ok Reg 2295, eff 6-25-92; Amended at 12 Ok Reg 2017, eff 7-1-95]

165:10-7-8. Inspection and enforcement [RESERVED]

165:10-7-9. Scheduled monetary fines

(a) **Scope.** This Section prescribes amounts and procedure for imposing monetary fines arising from the categories of rule violations shown on Schedules A and B, Appendix E and F, respectively to this Chapter.

(b) **Issuance of complaint-citations.**

(1) If the Conservation Division discovers an alleged violation in any category on Schedule A, it may issue a complaint-citation on Form 1036A. Said form shall describe the alleged rule violation, and it shall prescribe a monetary fine.

(2) If the Conservation Division discovers an alleged violation in any category on Schedule B, it may issue a complaint-citation on Form 1036A. Said form shall describe the alleged rule violation. It shall establish a time period for compliance without a monetary fine. It shall prescribe a Schedule B fine if the alleged violator fails to comply with Commission rules within the specified time period for compliance.

(c) **Notice.** Any complaint-citation (OCC Form 1036A) issued under this Section shall be mailed or delivered to the alleged violator at the last known address shown on Commission records.

(d) **Hearing option.**

(1) Any alleged violator shall have the option to pay the prescribed fine or contest it at an evidentiary hearing. Payment of the fine within the time provided on the complaint-citation shall be considered and accepted as a plea of no contest.

(2) To obtain an evidentiary hearing, the alleged violator must request it at the preliminary hearing described on the complaint-citation. Failure to timely request an evidentiary hearing may result in an order assessing the fine prescribed by the complaint-citation.

(3) Appeal from any report of the Administrative Law Judge shall be to the panel of Commissioners in accordance with the Rules of Practice, OAC 165:5.

(e) **Payment of fines.** A person may pay a fine with cash, a money order, or check; provided, that any cash payment must be made at a Commission cashier's window. All checks must be made payable to the Oklahoma Corporation Commission. A copy of the complaint-citation must accompany payment to ensure proper credit.

(f) **Additional enforcement measures.**

(1) The Conservation Division and the Secretary of the Corporation Commission may issue one or more complaint-citations to a person who fails to bring a lease and/or facility into compliance with the rules of this Chapter.

(2) Until payment in full or payment schedule has been determined, the Conservation Division may shut-down any lease and/or facility associated with an overdue fine assessed by Commission order after notice and hearing.

[**SOURCE:** Added at 9 Ok Reg 2295, eff 6-25-92]

PART 2. ANODE GROUNDBEDS

165:10-7-14. Anode groundbeds

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

(1) **"Anode"** means the electrode of an electrochemical cell at which oxidation occurs.

(2) **"Cathodic protection"** means a technique used to reduce the corrosion of a metal surface by making that surface the cathode of an electrochemical cell.

(3) **"Deep anode groundbed"** means one or more anodes installed vertically at a depth of fifty (50) feet or more below the earth's surface in a drilled hole for the purpose of providing cathodic protection.

(4) **"Shallow anode groundbed"** means one or more anodes installed either vertically or horizontally at a nominal depth of less than fifty (50) feet.

(5) **"Annular space"** means the space between the surface casing and the borewall or the space between two or more strings of casing placed in the borehole.

(6) **"Operator"** means the person who is duly authorized and in charge of the development of the operation of the pipeline or the development of a lease for the production of hydrocarbons.

(b) **Permit to drill.**

(1) The operator shall make application on Form 1000B and obtain a permit to drill a deep anode groundbed.

(2) A permit to drill shall be valid only for one or more deep anode groundbeds within a designated 10 acre tract.

(3) The Commission shall approve or deny the application within 30 days of date of receipt.

(4) Any contractor drilling a deep anode groundbed shall be licensed within the State of Oklahoma.

(5) Any operator who drills a deep anode groundbed without a permit shall be subject to a fine of one thousand dollars ($1,000.00).

(c) **Expiration.** A permit to drill shall expire six (6) months from the date of issuance, unless drilling operations are commenced.

(d) **Posting of permit to drill at the site.** During any activity subject to this Section the operator shall maintain at the site a legible copy of the permit to drill for inspection.

(e) **Notice.** The Commission's District Manager or Field Inspector shall be given at least twenty-four (24) hours notice prior to commencing drilling operations.

(f) **Notice of failure to comply with permit conditions.** The operator shall notify the district office or the field inspector within twenty-four (24) hours of any failure to comply with the construction requirements approved on the permit.

(g) **Deep anode groundbed abandonment.**

(1) In the event the hole is lost during drilling, the hole will be plugged as soon as possible.

(2) Upon abandonment of a deep anode groundbed, the hole shall be plugged within thirty (30) days of abandonment.

(h) **Construction standards.**

(1) **Shallow anode groundbeds.**

(A) Shallow anode groundbeds shall be constructed in order to prevent runoff water from entering the anode system or the commingling of water from separate groundwater bearing formations.

(B) Vertical shallow groundbeds shall be sealed by backfilling the hole with native cuttings or an approved sealing material.

(2) **Deep anode groundbeds.**

(A) Deep anode groundbeds shall be constructed in order to prevent runoff water from entering the anode system or the commingling of groundwater formations with different water quality.

(B) Surface casing shall be set a minimum of twenty (20) feet below ground level, or at a depth previously approved by the Oil and Gas Division's Technical Department.

(C) If surface casing is not placed in the hole, the hole shall be filled with bentonite or cement from the top of the Coke Breeze Column to three (3) feet below surface. Native cuttings or soil shall be used to fill the remaining portion of the hole.

(D) The annular space between the casing and drilled hole shall be a minimum of two (2) inches to allow for a proper seal.

(E) The sealing material for the annular space for surface casing shall be bentonite, cement or a material previously approved by the Oil and Gas Division's Technical Department.

(F) Centralizers shall be used at a minimum of one (1) for every twenty-five (25) feet of surface casing run in the hole unless previously approved by the Oil and Gas Division's Technical Department on form 1000B.

(G)The groundbed shall be capped to prevent the entry of foreign material. Allowances for a vent pipe will be approved.

(i) **Groundbed materials.** Groundbed materials that do not contaminate groundwater shall be required at all times.

(j) **Plugging requirements.**

(1) All wires and vent pipe must be cut off at the top of the ten (10) foot surface plug, and the vent pipe must be securely capped and plugged.

(2) Cased holes shall be filled to at least ten (10) feet from the surface with native cuttings, anode materials, cement or with a material approved by the Pollution Abatement Department.

(3) Cement or bentonite shall be placed in the hole at a minimum of ten (10) feet below the surface to within three (3) feet of the surface. The remainder of the hole shall be filled with native cuttings, soil or a material approved by the Pollution Abatement Department.

(4) If the standard method is inadequate to stop artesian flow, alternate remedies must be employed to do so.

(5) All holes shall be properly completed or plugged to protect groundwater.

[**SOURCE:** Added in Rule Making 97000002, eff 7-1-97]

PART 3. STORAGE AND DISPOSAL OF FLUIDS

165:10-7-15. Drilling or seismic activity near superfund sites or hazardous waste facilities

Any drilling or seismic activity related to oil or gas exploration or production shall be prohibited within 500 feet of the boundary of any superfund site pursuant to the Comprehensive Environmental Response Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et. seq., or active hazardous waste treatment, storage, or disposal facility. A current listing of all superfund sites and active hazardous waste facilities is available from the Manager of Pollution Abatement. Seismic work, monitoring wells, or recovery wells necessary for identification, monitoring, or remediation of the superfund site or hazardous waste facility shall be exempt from this Section. Any request for exception to this Section shall comport with the requirements generally for filing of applications under the Commission's Rules of Practice (see 165:5-7-1); in addition, notice shall be given to the Oklahoma State Department of Health, 1000 Northeast Tenth Street, Oklahoma City, Oklahoma 73152.

165:10-7-16. Use of noncommercial pits

(a) **Scope.** This Section shall cover the permitting, construction, operation, and closure requirements for any noncommercial pit. A noncommercial pit is an earthen pit which is located either on-site or off-site and is used for the handling, storage, or disposal of drilling fluids and/or other deleterious substances produced, obtained, or used in connection with the drilling and/or operation of a well or wells, and is operated by the generator of the waste. This does not cover disposal well pits. (See 165:10-7-20 and 165:10-9-3.)

(b) **Liner requirements.**

(1) **Reserve/circulation and/or completion/fracture/workover pits.**

(A) To assist in determining the construction requirements for a particular proposed reserve/circulation pit, either on-site or an off-site, the operator of the pit shall indicate on Form 1000 the type of mud system(s) to be used, the maximum and average anticipated chloride concentration of the mud (based on drilling records in the area), whether or not pit fluids will be segregated, and shall furnish other information required by this Section or requested by the Commission's Technical Services Department.

(B) The Commission's Technical Services Department shall evaluate the site based upon Oklahoma Geological Survey maps and other pertinent information and shall assign one of the following categories to any

proposed reserve/circulation pit, designating same on Form 1000 and indicating whether or not a liner is required:

(i) **Category 1A - Geomembrane liner.**

(I) **Water based drilling fluid containment and/or water-based completion/fracture/workover fluid containment located over a alluvial deposit or in a near surface static water level environment.** Any pit used to contain water-based drilling fluids, cuttings and/or completion/ fracture/ workover fluids located in alluvial deposit area or an area where the static water table is within 10 feet of the surface shall utilize a geomembrane liner for all drilling fluids and cuttings and/or completion/ fracture/ workover fluids.

(II) **Water-based drilling fluid containment and/or water-based completion/fracture/workover fluid containment located within a wellhead protection area.** Any pit used to contain water-based drilling fluids, cuttings and/or completion/fracture/workover fluids located within a wellhead protection area (WPA) as identified by the Wellhead Protection Program (42 U.S.C. Section 300h-7, Safe Drinking Water Act), or within one mile of an active municipal water well for which the WPA has not been delineated, shall be required to have a geomembrane liner.

(ii) **Category 1B - Soil liner or geomembrane liner.**

(I) **Water-based drilling fluid containment and/or water-based completion/fracture/workover fluid containment located over a terrace deposit.** Any pit used to contain water-based drilling fluids, cuttings and/or completion/ fracture/ workover fluids located over a terrace deposit shall be required to have either a soil liner or a geomembrane liner.

(II) **Water-based drilling fluid containment and/or water-based completion/fracture/workover fluid containment located over a bedrock aquifer or Hydrologically Sensitive Area (HSA).** Any pit used to contain water-based drilling fluids, cuttings and/or completion/ fracture/workover fluids located over any bedrock aquifer or HSA and is used to contain water-based drilling fluids and/or cuttings and/or completion/fracture/workover fluids with chlorides in excess 5,000 mg/l shall be required to have a soil liner or a geomembrane liner. A separate unlined pit may be used to contain fluids and/or cuttings with a chloride content of less than of 5,000 mg/l.

(iii) **Category 2 - Water-based/other situations.** Any pit which is used to contain water-based drilling fluids, cuttings and/or completion/fracture/ workover fluids with a set of conditions different from Categories 1A and 1B shall not be required to be lined.

(iv) **Category 3 - Oil-based.** Any pit used to contain oil-based drilling fluids, cuttings and/or completion/fracture/workover fluids shall be required to have a geomembrane liner.

(v) **Category 4 - Air-based.** Any pit used to contain the cuttings from an air-based system shall not be required to be lined. The discharge of produced water into a category 4 pit is prohibited.

(2) **Other type pits.**

(A) Any basic sediment pit shall be required to have a geomembrane liner.

(B) Any emergency pit shall not be required to be lined.

(C) Any flare pit shall not be required to be lined.

(D) Any recycling/reuse pit, spill containment pit, slit trench, or remediation pit shall conform to the same criteria for determining liner requirements for reserve/circulation and/or completion/fracture/workover pits, pursuant to (b)(1) of this Section.

(3) **Converted pits.** Any pit that is to be converted from one use to another, e.g., reserve pit to completion or fracture pit, shall have the more stringent liner requirements, pursuant to (c)(6) and (c)(7) of this Section.

(4) **Offsite pits.** Any offsite pit shall conform to the liner requirements in this Section and will require a permit. The operator of the proposed pit shall submit Form 1014 in duplicate to the appropriate District Office for review and approval. No offsite reserve pit may be permitted or constructed at a spacing closer than one pit per governmental quarter quarter section and a distance less than 600 feet from any other pit. Any offsite reserve pit may be reclassified or considered as a commercial pit, pursuant to 165:10-9-1, if it is constructed or used at a spacing closer than one reserve pit per governmental quarter quarter section. Closure of any offsite reserve pit shall not warrant the permitting of another offsite reserve pit within the same governmental quarter quarter section. For use of a pit without a permit, the pit operator may be fined up to $1,000.00.

(5) **Variances.** Any variance from the liner requirements of this Section may be granted by the Manager of the Technical Services Department after receipt of a written request and supporting documentation required by the Department.

(c) **Construction requirements.**

(1) **Field or area rules.** Any noncommercial pit which is to be constructed or used in an area covered by a field or area rule shall be subject to the more stringent requirements of either this Section or the field or area rule.

(2) **Stockpiling of topsoil.** Prior to constructing any noncommercial pit, except an emergency pit, all top soil within the top twelve inches shall be stripped and stockpiled for use as the final cover of fill at the time of closure. The top soil may be stockpiled in the berms, provided it is not mixed with other materials and can be readily distinguishable from other materials at the time of closure.

(3) **Exclusion of runoff water.** Any noncommercial pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter it.

(4) **Flood protection.** Any noncommercial pit which is constructed in any area subject to frequent flooding according to the Soil Conservation Service County Soil Survey shall have berms substantial enough to prevent overtopping or washing out.

(5) **Constructing on fill.** Any noncommercial pit which requires a liner and is constructed on fill shall be constructed so that the maximum level of the solid contents will be maintained at least three feet below the natural ground level.

(6) **Soil liners.**

(A) Soil materials used or to be used in a soil liner shall undergo permeability testing either before or after construction, unless exempt pursuant to (B) of this paragraph.

(i) Pre-construction permeability testing shall consist of laboratory permeability tests on at least two specimens of representative soil liner materials compacted in the laboratory to approximately 90 percent of the material's Standard Proctor Density (ASTM D-698).

(ii) Post-construction permeability testing shall consist of at least two laboratory permeability tests on undisturbed samples of the completed soil liner or one field permeability test on the completed soil liner. Particular emphasis shall be placed on selecting the location(s) for permeability tests or test samples where nonuniformity in soil texture or color can be observed.

(iii) Laboratory permeability test procedures must conform to one of the methods described for fine-grained soils in the Corps of

Engineers Manual EM-1110-2-1906 Appendix VII. In no case shall the pressure differential across the specimen exceed five feet of water per inch of specimen length. Field permeability tests shall be conducted only by the double ring infiltrometer method as described in ASTM D-3385. Permeability tests may be discontinued prior to flow stabilization upon satisfactory evidence that the permeability rate is less than 1.0 X 10^{-6} cm/sec.

(iv) If permeability testing shows that addition of bentonite or other approved material is needed to assist the native soils in meeting the permeability standard, it shall be applied at a minimum rate specified by the testing or engineering firm. Any bentonite used for liner material shall not have been previously used in drilling muds.

(B) Permeability testing requirements for soil materials may be exempt if laboratory testing of a minimum of two representative samples of the soil materials found throughout the entire depth of the proposed excavation indicates that the plasticity index is greater than 16 (ASTM D-4318) and that the amount passing the No. 200 U.S. standards sieve is greater than 60 percent (ASTM D-1140).

(C) Any soil liner shall be constructed by disturbing the soil to the depth of the bottom of the liner, applying fresh water as necessary to the soil materials to achieve a moisture content wet of optimum, then recompacting it with heavy construction equipment, such as a footed roller, until the required density is achieved, pursuant to (H) of this paragraph.

(D) Any soil liner shall cover the bottom and interior sides of the pit entirely.

(E) Any soil liner shall be installed on a slope no steeper than 3:1 (horizontal to vertical).

(F) Any soil liner shall have a minimum thickness of six inches (after compaction), and shall have a maximum coefficient of permeability of 1.0 x 10^{-6} cm/sec, unless it conforms to (G) of this paragraph.

(G) A soil liner may have a coefficient of permeability greater than 1.0 x 10^{-6} cm/sec if it is greater in thickness and constructed in accordance with the following:

(i) A minimum twelve inch compacted soil liner shall have a maximum coefficient of permeability of 2.0 x 10^{-6} cm/sec.

(ii) A minimum 18 inch compacted soil liner shall have a maximum coefficient of permeability of 3.0 x 10^{-6} cm/sec.

(iii) A compacted soil liner may not be constructed thicker than 18 inches for the purpose of meeting a coefficient of permeability greater than 3.0 x 10^{-6} cm/sec.

(iv) Any soil liner with a minimum twelve inch or 18 inch thickness shall be constructed in maximum lifts of six inches (after compaction). Each lift shall be scarified before placement of the next lift and shall conform to (H) of this paragraph.

(H) Any soil liner shall be field tested for compaction, unless a post-construction permeability test is performed, pursuant to (A)(ii) of this paragraph.

(i) A minimum of six compaction tests shall be performed on any soil liner; a minimum of four widely spaced tests in the bottom of the pit and two tests on different slopes of the pit are required, unless otherwise directed by a Field Operations representative. Particular emphasis shall be placed on selecting locations for compaction tests where nonuniformity in soil texture or color can be observed.

(ii) Compaction tests shall be conducted in accordance with ASTM methods D-2922 or D-1556.

(iii) The soil materials of any liner shall be compacted to at least 90 percent of the Standard Proctor Density (ASTM D-698).

(7) **Geomembrane liners.**

(A) Any geomembrane liner that is installed in a reserve/circulation pit, spill prevention pit, or remediation pit, completion/fracture/ workover pit, basic sediment pit, or recycling/reuse pit shall have a minimum thickness of 20-mil.

(B) Any geomembrane liner used in a noncommercial pit shall be chemically compatible with the type of substances to be contained and shall have ultraviolet light protection.

(C) Any geomembrane liner shall be placed over a specially prepared, smooth, compacted surface void of sharp changes in elevation, rocks, clods, organic debris, or other objects.

(D) Any geomembrane liner shall be continuous, although it may include seams, and shall cover the bottom and interior sides of the pit entirely. The edges shall be securely placed in a minimum twelve inch deep anchor trench around the perimeter of the pit or anchored in an equivalent manner approved by the District Office.

(8) **Certification of liner.** The operator of any noncommercial pit that is constructed with a soil or geomembrane liner shall secure an affidavit signed by the installer, certifying that the liner meets minimum requirements and was installed in accordance with Commission rules. It shall be the operator's responsibility to maintain the affidavit and all supporting documentation pertaining to the liner (e.g., permeability and compaction test results, bentonite receipts, and geomembrane liner specifications from the manufacturer), and shall make them available at all times for review by any representative of the Conservation Division.

(d) **Operation and maintenance requirements.**

(1) **Freeboard.** The fluid level of any noncommercial pit shall be maintained at all times at least 24 inches below the lowest elevation on the top of the berm.

(2) **Reserve/circulation pits.** The operator of any reserve/ circulation pit shall limit its contents to the fluids and cuttings from a single well unless authorized by the District Manager.

(3) **Off-site reserve pits.** A waterproof sign shall be posted within 25 feet of any off-site reserve pit and shall bear the name of the operator, legal description to the quarter quarter quarter section, permit number, and emergency telephone number.

(4) **Recycling/reuse pits.**

(A) Any pit permitted for drilling mud recycling or reuse may contain the fluids and cuttings from multiple wells, provided that those wells are operated by the pit operator.

(B) A waterproof sign shall be posted within 25 feet of any recycling/reuse pit and shall bear the name of the operator, legal description to the quarter quarter quarter section, permit number, and emergency telephone number.

(5) **Prevention of pollution.**

(A) All noncommercial pits shall be constructed, used, operated, and maintained at all times so as to prevent pollution. In the event of a nonpermitted discharge from a noncommercial pit, sufficient measures shall be taken by the operator to stop or control the loss of contents, and reporting procedures pursuant to 165:10-7-5(c) shall be followed. Any materials lost from a pit shall be cleaned up as directed by any Field Operations representative. For a willful non-permitted discharge from a noncommercial pit, the operator may be fined up to $2,000.00.

(B) The protection of migratory birds shall be the responsibility of the operator. Therefore, the Conservation Division recommends that to prevent the loss of birds, oil be removed or the surface area covered by the oil be protected from access to birds. [See Advisory Notice 165:10-7-3(c)].

(e) **Closure requirements.**

(1) **Designation of disposal method.** The operator of any reserve/circulation pit shall indicate the proposed method of disposal of drilling fluids and/or cuttings on Form 1000 as required by 165:10-3-1(f). Options shall be limited to the following, unless written approval is granted by a Field Operations representative:

(A) Evaporation/dewatering and backfilling.
(B) Chemical solidification of pit contents.
(C) Annular injection (requires permit).
(D) Land application (requires permit).
(E) Disposal in permitted commercial pit.
(F) Disposal at permitted commercial soil farming facility.
(G) Disposal at permitted recycling/reuse facility.

(2) **Trenching.**

(A) Before trenching, stirring or otherwise disturbing the bottom of any noncommercial pit, the pit shall be completely dewatered.
(B) Trenching, stirring, or other similar practice shall be prohibited for any lined pit.

(3) **Lined pits.**

(A) When closing any noncommercial pit with a soil or geomembrane liner, extreme care shall be taken to preserve the integrity of the liner.
(B) For any lined reserve/circulation pit, completion/fracture/workover pit, recycling/reuse pit, or basic sediment pit, all free liquids shall be removed or chemically solidified with nonhazardous material.
(C) For any lined oil-based reserve/circulation pit, all cuttings remaining in the pit shall be chemically solidified with nonhazardous material.
(D) Soil cover, pursuant to (5) of this subsection, shall follow.

(4) **Soil cover.** Closure procedures for any noncommercial pit shall include a minimum of three feet of soil cover over any remaining pit contents, with all stockpiled topsoil being applied last. The materials shall be mounded or sloped to encourage runoff. A variance from this provision may be granted by a Field Operations District Office for justifiable cause. A written request and supporting documentation is required. The Field Operations office shall respond in writing within five working days either approving or disapproving the request.

(5) **Erosion control.** Any noncommercial pit shall be closed in such a manner that any future erosion will not cause the discharge of the pit contents. This may require vegetative cover and/or a diversion terrace(s).

(6) **Notification to District Office.** The operator of any noncommercial pit shall notify the appropriate Field Inspector or District Office at least 48 hours prior to commencing closure, and for reserve/circulation pits shall advise if the disposal method is different from that indicated on Form 1000. The operator shall also notify the Field Inspector or District Office within 48 hours after reclamation of the site has been completed.

(7) **Time limits.** Any noncommercial pit shall be closed within the time limits set forth in this paragraph. Any extension of time for pit closure must be requested by the operator, who shall file an application pursuant to OAC 165:5-7-33. A legal change of operator of any noncommercial pit shall not extend the time limit for closure. If a noncommercial pit is converted from one type of use to another, the last use shall determine the time limit for closure.

(A) Any Category 1A, 1B or 2 reserve/circulation pit, either on-site or off-site, shall be closed within twelve months after drilling operations cease.
(B) Any Category 3 reserve/circulation pit, either on-site or off-site, shall be closed within six months after drilling operations cease.

(C) Any Category 4 pit shall have closure procedures commenced within 30 days and completed within 90 days after drilling operations cease.

(D) **Completion/fracture/workover pits.**

(i) Any reserve/circulation pit converted to a completion/fracture/workover 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 Conservation Division, after review by a field inspector to confirm the pit is in compliance with 165:10-7-16 (c) and (d) requirements.

(ii) Any completion/fracture/workover pit not converted from a reserve/circulation pit shall be closed within 60 days after completion, fracture, or workover operations cease.

(E) Any emergency pit shall be emptied of its contents as soon as possible and closed within 60 days after the emergency situation ceases to exist.

(F) Any flare pit shall be closed within 30 days of abandonment of a lease.

(G) Any spill containment pit shall be closed within 30 days of abandonment of a lease.

(H) Any basic sediment pit shall be closed within 60 days after use of the pit ceases.

(I) Any recycling/reuse pit shall be closed within twelve months after operations cease.

(J) Any remediation pit shall be closed immediately after receipt of all contaminated materials.

(8) For failure to comply with any closure requirement, the operator may be fined up to $1,000.00.

(9) **Waiver of closure requirements.** Exemption from closure and transfer of responsibility for any noncommercial pit to the surface owner or other party shall be requested by filing an application pursuant to OAC 165:5-7-34. No approval shall be granted unless the analyses of the fluids show that the following ranges or concentrations are not exceeded:

(A) pH - 6.0-9.5 s.u.

(B) Chlorides - 3500 mg/l

(C) Total Dissolved Solids (TDS) or Total Soluble Salts (TSS)- 7000 mg/l

(D) Chromium (Total) - 10 mg/l

(E) Arsenic - 20 mg/l

[**Source:** Amended at 9 Ok Reg 2295, eff 6-25-92; Amended at 12 Ok Reg 2017, eff 7-1-95; Amended at 16 Ok Reg 2230, eff 7-1-99 (RM 980000035); Amended at 23 Ok Reg 2229, eff 7-1-06 (RM 200600012); Amended at 24 Ok Reg 1796 (RM 200700004), eff 7-1-2007; Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-7-17. Surface discharge of fluids

(a) **Scope.** This Section shall cover the surface discharge of hydrostatic test water, storm water from diked areas, and produced water from tanks or other containment vessels.

(b) **Discharge of hydrostatic test water.**

(1) Hydrostatic test water used in the testing of new pipeline segments, new casing, new tubing, new tanks and new vessels, may be discharged as necessary without a permit, notification to the Commission, or adherence to any other provisions of this Section, provided the following conditions are met:

(A) **Low chlorides.** Chloride concentration does not exceed 1000 mg/l.

(B) **Sheen.** There shall be no visible sheen or discoloration as a result of testing; however, certain dyes used to establish mechanical integrity may be approved.

(C) **Notice to District Office.** Any discharges exceeding 1,000 barrels shall require notification to the appropriate District Office.

(2) Hydrostatic test water used in the testing of existing tanks, vessel lines and transmission pipelines may be discharged upon notification to the Oklahoma Corporation Commission appropriate District Office on Form 1014HD provided that the following conditions are met:

(A) **Oil and grease.** The oil and grease content of the discharge water shall not exceed 15 mg/l.

(B) **Sheen.** There shall be no visible sheen or discoloration as a result of testing; however, certain dyes used to establish mechanical integrity may be approved.

(C) **Total Suspended Solids.** The Total Suspended Solids shall not exceed 45 mg/l.

(D) **pH.** The pH shall not be less than 6.5 nor exceed 9 s.u.

(E) **Foreign material.** The discharge must be free from foreign material such as welding scrap tank sediments or sand blasting waste material.

(F) **Soil erosion.** Standard soil erosion prevention procedures shall be required.

(3) Hydrostatic test water that meets the requirements listed in (b) (2) of this Section may be discharged in volumes less than 15 bbls without filing Form 1014HD.

(4) Hydrostatic test water that will be discharged to land and not directly into waters of the state and which may exceed the discharge parameters specified in (b) (2), shall be discharged only upon submission and approval by the Pollution Abatement Department of a plan for one-time discharge.

(5) Hydrostatic test water not covered under (b)(1) from transmission lines and tanks that contain waste products that are listed as hazardous waste under the Resource Conservation and Recovery Act and have not been cleaned or pigged must meet the following discharge requirements in addition to (b)(2) of this Section:

(A) The following parameters may not be exceeded: Benzene, .028 MG/L; toluene, .3 MG/L; phenol, .250 MG/L.

(B) EPA analytical method 8020 shall be used unless approved by the Manager of Pollution Abatement.

(c) **Discharge of storm water.** Storm water accumulations in any diked area built for the containment of tank battery spills may be discharged as necessary without a permit, notification to the Commission, or adherence to any other provisions of this Section, provided the following conditions are met:

(1) **No hydrocarbons.** A visual inspection of the storm water is made and there is no sheen or other visible evidence of hydrocarbons being present.

(2) **Low chlorides.** Chloride concentration does not exceed 1000 mg/l.

(3) **Conditions recorded.** The operator records the conditions required by (1) and (2) in this subsection for each discharge, maintains those records for a period of three (3) years, and makes them available upon request to any representative of the Field Operations Department.

(d) **Discharge of produced water.**

(1) **Site restrictions.** Discharge of produced water shall only occur on land having an Exchangeable Sodium Percentage (ESP) no greater than 15, pursuant to (f)(3) of this Section, and all of the following characteristics as determined by the appropriate Soil Conservation District or by a qualified soils expert:

(A) A maximum slope of five percent.

(B) Depth to bedrock at least 20 inches.

(C) Slight salinity (defined as electrical conductivity less than 4,000 micromhos/cm) in the topsoil or upper six inches of the soil.

(D) A water table deeper than six feet from the soil surface, except a perched water table.

(E) A minimum distance of 100 feet from any stream designated by Oklahoma Water Quality Standards (available for viewing at the Commission's Oklahoma City Office and District Offices) or any fresh water pond, lake,

or wetland (designated by the National Wetlands Inventory Map Series, prepared by the U.S. Fish and Wildlife Service and available for viewing at the Commission's Oklahoma City Office).

(2) **Water quality limitations.** A surface discharge permit shall not be issued if the produced water to be discharged exceeds either of the following concentrations:

(A) Total Dissolved Solids (TDS) or Total Soluble Salts (TSS) - 5000 mg/l.

(B) Oil and Grease - 1000 mg/l.

(e) **Sampling requirements.**

(1) **Contact with District Office.** The appropriate District Office shall be contacted at least two working days prior to sampling to allow a Commission representative an opportunity to witness the sampling of the receiving soil and produced water to be discharged. A variance from this provision may be granted by a Field Operations office for justifiable cause. A written request and supporting documentation shall be required. The Field Operations office shall respond in writing within five working days after receipt, either approving or disapproving the request.

(2) **Produced water.** Produced water to be discharged shall be sampled using the following procedure, unless exempt pursuant to (f)(4) of this Section.

(A) Prior to sampling, fresh water shall not be added to any tank or other containment vessel for dilution or any other purpose.

(B) A sample of the produced water to be discharged shall be taken from the bottom of the tank or other containment vessel. A minimum two quart sample shall be 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.

(C) Another sample of the produced water to be discharged (approximately one pint) shall be properly labeled and delivered or otherwise provided to a Field Operations office or Field Inspector, unless exempt by the District Manager.

(3) **Receiving soil.** Soil samples shall be taken from the proposed discharge area and analyzed, unless exempt pursuant to (f)(4) of this Section. A minimum of 20 representative surface core samples (0-6 inches) must be taken from each sample area, combined and thoroughly mixed, then a minimum one pint composite sample taken and placed in a clean container for delivery to the lab. No sample area shall exceed 40 acres.

(f) **Analysis requirements.**

(1) **Certified laboratory.** The samples of soil and produced water shall be analyzed by a laboratory operated by the State of Oklahoma or certified by the Department of Environmental Quality or in the North American Proficiency Testing System, unless exempt pursuant to (4) of this subsection.

(2) **Parameters for produced water.** Parameters for analysis of the produced water shall include, but not be limited to, Total Dissolved Solids (TDS) or Total Soluble Salts (TSS) and Oil and Grease.

(3) **Parameters for soil.** Parameters for analysis of the receiving soil shall include, but not be limited to, Electrical Conductivity or Total Soluble Salts (TSS) and Exchangeable Sodium Percentage (ESP).

(4) **Exemptions.** A Field Operations office may exempt the analysis of produced water if an analysis of the produced water from a well located within one mile and producing from the same formation has been previously submitted. Analysis of the receiving soil may be exempt if an analysis of the same soil type(s) within one mile of the proposed discharge site has been previously submitted.

(g) **Application for permit.**

(1) **Permit required.** No person shall discharge produced water from a tank or other containment vessel without applying for and obtaining a permit issued under this subsection. An operator discharging produced water without a permit shall be fined $1,000.00.

(2) **Who may apply.** Only the operator of the well associated with the tank or other containment vessel, the contents of which are sought to be discharged, may apply for a surface discharge permit.

(3) **Required form and attachments.** Each application for surface discharge of produced water shall be submitted to a Field Operations office on Form 1014D in quadruplicate. The forms shall be properly completed and signed. Attached to at least one of the forms shall be the following:

(A) A copy of written notice to the surface owner that the applicant intends to discharge produced water as per 165:10-7-17 to a specific portion of real property as designated by legal description.

(B) If the operator has an agent, a contractual agreement between the parties or an affidavit designating the contractor or agent.

(C) A well prepared map or diagram, drawn to scale, showing the proposed and potential discharge areas.

(D) Site suitability report, pursuant to (d)(1) of this Section, provided by a qualified soils expert (include qualifications).

(E) Analysis of produced water, unless exempt pursuant to (f)(4) of this Section.

(F) Soil analysis, unless exempt pursuant to (f)(4) of this Section.

(G) Other information as required by this Section or requested by a Field Operations office.

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

(h) **Maximum application rate.**

(1) **Soil loading standards.** The maximum application rate shall be calculated by the Field Operations office using the following soil loading standards. (Soil loading standards are based upon standards set forth in "Diagnosis and Improvement of Saline and Alkaline Soils," U.S. Agriculture Handbook 60. Pub. U.S. Salinity Laboratory, Riverdale, California, 1954. "Critical Concentrations for Irrigation Water Supplies," Water Quality Criteria, 1972 Ecological Research Series, EPA R2-73033, March, 1973).

(A) Total Soluble Salts - 6,000 lbs/acre (less TSS in soil).

(B) Oil and Grease - 500 lbs/acre.

(2) **Determination of most limiting parameter.** The maximum application rate shall be restricted by the most limiting parameter. It may require more than one application to achieve the maximum application rate while avoiding runoff. The Field Operations office shall indicate on the permit what the maximum application rate shall be after making the following calculations:

PROCEDURE FOR CALCULATING APPLICATION RATE OF TOTAL SOLUBLE SALTS (TSS)

_____ppm TSS in soil[1] X 2 = _____lbs/ac TSS in soil

6000 lbs/ac TSS - _____ lbs/ac TSS in soil = Maximum TSS (lbs/ac) to be applied

Maximum TSS (lbs/ac) _____ ÷ (_____ ppm TSS in water[1] X .000001) = Maximum lbs/ac of water to be applied _____

Maximum lbs/ac _____ ÷ _____lbs/bbl[2] = Maximum bbls/ac _____

PROCEDURE FOR CALCULATING APPLICATION RATE OF OIL AND GREASE

500 lbs/ac ÷ (_____ppm in water X .000001) = Maximum lbs/ac of water to be applied _____

Maximum lbs/ac _____ ÷ _____ lbs/bbl[2] = Maximum bbls/ac _____

[1]Electrical Conductivity (EC expressed in micromhos/cm) may be used to estimate TSS: EC x 0.64 = ppm TSS.
[2]Based on documented weight of composite sample.

(i) **Conditions of permit.** Any discharge of produced water that is done under this Section shall be subject to the following conditions or stipulations of the permit.

(1) **Presence of representative.** A representative of the operator shall be on the discharge site at all times that water is being applied. A variance from this provision may be granted by a Field Operations office for justifiable cause. A written request and supporting documentation shall be required. The Field Operations office shall respond in writing within five working days after receipt, either approving or disapproving the request.

(2) **Weather restrictions.** Surface discharge shall not be done:

(A) During precipitation events or when precipitation is imminent.

(B) When the soil moisture content is at a level such that the soil would not readily take the addition of water.

(C) When the ground is frozen.

(D) By spray irrigation when the wind velocity is such that even distribution of water cannot be accomplished or the buffer zones, pursuant to (3) of this subsection, cannot be maintained.

(3) **Buffer zones.** Surface discharge shall not be done within the following buffer zones:

(A) Fifty feet of a property line boundary.

(B) Fifty feet of any stream not designated by Oklahoma Water Quality Standards.

(C) Three hundred feet of any actively-producing water well used for domestic or irrigation purposes.

(D) Eight hundred feet of any actively-producing water well used for municipal purposes.

(4) **Application rate.** The maximum application rate of produced water stipulated by the permit shall not be exceeded. Application of produced water outside the approved plot shall be prohibited. Accurate records shall be kept as to the quantities discharged and the dates of each discharge.

(5) **Discharge method.** Discharge of produced water shall be uniform over the approved discharge plot and shall be made by spray irrigation or other 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.

(6) **Runoff or ponding prohibited.** No runoff or ponding of discharged water shall be allowed during application.

(7) **Annual report.** An annual report shall be submitted by April 1 of each year and shall be made on Form 1014P. Attached to the annual report shall be current (within three months) analyses of the produced water and soil from the discharge plot, pursuant to (8) of this subsection.

(8) **Additional testing.** The produced water shall be analyzed annually and the receiving soils shall be sampled and analyzed a minimum of every five (5) years, pursuant to (e)(1) through (e)(3) and (f)(1) through (f)(3) of this Section. When 75 percent of the maximum permitted application volume of TSS or Oil and Grease [(h) of this Section] has been applied or when the ESP exceeds 11, water and soil sampling shall be done quarterly or semiannually as determined by the Field Operations office.

(9) **Expiration of permit.** The permit shall expire by its own terms when testing, pursuant to (8) of this subsection, indicates that the concentration of TSS or Oil and Grease in the water exceeds the limitations of (d)(2) of

this Section, or more than 98 percent of the maximum application rate of TSS or Oil and Grease [(h) of this Section] has been applied or the ESP exceeds 15.

(10) **Violations.** If the applicant violates the conditions of the permit or this Section, the surface discharge shall be discontinued and the Field Operations office shall be contacted immediately. The Field Operations office may revoke the permit and/or require the operator to do remedial work. If the permit is not revoked, surface discharge may resume with Field Operations' approval. If the permit is revoked, the operator may make application for a hearing to reinstate it.

(j) **Discharge from reserve pits.** Water accumulation in any reserve pit used for the containment of air drilling cuttings or water-based drilling fluids may be discharged to land provided a permit is obtained from the Commission. Any operator discharging without a permit may be fined $5,000.00.

(1) **Who may apply.** Only the operator of the well or the operator's designated agent may apply for the permit.

(2) **Required form and attachments.** Application for discharge of water to land shall be submitted to the Field Operations Office on Form 1014X. Attached to the application shall be the following:

(A) **Written permission of the surface owner.** For purposes of obtaining this permission, the applicant shall use Form 1014L.

(B) A topographic map(s) with the location of the discharge area.

(C) Analysis of the water.

(D) Copies of all chain of custody forms.

(E) If there is an agent, a notarized affidavit designating the agent, signed by the operator.

(3) **Conditions of permit.**

(A) **Notice to field inspector.** The applicant shall notify the appropriate district office at least 24 hours prior to discharge to allow a Commission representative an opportunity to be present.

(B) **Presence of representative.** A representative of the operator shall be on the discharge site at all times during discharge.

(C) **Condition of water.**

(i) Chloride content must not exceed 1,000 mg/l and TDS must not exceed 1,500 mg/l.

(ii) **Sheen.** There must be no visible sheen or discoloration as a result of drilling operations.

(iii) **pH.** The pH shall not be less than 6.5 nor exceed 9 standard units.

(D) **Foreign material.** The discharge shall be free of foreign material such as debris, sediments, and drilling mud solids.

(E) **Maximum slope.** A maximum slope of 5% if vehicles with a diffusion system are to be used; a maximum slope of 8% if a spray irrigation system is used.

(F) All discharge must be a minimum of 100 feet from any perennial stream, pond, lake or wetland and 50 feet from any intermittent stream. All land applications shall be a minimum of 50 feet from any property line.

(G) **Land application method.** The land application equipment must be approved by the Commission prior to use. The application method must not allow soil erosion to occur. If the irrigation method is to be used, the area must be terraced or appropriate erosion control methods shall be used. The integrity of the pit wall shall be maintained at all times to avoid the discharge of drilling mud solids.

(H) **Runoff prohibited.** No runoff shall be allowed. Ponding may be allowed as long as practices are in place that will not allow the water to run into creeks or drainage ways.

[SOURCE: Amended at 9 Ok Reg 2295, eff 6-25-92; amended at 13 Ok Reg 2381, eff 7-1-96; Amended at 14 Ok Reg 2198, eff 7-1-97 (RM 97000002); Amended at 23 Ok

Reg 2229, eff 7-1-06 (RM 200600012); Amended at 24 Ok Reg 1784, eff 7-1-07 (RM 200700004); Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-7-18. Discharge to surface waters

Discharge of deleterious substances to streams or other surface waters is prohibited except by order of the Commission; unless permitted by a valid National Pollutant Discharge Elimination System (NPDES) Permit issued by U.S. EPA.

165:10-7-19. One-time land application of water-based fluids from earthen pits and tanks

(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 shall be fined $2,000.

(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 to land that has not been previously permitted and used for this practice or similar practices for at least 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 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 the cuttings must be placed in a steel pit or the areas used for this practice must be lined and bermed if required by the District Office. A stockpile of cuttings at the receiving site must be located on the permitted area. 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 Inspector shall be contacted at least two working 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 a Field Operations 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 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 a Field Operations office on Form 1014S. A legible original 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.

(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.occeweb.com.

(K) Other information as required by this Section or requested by a Field Operations office.

(3) **Review period.** The Field Operations office shall review the application, either approve or disapprove it, and return a copy of Form 1014S within five working 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 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 Field Operations office 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.

(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 water well or water supply lake used for municipal purposes.

(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) An application vehicle shall be either a single or double axle vehicle with a permanently attached tank that shall not exceed 80 barrels. It shall have a diffuser mechanism to spread the mud in a fan pattern. The mud will be forced from the tank with air pressure or a mechanical pump.

(D) Drill cuttings shall be spread with an industrial mechanical spreader.

(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. To renew the permit, the applicant shall resample the fluids and/or cuttings to be land applied, submit a new analysis, and receive a notification of renewal from a Field Operations office.

(B) **Tanks.** Land application shall be completed within 90 days after drilling ceases. At the end of twelve (12) months the permit shall expire by its own terms.

(12) **Post-application report.** A post-application report shall be submitted by the operator or the operator’s agent to the Manager of Field Operations within 90 days of the completion of land application. 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. The report shall contain a statement certifying that the land application was done in accordance with the approved permit.

(13) **Violations.** If the applicant violates the conditions of the permit or this Section, the land application shall be discontinued and the Field Operations office shall be contacted immediately. The Field Operations office may revoke the permit and/or require the operator to do remedial work. If the permit is not revoked, land application may resume with Field Operations' 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) **Variances.** A variance from the time provisions of (d)(1), (h)(1), (h)(8)(B) or (h)(10) of this Section may be granted by a Field Operations office for justifiable cause. A written request and supporting documentation shall be required. The Field Operations office shall respond in writing within five working days after receipt, either approving or disapproving the request.

[**SOURCE:** Amended at 14 Ok Reg 2198, eff 7-1-97 (RM 97000002); Amended at 23 Ok Reg 2229, eff 7-1-06 (RM 200600012); Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-7-20. Noncommercial disposal or enhanced recovery well pits used for temporary storage of saltwater

(a) **Scope.** This Section shall apply to any production operation_where a pit is used for temporary storage of saltwater, except (c)(7) of this Section, which shall apply to any noncommercial well, regardless of whether or not a pit is used.

(b) **Construction requirements.**

(1) **Splash pad/apron.** A splash pad/apron shall be constructed at the unloading area of any noncommercial disposal well or enhanced recovery pit to the design and dimensions necessary to contain and direct all materials unloaded into the pit, unless the pit is of such design that discharge directly into it presents no spill potential.

(2) **Pit specifications.** Except as provided by (4)(A) of this subsection, any noncommercial disposal or enhanced recovery well pit shall be constructed of concrete or steel or be lined with a geomembrane liner according to the following:

(A) Concrete pits must be steel reinforced and have a minimum wall thickness of six inches.

(B) Steel pits must have a minimum wall thickness of three-sixteenths (3/16) inch. A previously used steel pit may be installed, provided it is free of corrosion or other damage.

(C) Geomembrane liners must:

(i) Have a minimum thickness of 30 mils, be chemically compatible with the type of wastes to be contained, and have ultraviolet light protection.

(ii) Be placed over a specially prepared, smooth, compacted surface void of sharp changes in elevation, rocks, clods, organic debris, or other objects.

(iii) Be continuous (may include seams) and cover the bottom and interior sides of the pit entirely. The edges must be securely placed in a minimum twelve inch deep anchor trench around the perimeter of the pit.

(3) **Certification of liner.** The operator of any saltwater storage pit that is constructed with a geomembrane liner shall secure an affidavit signed by the installer, certifying that the liner meets minimum requirements and was installed in accordance with Commission rules. It shall be the operator's responsibility to maintain the affidavit and all supporting documentation pertaining to the liner, such as geomembrane liner specifications from the manufacturer, etc., and shall make them available to a representative of the Conservation Division upon request.

(4) **Monitoring of site.**

(A) If not constructed according to one of the three methods in (2) of this subsection, any noncommercial disposal or enhanced recovery well pit shall be required to have a leachate detection system or at least one monitor well, unless it can be shown that the pit is not located over a hydrologically sensitive area, i.e., a principal bedrock aquifer,

the recharge or potential recharge area of a principal bedrock aquifer, or an unconsolidated alluvium or terrace deposit, according to the Oklahoma Geological Survey "Maps Showing Principal Groundwater Resources and Recharge Areas in Oklahoma" (available for viewing at the Commission's Oklahoma City Office or District Offices). The District Manager may require more than one monitor well if he has reason to believe one would not be sufficient to adequately monitor the site.

(B) Any monitor well shall be installed within 100 feet of the pit. An existing nearby water well may be used as a monitor well upon written approval by the District Manager or Manager of Field Operations.

(C) Any new monitor well shall be drilled through the first aquifer encountered, but need not extend below 100 feet if no aquifer is encountered, and shall be completed by a licensed monitor well driller. If documentation can be submitted prior to drilling to show that no water will be encountered within 100 feet, the District Manager may allow the monitor well(s) to be drilled to a lesser depth or eliminated.

(D) Any new monitor well shall have:

(i) A minimum two inch diameter PVC casing with a sealing cap on the bottom.

(ii) Casing consisting of a slotted liner in the saturated zone, or bottom ten feet if none is encountered, and be gravel packed or sand packed as appropriate to the installation.

(iii) Bentonite placed in the annular space of the well above the slotted liner for an interval of at least two feet to form an adequate seal.

(iv) Well cuttings returned to the annular space above the bentonite seal for well stability.

(v) A minimum of two of the top six feet of annular space around the casing filled with cement.

(vi) A minimum three inch thick concrete apron placed at the surface to a minimum two foot radius from the casing.

(vii) A removable and lockable cap placed on top of the casing. The cap must remain locked at all times, except when a well is being sampled.

(E) Within 30 days of installation, construction details for any leachate detection system or specific completion information for any monitor well and a diagram of the location of any monitor well in relation to the pit shall be submitted to the Manager of Field Operations.

(c) **Operation and maintenance requirements.**

(1) **Fencing.** All noncommercial disposal or enhanced recovery well surface facilities that have a pit shall be completely enclosed by a minimum four strand barbed wire fence or equivalent protection as approved by the District Manager. Said fence shall be constructed in such a manner as to prevent livestock from entering the pit area.

(2) **Site maintenance.** The normal access surface of any well site that has a pit, including the access road(s), shall be maintained in a condition that will safely and easily allow access.

(3) **Exclusion of runoff water.** No pit shall be allowed to receive runoff water.

(4) **Freeboard.** The fluid level in any concrete or steel noncommercial disposal or enhanced recovery well pit shall be maintained at all times at least six inches below the top of the pit wall. Any geomembrane lined pit shall have a minimum of 18 inches of freeboard at all times.

(5) **Temporary storage only.** No pit shall be used as permanent storage for salt water.

(6) **Sampling of monitor wells or leachate detection systems.**

(A) Sampling of monitor wells and leachate detection systems shall occur once every six months, during the months of January and July.

(B) The appropriate District Manager shall be notified at least 24 hours in advance of sampling to allow a Commission representative an opportunity to witness the sampling.

(C) Samples shall be collected, preserved, and handled by the operator according to EPA approved standards (RCRA Groundwater Monitoring Technical Enforcement Guidance Document, EPA, OSWER-9950.1, September, 1986, pp. 99-107) and analyzed for pH, chlorides (Cl) and total dissolved solids (TDS) by a laboratory certified or operated by the State of Oklahoma. Analysis of additional parameters may be required as determined by the District Manager or Manager of Field Operations. A copy of each analysis and a statement as to the depth to groundwater encountered in each well, or an affidavit that no water was encountered, shall be forwarded to the Manager of Field Operations, within 30 days of sampling.

(7) **Prevention of pollution.** All noncommercial disposal or enhanced recovery wells shall be maintained at all times so as to prevent pollution. In the event of a nonpermitted discharge from surface facilities, sufficient measures shall be taken immediately to stop, contain, and control the loss of materials. Reporting of said discharge shall be in compliance with 165:10-7-5(c). Any materials lost due to such discharge shall be cleaned up as directed by a representative of the Conservation Division of the Commission.

(8) **Oil film.** The operator of a saltwater pit shall be responsible for the protection of migratory birds. Therefore, the Conservation Division recommends that to prevent the loss of birds due to oil films, all open top tanks and pits containing fluid be kept free of oil films or sludge or be protected from access to birds. [See Advisory Notice 165:10-7-3(c)]

(d) **Closure requirements.**

(1) **Time limit.** Within 180 days of the cessation of operations, all associated pits shall be emptied of all contents, and either removed or filled with soil. All monitor wells shall be plugged with bentonite or cement, unless exempt in writing by the District Manager or Manager of Field Operations. The site shall be revegetated within one (1) year.

(2) **Burial.** If any concrete, steel, geomembrane, or other materials associated with the site are to be left on-site, they shall be buried under a minimum soil cover of three feet, pursuant to 165:10-3-17.

(e) **Prospective application to existing facilities.** All provisions of this Section, except those in (b)(2) and (b)(3), shall apply to all existing pits within the scope of this Section which are, or have been, in operation prior to the effective date of this Section. Operators shall have one (1) year from the effective date of this Section in which to bring their facilities into compliance with the applicable provisions of this Section. Failure to comply with any applicable provision may result in revocation of the authority to operate.

(f) **Variances.**

(1) A variance from the time requirements of (c)(6), (d)(1), or (e) of this Section may be granted by the District Manager or Manager of Field Operations for justifiable cause. A written request and justifiable explanation is required. The District Manager or Manager of Field Operations shall respond in writing within five working days, either approving or disapproving the request.

(2) Any variance from the liner requirements as required under (b)(2) of this Section may be granted by the manager of Field Operations after receipt of a written request and supporting documentation required by the department.

[**SOURCE:** Amended in Rule Making 980000034, eff 7-1-99; Amended in Rule Making 200600012, eff 7-1-2006]

165:10-7-21. Refining and processing of oil and gas

(a) All deleterious substances obtained or used in the processing and refining of oil and gas shall be disposed of in a manner that will prevent the pollution of fresh water.

(b) Chemicals, gasolines, oil, and other deleterious substances shall be stored, where necessary, in tanks or containers of a material and of a construction and in a manner that will prevent the escaping, seepage, or draining of such liquids into any fresh water.

165:10-7-22. Permits for County Commissioners to apply waste oil, waste oil residue, or crude oil contaminated soil to roads

(a) **Prohibition against application of waste oil, waste oil residue, or crude oil contaminated soil without permit.** This Section prohibits any Board of County Commissioners from applying waste oil, waste oil residue, or crude oil contaminated soil to a street or road without a permit.

(b) **Permit by District Office.** A District Manager for the Conservation Division may issue to a Board of County Commissioners for a county within the district a permit to apply waste oil, waste oil residue, or crude oil contaminated soil to a street or road within the county.

(c) **Permit requirements.**

(1) **Use of Form 1014W.** The application and permit to apply waste oil, waste oil residue, or crude oil contaminated soil shall be made on Form 1014W.

(2) **Telephone permits.** In case of emergency, a District Manager may issue a permit by telephone. If an applicant obtains a permit by telephone, then the applicant shall file Form 1014W and attachment within five working days after receipt of the permit by telephone.

(3) **Conditions for permit.**

(A) Waste oil, waste oil residue, and contaminated soils applied under this Section shall consist of crude oil and materials produced with crude oil only and shall not contain any refined oils such as motor oils, lubricants, compressor oils or hydraulic fluids.

(B) If required by the District Manager, a hydrocarbon analysis shall be submitted with Form 1014W. The analysis shall be performed by a laboratory certified or operated by the state of Oklahoma in accordance with OCC-approved methods.

(C) Waste oil, waste oil residue, and crude oil contaminated soil shall be applied in such a manner that pollution of surface or subsurface waters will not likely occur and public and private property adjoining the street or road will be protected.

(D) During operations for road oiling, all necessary signs, lights, and other safety and warning devices shall be used to alert road users to conditions. A sign shall be posted with the contractor or authority's name and phone number to contact in case of emergency.

(E) Following completion of the project there shall be a uniform soil/oil base (all liquid worked in), with no visible free-standing oil.

(F) Proper care shall be taken to avoid runoff of oil or water into borrow ditches or adjacent areas.

(G) No road oiling shall be conducted:

(i) When the temperature is less than 45° F.

(ii) In any area where water collects and stands.

(iii) Where soil moisture content or road conditions such as soil type, tight soil conditions, packed soil conditions, or grade limits prevent rapid absorption of the oil.

(d) **Notice to District Office.** The Board of County Commissioners receiving the permit shall notify the District Office at least two days prior to commencement of road oiling under a permit.

(e) **Site inspection.** At his discretion, a District Manager may request a Field Inspector of the Conservation Division or an Enforcement Officer of the

Transportation Division to inspect the site at any time during the road oiling operation to ensure compliance with this Section.

(f) **Duration of permit.** The permit shall state the duration of the permit, and it shall also state that if the application fails to comply with either the terms of the permit or the terms of this Section, then the permit shall terminate automatically.

(g) **Disapproval or cancellation of permits.**

(1) If a District Manager receives a complaint about a road oiling permit, he shall cause an investigation of the complaint to be made as soon as practicable. During the investigation, the District Manager may direct the applicant to cease road oiling under a permit. If necessary, the District Manager may verbally revoke the permit.

(2) If a District Manager disapproves an application or cancels a permit, the applicant may apply to the Commission for an order under OAC 165:5-7-41.

[**Source:** Amended at 12 Ok Reg 2017, eff 7-1-95; Amended in Rule Making 200600012, eff 7-1-2006]

165:10-7-23. Disposal of waste oil

(a) All waste oil and waste oil residue shall be disposed of in one of the following ways:

(1) Transfer or sale to a reclaimer or transporter.

(2) Transfer or sale to County Commissioners.

(3) Administrative approval from the Conservation Division.

(b) All operators or owners of pits, tanks, commercial disposal operations, or reclaimers shall maintain books and records describing the disposition of all waste oil or waste oil residue. A copy of the run or load ticket will satisfy this requirement if the information required in (c) of this Section is contained therein.

(c) The following information shall be contained in said books and records and subject to audit and inspection by representatives of the Commission for a minimum period of three years:

(1) The amount of waste oil or waste oil residue removed.

(2) The location of the waste oil or waste oil residue prior to disposal.

(3) The destination of waste oil or waste oil residue as reported by transporter.

(4) The name of the transporter of waste oil or waste oil residue.

165:10-7-24. Waste management practices reference chart

(a) **Scope.** This Section provides reference guidelines for the disposal of wastes under the jurisdiction of the Commission which are generated by oil and gas operators and pipeline companies. Hazardous waste as defined at 40 CFR 261.3 is regulated by the Oklahoma Department of Environmental Quality.

(b) **Waste materials and disposal options.** Consistent with EPA's policy on source reduction, recycling, treatment and proper disposal, operators shall use waste management practices as listed in (c) of this Section which describes the various management practices for the following waste materials. For any of the following waste materials where option (16) of subsection (c) is listed, option (16) shall be considered before any other option.

(1) Produced water: Options 1, 7 & 9

(2) Weighted water: Options 1 & 7

(3) Used treatment fluids and other flowback wastes: Options 1, 2, 5 & 7

(4) Water based mud: Options 1, 2, 5, 6, 7, 8 & 19

(5) Water based mud cuttings: Options 1, 2, 3, 4, 5, 6, 7, 8, 12 & 19

(6) Oil based mud: Options 1, 2, 3, 4, 5, 7, 12 & 22

(7) Oil based mud cuttings: Options 1, 2, 3, 4, 5, 7, 8, 12 & 14

(8) Crude oil: Options 1, 4, 12, 13 & 14

(9) Used motor, gear, lube, compressor and hydraulic oils: Options 1, 15 & 16
(10) Used solvents: Options 1, 15 & 16
(11) Oily debris: Options 1, 3, 13 & 20
(12) Filter media and backwash: Options 1, 3, 7, 15, 16 & 20
(13) Glycol, amine, and caustic wash: Options 1 & 7
(14) Iron sponge: Options 3 & 20
(15) Molecular sieve: Options 3 & 20
(16) Produced sand/sediment: Options 3, 7, 8, 17 & 20
(17) Tight emulsions: Options 1, 4, 8, 12, 14 & 17
(18) Unused treatment chemicals: Options 1, 15 & 16
(19) Tank bottoms from E&P: Options 1, 3, 4, 7, 8, 10, 12, 14 & 17
(20) Paraffin: Options 1, 3, 4, 12, 14, 15, 16 & 20
(21) Asbestos insulation: Options 3 & 15
(22) Non-asbestos insulation: Options 3, 15 & 20
(23) Used batteries: Options 1, 3, 15 & 16
(24) Oils containing PCBs: Option 11
(25) Oils not containing PCBs: Options 1, 15 & 16
(26) Empty oil and chemical drums: Options 1, 3 & 15
(27) Salt contaminated soils: Options 5, 6, 8 & 17
(28) Crude oil contaminated soils: Options 1, 3, 4, 8, 10, 12, 14, 17 & 22
(29) Pit sludges from wellsites, disposal well pits and gathering systems: Options 1, 3, 4, 7, 8, 12, 17 & 20
(30) Gathering line pigging wastes: Options 1, 3, 7 & 20
(31) Gas plant sweetening wastes: Options 1, 3, 7 & 20
(32) Gas plant dehydration wastes: Options 1, 3 & 7
(33) Cooling tower blowdown from gas plants: Options 7 & 15
(34) Wastes from subsurface natural gas storage: Options 1, 3, 7 & 20
(35) Wastes other than refined product removed from produced water and other well fluids prior to injection or disposal: Options 1, 7, 8, 17 & 20
(36) Gases removed from the production stream: Options 1, 7, 13 & 18
(37) Waste crude oil and light hydrocarbons (gas condensate) in reserve pits, other impoundments or tankage at wellsites: Options 1, 7, 8, 13 & 17
(38) Contaminated ground water (except refined products): Options 1, 7, 21 & 22
(39) Pipeline sludge and other deposits removed from pipe or equipment on E&P gathering systems: Options 1, 3, 7, 8, 10, 17 & 20
(40) Residues and truckwash from inside the tank of trucks used to transport saltwater, drilling mud or spent completion fluids: Options 1, 3, 7 & 20
(41) Sewage and wastes from portable toilets: Option 15
(42) Crude pipeline pigging wastes, contaminated soil and residue from transmission and trunk lines: Options 1, 3, 4, 8, 12, 15, 16, 17 & 22
(43) Water or soil contaminated by refined product from E&P operations: Options 1, 16, 21 & 22
(44) Rigwash and supply water: Options 1, 5, 7 & 8
(45) Storm water and hydrostatic test water from E&P operations: Options 1, 7, 9 & 22
(46) Spent filters: Options 1 & 3
(47) Trash and debris: Options 15 & 20
(48) Refined petroleum product releases: Options 1, 3, 8, 13, 16, 17 & 22
(49) Refined petroleum product pigging wastes: Options 1, 3, 8, 15, 16, 17 & 22
(50) Water or soil contaminated by refined products from pipelines: Options 1, 16, 21 & 22
(51) Hydrostatic test water from pipelines: Options 1, 9, 16 & 22
(52) Tank bottoms from crude pipeline facilities: Options 1, 3, 4, 8, 10, 12, 14, 16, 17 & 22
(53) Tank bottoms from refined product pipeline facilities: Options 1, 3, 14, 15, 16, 17 & 22

(c) **Disposal options and rule reference guide.** The following waste disposal options are referenced in (b) of this Section:

(1) Reclaim and/or recycle.
(2) Burial (in accordance with 165:10-7-16).
(3) Landfills regulated by the Oklahoma Department of Environmental Quality.
(4) Road applications by County Commissioners (in accordance with 165:10-7-22 and 165:10-7-28).
(5) Noncommercial pits (in accordance with 165:10-7-16).
(6) Commercial mud disposal pits (in accordance with 165:10-9-1).
(7) Underground injection (in accordance with 165:10-5-1 through 165:10-5-14).
(8) Land application (in accordance with 165:10-7-19 and 165:10-7-26).
(9) Discharge (in accordance with 165:10-7-17).
(10) Reclaim and/or recycle (in accordance with 165:10-7-23).
(11) In accordance with EPA; Code of Federal Regulations (CFR), Title 40, Part 761.60 through 761.79.
(12) Application to lease roads, well locations, and production sites (in accordance with 165:10-7-27 and 165:10-7-29).
(13) Open burning in accordance with Oklahoma Department of Environmental Quality regulations.
(14) Disposal of waste oil as specified in 165:10-7-23.
(15) Disposal in accordance with Oklahoma Department of Environmental Quality regulations.
(16) If the waste is determined to be a hazardous waste under the Federal Resource Conservation and Recovery Act (RCRA), disposal will be determined by the Oklahoma Department of Environmental Quality; if a non-hazardous waste, Option 17 may be used or other disposal option as approved by the Commission.
(17) On-site or in-situ bioremediation/remediation.
(18) Flaring or venting (in accordance with 165:10-3-15).
(19) Commercial soil farming (in accordance with 165:10-9-2).
(20) Burial as approved by the Commission.
(21) Surface discharge as approved by the Commission.
(22) Land application as approved by the Commission.

[**Source:** Amended at 12 Ok Reg 2039, eff 7-1-95; Amended at 14 Ok Reg 2198, eff 7-1-97 (RM 97000002); Amended at 19 Ok Reg 1947, eff 7-1-02 (RM 200200017); Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-7-25. One-time land application of water-based fluids from tanks or other containment vessels [REVOKED]

[SOURCE: Amended at 9 Ok Reg 2295, eff 6-25-92; Revoked in Rule Making 97000002, eff 7-1-97]

165:10-7-26. One-time 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 shall be fined $2,000.00.

(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 on a one-time basis to land that has not been previously used for this practice or similar practices.

(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 40 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 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 the cuttings must be placed in a steel pit or the areas used for this practice must be lined and bermed if required by the District Office. A stockpile of cuttings at the receiving site must be located on the permitted area. 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 working 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 Field Operations. 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 a Field Operations office on Form 1014S. A legible original 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.

(J) Identification of any soil farming permit that has been issued in the same quarter section. This information is available in the OCC Soil Farming Database on the web at www.occeweb.com.

(K) Other information as required by this Section or requested by a Field Operations office.

(3) **Review period.** The Field Operations office shall review the application, either approve or disapprove it, and return a copy of Form 1014S within five working 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.

(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 water well or water supply lake used for municipal purposes.

(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.

(B) An application vehicle shall be either a single or double axle vehicle with a permanently attached tank that shall not exceed 80 barrels. It shall have a diffuser mechanism to spread the mud in a fan pattern. The mud will be forced from the tank with air pressure or a mechanical pump.

(C) Drill cuttings shall be spread with an industrial mechanical spreader.

(9) **Fertilizer.** For any land application involving petroleum hydrocarbon-contaminated soils and/or drill cuttings, 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. 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).

(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 30 days of the anticipated completion date shown on the approved application form.

(B) At the end of twelve (12) months the permit shall expire by its own terms.

(12) **Post-application report.** A post-application report shall be submitted by the operator or the operator's agent to the Manager of Field Operations within 30 days of the completion of land application. 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. The report shall contain a statement certifying that the land application was done in accordance with the approved permit.

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

(i) **Variances.** A variance from the time provisions of (d)(1), (h)(1), (h)(10) or (h)(11) of this Section may be granted by a Field Operations office for justifiable cause. A written request and supporting documentation shall be required. The Field Operations office shall respond in writing within five working days after receipt, either approving or disapproving the request.

[**Source:** Amended at 9 Ok Reg 2295, eff 6-25-92; Amended at 12 Ok Reg 2039, eff 7-1-95; Amended at 14 Ok Reg 2198, eff 7-1-97 (RM 97000002); Amended at 23 Ok Reg 2229, eff 7-1-06 (RM 200600012); Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003); Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-7-27. Application of waste oil, waste oil residue, or crude oil contaminated soil by oil and gas operators and pipeline companies

(a) **Scope.** This Section shall cover the application of waste oil, waste oil residue, or crude oil contaminated soil by oil and gas operators and pipeline companies to lease roads, pipeline service and tank farm roads, well locations, and production sites. Hazardous waste as defined at 40 CFR 261.3 is regulated by the Oklahoma Department of Environmental Quality.

(b) **Permit by District Office.** A District Manager for the Conservation Division may issue to an oil or gas operator or pipeline company within the District a permit for road application of waste oil, waste oil residue, or crude oil contaminated soil to lease roads, pipeline service and tank farm roads, well locations, and production sites within the District. This subsection prohibits any operator from applying waste oil, waste oil residue, or crude oil contaminated soil without a permit. Any operator or pipeline company violating this subsection shall be fined $2,000.00.

(c) **Permit requirements.**

(1) **Use of Form 1014X.** The application to apply waste oil, waste oil residue, or crude oil contaminated soil shall be made on Form 1014X. The original and one copy are required.

(2) **Landowner permission.** Attached to the application shall be a copy of written permission by the surface owner to allow the operator or pipeline company to apply waste oil, waste oil residue, or crude oil contaminated soil as per this Section to a specific portion of real property as designated by legal description. For purposes of obtaining such consent, the applicant shall use Form 1014L.

(3) **Telephone permits.** In case of an emergency, a District Manager may issue a permit by telephone. If an operator or pipeline company obtains a permit by telephone, the operator or pipeline company shall file Form 1014X and attachments within five working days after receipt of the permit by telephone.

(4) **Conditions for permits.**

(A) Waste oil, waste oil residue, and contaminated soils applied under this Section shall consist of crude oil and materials produced with crude oil only. Hazardous waste as defined at 40 CFR 261.3 is regulated by the Oklahoma Department of Environmental Quality.
(B) If required by the District Manager, a hydrocarbon analysis shall be submitted with Form 1014X. The analysis shall be performed by a laboratory that is state operated or certified in accordance with OCC-approved methods.
(C) Waste oil, waste oil residue, and crude oil contaminated soil shall be applied in such a manner that pollution of surface or subsurface waters will not likely occur and public and private property adjoining the application area will be protected.
(D) During application, any necessary signs, lights and other safety and warning devices shall be used as traffic requires to alert users to conditions. A sign shall be posted with the contractor's or operator's name and phone number to contact in case of an emergency.
(E) No application shall be conducted:
(i) When the temperature is less than 45° F.
(ii) In any area where water collects and stands.
(iii) Where conditions such as grade, soil moisture content, soil type, tight soil conditions, or packed soil conditions cause runoff or prevent rapid absorption of the oil.
(F) Following completion of the project, there shall be a uniform soil/oil base (all liquids worked in), with no visible free-standing oil.
(G) Proper care shall be taken to avoid runoff of oil into borrow ditches or adjacent areas.

(d) **Notice to Field Inspector.** The operator or pipeline company receiving the permit shall notify the appropriate Field Inspector at least two days prior to commencement of application.

(e) **Site inspection.** At his discretion, a District Manager may request a Field Inspector of the Conservation Division or an Enforcement Officer of the Transportation Division to inspect the site at any time during the application operation to ensure compliance with this Section.

(f) **Duration of permit.** The permit shall state the duration of the permit, not to exceed 60 days. If a complaint is received or the operator or pipeline company fails to comply with either the terms of the permit or this Section, the District Manager may direct the operator or pipeline company to cease application until the problem is resolved. If necessary, the District Manager may verbally revoke the permit and/or require the operator or pipeline company to perform remedial work. If a District Manager disapproves an application or cancels a permit, then the applicant may apply to the Commission for an order under 165:5-7-41.

[**Source:** Amended at 9 Ok Reg 2295, eff 6-25-92; Amended at 12 Ok Reg 2017, eff 7-1-95; Amended in Rule Making 97000002, eff 7-1-97; Amended in Rule Making 200600012, eff 7-1-2006]

165:10-7-28. Application of freshwater drill cuttings by County Commissioners

(a) **Scope.** This Section shall cover the one-time application of freshwater drill cuttings by a Board of County Commissioners to a street or road.

(b) **Permits by District Office.** A District Manager for the Conservation Division may issue to any Board of County Commissioners within the District a permit for road application of freshwater drill cuttings to a street or road within the county. This Section prohibits any Board of County Commissioners from applying freshwater drill cuttings without a permit.

(c) **Site restrictions.** Application of freshwater drill cuttings shall only occur on sites having an:
(1) Electrical Conductivity (EC) no greater than 6,000 micromhos/cm; and
(2) Exchangeable Sodium Percentage (ESP) less than 15.0.

(d) **Sampling requirements.**

(1) The appropriate Field Inspector shall be contacted at least two working days prior to sampling to allow a Commission representative an opportunity to witness the sampling of the receiving soil and freshwater drill cuttings to be applied.

(2) The receiving soil shall be sampled using the following procedure:

(A) A minimum of five samples shall be taken for each one-half (1/2) mile section of road (or borrow ditch) and composited into one sample for analysis.

(B) Sampling shall be to a minimum depth of six inches.

(3) The freshwater cuttings shall be sampled by taking a minimum of one representative sample for every five cubic yards of freshwater cuttings to be applied and composited into one quart sample for analysis.

(e) **Analysis requirements.**

(1) The composite samples of soil and drill cuttings shall be analyzed by a laboratory which tests soils.

(2) The parameters for the receiving soil shall include ESP and either EC or Total Dissolved Solids (TDS) or Total Soluble Salts (TSS).

(3) The parameters for the drill cuttings shall include TDS or Total Soluble Salts (TSS).

(f) **Maximum application rate.**

(1) The maximum application rate shall be calculated by the Board of County Commissioners using the following formula:

PROCEDURE FOR CALCULATING APPLICATION RATE OF TOTAL DISSOLVED SOLIDS (TDS) OR TOTAL SOLUBLE SALTS (TSS)

_____ ppm TDS or TSS in receiving soil x 2 = _____ lbs/ac TDS or TSS in receiving soil.

10,000 lbs/ac TDS or TSS - _____ lbs/ac TDS or TSS in receiving soil = Maximum TDS or TSS (lbs/ac) to be applied _____.

Maximum TDS or TSS__(lbs/ac) to be applied _____ ÷ (_____ ppm TDS or TSS in cuttings x .000001) = Maximum lbs/ac of cuttings to be applied _____.

Actual weight of drill cuttings _____ lbs/cu ft x 27 = _____ lbs/cu yd.

Maximum lbs/ac to be applied _____ ÷ _____ lbs/cu yd = _____ cu yds/ac to be applied.

Total volume _____ cu yds ÷ _____ cu yds/ac = Minimum acres required _____.

(2) Calculations shall be submitted with the application.

(g) **Permit requirements.**

(1) **Use of Form 1014W.** The application to apply freshwater drill cuttings shall be made on Form 1014W. The original and one copy are required.

(2) **Telephone permits.** In case of an emergency, a District Manager may issue a permit by telephone. If any Board of County Commissioners obtains a permit by telephone, the applicant shall file Form 1014W within five working days after receipt of the permit by telephone.

(3) **Conditions for permits.**

(A) The method to be used for application of freshwater drill cuttings shall not pollute surface or subsurface waters and shall protect public and private property adjoining the application area.

(B) During application, any necessary signs, lights and other safety and warning devices shall be used to alert users to conditions. A sign shall be posted with the contractor's or authority's name to contact in case of an emergency.

(C) All free liquids shall be removed before cuttings are applied.

(D) Following completion of the project, there shall be a uniform soil/cuttings base.

(h) **Notice to Field Inspector.** The Board of County Commissioners receiving the permit shall notify the appropriate Field Inspector at least two days prior to commencement of the application.

(i) **Site inspection.** At his discretion, a District Manager may request a Field Inspector of the Conservation Division or an Enforcement Officer of the Transportation Division to inspect the site at any time during the application operation to ensure compliance with this Section.

(j) **Duration of permit.** The permit shall state the duration of the permit, not to exceed 60 days. If a complaint is received or the Board of County Commissioners fails to comply with either the terms of the permit or this Section, the District Manager may direct the Board of County Commissioners to cease application until the problem is resolved. If necessary, the District Manager may verbally revoke the permit and/or require the Board of County Commissioners to perform remedial work. If a District Manager disapproves an application or cancels a permit, then the applicant may apply to the Commission for an order under 165:5-7-41.

[SOURCE: Amended in Rule Making 200600012, eff 7-1-2006]

165:10-7-29. Application of freshwater drill cuttings by oil and gas operators

(a) **Scope.** This Section shall cover the one-time application of freshwater drill cuttings by oil and gas operators to private access areas, well locations, and production sites.

(b) **Permits by District Office.** A District Manager for the Conservation Division may issue to an operator within the District a permit for application of freshwater drill cuttings to private access areas, well locations, and production sites within the District. This Section prohibits any operator from applying freshwater drill cuttings without a permit. Any operator violating this subsection shall be fined $2,000.00.

(c) **Site restrictions.** Application of freshwater drill cuttings shall only occur on sites having an:

(1) Electrical Conductivity (EC) no greater than 6,000 micromhos/cm; and

(2) Exchangeable Sodium Percentage (ESP) less than 15.0.

(d) **Sampling requirements.**

(1) The appropriate Field Inspector shall be contacted at least two working days prior to sampling to allow a Commission representative an opportunity to witness the sampling of the receiving soil and freshwater drill cuttings to be applied.

(2) The receiving soil shall be sampled using the following procedure:

(A) A minimum of five samples shall be taken for each one-half (1/2) mile section of road (or borrow ditch), well location, or production facility and composited into one sample for analysis.

(B) Sampling shall be to a minimum depth of six inches.

(3) The freshwater cuttings shall be sampled by taking a minimum of one representative sample for every five cubic yards of freshwater cuttings to be applied and composited into one quart sample for analysis.

(e) **Analysis requirements.**

(1) The composite samples of soil and drill cuttings shall be analyzed by a laboratory which tests soils.

(2) The parameters for the receiving soil shall include ESP and either EC or Total Dissolved Solids (TDS) or Total Soluble Salts (TSS).

(3) The parameters for the drill cuttings shall include TDS or Total Soluble Salts (TSS).

(f) **Maximum application rate.**

(1) The maximum application rate shall be calculated by the operator using the following formula:

PROCEDURE FOR CALCULATING APPLICATION RATE OF TOTAL DISSOLVED SOLIDS (TDS) OR TOTAL SOLUBLE SALTS (TSS)

_____ ppm TDS or TSS in receiving soil x 2 = _____ lbs/ac TDS or TSS in receiving soil.

10,000 lbs/ac TDS or TSS - _____ lbs/ac TDS or TSS in receiving soil = Maximum TDS or TSS (lbs/ac) to be applied _____.

Maximum TDS or TSS_(lbs/ac) to be applied _____ ÷ (_____ ppm TDS or TSS in cuttings x .000001) = Maximum lbs/ac of cuttings to be applied _____.

Actual weight of drill cuttings _____ lbs/cu ft x 27 = _____ lbs/cu yd.

Maximum lbs/ac to be applied _____ ÷ _____ lbs/cu yd = _____ cu yds/ac to be applied.

Total volume _____ cu yds ÷ _____ cu yds/ac = Minimum acres required _____.

(2) Calculations shall be submitted with the application.

(g) **Permit requirements.**

(1) **Use of Form 1014X.** The application to apply freshwater drill cuttings shall be made on Form 1014X. The original and one copy are required.

(2) **Landowner permission.** Attached to the application shall be a copy of written permission by the surface owner to allow the operator to apply freshwater drill cuttings as per this Section to a specific portion of real property as designated by legal description.

(3) **Telephone permits.** In case of an emergency, a District Manager may issue a permit by telephone. If an operator obtains a permit by telephone, the applicant shall file Form 1014X within five working days after receipt of the permit by telephone.

(4) **Conditions for permits.**

(A) The method to be used for application of freshwater drill cuttings shall not pollute surface or subsurface waters and shall protect public and private property adjoining the application area.

(B) During application, any necessary signs, lights, and other safety and warning devices shall be used as traffic requires to alert users to conditions. A sign shall be posted with the contractor's or operator's name to contact in case of an emergency.

(C) All free liquids shall be removed before cuttings are applied.

(D) Following completion of the project, there shall be a uniform soil/cuttings base.

(h) **Notice to Field Inspector.** The operator receiving the permit shall notify the appropriate Field Inspector at least two days prior to commencement of the application.

(i) **Site inspection.** At his discretion, a District Manager may request a Field Inspector of the Conservation Division or an Enforcement Officer of the Transportation Division to inspect the site at any time during the application operation to ensure compliance with this Section.

(j) **Duration of permit.** The permit shall state the duration of the permit, not to exceed 60 days. If a complaint is received or the operator fails to comply with either the terms of the permit or this Section, the District Manager may direct the operator to cease application until the problem is resolved. If necessary, the District Manager may verbally revoke the permit and/or require the operator to perform remedial work. If a District Manager disapproves an application or cancels a permit, then the applicant may apply to the Commission for an order under 165:5-7-41.

[**SOURCE:** Amended at 9 Ok Reg 2295, eff 6-25-92; Amended in Rule Making 200600012, eff 7-1-2006]

165:10-7-30. Enhanced recovery project surface facilities [REVOKED]

[**SOURCE:** Added at 9 Ok Reg 2337, eff 6-25-92; Revoked in Rule Making 980000034, eff 7-1-99]

165:10-7-31. Seismic and stratigraphic operations

(a) **Scope.**

(1) This Section shall cover the permitting, bonding, and plugging requirements for seismic exploration activities and stratigraphic test holes. Check-shots and vertical seismic profiles or other downhole wellbore seismic operations are excluded from this Section.

(2) For the purposes of this Section, seismic operation shall mean the drilling of seismic shot holes and use of surface energy sources such as weight drop equipment, thumpers, hydro pulses and vibrators. This definition does not include surveying of the seismic area or the activity of conducting private negotiations between parties.

(3) For the purposes of this Section, stratigraphic test holes shall mean holes drilled for the sole purpose of obtaining subsurface geological information through direct analysis of cores or cuttings or through the use of geophysical measurements that do not require the use of artificial sources of seismic energy.

(4) For the purposes of this Section, technical information and data shall be defined as pre-plats as referenced in (b)(2)(B) and post-plats as referenced in subsection(b)(5).

(b) **Seismic permitting.**

(1) Before commencing any seismic operations in the State of Oklahoma, the applicant, shall:

(A) Be duly registered with the Commission, including provision of a permanent address.

(B) Post a financial surety guarantee with the Commission.

(C) Provide to the Commission the name and business or field address of the contractor responsible for the operations being conducted.

(D) Applicants must obtain a permit from the Conservation Division for each seismic operation.

(E) Notify all surface owners of property where seismic operations will occur at least fifteen (15) days prior to commencement of operations. It shall be sufficient notice pursuant to this Section when notice is given to the current surface owner(s) as shown by the records of the applicable county treasurer's office. If the applicant has obtained from the surface owner specific written permission to conduct such operations prior to commencement of operations, such action shall be considered sufficient notification for the purposes of this Section and the 15 day notice requirement shall not be required. Notification by U.S. mail shall be sufficient for the purposes of this Section, provided the notice is postmarked at least fifteen (15) days prior to commencement of any seismic operations.

(F) The notice shall include a copy of the oil or gas lease or seismic permit or other legal instrument of similar nature authorizing the use of the surface for seismic operations and shall contain the following information:

(i) Name of the company that is conducting the seismic operation; and

(ii) Anticipated date of commencement of operations.

(2) The applicant shall make application on the Commission's Form 1000S.

(A) The permit shall be valid for only one operation as approved on Form 1000S.

(B) A pre-plat of the operation area shall be attached to the application showing the location of the operation area delineated to the nearest section

(C) Post a performance bond in the amount of $50,000, or other form of surety in an amount as approved by the Conservation Division. The performance bond may be filed for each operation, or may be filed on an annual basis to cover all operations that may be undertaken during the year. If the performance bond is filed for a single operation, the amount may be approved by the Conservation Division for less than $50,000 or in another form of financial surety guarantee, depending on the nature of the seismic operation involved, the number of shot holes or surface energy source points, the cost of the operation and the size of the applicant's business. The form of surety shall not include letters of credit or financial statements. Such bond(s) or other surety may be released upon request made no sooner than thirty (30) days subsequent to the completion of the applicant's operation(s), which have been permitted under such bond(s) or other surety, upon satisfactory inspection or review by Conservation Division personnel.

(D) The permit shall expire twelve (12) months from the issue date, unless operations are commenced.

(E) The Conservation Division shall approve or deny the application within thirty (30) days of receipt of the application. The Conservation Division may act upon an application or amended application on an expedited basis.

(F) During any activity subject to this subsection, the applicant shall maintain at the site a copy of the approved permit, Form 1000S, for inspection.

(G) All technical information, excluding the Form 1000S, but including any plats, relative to the permitted operation shall remain confidential or the Conservation Division shall destroy the records. The plats and any other technical data submitted, shall be filed in the Technical Services Department of the Conservation Division. Upon request of the Manager of Field Operations, the technical data may be reviewed by Field Operations to ensure compliance with Commission rules.

(3) The operator shall file with the Conservation Division a written notice of commencement of seismic operations within 14 days after commencement of such operations.

(4) No seismic shot hole blasting shall be conducted within 200 feet of any habitable dwelling, building, or water well without written permission from the owner of the property or within 500 feet of any superfund site or hazardous waste facility.

(5) **Plugging and post-plat.** Within 30 days after completing a seismic operation, the applicant receiving the permit shall submit a copy of: the approved Form 1000S certifying the plugging of all seismic shot holes in compliance with this Section; and a post-plat or acceptable form of survey showing the actual location of all seismic shot holes.

Unless the applicant can demonstrate to the Conservation Division's District Office that another method will provide sufficient protection to

groundwater supplies and long term land stability, the following guidelines shall be observed:

(A) Standard plugging method. All holes shall be filled to within four feet from the surface with bentonite, native cuttings, or an appropriate substitute. The remainder of the shot hole shall be filled and tamped with native cuttings or soil.

(B) Special methods. In areas where the standard plugging method has been shown to be inadequate for the prevention of groundwater contamination, the Conservation Division may designate the area as a special problem area. In such event, the Conservation Division will provide to the best of its ability, a clear geographical description of such area and the recommended, or required, hole plugging methods. Should the applicant encounter conditions such that the standard method appears inadequate for the prevention of groundwater contamination, the applicant shall inform the Conservation Division.

(i) Artesian flow. If the standard method is inadequate to stop artesian flow, alternate remedies must be employed to do so.

(ii) Water well conversion. Applicants are prohibited from allowing the conversion of seismic shot holes to water wells.

(iii) Groundwater protection. Alternative plugging procedures and materials may be utilized when the applicant has demonstrated to the Conservation Division’s satisfaction that the alternatives will protect usable quality water.

(iv) Timeliness. All seismic shot holes shall be plugged as soon as possible and shall not remain unplugged for a period of more than 30 days after the drilling of the hole.

(c) **Stratigraphic test permitting.**

(1) Before commencing any stratigraphic test hole operations, those companies hereinafter referred to as the applicant shall:

(A) Be duly registered with the Commission, including provision of a permanent address.

(B) Post a financial surety guarantee with the Commission in compliance with 165:10-1-10.

(C) Obtain a permit from the Conservation Division for each stratigraphic test operation.

(2) The applicant shall make application on the Commission's Form 1000.

(A) The permit shall be valid for only one operation as approved on Form 1000.

(B) The permit shall expire six (6) months from the issue date, unless operations are commenced.

(C) The Conservation Division shall approve or deny the application within 30 days of receipt of the application.

(D) Notice to surface owners shall be given according to OAC 165:10-3-1(g).

(E) During any activity subject to this subsection, the applicant shall maintain at the site a copy of the approved permit, Form 1000, for inspection.

(F) Any technical data submitted shall be filed in the Technical Services Department of the Conservation Division. Upon request of the Manager of Field Operations, the technical data may be reviewed by Field Operations to ensure compliance with Commission rules.

(G) The operator shall file with the Conservation Division a written notice of spudding of stratigraphic well within 14 days after spudding of the well.

(3) Unless the applicant can demonstrate to the Conservation Division's District Office that another method will provide sufficient protection to groundwater supplies and long term land stability, the following guidelines shall be observed:

(A) Surface casing requirements shall be met according to OAC 165:10-3-4.

(B) Storage and disposal of fluids associated with the drilling of stratigraphic test holes shall meet the requirements of OAC 165:10-7-16.
(C) Duty to plug and abandon shall be according to OAC 165:10-11-3.
(D) The Conservation Division shall be notified prior to commencement of plugging according to OAC 165:10-11-4.
(E) **Plugging.** Stratigraphic test holes shall be plugged according to OAC 165:10-11-6 and certification submitted on Form 1003 in compliance with OAC 165:10-11-7.

(d) Any person, firm, corporation or entity which conducts any seismic or stratigraphic test hole operations without a permit as provided in this Section, or in any other manner violates the rules of the Commission governing such operation shall be subject to a penalty up to One Thousand Dollars ($1,000.00) per violation per day after completion of the informal complaints procedure provided in OAC 165:10-7-7 and notice and hearing pursuant to the Commission's contempt proceedings.

(e) **Complaints.** A complaint alleging violations of this Section may be filed with the Commission against any person, firm or corporation conducting seismic and stratigraphic operation(s). The Commission may determine if and when a complaint has been adequately resolved, pursuant to the informal complaints process of OAC 165:10-7-7, and, if an environmental complaint, pursuant to the citizen complaint procedure of OAC 165:5-1-25.

[**SOURCE:** Added in Rule making 980000034, eff 7-1-99; Amended at 24 Ok Reg 1804 (RM 200700004), eff 7-1-2007]

165:10-7-32. Application to reclaim and/or recycle produced water for surface activities related to drilling, completion, workover, and production operations from oil and gas wells

(a) **Authority to reclaim and/or recycle produced water.** No person shall use produced water for any other purpose except as provided by this section. Any operator failing to obtain a permit may be fined up to $500.00.

(b) **Scope.** This Section shall cover the reclaiming and/or recycling of produced water from oil and gas wells for a single well location for the purpose of water supply for surface activities used for a specific permitted use. This does not include the use of produced water for down- hole operations referred to as weighted water under OAC 165:10-7-24(b)(2).

(c) **Quality of produced water.** For the purposes of this rule shall be limited to Total Dissolved Solids (TDS) or Total Soluble Salts (TSS) content not to exceed 5,000 mg/l and oil and grease content not to exceed 1,000 mg/l.

(d) **Storage of produced water.** If the produced water is stored in tanks, the tanks shall be legibly marked "recycle" water.

(e) **Log of load tickets.** The operator shall maintain copies of the load tickets from wells that the produced water was obtained. Such copies shall be made available to the OCC Inspector upon request.

(f) **Notification to OCC District Office.** The Operator shall orally notify the District Office when produced water is to be initially hauled to the permitted facility.

(g) **Application for permit.**
(1) The operator of the well must apply for the permit for the reclamation of produced water.
(2) Required Application. Each application for the reclaiming and/or recycling of produced water shall be submitted to the Field Operations District office on Form 1014D.
(3) A copy of written notice to the surface owner that the applicant intends to use produced water as per 165:10-7-32 to a specific portion of their real property as designated by legal description. For purposes of notice, a written waiver from the surface owner may also be submitted.

[**SOURCE:** Added in Rule making 200300001, eff 7-1-03; Amended in Rule Making 200600012, eff 7-1-2006]

SUBCHAPTER 8. COMMERCIAL RECYCLING
PART 1. HYDROCARBON RECYCLING/RECLAIMING FACILITIES

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[**Authority:** 52 O.S. Sections 139 and 141 (Supp. 1993)]

[**Source:** Codified 7-11-94]

PART 1. HYDROCARBON RECYCLING/RECLAIMING FACILITIES

165:10-8-1. Scope

This Part shall cover the permitting, construction, operation, and closure requirements for any recycling/reclaiming facility.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

165:10-8-2. Definitions

The following words and terms, when used in this Subchapter, shall have the following meaning, unless the context clearly indicates otherwise:

"Tank bottom hydrocarbon recycling/reclaiming facility" means a recycling/reclaiming operation at a tank bottom reclaiming facility which is authorized by the Commission to recycle and/or reclaim marketable crude oil or condensate produced or used in the exploration or production of oil and gas. The facility shall comply with OAC 710:45-15-3.

"Hydrocarbon recycling/reclaiming facility at a saltwater disposal site" means a recycling/reclaiming operation at a Class II saltwater disposal site which is authorized by the commission to recycle and/or reclaim marketable crude oil or condensate produced or used in the exploration or production of oil and gas. The facility shall comply with OAC 710:45-15-3.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94; Amended in Rule Making 200000002, eff 7-1-00]

165:10-8-3. Permit required
(a) **Who may apply.** The applicant for a recycling/reclaiming facility shall be the owner and/or lease holder of the site.
(b) **Compliance with Part.** Before issuance of a permit, the applicant shall comply with this Part and if pits are to be used for storage, the applicant shall comply with 165:10-9-1, except at Class II saltwater disposals.
(c) **OCC Form 1020A.** Application shall be filed on OCC Form 1020A.
(d) **An Oklahoma Tax Commission Reclaimer License.** The applicant shall have obtained a reclaimer license number under OAC 710:45-15-2. This number will be used by the Corporation Commission for its permit number.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94; Amended in Rule Making 200000002, eff 7-1-00]

165:10-8-4. Application requirements
(a) **Permit required.** No recycling/reclaiming facility shall be constructed, enlarged, or used without approval on Form 1020A.
(b) **Site limitations.** Recycling/reclaiming facilities shall not be restricted by site limitations unless pits are to be used.
(1) Tank bottom hydrocarbon recycling/reclaiming facilities with pits that are to be used for storage in the operation shall comply with OAC 165:10-9-1.
(2) Hydrocarbon recycling/reclaiming facilities at a saltwater disposal site with pits that are used for unloading saltwater shall comply with OAC 165:10-9-3.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94; Amended in Rule Making 200000002, eff 7-1-00]

165:10-8-5. Surety requirements for reclaimers
(a) **Agreement to close.** Any operator of a recycling/reclaiming facility shall file with the Oil and Gas Conservation Division an agreement to properly close and reclaim the site in accordance with approved closure and reclamation procedures upon termination of recycling/reclaiming 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 close the facility or take remedial action as required by law and the rules of the Commission, the surety shall pay to the Commission the full amount of the operator's obligation up to the limit of the surety.
(b) **New facilities.** Category A (165:10-1-11) or Category B (165:10-1-13) surety shall be required for coverage of the closure costs, including well pluggings and general site restoration. These costs shall be calculated upon the projected costs of closure for the facility, based on estimated costs of earth work, remediation, revegetation, plugging, etc. Such information shall be provided by the applicant and reviewed, adjusted and ordered by the Commission.
(c) **Existing facilities.** For facilities in operation prior to the effective date of this Part, the Commission can require, by order, the establishment of an escrow account to cover the costs of closure, by using a per barrel fee to be deposited into the account. Any interest the account earns until the total amount is collected shall be reinvested in the account. Any interest accrued after the account balance is full shall be returned to the operator.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

165:10-8-6. Design and construction requirements
(a) **Spill prevention.** Each facility shall be designed and constructed utilizing good engineering practices. Design and construction standards shall

be determined on a case-by-case basis by the Commission. Each such facility shall be designed and constructed to prevent escape of deleterious substances.
(b) **Unloading pits or sumps.** All unloading areas at tank bottom hydrocarbon recycling/reclaiming facilities that use a pit to receive fluids and skimming pits shall be approved on OCC Form 1014.
(c) **Required exhibits.** Complete construction plans, drawings, and written specifications for the proposed facility shall be submitted to the Manager of Pollution Abatement for review and approval. Design and construction standards shall be determined on a case-by-case basis by the Commission. Applicants shall consult with the Commission prior to the construction of the proposed facility. The Commission may apply existing technological standards and/or establish new standards, as it deems appropriate to the proposed site and activities. All plans, drawings, and specifications shall be prepared by or under the supervision of a qualified expert.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94; Amended in Rule Making 200000002, eff 7-1-00]

165:10-8-7. Operation and maintenance requirements
(a) **Fencing.** All recycling/reclaiming facilities shall be completely enclosed by a fence at least four feet in height. No livestock shall be allowed inside the fence. Final construction is subject to approval by the Manager of Pollution Abatement.
(b) **Sign.** A waterproof sign bearing the name of the operator, legal description, permit number, and emergency phone number shall be posted within 25 feet of the entrance gate to the facility and shall be readily visible.
(c) **Site security.** Receiving of any recycling/reclaiming material shall occur only when there is an attendant on duty. All sites shall be secured by a locked gate when an attendant is not on duty. A key or combination to the lock shall be provided to the appropriate Field Inspector for the purpose of carrying out inspections.
(d) **Acceptable materials.** Operators of a recycling/reclaiming facility shall only receive substances as defined in 165:10-1-2 "Deleterious substances."
(e) **Oil film.** OPERATORS TAKE NOTE: Federal statutes, such as the Bald Eagle Protection Act (16 U.S.C. Sections 668-668d), the Migratory Bird Treaty Act (16 U.S.C. Sections 703-711), the Endangered Species Act (16 U.S.C. Sections 1531-1542), and the Lacey Act Amendments of 1981 (16 U.S.C. Sections 3371-3378), dictate substantial fines and penalties for persons who allow birds of certain species to become fatally injured due to incidental contact with oil or oil by-products. These fines may be levied upon persons allowing such fatalities to occur, whether accidental or not. Misdemeanor and felony convictions may include imprisonment. Information on affected bird species, regulations under these Acts, and measures which can be taken to prevent such occurrences, such as the netting or covering of open-topped tanks and pits which contain oil or oil by-products, can be obtained from the U.S. Fish and Wildlife Service Office in Oklahoma City or the nearest Oklahoma Department of Wildlife Office.
(f) **Aesthetics.**
(1) All surface trash, debris, junk and scrap or discarded material connected with the operations of the facility shall be removed from the premises. 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) The District Office or field inspector may issue a Form 1085 for any alleged violation of this subsection. If the operator fails to conduct cleanup as directed, the Commission may fine the operator $500.00 for a first offense. For a subsequent offense, the fine shall be $1,000.00, and the facility shall be shut down until completion for cleanup operations.

(g) **Structural integrity.** All recycling/reclaiming facilities shall be used, operated, and maintained at all times so as to prevent the escape of their contents. Any condition that threatens the structural stability of any diked portion or the storage facility shall be repaired in a timely manner.
(h) **Prevention of pollution.** All recycling/reclaiming facilities shall be used, operated, and maintained at all times so as to prevent pollution. In the event any non permitted discharge occurs, sufficient measures shall be taken to stop or control the loss of materials, and reporting procedures in accordance with 165:10-7-5(c) shall be followed. Any materials lost due to such discharge shall be cleaned up as directed by a representative of the Conservation Division.
(i) **Fines.** For a willful non-permitted discharge from the facility, the operator shall be fined $5,000.00.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94; Amended in Rule Making 200000002, eff 7-1-00]

165:10-8-8. Reporting
(a) **Annual report on Form 1014A.** The operator of any recycling/reclaiming facility shall submit an annual report on Form 1014A to the Manager of Pollution Abatement, by February 1 of each year. In lieu of Commission Form 1014A, operators may submit Oklahoma Tax Commission Form 323A for the twelve calendar months of the previous year by February 1st.
(b) **Daily log for tank bottom at a hydrocarbon recycling/reclaiming facility.** The operator shall maintain a daily log and at a minimum shall include the date, volume, source (generator) and type of material. In addition, copies of any chemical analysis of materials or material safety data sheets shall be maintained.
(c) **Daily load tickets for hydrocarbon recycling/reclaiming facilities at salt water disposal facilities.** The operator shall keep the load tickets for saltwater and other deleterious substances received at the saltwater disposal facilities for a minimum of three years at the operator's office.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94; Amended in Rule Making 200000002, eff 7-1-00]

165:10-8-9. Closure requirements
(a) **Notification.** The Manager of Pollution Abatement Department shall be notified in writing whenever a recycling/reclaiming facility shall be closed, or portions thereof, or becomes inactive unless it is shut down by the Commission.
(b) **Closed facility.** A recycling/reclaiming facility may be considered closed or inactive if the operator closes the facility, the operator is unable to furnish documentation to show that there has been receipt of deleterious substances during the last twelve months, the facility has been shut down by the Commission, or authority to operate has lapsed or is vacated by Commission order.
(c) **Closure plan.** An approved closure plan shall be submitted to the Pollution Abatement Department. Estimate of cost of closure shall be made part of the plan.
(d) **Monitor wells.** Monitor wells, if required, shall be plugged with bentonite or cement, upon approval in writing by the Manager of Pollution Abatement.
(e) **Pits.** When closing any pit with a geomembrane liner, extreme care shall be taken to preserve the integrity of the liner. All free liquids and sediments shall be removed.
(f) **Burial.** If any concrete, steel, geomembrane, or other materials associated with the site are to be left on-site, they shall be buried under a minimum soil cover of three (3) feet, pursuant to 165:10-3-7.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

165:10-8-10. Additional requirements

The requirements set forth in this Part are minimum requirements. Additional requirements may be made upon a showing of good cause.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

165:10-8-11. Variances

Except as otherwise provided in this Subchapter, variances from provisions of this Part may be granted by the Manager of Pollution Abatement or by order after application, notice, and hearing.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

PART 3. DRILLING WASTE RECYCLING/RECLAIMING FACILITIES

165:10-8-25. Scope

This Part shall cover the permitting, construction, operation, and closure requirements for any drilling waste recycling/reclaiming facility.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

165:10-8-26. Definitions

The following words and terms, when used in this Subchapter, shall have the following meaning, unless the context clearly indicates otherwise:

"Drilling waste recycling/reclaiming facility" means a recycling/reclaiming operation which is authorized by the Commission to recycle and/or reclaim drilling waste produced or used in the exploration or production of oil and gas into a marketable product for resale which has undergone at least one treatment process and is to be used for something other than drilling or plugging mud. This definition does not?include the reuse of drilling mud used in drilling or plugging operations.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

165:10-8-27. Pit requirements

(a) **Who may apply.** The applicant for a drilling waste recycling/reclaiming facility shall be the owner and/or lease holder of the site.

(b) **Compliance with Part.** Before issuance of a permit, the applicant shall comply with this Part and if pits are to be used for storage, the applicant shall also comply with 165:10-9-1.

(c) **OCC Form 1020A.** Application shall be filed on OCC Form 1020A.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

165:10-8-28. Application requirements

(a) **Permit required.** No drilling waste recycling/reclaiming facility shall be constructed, enlarged, reconstructed, or used without approval on Form 1020A.

(b) **Site limitations.** Drilling waste recycling/reclaiming facilities shall not be restricted by site limitations unless pits are to be used. If pits are to be used for storage in the operation, the applicant shall also comply with 165:10-9-1.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

165:10-8-29. Surety requirements for reclaimers

(a) **Agreement to close.** Any operator of a drilling waste recycling/reclaiming facility shall file with the Oil and Gas Conservation Division an agreement to properly close and reclaim the site in accordance with approved closure and

reclamation procedures upon termination of drilling waste recycling/reclaiming 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 close the facility or take remedial action as required by law and the rules of the Commission, the surety shall pay to the Commission the full amount of the operator's obligation up to the limit of the surety.

(b) **New facilities.** For new facilities, a Category A (165:10-1- 11) or Category B (165:10-1-13) surety shall be required for coverage of the closure costs, including well pluggings and general site restoration. These costs shall be calculated upon the projected costs of closure for the facility, based on estimated costs of earth work, remediation, revegetation, plugging, etc. Such information shall be provided by the applicant and reviewed, adjusted if necessary, and ordered by the Commission.

(c) **Existing facilities.** For facilities in operation prior to the effective date of this Section, the Commission can require, by order, the establishment of an escrow account to cover the costs of closure, by using a per barrel fee to be deposited into the account. Any interest the account earns until the total amount is collected shall be reinvested in the account. Any interest accrued after the account balance is full shall be returned to the operator.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

165:10-8-30. Design and construction requirements

(a) **Spill prevention.** Each facility shall be designed and constructed utilizing good engineering practices. Design and construction standards shall be determined on a case-by-case basis by the Commission. Each facility shall be designed and constructed to prevent escape of deleterious substances.

(b) **Unloading pits or sumps.** All unloading areas that use a pit to receive fluids and skimming pits shall be approved on OCC Form 1014.

(c) **Required exhibits.** Complete construction plans, drawings, and written specifications for the proposed facility shall be submitted to the Manager of Pollution Abatement for review and approval. Design and construction standards shall be determined on a case-by-case basis by the Commission. Applicants shall consult with the Commission prior to construction of the proposed facility. The Commission may apply existing technological standards and/or establish new standards, as it deems appropriate to the proposed site and activities. All plans, drawings, and specifications shall be prepared by or under the supervision of a qualified expert.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

165:10-8-31. Operation and maintenance requirements

(a) **Fencing.** The drilling waste recycling/reclaiming facility shall be completely enclosed by a fence at least four feet in height. No livestock shall be allowed inside the fenced area. Final construction is subject to approval by the Manager of Pollution Abatement.

(b) **Sign.** A waterproof sign bearing the name of the operator, legal description, permit number, and emergency phone number shall be posted within 25 feet of the entrance gate to the facility and shall be readily visible.

(c) **Site security.** Receiving of any drilling waste recycling/reclaiming material shall occur only when there is an attendant on duty. All sites shall be secured by a locked gate when an attendant is not on duty. A key or combination to the lock shall be provided to the appropriate Field Inspector for the purpose of carrying out inspections.

(d) **Acceptable materials.**

(1) Operators of a drilling waste recycling/reclaiming facility shall only receive substances as defined in 165:10- 1-2 "Deleterious Substances."

(2) Water based mud shall be stored separately from oil based mud.

(e) **Open pits.** Any open recycling pit or tank shall be covered to prevent access to birds.
(f) **Aesthetics.**
(1) All surface trash, debris, junk and scrap or discarded material connected with the operations of the facility shall be removed from the premises. 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) The District Office or field inspector may issue a Form 1036 for any alleged violation of this subsection. If the operator fails to conduct cleanup as directed, the Commission may fine the operator $500.00 for a first offense. For a subsequent offense, the fine shall be $1,000.00, and the facility shall be shut down until completion for cleanup operations.
(g) **Structural integrity.** All drilling waste recycling/reclaiming facilities shall be used, operated, and maintained at all times so as to prevent the escape of their contents. Any condition that threatens the structural stability of any diked portion or the storage facility shall be repaired in a timely manner.
(h) **Prevention of pollution.** All drilling waste recycling/reclaiming facilities shall be used, operated, and maintained at all times so as to prevent pollution. In the event any non permitted discharge occurs, sufficient measures shall be taken to stop or control the loss of materials, and reporting procedures in accordance with 165:10-7-5(c) shall be followed. Any materials lost due to such discharge shall be cleaned up as directed by a representative of the Conservation Division.
(i) **Fines.** For a willful non-permitted discharge from the facility, the operator shall be fined $5,000.00.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

165:10-8-32. Reporting
(a) **Annual report on Form 1014A.** The operator of any drilling waste recycling/reclaiming facility shall submit an annual report on Form 1014A to the Manager of Pollution Abatement, by February 1 of each year.
(b) **Daily log.** The operator shall maintain a daily log that at a minimum shall contain the date, volume, source (generator) and type of material and in addition copies of any chemical analysis or materials or D.O.T. material safety data sheets.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

165:10-8-33. Closure requirements
(a) **Notification.** The Manager of Pollution Abatement Department shall be notified in writing whenever a drilling waste recycling/reclaiming facility shall be closed, or portions thereof, or becomes inactive unless it is shut down by the Commission.
(b) **Closed facility.** A drilling waste recycling/reclaiming facility may be considered closed or inactive if the operator closes the facility, the operator is unable to furnish documentation to show that there has been receipt of deleterious substances during the last twelve months, the facility has been shut down by the Commission, or authority to operate has lapsed or is vacated by Commission order.
(c) **Closure plan.** An approved closure plan shall be submitted to the Pollution Abatement Department. Estimate of cost of closure shall be made part of the plan.
(d) **Monitor wells.** Monitor wells, if required, shall be plugged with bentonite or cement, upon approval in writing by the Manager of Pollution Abatement.
(e) **Pits.** When closing any pit with a geomembrane liner, extreme care shall be taken to preserve the integrity of the liner. All free liquids and sediments shall be removed.

(f) **Burial.** If any concrete, steel, geomembrane, or other materials associated with the site are to be left on-site, they shall be buried under a minimum soil cover of three (3) feet, pursuant to 165:10-3-7.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

165:10-8-34. Additional requirements

The requirements set forth in this Part are minimum requirements. Additional requirements may be made upon a showing of good cause.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

165:10-8-35. Variances

Except as otherwise provided in this Subchapter, variances from provisions of this Part may be granted by the Manager of Pollution Abatement or by order after application, notice, and hearing.

[**Source:** Added at 11 Ok Reg 3691, eff 7-11-94]

SUBCHAPTER 9. COMMERCIAL DISPOSAL FACILITIES

Section
165:10-9-1. Use of commercial pits
165:10-9-2. Commercial soil farming
165:10-9-3. Commercial disposal well surface facilities

165:10-9-1. Use of commercial pits

(a) **Scope.** This Section shall cover the permitting, construction, operation, and closure requirements for any commercial pit. A commercial pit is a disposal facility which is authorized by Commission order and used for the disposal, storage, and handling of deleterious substances or soils contaminated by deleterious substances produced, obtained, or used in connection with drilling and/or production operations. This does not cover disposal well pits. (See 165:10-9-3 and 165:10-7-20.)

(b) **Application requirements.**

(1) **Who may apply.** The applicant for a commercial pit shall be the owner of the land (or person having a written firm option to purchase the land at the time the application is filed) on which the proposed pit is to be located: if leased, both the owner and lessee shall be joint applicants.

(2) **Compliance with rules.** Before issuance of an order, the applicant shall comply with Commission Rules of Practice 165:5-7-1, 165:5-7-35, 165:5-3-1, and this Section.

(3) **Exhibits.** Two complete sets of all exhibits which shall be relied upon by the applicant shall be submitted to the Pollution Abatement Department of the Commission, pursuant to 165:5-7-35. Those exhibits shall include, but are not limited, to the following:

(A) A lithologic log of test borings, identifying the subsurface materials encountered and the depth at which groundwater was encountered pursuant to (c)(2)(D) of this Section.

(B) Results of permeability tests of the proposed liner materials, pursuant to (e)(7) of this Section.

(C) A topographic map of the commercial pit site.

(D) The appropriate Soil Conservation Service (SCS) soil survey aerial photo and legend.

(E) A detailed drawing of the site, with complete construction plans drawn to scale by or under the supervision of a registered professional engineer.

(F) A plan for closure of the pit(s) which shall provide for a minimum three feet of soil cover and shall specifically state how all aspects of closure shall be accomplished, including volume and fate of liquids and solids, earthwork to close the pit(s) (including placement of stockpiled topsoil), and revegetation of the site.

(G) An itemization of projected hauling, closure, reclamation, maintenance, and monitoring costs.

(H) A plan for post-closure maintenance and monitoring which shall address maintenance of the site as well as monitoring and plugging of wells. Exemption from the plugging of monitor wells may be obtained upon written request and approval of the Manager of Pollution Abatement.

(I) A plan for operation which shall address the method(s) by which excess water will be disposed.

(c) **Restrictions.**

(1) **Order required.** No commercial earthen pit shall be constructed, enlarged, reconstructed, or used without a Commission order.

(2) **Site limitations.**

(A) No commercial earthen pit shall be constructed or used unless an investigation of the soils, topography, geology, and hydrology conclusively shows that storage of water-based drilling fluids and/or cuttings at the site will not be harmful to groundwater, surface water,

soils, plants, or animals in the surrounding area. No abandoned mine, strip pit, quarry, canyon, or streambed shall be used for disposal of oilfield wastes, nor shall a pit be constructed or used in such a setting.

(B) No commercial pit shall be constructed or used on any site that is located within a 100-year flood plain.

(C) No commercial pit shall be constructed or used within a wellhead protection area (WPA) as identified by the Wellhead Protection Program (42 USC Section 300h-7, Safe Drinking Water Act), or within one mile of an active municipal water well for which the WPA has not been delineated.

(D) No commercial pit shall be constructed unless it can be shown that there will be a minimum of 25 feet between the bottom of the pit and the groundwater level of the first aquifer. To ascertain this and to demonstrate the subsurface profile of the site, a minimum of three test borings (the exact number of locations to be determined by the Pollution Abatement Department) shall be drilled to a minimum depth of 25 feet below the proposed bottom of the pit and into the first aquifer encountered. Test borings need not extend deeper than 50 feet below the bottom of the pit if an aquifer has not been encountered before that depth. All boreholes converted to monitor wells shall conform to (e)(15) of this Section. All boreholes not converted to monitor wells shall be plugged from top to bottom with bentonite, cement, and/or other method approved by the Pollution Abatement Department within 30 days of drilling completion.

(E) After July 1, 1992, no commercial pit shall be constructed or used within the following distances from the city limits of an incorporated municipality unless previously authorized by Commission order:

(i) Three miles if population is 20,000 or less.

(ii) Five miles if population is greater than 20,000.

(3) **Means of water disposal.** No commercial pit shall be constructed or used unless the operator can show that there will be an ongoing means of disposal of excess water pursuant to (b)(3)(I) of this Section.

(d) **Surety requirements.**

(1) **Agreement with Commission.** Any operator of a commercial pit shall file with the Manager of Document Handling for the Conservation Division an agreement to properly close and reclaim the site in accordance with approved closure and reclamation procedures upon termination of disposal operations due to abandonment, shutdown, full pits, or other reason. 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 close the pits or take remedial action as required by law and the rules of the Commission, the surety shall pay to the Commission the full amount of the operator's obligation up to the limit of the surety.

(2) **Surety amount and type.** The Commission shall establish the amount of security in the order for the authority to construct, enlarge, or operate a commercial pit. The amount of security shall be based on factors such as dimensions of the pit and costs of hauling, closure, reclamation, and monitoring. The amount may be subject to change for good cause. Upon approved closure of a pit, the Manager of Pollution Abatement may administratively reduce the surety requirement to an amount which would cover the cost of monitoring the site and plugging the monitor wells. Security shall be maintained for as long as monitoring is required. The type of security shall be a corporate surety bond, certificate of deposit, irrevocable letter of credit, or other type of security approved for the pit by order of the Commission. Any type of surety that expires shall be renewed prior to 30 days before the expiration date. All joint escrow accounts shall be made current every 30 days.

(3) **Posting surety before permit is issued.** An operator shall post surety with the Commission before a construction permit is issued, pursuant to (e)(1) of this Section.

(e) **Construction requirements.**

(1) **Permit required.** Prior to constructing any pit, a commercial pit operator shall obtain a permit from the Manager of Pollution Abatement. Application shall be made on Form 1014N. For use of a commercial pit without a permit, the pit operator shall be fined $5,000.00.

(2) **Runoff water prohibited.** No runoff water from surrounding land surfaces shall be allowed to enter a pit.

(3) **Stockpiling of topsoil.** Prior to constructing a pit, all topsoil within the top twelve inches of soil on the site shall be stockpiled for use as the final cover at the time of closure. The topsoil may be stockpiled in the outside slopes of the berms, provided it is not used for structural purposes and can be readily distinguishable from other soil materials at the time of closure. In cases where topsoil is stockpiled in the berms, it shall be shown in the as-built drawings pursuant to (e)(16) of this Section.

(4) **Monitoring by engineer.** A registered professional engineer or an engineer-in-training working under the supervision of a registered professional engineer (RPE) shall monitor the construction of any commercial pit to assure that approved design specifications and Commission rules are adhered to. A minimum of three on-site visits to the site shall be made; one pre-construction, one during construction, and one post-construction. At least the post-construction on-site visit shall be made by the RPE.

(5) **Maximum fluid depth.** Any pit shall be constructed to contain a maximum fluid or sediment depth of seven feet, with a minimum freeboard of three feet.

(6) **Maximum dimensions.** Any pit shall not be constructed to dimensions greater than that approved in the order. Furthermore, the maximum width of a pit or pit cell shall not exceed 175 feet if closure must be accomplished from one side or two adjacent sides; 350 feet if closure can be accomplished from at least two opposite sides or three adjacent sides. Pit dimensions shall be measured at the maximum allowable fluid level.

(7) **Soil liners.**

(A) Soil materials to be used in a soil liner shall undergo permeability testing before construction. Pre-construction permeability testing shall consist of laboratory permeability tests on at least two specimens of representative soil liner materials compacted in the laboratory to approximately 95 percent of the material's Standard Proctor Density (ASTM D-698).

(B) Laboratory permeability test procedures must conform to one of the methods described for fine-grained soils in the Corps of Engineers Manual EM-1110-2-1906 Appendix VII. In no case shall the pressure differential across the specimen exceed five feet of water per inch of specimen length.

(C) If permeability testing shows that addition of bentonite or other approved material is needed to assist the native soils in meeting the permeability standard, it shall be applied at a minimum rate specified by the testing or engineering firm. Any bentonite used for liner material shall not have been previously used in drilling muds.

(D) Any soil liner shall be constructed by disturbing the soil to the depth of the bottom of the liner, applying fresh water as necessary to the soil materials to achieve a moisture content wet of optimum, then recompacting it with heavy construction equipment, such as a footed roller, until the required density is achieved, pursuant to (H) of this paragraph. The liner shall be constructed in maximum six inch lifts

(after compaction), with each lift being scarified before placement of the next lift.

(E) Any soil liner shall cover the bottom and interior sides of the pit entirely.

(F) Any soil liner shall be installed on a slope no steeper than 3:1 (horizontal to vertical).

(G) Any soil liner shall have a minimum thickness of 18 inches (after compaction) and shall have a maximum coefficient of permeability of 1.0 x 10^{-7} cm/sec.

(H) Any soil liner shall be field tested for compaction, unless a post-construction permeability test is performed pursuant to (I) of this paragraph.

(i) A minimum of six compaction tests shall be performed on any soil liner; a minimum of four widely spaced tests in the bottom of the pit and two tests on different slopes of the pit are required, unless otherwise directed by a Conservation Division representative. Particular emphasis shall be placed on selecting locations for compaction tests where nonuniformity in soil texture or color can be observed.

(ii) Compaction tests shall be conducted in accordance with ASTM methods D-2922 or D-1556.

(iii) The soil materials of any liner shall be compacted to at least 95 percent of the Standard Proctor Density.

(I) Post-construction permeability testing shall consist of at least two laboratory permeability tests on undisturbed samples of the completed soil liner.

(i) Particular emphasis shall be placed on selecting the location(s) for permeability tests or test samples where nonuniformity in soil texture or color can be observed.

(ii) Field permeability tests shall be conducted only by the double ring infiltrometer method as described in ASTM D-3385. Permeability tests may be discontinued prior to flow stabilization upon satisfactory evidence that the permeability rate is less than 1.0 x 10^{-7} cm/sec.

(8) **Geomembrane liners.**

(A) Any geomembrane liner that is installed in a commercial pit shall have a minimum thickness of 30 mil.

(B) Any geomembrane liner used in a commercial pit shall be chemically compatible with the type of substances to be contained and shall have ultraviolet light protection.

(C) Any geomembrane liner shall be placed over a specially prepared, smooth, compacted surface void of sharp changes in elevation, rocks, clods, organic debris, or other objects.

(D) Any geomembrane liner shall be continuous, although it may include seams, and shall cover the bottom and interior sides of the pit entirely. The edges shall be securely placed in a minimum twelve inch deep anchor trench around the perimeter of the pit.

(9) **Width of the crown.** The crown (top) of any berm shall be a of minimum eight feet in width.

(10) **Slopes.** The inside slope of any exterior berm (having fluid on one side) shall not be steeper than 3:1 (horizontal to vertical) and the outside slope 2.5:1. The slopes of any interior berm (having fluid on both sides) shall not be steeper than 3:1.

(11) **Earthwork compaction.** All earthwork, except as noted in (7)(H)(iii) of this subsection, shall be compacted to achieve a minimum 90% Standard Proctor Density and shall be applied in lifts where some method of bonding is achieved between lifts, with each lift not to exceed eight inches prior to compaction.

(12) **Pipe installation.** Any pipe, tinhorn, culvert, or conduit in the berm between two adjoining pits shall be placed so that there is a minimum of 36 inches between the top of the pipe, tinhorn, culvert, or conduit and the lowest point in the top of the berm separating the pits.

(13) **Splash pad.** All pits which receive fluids directly from a vacuum truck shall have a splash pad at the point where fluids are received unless a waiver is obtained from the Manager of Pollution Abatement by showing that erosion of the liner will not occur. The pad must be constructed of materials and to the dimensions necessary to effectively prevent the liner from eroding.

(14) **Fluid level marker.** A minimum of one stationary fluid level marker shall be erected in each pit or cell. The marker shall be erected in a location within the pit or cell where it can be easily observed. The marker shall be of such design that the maximum fluid level at any time may be clearly identified. The marker shall be mounted on a suitable post set in concrete or other method approved by the Manager of Pollution Abatement. That portion of the post hole which lies in the soil liner zone shall be backfilled with bentonite pellets. Details of the proposed marker installation shall be approved by the Manager of Pollution Abatement prior to installation. Markers shall be installed under the supervision of a registered professional engineer, licensed land surveyor, or other person approved by the Manager of Pollution Abatement prior to installation.

(15) **Monitor wells.** All commercial pits shall have a minimum of three monitor wells; one upgradient and two downgradient. The exact number and location of wells shall be approved by the Pollution Abatement Department prior to installation. No monitor well shall be installed more than 250 feet from a commercial pit, nor shall any existing water well be used as a monitor well unless approved by the Manager of Pollution Abatement. Monitor wells installed prior to the effective date of this Section may be accepted by the Manager of Pollution Abatement if it can be shown that they adequately monitor a site. All new monitor wells shall be drilled through the first aquifer encountered, but need not extend more than 50 feet below the bottom of a pit if no aquifer is encountered, and shall be completed by a licensed monitor well driller. If documentation can be submitted prior to drilling to show that no water will be encountered within 50 feet below the bottom of the pit, the Manager of Pollution Abatement may require that monitor wells be drilled to a lesser depth. All new monitor wells shall meet the following requirements:

(A) A minimum two inch diameter PVC casing shall be used with a sealing cap on the bottom.

(B) The casing shall consist of a slotted liner in the saturated zone, or bottom ten feet if none is encountered, and shall be gravel-packed or sand-packed as appropriate to the installation.

(C) Bentonite shall be placed in the annular space of the well above the slotted liner for an interval of at least two feet to form an adequate seal.

(D) Uncontaminated well cuttings may be returned to the annular space above the bentonite seal for well stability.

(E) A minimum of two of the top six feet of the annular space around the casing shall be filled with cement.

(F) A minimum three inch thick concrete apron shall be placed at the surface to a minimum two foot radius from the casing.

(G) A removable and lockable cap shall be placed on top of the casing. The cap shall remain locked at all times, except when the well is being sampled.

(H) Within 30 days of installation, specific completion information for all monitor wells shall be submitted to the Manager of Pollution Abatement.

(16) **As-built drawing.** A detailed, as-built drawing of the pit(s) and monitor wells by or under the supervision of a registered professional engineer shall be submitted to the Manager of Pollution Abatement before operation of the pit(s) commences.

(17) **Liner certification.** An affidavit signed by the person who was responsible for installing the pit liner, certifying that the liner meets minimum requirements and was installed in accordance with Commission rules, shall be submitted to the Manager of Pollution Abatement before operation of the pit commences. Supporting documentation shall also be submitted, such as post-construction permeability or compaction test results, bentonite receipts, and geomembrane liner specifications from the manufacturer.

(18) **Pit approval.** Acceptance of fluids into a pit shall not commence until a representative of the Conservation Division has inspected and approved the pit.

(19) **Hydrologically sensitive areas.** If the proposed site is known to be located over a hydrologically sensitive area (hydrologically sensitive areas and hydrologically very sensitive areas are determined by the Technical Services Department and based upon Oklahoma Geological Survey maps), in addition to the foregoing construction requirements, the additional requirements shall apply:

(A) The total depth of a pit shall not exceed eight feet, and the total designed fluid or sediment depth shall not exceed five feet.

(B) A soil liner having a minimum thickness of three feet and a coefficient of permeability no greater than 1.0×10^{-8} cm/sec or a minimum 60-mil geomembrane liner shall be required.

(C) The Manager of Pollution Abatement shall determine the minimum depth of all monitor wells.

(f) **Operation and maintenance requirements.**

(1) **Vegetative cover.** Vegetative cover shall be established on all areas of earthfill immediately after pit construction or during the first planting season if pit construction is completed out of season. The cover shall be sufficient to protect those areas from soil erosion and shall be maintained.

(2) **Fencing.** All commercial pits shall be completely enclosed by either a woven wire fence at least four feet in height or a woven wire fence at least three feet in height with two strands of barbed wire. No livestock shall be allowed inside the fence.

(3) **Sign.** A waterproof sign bearing the name of the operator, legal description, most current order number, and emergency phone number shall be posted within 25 feet of the entrance gate to any commercial pit and shall be readily visible.

(4) **Site security.** Dumping into a commercial pit shall occur only when there is an attendant on duty. All sites shall be secured by a locked gate when an attendant is not on duty. A key or combination to the lock shall be provided to the appropriate Field Inspector for the purpose of carrying out inspections.

(5) **Fluid level.** Drilling fluids and/or cuttings shall not be accepted into a commercial pit unless the fluid level can be maintained at an elevation no higher than the maximum level of the fluid level marker.

(6) **Acceptable materials.**

(A) No operator of a commercial pit shall receive any substances other than water-based drilling fluids and/or cuttings or salt contaminated soils.

(B) No operator of a pit permitted prior to July 9, 1987, shall receive fluids and/or cuttings with a chloride content greater than 3500 mg/l. No operator of a pit permitted after July 9, 1987, shall receive fluids and/or cuttings with a chloride content greater than 5000 mg/l.

(C) A sample from each incoming load shall be collected, filtered using a standard API filter press, and tested for chlorides.

(D) The date, volume, source, and chloride level of each load received shall be entered into a log book. The log book shall be available for inspection by a representative of the Conservation Division of the Commission at all times. Log books shall be kept for a minimum of five years after closure is completed.

(7) **Pit contents.** No pit permitted prior to July 9, 1987, shall contain fluids and/or cuttings with a chloride content greater than 5,000 mg/l. No pit permitted after July 9, 1987, shall contain fluids and/or cuttings with a chloride content greater than 10,000 mg/l. The contents of each pit or pit cell shall be sampled and analyzed by the operator at least once every six months (during January and July) after operations commence. More frequent sampling may be required by the Manager of Pollution Abatement. The following procedures shall be used:

(A) The appropriate Field Inspector shall be notified at least 24 hours in advance of sampling to allow a Commission representative an opportunity to witness the sampling.

(B) Samples shall be collected and handled by the operator according to EPA-approved standards. (RCRA Groundwater Monitoring Technical Enforcement Guidance Document, EPA, OSWER-9950.1, September 1986, pp. 99-107.)

(C) A minimum of five samples per 50,000 bbls., or part thereof, is required for each pit or pit cell. Samples must be taken from different horizontally and vertically distributed locations in each pit or pit cell.

(D) The samples shall be combined and thoroughly mixed, then a minimum two pint composite sample taken for analysis.

(E) If requested by a representative of the Conservation Division, each composite sample shall be split and an adequate portion (approximately one pint) shall be properly labeled and delivered or otherwise provided to the appropriate District Office or Field Inspector.

(F) All samples delivered to the laboratory shall be accompanied by a chain of custody form.

(G) All composite samples must be analyzed for chlorides by a laboratory certified by the Oklahoma Water Resources Board or operated by the State of Oklahoma. Analysis of additional parameters may be required, as determined by the Manager of Pollution Abatement.

(H) A copy of each analysis shall be forwarded to the Pollution Abatement Department within 30 days of sampling.

(8) **Oil film.**

(A) No commercial pit shall contain an oil film covering more than one acre or more than ten percent of the surface area of the pit, whichever is less.

(B) The protection of migratory birds shall be the responsibility of the operator. Therefore, the Conservation Division recommends that to prevent the loss of birds, oil films be removed, or the surface area covered by the film be protected from access to birds. (See Advisory Notice in 165:10-7-3(c).)

(9) **Aesthetics.** All commercial pit sites shall be maintained so that there is no junk iron or cable, oil or chemical drums, paint cans, domestic trash, or debris on the premises.

(10) **Structural integrity.** All commercial pits shall be used, operated, and maintained at all times so as to prevent the escape of their contents. All erosion, cracking, sloughing, settling, animal burrows, or other condition that threatens the structural stability of any earthfill shall be repaired immediately upon discovery.

(11) **Monitor wells.** Sampling of monitor wells shall begin prior to accepting any drilling fluids and/or cuttings into a new facility and

within 30 days of drilling completion on existing facilities, and shall be done at least once every six months (during January and July) after operations commence until three years after closure is completed. Sampling of greater frequency of duration may be required by the Manager of Pollution Abatement. The following procedures shall be used:

(A) The appropriate Field Inspector shall be notified at least 24 hours in advance of sampling to allow a Commission representative an opportunity to witness the sampling.

(B) Samples shall be collected and handled by the operator according to EPA-approved standards. (RCRA Groundwater Monitoring Technical Enforcement Guidance Document, EPA, OSWER-9950.1, September 1986, pp. 99-107.)

(C) If requested by a representative of the Conservation Division, an adequate portion of each sample (approximately one pint) shall be properly labeled and delivered or otherwise provided to the appropriate District Office or Field Inspector.

(D) All samples delivered to the laboratory shall be accompanied by a chain of custody form.

(E) All samples must be analyzed for pH and chlorides by a laboratory certified by the Oklahoma Water Resources Board or operated by the State of Oklahoma. Analysis of additional parameters may be required, as determined by the Manager of Pollution Abatement.

(F) A copy of each analysis and a statement as to the depth to groundwater encountered in each well, or an affidavit that no water was encountered, shall be forwarded to the Pollution Abatement Department within 30 days of sampling.

(12) **Prevention of pollution.** All commercial pits shall be used, operated, and maintained at all times so as to prevent pollution. In the event of a nonpermitted discharge from a commercial pit, sufficient measures shall be taken to stop or control the loss of materials, and reporting procedures in 165:10-7-5(c) shall be followed. Any materials lost due to such discharge shall be cleaned up as directed by a representative of the Conservation Division. For a willful non-permitted discharge, the pit operator shall be fined $5,000.00.

(g) **Annual report.** The operator of any commercial pit shall submit an annual report on Form 1014A to the Manager of Pollution Abatement, by February 1 of each year.

(h) **Closure requirements.**

(1) **Notification.** The Manager of Pollution Abatement shall be notified in writing whenever a commercial pit becomes inactive, is abandoned, full of sediment, or operation of the pit ceases for any reason. A commercial pit may be considered to be inactive by the Commission if:

(A) The pit has been shut down by the Commission because of a violation which results in the filing of an application for an order to vacate the operator's authority.

(B) The authority to operate has been terminated by failure to comply with (j) of this Section.

(C) The operator is unable to furnish documentation to show that there has been receipt of drilling fluids and/or cuttings into the pit during the previous twelve months.

(2) **Time limit.** Closure of all commercial pits shall be commenced within 60 days and completed within one year of cessation of pit operations, pursuant to (1) of this subsection. In cases where extenuating circumstances arise, one extension of six months may be administratively approved in writing by the Manager of Pollution Abatement. Closure shall be in accordance with an approved closure plan. A progress report shall be submitted to the Manager of Pollution Abatement, every three months (during January, April, July, and October) after cessation of pit operations until closure is completed.

(3) **Restrictive covenant.** A restrictive covenant shall be filed with the County Clerk of the county in which a commercial pit is located. The document shall accurately describe the pit location and shall specifically restrict the current or future landowners of the pit site from puncturing the final cover of the pit or otherwise disturbing the site to the extent that pollution could occur.

(4) **Penalty for failure to meet closure requirements.** An operator failing to meet the closure requirements set out in this subsection shall be fined $1,000.00.

(i) **Additional requirements.** The requirements set forth in this Section are minimum requirements. Additional requirements may be made upon a showing of good cause that an operator has a history of complaints for failure to comply with Commission rules and regulations, the site has certain limitations, or other conditions of risk exist.

(j) **Application to existing pits.** Subsections (a), (c)(1), (d), (e), (f), (g), (h), and (i) of this Section shall apply to all commercial pits permitted or ordered prior to the adoption of this Section. All pits permitted, but yet to be constructed as of the effective date of this Section, shall be subject to all of the construction requirements under (e) of this Section.

(k) **Variances.** Except as otherwise provided in this Section, variances from provisions of this Section may be granted for good cause by order after application, notice, and hearing.

(l) In the event the Manager of Pollution Abatement has evidence that an applicant for a commercial disposal pit may not possess a satisfactory compliance history with oil and gas conservation rules, the Manager of Pollution Abatement may seek an order of the Commission determining whether or not the applicant should be authorized to operate such a facility.

[**SOURCE:** Amended at 9 Ok Reg 2295; Amended at 9 Ok Reg 2337, eff 6-25-92; Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-9-2. Commercial soil farming

(a) **Order and permit required.** No person shall conduct commercial soil farming without an order of the Commission and an approved permit.

(b) **Site suitability restrictions.** Commercial soil farming shall only occur on a tract of land having all of the following characteristics [paragraphs (1) through (5) shall be determined by the appropriate Soil Conservation District or a qualified soils expert]:

(1) A maximum slope of five percent.

(2) Depth to bedrock no less than 20 inches.

(3) A soil profile containing at least twelve inches of one of the following U.S.D.A. soil textures:

(A) loam
(B) silt loam
(C) silt
(D) sandy clay loam
(E) clay loam
(F) silty clay loam
(G) sandy clay
(H) silty clay or clay

(4) No flooding potential.

(5) Slight salinity (defined as electrical conductivity less than 4,000 micromhos/cm) in the topsoil or upper six inches of the soil.

(6) An Exchangeable Sodium Percentage (ESP) less than 15.

(7) A water table deeper than 25 feet from the soil surface, excluding perched water tables (submit basis for this determination).

(8) A minimum distance of 100 feet from any stream designated by Oklahoma Water Quality Standards or any fresh water pond, lake, or wetland

(available for viewing at the Commission's Oklahoma City or District Offices).

(9) The site shall not be located within three (3) miles upstream within the watershed for any lake used for public water supply..

(c) **Application requirements.**

(1) **Who may apply.** The applicant or joint applicant for commercial soil farming shall be the owner of the land (or person having a firm option, in writing, to purchase the land) which is to be used for soil farming.

(2) **Order required.** The Commission may issue an order upon compliance with Commission Rules of Practice 165:5-7-1, 165:5-7-35, 165:5-3-1, and this Section.

(3) **Required exhibits.** All exhibits intended to support an application shall be filed pursuant to 165:5-7-35. The exhibits shall include the following:

(A) A site suitability report, pursuant to (b) of this Section, provided by the appropriate Soil Conservation District or a qualified soils expert (include qualifications). The report must contain a U.S.D.A. Soil Survey map, or when Soil Survey map does not have adequate detail, a map prepared by a qualified soils expert. A legend and soil type description shall be attached.

(B) Plan of conservation management practices covering needs of storm water disposal and erosion control.

(C) A well-prepared map or diagram, drawn to scale, showing the size and configuration of the individual soil farming plots.

(D) A topographic map of the subject area.

(E) Initial soil analysis.

(F) A detailed discussion of the method of application and provisions for preventing runoff from the application area.

(d) **Sampling requirements.**

(1) **Contact with District Office.** The District Office shall be contacted at least two working days prior to sampling to allow a Commission representative an opportunity to witness the sampling of the receiving soil and pit(s) to be soil farmed.

(2) **Receiving soil.** Subsequent to the preparation of a conservation plan or site suitability report, soil samples shall be taken from the proposed soil farming plot and analyzed. Analysis shall be submitted pursuant to (c)(3)(E) of this Section. Soil sampling shall follow this procedure:

(A) If the site contains soil types from different parent material, separate areas shall be established for soil sampling and loading calculations.

(B) A sample area shall not exceed 40 acres.

(C) A minimum of 20 representative surface core samples (0-6 inches) and 20 representative subsurface core samples (18-30 inches) must be taken from each sample area. The samples shall be composited for analysis of a single surface core sample and a single subsurface core sample.

(3) **Pit materials.** Pit materials to be soil farmed shall be sampled using the following procedure:

(A) A minimum of five samples per 50,000 bbls., or part thereof, each representative of the materials to be soil farmed, is required for each pit or pit cell. Samples must be taken from different horizontally and vertically distributed locations in each pit or pit cell.

(B) The samples shall be combined and thoroughly mixed, then a minimum two pint composite sample shall be taken for TDS analysis, a minimum three pint composite sample taken for oil and grease analysis, and a minimum two pint composite sample taken for heavy metal analysis.

(C) If requested by a representative of the Conservation Division, each composite sample for TDS analysis shall be split and an adequate portion

(approximately one pint) properly labeled and delivered or otherwise provided to the appropriate District Office or Field Inspector.

(D) After samples have been taken for analysis from a pit or pit cell which is the subject of a soil farming application, 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.

(e) **Analysis requirements.**

(1) **Approved laboratory.** Soil and pit samples shall be analyzed by a laboratory operated by the State of Oklahoma or certified by the Oklahoma Water Resources Board.

(2) **Soil.** Parameters for analysis of soil shall include, but are not limited to pH, Total Soluble Salts (TSS) or Electrical Conductivity, and Exchangeable Sodium Percentage (ESP).

(3) **Pit contents.** Parameters for analysis of pit contents shall include, but are not limited to, the following: pH, Total Dissolved Solids (TDS), Electrical Conductivity, Arsenic, Chromium and Oil and Grease. Arsenic and Chromium may be analyzed by either Nitric Acid Extraction or Acetic Acid Extraction ("Test Methods for Evaluating Solid Waste," SW846, second edition, U.S. EPA). The analysis shall specify which method of extraction was used.

(f) **Maximum application rate.**

(1) **Loading limits.**

(A) The maximum application rate (loading limit) shall be calculated by the operator using the calculations in (g) of this Section and the following soil loading standards:

(i) Total Soluble Salts: 6,000 lbs/acre (less TSS in soil).

(ii) Arsenic: 80 lbs/acre.

(iii) Chromium: 80 lbs/acre.

(iv) Oil and Grease: 40,000 lbs/acre.

(v) Total Dry Weight: 200,000 lbs/acre.

(B) Limitations in (A) of this paragraph are based upon standards set forth in the following publications:

(i) "Diagnosis and Improvement of Saline and Alkaline Soils," U.S. Agriculture Handbook, No. 60, U.S. Salinity Laboratory, Riverdale, California, 1954

(ii) "Critical Concentrations for Irrigation Water Supplies," Water Quality Criteria, 1972 Ecological Research Series, EPA-R2-73-033, March, 1973

(iii) H.R. Moseley, "Summary and Analysis of API Onshore Drilling Mud and Produced Water Environmental Studies," American Petroleum Institute Bulletin, No. D-19, 1983

(2) **Determination of most limiting parameter.** The maximum application rate shall be restricted by the most limiting parameter. It may require more than one application to achieve the maximum application rate while avoiding runoff. The operator shall indicate on Form 1014CS the maximum application rate and the minimum acreage that will be used.

(3) **Records required.** Accurate records shall be kept for each parameter as to when, where (which application area), and how much is applied. The operator shall make such records available at all times for inspection by a representative of the Conservation Division. Additionally, an annual report shall be submitted to the Manager of Pollution Abatement, pursuant to (k) of this Section.

(4) **Additional soil sampling required.** Additional soil sampling and analysis of a plot shall be done prior to each soil farming application when records show that 60 percent of the maximum application rate in (1) of this subsection of any parameter except total weight is reached. Requirements of (d) and (e) of this Section shall be met. Soil farming shall not be permitted on a plot if the analysis indicates that more than

95 percent of the maximum application rate of any parameter has been reached or if the ESP is greater than 15.

(g) **Calculations.** The procedures described in Appendix H of this Chapter shall be used in calculating the maximum application rate.

(h) **Operation requirements.**

(1) **Surety required.**

(A) Any operator of a commercial soil farming site shall file with the Manager of Document Handling for the Conservation Division an agreement to clean up pollution, restore the site, and/or plug monitor wells, if necessary, 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 the rules or take remedial action as required by law and this Section, the surety shall pay to the Commission the full amount of the operator's obligation up to the limit of the surety.

(B) The Commission shall establish the amount of security in the order for the authority to operate a commercial soil farming site. The security shall be based upon $10,000 per 40 acres, or part thereof. The amount may be subject to change for good cause. The security shall be maintained for as long as monitoring is required. The type of security shall be a corporate surety bond, certificate of deposit, irrevocable letter of credit, or other type of security approved by order of the Commission. Any type of surety that expires shall be renewed prior to 30 days before the expiration date. All joint escrow accounts shall be made current every 60 days.

(2) **Sign required.** A waterproof sign bearing the name of the operator, legal description, order number, and emergency phone number shall be posted within 25 feet of the entrance to any commercial soil farming site and shall be readily visible.

(3) **Monitor wells.**

(A) Any commercial soil farming operation shall be required to have a minimum of two monitor wells, one upgradient and one downgradient, unless it can be shown that the site is not located over a hydrologically sensitive area, i.e., a principal bedrock aquifer, the recharge or potential recharge area of a principal bedrock aquifer, or an unconsolidated alluvium or terrace deposit, according to the Oklahoma Geological Survey "Maps Showing Principal Groundwater Resources and Recharge Areas in Oklahoma" (available for viewing at the Commission's Oklahoma City Office and District Offices) or other maps approved by the Commission. The exact number and location of wells shall be established by the Pollution Abatement Department.

(B) No monitor well shall be installed more than 250 feet from a commercial soil farming operation, nor shall any existing water well be used as a monitor well, unless approved by the Manager of Pollution Abatement. Monitor wells installed prior to the effective date of this Section may be accepted by the Manager of Pollution Abatement if it can be shown that they adequately monitor a site.

(C) All new monitor wells shall be drilled through the first aquifer encountered, but need not extend below 100 feet if no aquifer is encountered, and shall be completed by a licensed water well driller. If documentation can be submitted prior to drilling to show that no water will be encountered within 100 feet, then the District Manager may require that monitor wells be drilled to a lesser depth.

(D) All new monitor wells shall meet the following requirements:

(i) A minimum four inch diameter PVC casing shall be used with a sealing cap on the bottom.

(ii) The casing shall consist of a slotted liner in the saturated zone, or bottom ten feet if none is encountered, and shall be gravel-packed or sand-packed as appropriate to the installation.

(iii) Bentonite shall be placed in the annular space of the well above the slotted liner for an interval of at least two feet to form an adequate seal.

(iv) Well cuttings shall be returned to the annular space above the bentonite seal for well stability.

(v) A minimum of two of the top six feet of the annular space around the casing shall be filled with cement.

(vi) A minimum three inch thick concrete apron shall be placed at the surface to a minimum two foot radius from the casing.

(vii) A removable and lockable cap shall be placed on top of the casing. The cap shall remain locked at all times, except when the well is being sampled.

(E) Within 30 days after installation, specific completion information for all monitor wells and a diagram of their locations in relation to the soil farming site shall be submitted to the Manager of Pollution Abatement.

(4) **Sampling of monitor wells.** Sampling of monitor wells shall begin prior to the first soil farming application and shall be done once every six months (during January and July) after operations commence until one year after the last application is made, then once every year for three years according to the following:

(A) The appropriate District Manager shall be notified at least 24 hours in advance of sampling to allow a Commission representative an opportunity to witness the sampling.

(B) Samples shall be collected and handled by the operator according to EPA-approved standards ("RCRA Groundwater Monitoring Technical Enforcement Guidance Document," EPA, OSWER-9950.1, September, 1986, pp.99-107.)

(C) If requested by a representative of the Conservation Division, an adequate portion of each sample (approximately one pint) shall be properly labeled and delivered or otherwise provided to the appropriate District Office or Field Inspector.

(D) All samples must be analyzed for pH and chlorides by a laboratory certified by the Oklahoma Water Resources Board or operated by the State of Oklahoma. Analysis of additional parameters may be required, as determined by the Manager of Pollution Abatement.

(E) A copy of each analysis and a statement as to the depth to groundwater encountered in each well, or an affidavit that no water was encountered, shall be forwarded to the Pollution Abatement Department within 30 days of sampling.

(5) **Site Security.** Soil farming shall only occur when there is an attendant on duty. All sites shall be secured by a locked gate when an attendant is not on duty. A key or combination to the lock shall be provided to the appropriate Field Inspector for the purpose of carrying out inspections..

(i) **Conditions of permits.** Each permit issued under this Section shall be subject to the following conditions:

(1) **Required form.** A completed Form 1014CS shall be submitted to the Manager of Pollution Abatement for approval prior to commencement of soil farming. .

(2) **Notice to Commission.** The applicant, by agreement with the appropriate District Office, shall schedule the commencement of soil farming no less than 24 hours prior thereto, to allow a Commission representative to be present to witness the work. .

(3) **Presence of representative.** A representative of the applicant shall be on the soil farming site at all times during application of the pit materials to the land.

(4) **Type muds to be soil farmed.** Commercial soil farming is limited to water-based type muds and/or cuttings. Soil farming of oil-based muds and/or cuttings shall be prohibited.

(5) **Weather restrictions.** Commercial soil farming shall not be done:

(A) During precipitation events..

(B) When the soil moisture content is at a level such that the soil would not readily take the addition of drilling fluids.

(C) When the ground is frozen.

(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:** No commercial soil farming shall be done within the following buffer zones:

(A) One hundred feet of a property line boundary.

(B) Fifty feet of any stream not designated by Oklahoma Water Quality Standards.

(C) Three hundred feet of any actively-producing water well used for domestic, irrigation or industrial purposes.

(D) One thousand three hundred feet of any actively-producing water well used for municipal purposes.

(7) **Application rate.** The maximum application rate of drilling fluids and/or cuttings stipulated by the permit shall not be exceeded. Furthermore, the minimum required acreage within the approved soil farming plot, as designated by the permit, shall be fully utilized. Application of drilling fluids and/or cuttings outside the approved plot shall be prohibited.

(8) **Soil farming method.**

(A) Application of pit contents shall be uniform over the soil farming plot and shall be made by injection, spray irrigation, or other 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) An application of more than 50,000 lbs/acre of dry weight materials or more than 500 lbs/acre of oil and grease shall be incorporated into the soil by injection, disking, or other method approved by the Commission. If the injection method is not used, incorporation must be made within a reasonable time period after completion of application, not to exceed 14 days unless extended by the Pollution Abatement Department pursuant to a written request.

(C) When the spray irrigation method is used and solids eventually accumulate on the soil surface to a one-eighth (1/8) inch depth, then the materials shall be incorporated prior to subsequent soil farming.

(9) **Runoff or ponding prohibited.** No runoff or ponding of soil farmed materials shall be allowed during application.

(10) **Automatic termination.**

(A) If the applicant violates the order, permit, or this Section, soil farming 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, soil farming may resume with the approval of the Pollution Abatement Department.

(B) Soil farming shall be carried out within two months from the date of approval of the permit. At the end of the two month period, the permit shall expire by its own terms. The Manager of Pollution Abatement may, upon written request, separately grant up to two extensions of the permit for periods of two months each.

(11) **Prevention of pollution.** All commercial soil farming facilities shall be operated and maintained at all times so as to prevent pollution. In the event of a nonpermitted discharge from a commercial soil farming facility, sufficient measures shall be taken to stop or control the loss of materials and reporting procedures in 165:10-7-5 (c) shall be followed. Any materials lost due to such discharge shall be cleaned up as directed by a representative of the Conservation Division.

(12) **Vegetative cover.** If the vegetative cover is destroyed or significantly damaged by disking, injection, or other practice associated with soil farming, the vegetative cover shall be reestablished within one year after the last soil farming application.

(j) **Additional requirements.** The requirements set forth in this Section are minimum requirements. Additional requirements may be made upon a showing of good cause that an operator has a history of complaints for failure to comply with Commission rules, or the site has certain limitations, or other conditions of risk exist.

(k) **Annual report.** The operator of any commercial soil farming facility shall submit an annual report on Form 1014A to the Manager of Pollution Abatement by February 1 of each year.

(l) **Prospective application to existing operations.** Subsections (d), (e), (f), (g), (h), (i), (j), (k) and (m) of this Section shall apply to all commercial soil farming operations for which an order or permit was obtained prior to the adoption of this Section. All affected operators shall have their facility in compliance with all of the noted subsections by December 31, 1988. Failure to be in compliance by that date shall result in termination of the authority to operate.

(m) **Variances.** Except as provided in this Section, variances from provisions of this Section may be granted for good cause by order after application, notice, and hearing.

[**Source:** Amended at 12 Ok Reg 2017, eff 7-1-95; Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-9-3. Commercial disposal well surface facilities

(a) **Scope.** This Section shall apply to the surface facilities of any commercial disposal well.

(b) **Site restriction.** No commercial disposal well pit shall be constructed in any area that floods according to the Soil Conservation Service County Soil Survey (available for viewing at the Commission's Oklahoma City Office or District Offices).

(c) **Construction requirements.**

(1) **Dikes.** A dike shall be constructed and maintained around any storage tank or group of tanks. The diked area shall be capable of totally containing at least one and one-half (1 1/2) times the volume held by the largest storage tank.

(2) **Leak containment.** A means for containing leaks shall be provided at all pumps and connections.

(3) **Splash pad/apron.** A splash pad/apron shall be constructed at the unloading area of any pit to the design and dimensions necessary to contain and direct all materials unloaded into the pit. If a pit is not used, an apron shall be constructed at the unloading area to the design and dimensions necessary to direct any spills into containment.

(4) **Pit specifications.** Any commercial disposal well pit shall be constructed of concrete or steel or shall be lined with a geomembrane liner. The following specifications shall be met:

(A) Any concrete pit shall be steel-reinforced and have a minimum wall thickness of six inches.

(B) Any steel pit shall have a minimum wall thickness of three-sixteenths (3/16) inch. If a previously used steel pit is installed, it shall be free of corrosion or other damage.

(C) Any geomembrane liner shall meet these requirements:

(i) The geomembrane liner shall have a minimum thickness of 30-mils, shall be chemically compatible with the type of wastes to be contained, and shall have ultraviolet light protection.

(ii) The geomembrane liner shall be placed over a specially prepared, smooth, compacted surface void of sharp changes in elevation, rocks, clods, organic debris, or other objects.

(iii) The geomembrane liner shall be continuous (may include seams) and shall cover the bottom and interior sides of the pit entirely. The edges shall be securely placed in a minimum twelve inch deep anchor trench around the perimeter of the pit.

(5) **Certification of liner.** The operator of any commercial disposal well pit that is constructed with a geomembrane liner shall secure an affidavit signed by the installer, certifying that the liner meets minimum requirements and was installed in accordance with Commission rules. It shall be the operator's responsibility to maintain the affidavit and all supporting documentation pertaining to the liner, such as geomembrane liner specifications from the manufacturer, etc., and shall make them available to a representative of the Conservation Division upon request.

(6) **Monitor wells or leachate detection system.**

(A) Any commercial disposal well pit shall be required to have a leachate collection system or a minimum of three monitor wells, one upgradient and two downgradient.

(B) No monitor well shall be installed more than 100 feet from a commercial disposal well pit, nor shall any existing water well be used as a monitor well, unless written approval is given by the District Manager or Manager of Field Operations.

(C) All new monitor wells shall be drilled through the first aquifer encountered, but need not extend below 100 feet if no aquifer is encountered, and shall be completed by a licensed water well driller. If documentation can be submitted prior to drilling to show that no water will be encountered within 100 feet, the District Manager may require that monitor wells be drilled to a lesser depth.

(D) All new monitor wells shall meet the following requirements:

(i) A minimum four inch diameter PVC casing shall be used with a sealing cap on the bottom.

(ii) The casing shall consist of a slotted liner in the saturated zone, or bottom ten feet if none is encountered, and shall be gravel-packed or sand-packed as appropriate to the installation.

(iii) Bentonite shall be placed in the annular space of the well above the slotted liner for an interval of at least two feet to form an adequate seal.

(iv) Well cuttings shall be returned to the annular space above the bentonite seal for well stability.

(v) A minimum of two of the top six feet of annular space around the casing shall be filled with cement.

(vi) A minimum three inch thick concrete apron shall be placed at the surface to a minimum two foot radius from the casing.

(vii) A removable and lockable cap shall be placed on top of the casing. The cap shall remain locked at all times, except when a well is being sampled. A key to each well shall be made available to the appropriate District Manager or Field Inspector upon request.

(E) Within 30 days of installation, construction details for any leachate detection system or specific completion information for all monitor wells and a diagram of their locations in relation to the pit they monitor shall be submitted to the Manager of Field Operations.

(d) **Operation and maintenance requirements.**

(1) **Sign.** A waterproof sign shall be erected and maintained within 25 feet of the entrance road to any commercial disposal well, shall be readily visible, and shall contain the name of the operator, order number, legal description, and emergency phone number.

(2) **Fencing.** All commercial disposal well surface facilities that have a pit shall be completely enclosed by a minimum four strand barbed wire fence or equivalent protection using woven wire and/or barbed wire. No livestock shall be allowed inside the fence.

(3) **Site maintenance.** The normal access surface of any commercial disposal well site, including the access road(s), shall be maintained in a condition that will safely and easily accommodate a passenger car during all weather conditions.

(4) **Exclusion of runoff water.** No commercial disposal well pit shall be allowed to receive runoff water.

(5) **Freeboard.** The fluid level in any concrete or steel commercial disposal well pit shall be maintained at all times at least 6 inches below the top of the pit wall. Any geomembrane lined pit shall have a minimum of 18 inches freeboard at all times.

(6) **Temporary storage only.** No pit shall be used as permanent storage for salt water.

(7) **Sampling of monitor wells.**

(A) Sampling of monitor wells shall occur once every six months, during the months of January and July.

(B) The appropriate District Manager shall be notified at least 24 hours in advance of sampling to allow a Commission representative an opportunity to witness the sampling.

(C) Samples shall be collected, preserved, and handled by the operator according to EPA-approved standards (RCRA Groundwater Monitoring Technical Enforcement Guidance Document, EPA, OSWER-9950.1, September, 1986, pp. 99-107) and analyzed for pH, chlorides and Total Dissolved Solids (TDS) by a laboratory certified by the Oklahoma Water Resources Board or operated by the State of Oklahoma. Analysis of additional parameters may be required, as determined by the District Manager or Manager of Field Operations.

(D) If requested by the District Manager, each sample shall be split and an adequate portion (approximately one pint) properly labeled and delivered upon request or otherwise provided to the appropriate District Office or Field Inspector. A copy of each analysis and a statement as to the depth to groundwater encountered in each well, or an affidavit that no water was encountered, shall be forwarded to the Manager of Field Operations, within 30 days of sampling.

(8) **Prevention of pollution.** All commercial disposal well pits shall be used, operated, and maintained at all times so as to prevent pollution. In the event of a nonpermitted discharge from surface facilities of a commercial disposal well, sufficient measures shall be taken to stop or control the loss of materials and reporting procedures in 165:10-7-5(c) shall be followed. Any materials lost due to such discharge shall be cleaned up as directed by a representative of the Conservation Division.

(9) **Oil film.** The operator of a saltwater disposal system shall be responsible for the protection of migratory birds. Therefore, the Conservation Division recommends that to prevent the loss of birds due to oil films, all open top tanks and pits containing fluid be kept free of hydrocarbons, or be protected from access to birds. [See Advisory Notice 165:10-7-3(c).]

(e) **Closure requirements.**

(1) **Time limit.** Within 90 days of the cessation of operation of any commercial disposal well, all associated pits shall be emptied of all contents and filled with soil. All monitor wells shall be plugged with

bentonite or cement, unless exempt in writing by the District Manager or Manager of Field Operations. The site shall be revegetated within 180 days.

(2) **Geomembrane-lined pits.** When closing any commercial disposal well pit with a geomembrane liner, extreme care shall be taken to preserve the integrity of the liner. All free liquids shall be removed or chemically solidified. A geomembrane cap shall be placed over the top of any remaining contents to completely encapsulate them. Any geomembrane cap shall have a minimum thickness of twelve mils and shall be chemically compatible with the type of substances to be encapsulated. Burial, pursuant to (3) of this subsection, shall follow.

(3) **Burial.** If any concrete, steel, geomembrane, or other materials associated with a commercial disposal well site are to be left on-site, they shall be buried under a minimum soil cover of three feet, pursuant to 165:10-3-17.

(f) **Prospective application to existing facilities.** All provisions of this Section except (4) and (5) of subsection (c) shall apply to all existing commercial disposal well pits which are, or have been, in operation prior to the effective date of this Section. Operators shall have 180 days from the effective date of this Section in which to bring their facilities into compliance with the applicable provisions of this Section. Failure to comply with any applicable provision may result in revocation of the authority to operate.

(g) **Variances.** A variance from the time requirements of (d)(7) or (e)(1) of this Section may be granted by the District Manager or Manager of Field Operations for justifiable cause. A written request and supporting documentation is required. The District Manager or Manager of Field?Operations shall respond in writing within five working days, either approving or disapproving the request.

[**Source:** Amended at 11 Ok Reg 3691, eff 7-11-94]

SUBCHAPTER 10. BROWNFIELDS PROGRAM

PART 1. GENERAL PROVISIONS

Section
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165:10-10-1. Purpose

The purpose of this Subchapter is to provide the Oklahoma Corporation Commission (Commission) rules to govern the Brownfields Program (Brownfields) under Okla. Stat. Tit. 27A §§1-3-101(E)(1)(j), 1-3-101 (E)(2) and 1-3-101 (E)(5); Okla. Stat. Tit. 17 §§52(A)(1)(j), 52(A)(2) and 52(A)(5) and Okla. Stat. Tit. 52 §§139(B)(1)(j), 139(B)(2) and 139(B)(5) as authorized and funded by the federal Environmental Protection Agency (EPA).

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-10-2. Brownfields defined

(a) A “Brownfields” is a real property (site) where expansion, redevelopment, normal use or reuse may be complicated by the presence or potential presence of a deleterious substance, pollutant, or contaminant. This includes land that is contaminated by petroleum, petroleum products, and related wastes, including crude, condensate, gasoline and diesel fuel, produced water/brine, glycol and/or drilling mud. A proposed Brownfields site is a defined area; it does not need to be the entire property or lease.

(b) Sites excluded from participation are:

(1) Sites controlled by responsible parties (RPs);

(2) Sites listed on the National Priorities List (NPL) maintained by EPA;

(3) Sites subject to order or consent decree under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly known as Superfund;

(4) Sites permitted under certain federal programs including the Resource Conservation and Recovery Act (RCRA), CERCLA, the Toxic Substances Control Act (TSCA), or the Safe Drinking Water Act (SDWA);

(5) Lands where closure of the remediation process has been approved by or where a closure plan concerning remediation has already been submitted to the Commission;

(6) Sites owned or under the control of the federal government;

(7) Portions of sites with PCB (polychlorinated biphenyls) pollution subject to remediation under TSCA;

(8) Portions of facilities with an approved or ongoing federal Leaking Underground Storage Tank (LUST) Fund remediation; however the Oklahoma LUST fund and the Oklahoma Petroleum Storage Tank (PST) Indemnity fund are

potentially available for assessing and cleaning up newly listed PST Brownfields sites in Oklahoma.

(c) All Brownfields assessment and remediation projects will be overseen by a qualified environmental professional, defined by EPA as someone who possesses sufficient specific education, training, and experience necessary to exercise professional judgment to develop opinions and conclusions regarding conditions indicative of releases or threatened releases of deleterious substances on, at, in, or to a property, sufficient to meet the objectives and performance factors of the EPA's All Appropriate Inquiries rule (40 CFR Part 312) and ASTM E1527-05. Qualified environmental professionals must have one of the following:

(1) A state or tribal issued certification or license (including Professional Engineer, Professional Geologist, and PST Division of the Corporation Commission licensed Remediation Consultant) and three years of relevant full-time work experience; or

(2) A Baccalaureate or higher degree in science or engineering, including geologists as defined in 25 O.S. § 35 and engineers as defined in 59 O.S. § 475.1 et seq., and five years of relevant full-time work experience; or

(3) Ten years of relevant full-time work experience.

(4) Individuals who do not meet the above requirements must work under the supervision or responsible charge of an individual who meets the requirements for an environmental professional.

(d) Responsible party (RP) and other ineligible parties defined. A person, corporation, company, non-profit organization, or any other entity that:

(1) Caused the pollution at the proposed Brownfields site or knew about the pollution and allowed it to occur; or

(2) Contributed to already existing pollution at the site; or

(3) Hindered or otherwise knowingly attempted to obstruct efforts to perform environmental assessments of or to remediate pollution caused by an RP at the site; or

(4) Is not in compliance with a final agency order or any final order or judgment of a court of record secured by any state or federal agency for any of the responsible party's actions at the site which could have led to a leak, spill, and/or other cause of the pollution in violation of agency rules, or

(5) Has demonstrated a pattern of uncorrected noncompliance with state or federal environmental laws or rules; or

(6) Has past operations at the site and/or at other sites that indicate a reckless disregard for the protection of human health and safety or the environment.

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-10-3. Administration and enforcement of rules

(a) The Manager of Pollution Abatement and the Brownfields program staff shall supervise and coordinate the administration and enforcement of the rules of this Subchapter under the direction of the Director of Oil and Gas Conservation and the Commission.

(b) The primary goal of the implementation of Brownfields site assessments and remediation projects shall be the protection and/or restoration of the beneficial use of the land, the soil and any surface or subsurface waters of the State adversely impacted or impaired by pollution from a Commission regulated Brownfields site.

(c) Site assessments and remediation projects conducted under the supervision and coordination of the Manager of Pollution Abatement and/or Pollution Abatement/UIC/Brownfields staff shall adhere to the general practices appearing in the Oil and Gas Conservation Division's Guardian Guidance document for petroleum and produced water site assessment and remediation oversight, enforcement, approval and verification including the Guidelines and Numerical Criteria for New or Historic Produced Water/Brine Spills.

(d) Applicant may request in writing, and the Manager of Pollution Abatement and/or the Brownfields Program manager may grant, an administrative exception to a Commission Brownfields rule if applicant can demonstrate that:

(1) Requirements in pertinent state laws and federal Brownfields rules and laws are still met, and

(2) The exception will cause human health, safety and the environment and the beneficial use of the land to be protected at least as well as strict adherence to the Commission Brownfields rule would have.

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-10-4. Determination of Brownfields eligibility

(a) The Commission's Brownfields staff will determine the initial eligibility for any allegedly contaminated portion of a Brownfields project. Brownfields staff will determine to the extent possible:

(b) If the site is a relatively low risk site, compared to all types of pollution sites;

(c) If any funds have already been spent on the site, and the source of any such funds;

(d) If there are any viable responsible parties. Commission records will be checked by Commission staff for all Brownfields sites; and

(e) Whether the current or immediate past owner and/or operator of the site caused or made the pollution worse and whether such parties took reasonable corrective steps with regard to any pollution.

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-10-5. The Commission's application process for Brownfields sites

(a) Pre-application. The applicant may want to consider a pre-application conference by telephone, e-mail, mail, or in person with Brownfields staff. During the pre-application conference the applicant will be advised about what information is necessary in order for Brownfields staff to determine whether the applicant and the applicant's site are eligible for the Brownfields program.

(b) Applicant eligibility. An applicant may be any non-responsible party (non-RP) including:

(1) The legal owner in fee simple, the tenant or lessee of the property, or a person who has a written firm option to purchase or operate the property at the time the application is filed and who has the ability to implement a redevelopment proposal, if needed, once site assessment and/or remediation is complete;

(2) Any person who acquired the ownership, operation, management, or control of the site through foreclosure or under the terms of a bona fide security interest in a mortgage or lien on, or an extension of credit for the property, or foreclosed on the property, or received an assignment or deed instead of foreclosure or some other indicia of ownership and thereby becomes the owner of the property;

(3) An agency, non-profit organization or other entity who chooses to clean up or otherwise rehabilitate a property for the owner or tenant in order for it to be returned to productive use or become green space;

(4) The Oklahoma Energy Resources Board (OERB), regarding sites in its surface restoration program which meet the definition of a Brownfields property appearing in OAC 165:10-10-2. There is no requirement that OERB sites be designated as Brownfields sites, or

(5) A non-RP who wishes to restore property for a potential or known RP. If an entity that is not the RP wants to apply to the Brownfields program and is accepted and completes the process, such a site would be granted limited liability protection;

(c) When a non-RP wants to apply to remediate a property under the Brownfields

program, the applicant must certify by affidavit that it owns the property or has a current lease or easement which is given to accomplish the remediation, or if it does not, has provided legal notice to the property owner of applicant's desire to remediate the site.
(d) If an application is denied by Brownfields staff, staff will promptly provide applicant with a written statement of the reasons for such denial.

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-10-6. Eligibility of site
(a) Any facility or real property where normal use, reuse, expansion or redevelopment is hindered by pollution or suspected pollution of a substance or substances caused by releases from activities regulated by the Commission may qualify as a Brownfields site.
(b) The applicant will need to provide an Applicant Eligibility form with the following information included on the form:
(1) A physical address for the land or property;
(2) A legal description of the land or property;
(3) Driving directions from nearest major intersection.
(c) A site survey by a surveyor, or a site plan containing global positioning system (GPS) coordinates made under the supervision of a qualified environmental professional defining the area to be addressed must be submitted for each Brownfields site once it is accepted into the program.

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-10-7. The Commission's Brownfields site list
(a) The Commission is required by federal statutes to maintain a current list of every site which has qualified as a Brownfields site, including those sites on which work has been completed. The list shall be made available to the public on the Commission's website.
(b) Each site on the Brownfields sites list will include:
(1) Site name;
(2) Address or legal description of the site;
(3) Town, city, and county of the site;
(4) Site level of progress;
(5) Allowable use of revitalized land; and
(6) County name, address and telephone number of the county clerk's office where the certificate(s) referred to in OAC 165:10-10-13 is or will be filed.
(c) Brownfields staff will be responsible for maintaining and updating the public record of sites that have qualified for the Commission's Brownfields Program.

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-10-8. Processing of Brownfields application
(a) All applicants and properties must meet federal and state Brownfields eligibility requirements. Commission standards and practices in effect at the time the application is filed will also be considered in determining whether eligibility requirements have been satisfied.
(b) General process for applying. Applicants for the Brownfields program, except for sites submitted by Commission field inspectors, will be required to submit an Application for Brownfields Program Eligibility form and an Application for Brownfields Site Assessment (see OAC 165:10-10-15 Brownfields Forms) and any required documentation to show they are eligible.
(c) The OERB Voluntary Environmental Program has sole discretion in determining whether it is to apply to the Commission's Brownfields program regarding abandoned exploration and production (E & P) sites which have been

submitted to the OERB for consideration under its program which is limited to surface restoration. The site must meet the definition of a Brownfields property as defined in OAC 165:10-10-2.
(d) Applicant must notify the Brownfields staff in writing of any litigation the Applicant has knowledge of concerning the site which has concluded or is pending, and any information concerning outstanding judgments, liens, tax levies, etc. filed of record at the time the application is filed or which is filed after applicant submits its application to the Commission and prior to final Commission action regarding the site.
(e) Completed applications must be sent to the following address: Oklahoma Corporation Commission, Oil and Gas Conservation Division, Brownfields Program, P.O. Box 52000, Oklahoma City, OK 73152-2000.

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-10-9. Assessment and remediation of site
(a) **Assessments**
(1) The appropriate Commission staff may conduct initial site inspections to evaluate and recommend those sites that qualify for the Brownfields program; Brownfields staff will approve inspections and assessments and list each approved site in the database.
(2) Qualified environmental professionals will perform an assessment (Phase I and/or Phase II) of each property.
(3) Governmental entities, quasi-governmental entities, and non-profit organizations may be eligible for a Targeted Brownfields Assessment (TBA) conducted by either the Commission or EPA.
(4) OERB's qualified staff or contractor may perform assessments on abandoned exploration and production (E&P) sites.
(5) Assessments of former retail petroleum storage tank sites will be overseen by and coordinated with the Commission's PST Division staff.
(6) EPA's All Appropriate Inquiry (AAI) Rule appearing in 40 CFR Part 312 shall be complied with as per the Commission's guidance.
(7) If during an initial investigation or Phase I or Phase II assessment pollution is discovered and immediately removed from the site, as confirmed with sample analytical results, the site may qualify for No Further Action (NFA) status.
(b) **Phase I.** Basic site and assessment information is necessary for exploration, production, and/or pipeline sites known or suspected to be contaminated by substances defined in OAC 165:10-10-2(a), and for PST sites. Initial site assessment information includes, but is not limited to:
(1) Analyses from one or more soil and water background samples;
(2) A certified survey or the results of a GPS survey defining the area of pollution,
(3) The present and proposed uses of the site;
(4) The operational history of the site and current use of areas contiguous to the site; and
(5) Detailed historical and records reviews as per AAI, which may be waived by Brownfields staff until after the basic physical environmental/pollution assessment is completed and Commission staff concludes its review of sample data pertaining to the site.
(6) A Category Index Table must be submitted for all oil and gas and pipeline sites likely or definitely polluted above action levels. The Category Index Table appears in the Commission's Guardian Guidance document, which is available on the Commission's website or by request.
(7) Sites that are determined by the Brownfields staff to need no remediation following an acceptable Phase I assessment can be issued NFA certification once the Brownfields staff receives appropriate documentation.
(c) **Phase II.** Phase II sites are those sites where the Phase I assessment demonstrates the need for additional assessment, action level determination,

and (often) remediation guidance.

(1) Phase II oil and gas sites and pipeline (crude and refined product and produced water) sites will be overseen by the Oil and Gas Conservation Division's Brownfields staff;

(2) Phase II retail petroleum storage tank sites will be referred to the Commission's PST Division and will adhere to the Oklahoma Risk-Based Corrective Action guidelines for assessment and remediation;

(3) Necessary information generally includes but is not limited to concentrations of pollutants in the soils, surface water or groundwater at the site; the vertical and horizontal extent of pollution in the soils, surface water or groundwater at the site; a determination that risk based criteria to protect human health and the environment at and around the site are or are not being met; and recommendations on how to meet risk based criteria, including remediation as needed;

(4) Sites that are determined by the Brownfields staff to need no remediation following appropriate environmental and risk assessment can be issued NFA certificates once the Brownfields staff receives appropriate documentation.

(d) **Status of site when NFA is required.**

(1) A no further action determination is appropriate for a site if at the conclusion of the initial inspection, TBA, Phase I or Phase II investigation, or subsequent to the immediate removal of pollution from a site, the Brownfields staff or other appropriate Commission staff finds or concurs that the site poses no significant risk to human health or safety or the environment according to the proposed use of the site.

(2) Brownfields staff will issue a NFA certificate when the site is restored for beneficial use and other required program elements, if any, are completed.

(e) **When pollution is likely present or is present above action levels.** If pollution is likely present or is present above action levels at a site, further assessment and remediation will adhere to one of the following regimens:

(1) The Oil and Gas Conservation Division's Guardian Guidance document and rules for petroleum and produced water site assessment and remediation oversight, enforcement, approval and verification; or

(2) The PST Division's guidance document and rules for site assessment and cleanup oversight, enforcement, approvals and verification; or

(3) For E&P sites where there is no RP, the OERB Voluntary Environmental Program may, in its sole discretion, submit to the Commission's Brownfields program those abandoned E & P sites which have qualified for the OERB's program, which is limited to surface restoration in order that such sites may be assessed and remediated by OERB in accordance with the Commission's Brownfields rules; and

(4) The Commission's Brownfields staff will act as the regulator for the Brownfields program and ensure that applicable Brownfields laws and rules are followed.

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-10-10. Notice

(a) **Public notice.** Public notice is necessary for remediation sites (Phase II sites requiring remediation or cleanup). The applicant must provide public notice that its proposal regarding the site is ready for public review. The notice must be published one time in newspapers of general circulation published in Oklahoma and Tulsa counties, Oklahoma, and in a newspaper of general circulation published in each county where the lands that are the subject of the application are located. The applicant shall also submit the notice to the Brownfields staff for posting on the Commission's website. The notice must contain the:

(1) Name and address of the location where the application and related documentation, including any proposed remediation plan, may be reviewed, in addition to the days of the week and hours during which such information may be reviewed;
(2) Applicant's name, mailing address, telephone number, email address and contact person, as well as the Commission's mailing address and a telephone number and email address of a contact person at the Commission;
(3) Name, address and legal description of the Brownfields site, and a copy of the survey or site plan;
(4) Purpose of the notice;
(5) Description of the proposed cleanup, monitored natural attenuation, institutional control, and/or other remedial action being sought;
(6) Other pertinent information required by Brownfield's staff and rules;
(7) Other information the applicant may deem relevant; and
(8) Time period of at least thirty (30) days after the notice is published for the submission of written public comments and written requests for a public meeting regarding the site, in addition to the mailing address and e-mail address to which public comments and requests for public meetings can be sent, the name of a contact person and any facsimile numbers, if available. The notice must also provide that any written public comments and requests for a public meeting are to be sent to the Oklahoma Corporation Commission, Oil and Gas Conservation Division, Brownfields Program, P.O. Box 52000, Oklahoma City, Oklahoma, 73152-2000.

(b) Public meeting.
(1) If the Commission receives a timely written request for a public meeting, if the Commission determines there is a significant degree of public interest in the site remediation proposal and the action being sought, or if the applicant chooses to have a public meeting, then the applicant must publish notice of the date, time and address of a public meeting at least thirty (30) days prior to the meeting in the manner described in paragraph (a), above, and include in the notice the information appearing in paragraphs (a)(1) through (a) (8), above.
(2) The notice must provide for a time period of at least thirty (30) days after the notice is published for the submission of written public comments, and that verbal comments may be made at the meeting. The mailing address and e-mail address to which public comments can be sent, the name of a contact person and any facsimile numbers, if available, must also be included in the notice. The notice must also provide that any written public comments are to be sent to the Oklahoma Corporation Commission, Oil and Gas Conservation Division, Brownfields Program, P.O. Box 52000, Oklahoma City, Oklahoma, 73152-2000.
(3) The public meeting will be held in a convenient location near the proposed Brownfields site;

(c) **Publisher's affidavits.** The applicant is required to provide to the Brownfields staff the publisher's affidavits regarding the public notice for comments and/or a public meeting within twenty (20) days after the date(s) of publication;

(d) **When public notice is not required.** Applicant is not required to publish a notice regarding those sites Brownfields staff or other appropriate Commission staff find or concurs need no action after staff's review of applicant's site assessment information.

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-10-11. Public meetings and public comments

(a) The format for each public meeting will be established by the Commission's Brownfields staff or its Public Information Staff, and the Commission's Brownfields staff or its Public Information Staff will moderate each public meeting;

(b) The moderator may set reasonable time limits for speakers, and the moderator may extend the time for public comment at the conclusion of the public meeting;
(c) Anyone may provide public comments or submit a written statement and data regarding the remediation proposal at any public meeting;
(d) The applicant or its representative must be available at each public meeting in order to answer questions;
(e) If the Commission receives no request for a public meeting, and the Commission deems no public meeting necessary, and no public comments are received, then the Commission will proceed with the applicable determination;
(f) If the Commission receives public comments, the appropriate Brownfields staff will prepare a written response to such comments within ninety (90) days after the close of the comment period.

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-10-12. Closures of Brownfields
(a) **Final surface remediation confirmation.**
(1) A qualified environmental professional for the applicant and/or the Brownfields, other Oil & Gas, or PST staff of the Commission, or the OERB, if such entity is involved with the site, will perform a closure survey, which may include but is not limited to visual observations and sampling the soil, surface water and/or groundwater at the site to confirm the project is completed and the property is ready for its proposed use;
(2) The results of the closure survey, including any soil, surface water and/or groundwater sample results, must be submitted to appropriate Commission and Brownfields staff, and the appropriate regulatory program will confirm if cleanup standards have been met.
(b) **Final documentation.**
(1) The applicant is required to submit all necessary documentation regarding the site to Brownfields staff.
(2) The Brownfields staff will review, as required by applicable laws and rules, the work performed on the site as reflected in the documentation filed by Applicant.
(3) The applicant shall submit to Brownfields staff recorded copies of documents confirming that any deed restrictions or other institutional controls have been filed with the appropriate authorities.
(c) **Request for closure.** The applicant shall request closure of the site after all reviews have been completed by applicable Commission staff members and the site is found by Commission staff to be in compliance with all the Brownfields and regulatory laws and rules.
(d) **Records of sites.** The Brownfields staff will maintain a public record of each site that has qualified for the Brownfields program for a period of three (3) years. After the three (3) year period has expired the records will be archived.

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-10-13. Commission Brownfields certificates issued
(a) A “No Action Necessary” or a “No Further Action” Certificate shall be issued to applicant by the Commission when the Commission has made such determination.
(b) A “Certificate of Completion” will be issued by the Commission for remediated sites after the closure survey of the site and review of the project has been approved by the Commission.
(c) The Certificates will state whether or not any continuing care of structural institutional controls, or any long term monitoring of the site, is to occur after issuance of any Certificate.
(d) All Brownfields Certificates issued by the Commission must be filed by the

applicant in the office of the county clerk in the county where the Brownfields site is located. The Applicant is required to provide a copy of the certificate reflecting that it has been recorded with the county clerk's office both to the landowner of the subject site and to the Brownfields staff within thirty (30) days after the certificate has been filed.
(e) Applicant's submission of any false or materially misleading information to the Commission in conjunction with its application shall render voidable any of the Certificates discussed above.

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-10-14. Responsible party and other sites that can receive a Commission "No Further Action Certificate" or "Certificate of Completion" (for remedial actions)

An RP that is legally responsible for the remediation of the pollution at a site and is therefore not eligible for the Commission's Brownfields Program, can:

(1) Request that a standard case closed letter be sent to the RP by the Commission's Field Operations or Pollution Abatement (PA) Departments reflecting that the necessary work at the site has been completed and that the case has been closed by such Department, or

(2) Request that the Commission PA Department issue a Brownfields equivalent of a "No Further Action" Certificate" or a "Certificate of Completion" at the conclusion of an equivalent state funded program involving the site.

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

SUBCHAPTER 11. PLUGGING AND ABANDONMENT

Section
165:10-11-1. License for pulling pipe and plugging wells
165:10-11-2. Operating requirements for licensees
165:10-11-3. Duty to plug and abandon
165:10-11-4. Notification and witnessing of plugging
165:10-11-5. Supervision and witnessing [REVOKED]
165:10-11-6. Plugging and plugging back procedures
165:10-11-7. Plugging record
165:10-11-8. Procedures for identification and control of wellbores in which radioactive sources have been abandoned
165:10-11-9. Temporary exemption from plugging requirements

165:10-11-1. License for pulling pipe 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 for such license shall state:

(A) The name of the applicant.

(B) The names and addresses of all partners, chief officers, and directors.

(C) The experience of applicant.

(D) Evidence of financial responsibility of the applicant.

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

(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) The license shall not be transferable and may at any time be revoked by the Commission upon complaint, notice, and hearing.

(c) 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.

[**SOURCE:** Amended at 9 Ok Reg 2295, eff 6-25-92; Amended in Rule Making 97000002, eff 7-1-97]

165:10-11-2. Operating requirements for licensees

(a) This Section shall apply to each licensee under 165:10-11-1.

(b) If a licensee prepares the Notice of Intent to Plug (Form 1001 and/or the Plugging Report (Form 1003), then the licensee shall:

(1) Include the following on any submitted form:

(A) The name and address of the well operator if the licensee is serving as a contractor for the operator of the well.

(B) The name and address of the person or entity hiring the licensee if the licensee is serving as the contractor for any person who is not an operator of the well.
(C) That he is acting independently if the licensee either purchased the well for salvage or contracted with the landowner to plug the well in exchange for casing and/or other well equipment.
(2) Mail a copy of Form 1001 to the last known operator of the well to be plugged, as shown by the records of the Conservation Division.
(c) For purposes of this subsection, the term "plugged well" shall refer to a well for which the Conservation Division has a plugging record. A licensee shall comply with the requirements of 165:10-1-10 and 165:10-3-1 before entering a plugged well if:
(1) The licensee is not hired by the operator of the well to conduct the re-entry operation.
(2) The owner of the well is either the licensee or the surface owner of the tract on which the well was drilled.
(3) The Commission has not contracted with the licensee to replug the well.
(d) A licensee shall be responsible for the plugging of a well if:
(1) The licensee is the owner of the well or the licensee is the operator of the well.
(2) The licensee enters a well without having contracted with the operator or with a party other than the operator who has authority to authorize the licensee to enter the well on behalf of such party.
(e) Any violation of this Section will subject licensee to a fine, to suspension or revocation of licensee's license issued pursuant to 165:10-11-1, and to proceedings as authorized by statute in the district court.

[**SOURCE:** Amended in Rule Making 97000002, eff 7-1-97]

165:10-11-3. Duty to plug and abandon
(a) **Scope.** This Section applies to:
(1) Joint and several liability of the owners and operator of a well for plugging.
(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) **Joint and several liability of owners and operators.** 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.
(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) 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.

(4) From April 1, 1998, to March 31, 1999, the time period for plugging of any producing well with production casing in place that has ceased production shall be two years. The Commission shall review the need for the continued effectiveness of this provision during the time period set forth above on a quarterly basis. This provision shall not apply to any well that poses a public health, safety or pollution threat to the environment and surface or subsurface waters of the state.

(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.

[**SOURCE:** Amended at 9 Ok Reg 2295; Amended at 9 Ok Reg 2337, eff 6-25-92; Amended in Rule Making 97000002, eff 7-1-97; Amended in Rule Making 980000035, eff 7-1-99]

165:10-11-4. Notification and witnessing of plugging

(a) **Wells without production casing.** The Conservation Division shall be notified at least 12 hours prior to commencement of plugging operations and a plugging procedure agreed upon for any well without production casing. Each plugging operation may be witnessed by an authorized representative of the Conservation Division.

(b) **Wells with production casing.** A separate Notification of Intention to Plug (Form 1001) for each well with production casing shall be filed, in duplicate, with the Conservation Division at least five days prior to the commencement of plugging operations. The five day notice requirement may be reduced or waived:

(1) If a qualified representative of the Conservation Division is available to witness the plugging operation.

(2) At the discretion of the District Manager of the District in which the well is located or his supervisor.

(c) **Penalty.** An operator or licensed plugger plugging a well without notifying and agreeing on a plugging procedure with the District Office may be fined up to $1,000.00 and may be required by the appropriate District Manager to reenter and replug the well.

[**Source:** Amended at 11 Ok Reg 3691, eff 7-11-94; Amended in Rule Making 97000002, eff 7-1-97]

165:10-11-5. Supervision and witnessing [REVOKED]

[**SOURCE:** Amended at 9 Ok Reg 2295, eff 6-25-92; Revoked in Rule Making 97000002, eff 7-1-97]

165:10-11-6. Plugging and plugging back procedures

(a) **Scope.** This Section establishes minimum standards for plugging and plugging back wells. The standards apply to:

(1) Wells drilled for the production of oil or gas.

(2) Wells drilled or used for disposal or enhanced recovery injection.

(3) Wells used in subsurface gas storage units.

(4) Monitoring wells in enhanced recovery projects or subsurface gas storage units.

(5) Wells plugged back for:

(A) Oil or gas production.

(B) Disposal or injection.

(C) Conversion to a water well.

(6) "Rat hole" or "mouse holes" used in rotary drilling of wells.

(7) Wells used for geophysical or geological exploration.

(8) Wells used for other service operations.

(b) **Alternate plugging materials and procedures**

(1) The Manager of Field Operations, or other designated Conservation Division staff member, may approve the use of an alternate material other than cement or in combination with cement for wells listed in subsection (a), provided alternate plugging materials shall not be used to plug or plug back wells listed in subsection (a)(2), wells drilled or used for disposal or enhanced recovery injection, subsection (a)(3), wells used in subsurface gas storage units, subsection (a)(5)(B), wells plugged back for disposal or injection, and underground injection wells authorized under the Oklahoma Brine Development Act, 17 O.S. Section 500 *et seq*.

(2) The Director of Oil and Gas Conservation, in consultation with the Conservation Division's Field Operations staff and the public, shall develop specific plugging criteria for any type of alternate plugging material authorized for use instead of cement or in combination with cement. The plugging criteria for approved alternate material shall be available to the public for review and copying at the Conservation Division's offices and on the Commission's Internet website.

(3) A District Manager may approve alternate plugging procedures for the use of alternate plugging materials.

(4) A detailed description of the alternate plugging operation shall be included with the Plugging Report (Form 1003).

(5) The District Manager shall note his approval of the alternate plugging procedure on the well's Plugging Report (Form 1003).

(6) Any alternate plugging material or procedure shall conform to the minimum plugging standards relating to formations or depths set forth in the Sections below. Provided, based upon the type of alternate plugging material being utilized, the District Manager approving the alternate procedure may authorize variances to the plugging standards delineated in this Section otherwise applicable to the use of cement, where such variances are necessary to ensure an effective well plugging.

(c) **Application and cross references:**

(1) Subsection (n) of this Section provides for administrative approval of alternative plugging procedures if downhole problems in a wellbore prevent an operator from complying with the minimum standards established by this Section.

(2) Subsection (o) of this Section applies to plugging of "rat holes" and "mouse holes" used at the surface during rotary drilling.

(3) OAC 165:10-11-8 establishes additional procedures for identification and control of wellbores in which certain logging tools have been abandoned.

(4) OAC 165:10-7-31 establishes the minimum standards for plugging wellbores used in seismic exploration.

(5) Subsections (d) through (p) of this Section establish plugging and plug back standards for all other wellbores subject to this Section.

(d) **Formations to be plugged.**

(1) Except as provided in (2) of this subsection, for cased formations, if the operator plugs or plugs back a well, the operator shall plug any formation or formations in communication with a formation that:

(A) Bears H_2S;

(B) Bears oil or gas;

(C) Bears treatable water;

(D) Was used in the wellbore for injection as part of a saltwater disposal well or enhanced recovery injection well; or

(E) Is open in the wellbore below either the shoe of the casing or the base of the liner to be left in the well after plugging.

(2) Paragraph (1) of this subsection shall not apply to any formation behind the pipe left in the hole, unless a formation endangers a treatable water formation or any oil and gas bearing formation.

(e) **Mud requirements.** Before running a plug, the operator shall remove or displace all oil and saltwater in the wellbore, and the operator shall fill the wellbore with drilling mud. The minimum mud weight shall be nine pounds per gallon. The minimum viscosity for the drilling mud shall be 36 (API Full Funnel Method). If the operator removes casing from the wellbore, the operator shall keep the wellbore filled with drilling mud meeting or exceeding the weight and viscosity requirements of this subsection.

(f) **Approved cementing methods.**

(1) **Cement plugs.**

(A) To plug or plug back a well, either the tubing and pump method or the pump and plug method shall be used.

(B) Surface pumping and shut in pressures shall be of sufficient pressure to:

(i) Squeeze off perforations in the casing.

(ii) Prevent the plug from floating upward in the wellbore.

(2) **Bridge plugs.** The operator may run by the bailer method cement required in the casing above a bridge plug as provided by (g) of this Section.

(g) **Use of bridge plugs.**

(1) **Permitted use.** Except as provided in (2) of this subsection for top plugs, a bridge plug may be used to permanently plug off a formation if:

(A) The only openings from the formation into the wellbore are perforations in the casing.

(B) The annulus between the casing and the formation is filled with cement from a depth 50 feet below the base of the formation to a depth 50 feet above the top of the formation.

(C) The bridge plug is set above the top of the perforations in the cemented interval described in (B) of this paragraph.

(D) Sufficient cement is placed on top of the bridge plug to fill the casing from the top of the bridge plug to a depth ten feet above the top of the bridge plug.

(2) **Prohibited use for top plug.** A bridge plug may not be used for a top plug described in (j) of this Section.

(h) **Cement plug for uncased hole below the casing or liner.** If any production casing or liner is to be left in the wellbore, then any uncased hole below the casing or liner shall:

(1) Be filled with cement:

(A) **From** a depth which is the lesser of total depth of the well or 50 feet below the lower of shoe of the casing or base of the liner.

(B) **To** a depth of 50 feet above the lower of the casing shoe or the base of the liner; or

(2) Have a cast iron bridge plug set above the top of the liner with cement.

(i) **Intermediate cement plugs.** If a bridge plug and cement are not used, a cement plug shall be run over any other formation required to be plugged off by this Section. To plug off a formation, the wellbore shall be filled with cement from a depth at least 50 feet below the base of the formation to a depth at least 50 feet above the top of the formation.

(j) **Cement top plug.**

(1) **No treatable water exists.** If no treatable water exists, the wellbore shall be filled with cement from a depth of at least 30 feet to a depth of three feet from the surface.

(2) **Treatable water exists.** Except as provided in (p) of this Section for converting a well to a water well, the wellbore shall be filled with cement as follows:

(A) If there is no surface casing or the base of the surface casing is 25 feet or further above the base of the treatable water, the wellbore shall be filled with cement from a depth of at least 50 feet below the base of the treatable water to a depth the lesser of:

(i) Fifty feet above the base of treatable water; or

(ii) Three feet below surface.

(B) If the surface casing is set at or below the base of the treatable water, the wellbore shall be filled with cement from a depth of at least 50 feet below the base of the surface casing to a depth the lesser of:

(i) Fifty feet above the base of the surface casing; or

(ii) Three feet below surface.

(C) If the cement plug prescribed by (2) of this subsection is not sufficient to bring the level of cement to within three feet from the surface, then the wellbore shall be filled with cement from a depth of at least 30 feet to a depth of three feet from the surface.

(k) **Cutting off surface pipe and identification of the abandoned wellbore.**

(1) This subsection applies to a wellbore plugged for abandonment. It does not apply to a wellbore plugged back for conversion to a water well under (p) of this Section.

(2) After setting the top plugs in a well, the operator shall cut off the casing left in the wellbore three feet below surface, and the operator shall cap the casing in the wellbore with a steel plate.

(3) The operator shall inscribe or embed the well number and date of plugging on the steel plate.

(l) **Tagging the top of the plug.** The Field Inspector for the Conservation Division may require the operator to determine the depth of the top of a plug by running a wireline or tubing string.

(m) **Fall back of cement.** If the cement for a plug falls back during setting below the top depth required by this Section, the operator shall run additional cement until the plug meets the minimum requirements of this Section.

(n) **Alternative plugging procedure for down-hole problems.**

(1) In plugging a well, if the operator encounters a downhole problem which prevents the operator from complying with the standards of this Section, the District Manager may prescribe an alternative plugging procedure provided that the alternative plugging procedure prevents the vertical migration in the wellbore of oil, gas, saltwater, H_2S, and other deleterious substances into a formation bearing oil, gas, or treatable water.

(2) The District Manager shall note his approval of the alternative plugging procedure on the well's Plugging Report (Form 1003).

(o) **Plugging of rat holes and mouse holes.** If a rat hole or mouse hole was used at the surface for drilling the well, it shall be plugged as follows.

(1) The hole shall be filled with drilling mud from bottom to a depth eight feet below the surface.

(2) The operator shall fill the hole with cement from a depth of eight feet to a depth of three feet below the surface.

(3) The operator shall fill the hole with dirt from a depth of three feet to surface.

(p) **Plug back for conversion to a water well.** The District Manager may permit a well operator to plug back a well for permanent use as a water well by:

(1) Setting any bottom hole and intermediate plugs required by this Section.

(2) Setting a top cement plug from the base of treatable water to 50 feet below the base of treatable water.

(3) Obtaining written permission from the owner of the ground water rights for conversion of the well to a water well.

(4) Submitting under 165:10-11-7, a Plugging Report (Form 1003) noting the conversion of the well with a copy of the written permission from the owner of the ground water rights for conversion of the well to a water well.

[**SOURCE:** Amended at 13 Ok Reg 2395, eff 7-1-96; Amended in Rule Making 97000002, eff 7-1-97; Amended in Rule Making 980000013, eff 7-15-98; Amended in Rule making 980000034, eff 7-1-99; Amended in Rule Making 200200017, eff 7-1-02]

165:10-11-7. Plugging record

(a) Within 30 days after plugging a well, the owner or operator of the well shall submit for the well in duplicate to the appropriate District Office of the Conservation Division:

(1) Plugging Record (Form 1003).

(2) Cementing Report (Form 1003C) to accompany Plugging Record (Form 1003).

(3) If a Completion Report (Form 1002A) has not been submitted for the well, Form 1002A shall be attached to the Form 1003.

(b) Any operator failing to comply with this Section may be fined up to $500.00.

[**SOURCE:** Amended at 9 Ok Reg 2295, eff 6-25-92; Amended in Rule Making 97000002, eff 7-1-97]

165:10-11-8. Procedures for identification and control of wellbores in which radioactive sources have been abandoned

(a) **Notice and permission to abandon.**

(1) When a radioactive source has been lost and abandoned in a well bore, the operator shall immediately notify the appropriate District Office and request permission to plug or plug-back and/or bypass to conform to the conditions set out in this Section. The District Manager or his designee may exercise the option of witnessing the procedure.

(2) A radioactive source shall not be considered abandoned until all reasonable efforts have been expended to retrieve the source.

(b) **Method of plugging.**

(1) Wells in which radioactive sources have been abandoned shall be mechanically equipped and plugged in such a manner so as to prevent either accidental or intentional mechanical disintegration of the radioactive source.

(2) When a radioactive source has been lost in a well bore and cannot be recovered, the tool shall be covered with a 100 foot plug consisting of standard oil field cement with an approved deflection tool cemented in place at the top of the plug. An additional 100 foot plug colored by red iron oxide shall be run on top of the deflection tool.

(c) **Approval for alternate plugging method.** When an operator, after expending all reasonable efforts, finds that it is not possible to abandon the source as prescribed in (d) of this Section, an alternate plugging procedure must be approved by the Commission prior to use.

(d) **Markers for wells in which a radioactive source has been abandoned.** Upon abandonment of a well in which a radioactive source has been abandoned, and the abandonment procedure has been approved by the Commission, the operator shall cause a permanent plaque to be attached to casing remaining in the well. The plaque shall be attached in such a manner that reentry could not be accomplished

without disturbing it. The plaque shall be constructed of a long lasting material and shall contain the following information:

(1) Lease name and well number.
(2) Name of operator.
(3) The source material abandoned.
(4) Total depth of the well.
(5) The depth of the abandoned source.
(6) The date of abandonment.
(7) The activity of the source.
(8) Trefoil radiation symbol with a radioactive warning.

(e) **Plugging reports of wells with lost radioactive sources.** Two copies of the plugging report shall be submitted to the Conservation Division of the Commission. The well operator shall forward one copy to the Radiation Management Section of the Oklahoma Department of Environmental Quality. The report shall contain all of the information required in (d) of this Section. The fact that a radioactive source was abandoned in the wellbore shall be noted under remarks on the Form 1002A.

(f) **Record of abandoned radioactive sources.** The Commission will maintain a current listing of all wells in which radioactive sources have been abandoned.

[**SOURCE:** Amended at 9 Ok Reg 2337, eff 6-25-92; Amended in Rule Making 97000002, eff 7-1-97]

165:10-11-9. Temporary exemption from plugging requirements

(a) **Scope.** The Commission may permit any well which is required to be properly abandoned pursuant to OAC 165:10-11-3 and OAC 165:10-11-5, at the request of an operator, to be temporarily abandoned.

(b) **Application.** An application for a permit to temporarily exempt a well from the plugging requirement shall be made on Form 1003A completed in its entirety, and submitted to the appropriate Conservation Division's District Office.

(c) **Permit.**

(1) Any operator seeking approval for temporary abandonment shall submit a notice of intent to temporarily abandon the well, Form 1003A, to the appropriate District Office describing the temporary abandonment procedure used.

(2) The permit will be valid for a period of five (5) years. At least 30 days prior to the expiration of any approved temporary abandonment permit, the operator shall return the well to beneficial use in accordance with Commission rules, permanently plug and abandon said well, or apply for a new permit to temporarily abandon the well.

(3) No temporary abandonment will be approved that does not prevent the contamination of treatable water and/or other natural resources and the leakage of any substance at the surface.

(4) If the well fails the tests required herein the problem shall be found, corrected and a new test successfully conducted within 30 days or the well shall be plugged and abandoned in accordance with Commission rules.

(5) Upon successful completion of the work on the temporarily abandoned well, the operator will submit a new request for temporary abandonment to the appropriate District Office.

(d) **Protection of treatable water.** The treatable water shall be protected by one or more of the following:

(1) A drillable, retrievable or temporary bridging plug set above the producing interval and below the top of the cement. The surface shall be capped with a valve in operational condition. A pressure test may be required by the appropriate District Office.

(2) A packer run on tubing and set above the producing interval and below the top of the cement. The well shall be equipped with suitable wellhead packoff equipment and be closed to the atmosphere.

(3) A fluid level test determined by use of equipment approved by the Conservation Division's Field Operations Department. The fluid level must be no higher than 150 feet below the base of the treatable water. The Field Inspector shall be notified at least 48 hours beforehand to be afforded the opportunity of witnessing the procedure. Fluid level tests must be conducted annually each of the five (5) years during the anniversary month of the permit. Additional tests may be required at any time at the request of the Conservation Division's Field Operations Department. The wellhead shall be closed to the atmosphere.

(4) A casing inspection log confirming the mechanical integrity of the production casing submitted to the appropriate Conservation Division's District Office.

(5) Alternate methods of testing may be approved by the Conservation Division's Field Operations Department by written application and upon showing that such a test will provide information sufficient to determine that the well does not pose a threat to natural resources.

(e) **Surface facilities.** The well site of a well with temporary exemption from the plugging requirements shall be kept in a neat and orderly manner, including lease roads, with a legible sign showing the name of the operator, operator telephone number, well name, number, and the legal location.

(f) **Termination of permit.** The permit for a temporary exemption from plugging shall terminate and plugging operations shall commence within 30 days after:

(1) The time interval set has lapsed and a renewal has not been granted.

(2) The lease or unit on which the exempted well was located has become nonproductive.

(3) The fluid level has risen to a point less than 150 feet below the base of the treatable water.

(4) The Conservation Division's Field Operations Department has determined that the surface area or wellhead equipment requirement does not meet the standards required by the Commission.

(g) **Exception to termination of permit.** An exception to the termination of an exemption from the plugging requirements shall be allowed if:

(1) An application to convert the well to a disposal, injection, or supply well has been filed with the Commission, and proper notice, according to OAC 165:5, has been met.

(2) An application requesting an exception to the plugging rules has been filed with the Commission and an exception has been granted by an order of the Commission.

[**SOURCE:** Added at 9 Ok Reg 2337, eff 6-25-92; Amended in Rule Making 97000002, eff 7-1-97; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

SUBCHAPTER 12. PROCEDURES FOR THE SEEPING NATURAL GAS PROGRAM

Section
165:10-12-1. Purpose
165:10-12-2. Coordination of seeping natural gas program
165:10-12-3. Jurisdiction and scope
165:10-12-4. Administration of the fund
165:10-12-5. Definitions
165:10-12-6. Notice requirements for seeping natural gas occurrences
165:10-12-7. Commission Rapid Action Assessment Team
165:10-12-8. Standard procedure for the Rapid Action Assessment Team
165:10-12-9. Assistance to owners of property
165:10-12-10. Reimbursement of expenditures

165:10-12-1. Purpose

The purpose of this Subchapter is to provide the Oklahoma Corporation Commission ("Commission") rules to govern responses to occurrences concerning the Seeping Natural Gas Program. All procedural rules necessary to initiate, regulate and administer the Seeping Natural Gas Program are contained in this Subchapter.

[**SOURCE:** Added at 24 Ok Reg 1806 (RM 200700004), eff 7-1-2007]

165:10-12-2. Coordination of Seeping Natural Gas Program

The Commission shall coordinate response efforts when notified of an occurrence of seeping natural gas. The Commission shall enlist private industry, state, county, municipal, and local government official entities as needed. These entities will aid the Commission with investigating, identifying and abating the hazard. If the Commission has determined that the applicable utility may be responsible for the problem, even though the utility initially advised the Commission it was not, the Commission can require the utility to run further tests to re-evaluate the occurrence as to the utility's lines and equipment. These rules do not supersede OAC 165:45-11-11 (a)(9).

[**SOURCE:** Added at 24 Ok Reg 1806 (RM 200700004), eff 7-1-2007]

165:10-12-3. Jurisdiction and scope

Pursuant to 17 O.S. 2006, Section 180.10 (C) the Commission is directed to promulgate and enforce rules, and issue and enforce orders relating to seeping natural gas. The rules of this Subchapter shall be known as the Commission Procedures for the Seeping Natural Gas Program, and shall be cited as OAC 165:10-12-1 *et seq*.

(1) The rules of this Subchapter shall govern all proceedings concerning the Seeping Natural Gas Program.

(2) The Commission retains the authority to grant an exception, for good cause shown, to any rule contained herein unless otherwise precluded by law.

(3) The rules of this Subchapter establish procedures for the investigation of seeping natural gas and the administration of the Seeping Natural Gas Fund for the purpose of providing funding to eligible property owners for the mitigation of seeping natural gas on their property, in those cases in which the Commission is unable to abate the hazard of a seeping natural gas occurrence by issuing an order to a responsible person or by plugging a well.

[**SOURCE:** Added at 24 Ok Reg 1806 (RM 200700004), eff 7-1-2007]

165:10-12-4. Administration of the fund

(a) The Commission will appoint the Director of Administration of the

Commission as the Seeping Natural Gas Fund Administrator.
(b) The Administrator is expressly authorized to bring actions before the Commission to enforce provisions of this Subchapter.
(c) The Administrator shall act under the supervision of the Commission, to administer the Seeping Natural Gas Fund in accordance with the rules and procedures approved by the Commission and consistent with this Subchapter. The Administrator is authorized to enforce, implement, and administer applicable rules and orders of the Commission.
(d) The Administrator's general duties shall include but not be limited to:
(1) Providing disbursements from the Fund;
(2) Managing the daily operations and affairs of the Fund;
(3) Engaging annual audits of the expenditures of the Fund and of the distribution from the Fund to property owners who receive payment from the Fund;
(4) Resolving disputes related to issues addressed in this Subchapter;
(5) Reviewing all applications for assistance from property owners;
(6) Performing any other duties as directed by the Commission.

[**SOURCE:** Added at 24 Ok Reg 1806 (RM 200700004), eff 7-1-2007]

165:10-12-5. Definitions

The following words or terms, when used in this Chapter, shall have the following meaning unless the context clearly indicates otherwise:

"Hazardous gas concentration" means a concentration that presents or causes a risk of accident or fire.

"Natural gas" means a highly compressible, highly expansible mixture of hydrocarbons having a low specific gravity and occurring naturally in gaseous form. Besides hydrocarbon gases, natural gas may contain appreciable quantities of nitrogen, helium, carbon dioxide, hydrogen sulfide, and water vapor.

"Person" means any individual, business association or corporation, partnership, governmental or political subdivision, public corporation, body politic and corporate public authority, trust or any other legal entity.

"Responsible party" means any person or persons responsible for a facility which is found to be causing a seeping natural gas occurrence.

"Seeping natural gas" means natural gas which has migrated into, under or around a structure at hazardous concentrations.

[**SOURCE:** Added at 24 Ok Reg 1806 (RM 200700004), eff 7-1-2007]

165:10-12-6. Notice requirements for seeping natural gas occurrences

(a) Upon identification of a possible occurrence of seeping natural gas, a utility shall notify the Pipeline Safety Department of the Commission. If the Pipeline Safety Department determines that the seeping gas occurrence is not caused by a pipeline under its jurisdiction, Pipeline Safety will contact the Consumer Services Division and the Oil and Gas Conservation Division.
(b) Upon a utility's initial determination that hazardous gas seepage is not from its system, the utility shall provide the property owner with a brochure explaining the situation and providing the impacted property owner with information about available assistance, including pertinent Commission telephone numbers. For assistance, the property owner or an authorized representative of the property owner shall contact the Commission.
(c) The District office of the Oil and Gas Conservation Division will contact the local Fire Marshall/Fire Chief and the utility to inform them that the Rapid Action Assessment Team has been activated.
(d) The Field Operations Department of the Oil and Gas Conservation Division will assess and evaluate the situation and act accordingly.

[**SOURCE:** Added at 24 Ok Reg 1806 (RM 200700004), eff 7-1-2007]

165:10-12-7. Commission Rapid Action Assessment Team

(a) The Oil and Gas Conservation Division shall form a Rapid Action Assessment Team to handle any seeping natural gas occurrence that occurs within the State after determining that it is not caused by a pipeline regulated by the Pipeline Safety Act or a utility.

(b) The Rapid Action Assessment Team will be equipped with qualified personnel and the proper and necessary equipment to handle investigations of seeping natural gas occurrences.

(c) Each Commission District Office will have access to designated trained personnel and equipment prepared for investigating a seeping natural gas occurrence.

(d) No person entering upon the land to investigate or abate the hazards pursuant to the authority of the Commission will be held responsible for future abatement work on the land or be liable for damages or otherwise for conditions subsequently arising or in connection with the land.

[**SOURCE:** Added at 24 Ok Reg 1806 (RM 200700004), eff 7-1-2007]

165:10-12-8. Standard procedure for the Rapid Action Assessment Team

As soon as the Oil and Gas Conservation Division is notified of an unknown gas surface seep in or around a structure that the utility has determined is not leaking from its lines, except in situations where the Oklahoma Emergency Management Plan is activated, Commission personnel will respond as follows:

(1) The Field Inspector from the Oil and Gas Conservation Division will respond with gas detection equipment and notify the Field Supervisor and District Manager.

(2) The District Manager will activate the local Rapid Action Assessment Team and notify local officials and the following Commission offices in Oklahoma City: Consumer Services, Field Operations and Public Information.

(3) The District Office will research well data, aerial photos and maps on file with the Oil and Gas Conservation Division.

(4) The Oil and Gas Field Supervisor and Field Inspector will coordinate with any responsible party in the locality and will research any available maps and records.

(5) If no known oil or gas wells are present, the Rapid Action Assessment Team will number and set soil gas monitoring probes at strategic locations in the area and initiate a gas monitoring program to measure the concentration and sample the composition of gas and log results at monitored locations.

(6) If the source of gas can be identified and there is a responsible party, the Rapid Action Assessment Team will request a Commission order directing the responsible party to abate the hazard.

(7) If no known responsible party is located, the Rapid Action Assessment Team will position the monitoring system to allow for measurement of concentration and dissipation of the gas.

(8) Upon the completion of the mitigation process, the Commission shall notify the utilities in writing.

(9) Upon notification by the Commission that the mitigation process has been completed, the utility shall verify that the hazard has been abated prior to establishing or resuming gas service.

(10) If the utility believes it should not establish or resume service, it shall file an emergency application with the Commission to show cause why service should not be established or resumed. The Commission shall hear such application with or without notice. At the time of the hearing, the Commission shall receive exhibits and recommendations as required by OAC 165:5-7-39(c). The Commission shall rule on the request as it deems appropriate.

[**SOURCE:** Added at 24 Ok Reg 1806 (RM 200700004), eff 7-1-2007]

165:10-12-9. Assistance to owners of property

(a) An owner of property who has a seeping natural gas occurrence as defined by 165:10-12-5 may file an application with the Commission to receive assistance with installing a system to divert natural gas away from the structure or to abate the hazard.

(b) After the Oil and Gas Conservation Division and the Consumer Services Division have completed their review of the property owner's application, they will forward it to the Director of Administration of the Commission, and the Director of Administration will recommend the application for Commission action.

(c) The Commission shall determine the eligibility of the owner of a structure for assistance based on the nature and extent of the hazard, whether the owner is unable to inhabit the structure, the financial need of the owner of the structure and other relevant factors dependent upon the Oklahoma Legislature's current and future approval of and appropriation for the Natural Gas Seep Program.

(d) If the property owner's application is approved, the Commission may expend, pursuant to the Oklahoma Central Purchasing Act, Title 74 O.S. 85.1 *et. seq.*, up to $20,000 from the Seeping Natural Gas Fund to engage the services of a contractor to install a system to divert natural gas away from a structure or to otherwise abate the hazard,

[**SOURCE:** Added at 24 Ok Reg 1806 (RM 200700004), eff 7-1-2007]

165:10-12-10. Reimbursement of expenditures

(a) The Commission may seek reimbursement of expenditures made by the Commission from a responsible party. Any monies received as reimbursement shall be deposited to the credit of the Commission Gas Seep Fund.

(b) The Rule shall not relieve any person or persons otherwise legally responsible from any obligation to properly abate hazards associated with seeping natural gas.

[**SOURCE:** Added at 24 Ok Reg 1806 (RM 200700004), eff 7-1-2007]

SUBCHAPTER 13. DETERMINATION OF ALLOWABLES - OIL AND GAS WELLS

Section
165:10-13-1. Oil and gas production [RESERVED]
165:10-13-2. Classification of wells for allowable purposes
165:10-13-3. Production tests on new, re-entered, and recompleted wells
165:10-13-4. Reservoir performance tests
165:10-13-5. Most efficient rate
165:10-13-6. Load oil
165:10-13-7. Production from different pools
165:10-13-8. Transfer of allowables
165:10-13-9. Allowable for increased density well
165:10-13-10. Applications for reinstatement of cancelled underage for oil wells and for unallocated gas wells

165:10-13-1. Oil and gas production [RESERVED]

165:10-13-2. Classification of wells for allowable purposes

(a) For purposes of this Subchapter the terms gas, oil, and gas-oil ratio are defined in 165:10-1-2.
(b) Any well having a gas-oil ratio of 15,000 to one or more shall be classified as a gas well for allowable purposes.
(c) Any well having a gas-oil ratio of less than 15,000 to one shall be classified as an oil well for allowable purposes.
(d) If a well is a multiply completed well under 165:10-3-35, then each zone of the completion shall be classified separately for allowable purposes.
(e) If a well is commingled under 165:10-3-39, the classification of the well for allowable purposes shall be determined by the gas-oil ratio of the commingled production.

165:10-13-3. Production tests on new, re-entered, and recompleted wells

(a) On all new wells, re-entered wells, and recompleted wells classified as oil wells for allowable purposes, in any regular spacing unit(s) and reservoir dewatering oil spacing unit(s), initial production tests shall be performed and reported to the Commission on Form 1029A for discovery oil wells, Form 1002A for other oil wells, unless otherwise specified by order of the Commission. The test shall not commence until after recovery of a volume of oil equivalent to or greater than the amount of load oil or other liquids introduced into the well.
(b) On all new wells, re-entered wells, and recompleted wells classified as gas wells for allowable purposes, initial production tests shall be performed and reported to the Commission on Form 1016 unless otherwise specified by order of the Commission or by OAC 165:10-17-7(b)(1)..
(c) If special pool rules prescribe, by order of the Commission, the manner in which production tests are to be performed in any separate common source of supply, the production or gas-oil ratio test shall be performed and reported to the Commission in accordance with such special pool rules.

[**SOURCE:** Amended at 19 Ok Reg 639, eff 1-14-02 (emergency); Amended at 19 Ok Reg 966, eff 7-1-02 (RM 200100009); Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003) ; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-13-4. Reservoir performance tests

The Commission may require, from time to time, the presentation of such data and facts as may be necessary to indicate reservoir performance and conditions in any oil or gas pool. The Commission may witness or supervise the taking of such reservoir performance tests and keep such records as it deems necessary to properly regulate the operation of any oil or gas pool. Any test requested by

the Commission may be witnessed by any operator in the pool. When special pool rules require bottom hole pressure tests, the tests shall be reported to the Conservation Division on Form 1027.

165:10-13-5. Most efficient rate

Subject to the procedural requirements of 165:5-7-12, the Commission may issue an order increasing or decreasing the rate of oil and gas production in an oil pool to correspond to the most efficient rate of production which is consistent with sound engineering and conservation practices as may be justified by the circumstances and evidence submitted.

165:10-13-6. Load oil

Load oil used in well completions which is not produced from the same lease or spacing unit shall not be charged against the well, lease, or unit. The well shall be allowed to produce such load oil in addition to the current monthly allowable. Operators claiming credit for load oil for allowable purposes may file Oklahoma Tax Commission Form 317 not more than 6 months after treating the well.

[**SOURCE:** Amended in Rule Making 980000033, eff 7-1-99]

165:10-13-7. Production from different pools

(a) In the event there are two or more common sources of supply produced through a well or wells on the same lease or drilling and spacing unit and which are not commingled under 165:10-3-39, the production from each common source of supply shall be separately produced, measured, and/or accounted for to the Commission.

(b) If one or more of the zones produced are classified as oil for allowable purposes, the operator of the well shall 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.

165:10-13-8. Transfer of allowables

Subject to the procedural requirement of 165:5-7-12, the Commission may issue an order transferring, after proper adjustment, all or part of an allowable from a well with a high gas-oil ratio or high water-oil ratio to a well having a lower gas-oil ratio or water-oil ratio, if:

(1) The wells produce from the same common source of supply.

(2) The wells are located on the same lease or in the same drilling and spacing unit.

165:10-13-9. Allowable for increased density well

(a) **Allowable production.** Except as otherwise provided by rule or order of the Commission, the allowable production for permitted wells within a drilling and spacing unit producing from the same common source(s) of supply shall be determined as follows:

(1) Each individual well shall be classified for allowable purposes by gas-oil ratio under 165:10-13-2.

(2) Permitted wells of the same classification for allowable purposes shall share a single well allowable.

(3) Permitted wells of different classifications for allowable purposes shall receive allowables as provided by the order of the Commission authorizing the additional well(s).

(b) **Shared single allowable.** If two or more wells in a single drilling and spacing unit are classified as gas wells for allowable purposes, the shared single allowable for the unit shall be determined by the greater of:

(1) A minimum allowable; or

(2) A normal allowable based on the wellhead absolute open flow potential of the best well in the drilling and spacing unit producing from the same common source of supply.

(c) **Additional well.** If an additional well is not of the same classification as any prior permitted well, it shall receive an allowable as provided by the order permitting the well.

(d) **Effect of penalties.** If the allowable for a well in a drilling and spacing unit is subject to a percentage penalty or lid on production, the penalty or lid on production shall apply to the ratable share of production of the shared single allowable for the penalized well as opposed to the entire shared single allowable for the unit.

(1) The ratable share of production of the shared single allowable for an unallocated gas well is that volume of gas which bears the same ratio to the shared single allowable as the wellhead absolute open flow potential for the well bears to the sum of the wellhead absolute open flow potentials for all wells in the drilling and spacing unit of the same classification for allowable purposes.

(2) The ratable share of production of the shared single allowable for a special allocated gas well is that volume of gas which bears the same ratio to the shared single allowable as the unpenalized monthly allowable the well would receive if it were the only well in the unit bears to the sum of such allowables for all the wells in the drilling and spacing unit of the same classification for allowable purposes.

(3) No special allocated well shall receive an allowable less than the defined minimum unit allowable divided by the number of wells in the drilling and spacing unit of the same classification for allowable purposes.

(4) The ratable share of production of the shared single allowable for an oil well is that volume of oil which bears the same ratio to the shared single allowable as the potential for the well bears to the sum of the potentials for all wells in the drilling and spacing unit of the same classification for allowable purposes. If the oil well was assigned a separate allowable under (c) of this Section, the penalty shall apply to the allowable assigned to the well.

(5) The portion of the shared single allowable representing the reduction in the allowable for the penalized well is not allocable to other wells in the drilling and spacing unit.

(e) **Which operator shall file required tests.** If the operators of the wells in a drilling and spacing unit cannot agree as to which operator shall file the required tests and production reports for the unit or as to what proportion of a shared single allowable shall be attributable to each well of the same classification for allowable purposes, the Commission may, after application, notice, and hearing, issue an order determining which operator shall file the tests and reports or what the proportional share of the shared single allowable is attributable to each well or the maximum rate of allowable production for each well.

(f) **Wellhead absolute open flow potential.** For the purpose of this Section, the wellhead absolute open flow potential for a test exempt gas well shall be presumed to equal:

(1) The average daily production for the previous calendar year (or that portion of the previous calendar year if the first sales date was after January 1 of that year), or the minimum allowable that would otherwise be assigned to an unallocated gas well under applicable rules of the Commission as if such well were the only well in the unit, whichever is less, for an unallocated well; or

(2) The product of two multiplied by the monthly allowable for the well under 165:10-17-9 for a special allocated well.

(g) **Testing or reporting requirements.** This Section shall not exempt any well from any testing or reporting requirement imposed by rule or order of the Commission.

[**SOURCE:** Amended at 9 Ok Reg 2337, eff 6-25-92; Amended in Rule Making 980000033, eff 7-1-99]

165:10-13-10. Applications for reinstatement of cancelled underage for oil wells and for unallocated gas wells

(a) **Oil well.**

(1) With respect to an oil well, all underage for the proration period in excess of 15 percent of the allowable shall be automatically cancelled at the end of the proration period, except underage accrued under (4) of this subsection because of the failure to split a tank.

(2) A producer may apply to reinstate cancelled underage if the well is capable of producing in excess of its allowable. The procedure for applying for reinstatement of cancelled underage is described in (c) of this Section.

(3) Except in situations where the operator has failed to comply with applicable well testing and reporting requirements of the Commission, failure or refusal of the purchaser to take the allowable shall be grounds for reinstatement of any underage accumulated because of such failure or refusal. Underage of this nature may be accumulated until balanced by future runs.

(4) The operator shall not be required to sell less than a full stock tank of oil by the end of the proration period to avoid cancellation of underage. Instead, such underage may be accrued until the operator accumulates and sells a volume of oil from the tank amounting to a full tank, and the sale of oil representing such underage shall not be considered as overage.

(b) **Unallocated gas well.**

(1) With respect to any unallocated gas well, of the total underage for the well or unit existing at the end of the proration period, 75% shall be automatically cancelled and 25% shall be automatically carried forward to the next prorationing period.

(2) Said underage carried forward to the next balancing period must be utilized in said balancing period, with that amount of underage carried forward but not used, to be cancelled at the end of the prorationing period.

(c) **Procedure for reinstatement of cancelled underage.**

(1) The operator of an oil well may apply for reinstatement of cancelled underage by application for administrative approval on Form 1010 within 90 days after cancellation of the underage.

(2) If the Conservation Division declines to approve the Form 1010 application, the applicant shall be notified in writing that application, notice, and hearing under 165:5-7-1 are necessary to obtain reinstatement of cancelled underage.

[**SOURCE:** Amended in Rule Making 980000033, eff 7-1-99]

SUBCHAPTER 15. OIL WELL PRODUCTION AND ALLOWABLES

Section
165:10-15-1. Classification of oil pools and projects
165:10-15-2. Overage adjustments for oil wells
165:10-15-3. Effect of percentage penalty on oil wells
165:10-15-4. Discovery oil pools [RESERVED]
165:10-15-5. Discovery oil allowables
165:10-15-6. Production tests and reports for discovery oil pools
165:10-15-7. Procedure for obtaining discovery allowable
165:10-15-8. Allocated oil pools [RESERVED]
165:10-15-9. Allocated oil allowables
165:10-15-10. Production tests and reports for allocated oil wells
165:10-15-11. Unallocated oil pools [RESERVED]
165:10-15-12. Unallocated oil allowables
165:10-15-13. Production tests and reports for unallocated oil wells
165:10-15-14. Enhanced oil recovery project allowables
165:10-15-15. Production tests and reports for enhanced oil recovery projects
165:10-15-16. Excessive water exempt oil project allowables
165:10-15-17. Production tests and reports for excessive water exempt oil projects

165:10-15-1. Classification of oil pools and projects

(a) **Types of oil pools.** Each producing oil pool shall be classified by the Commission into one of the following categories:

(1) Discovery oil pool (165:10-15-5).
(2) Allocated oil pool (165:10-15-9).
(3) Unallocated oil pool (165:10-15-12).
(4) Enhanced oil recovery project (165:10-15-14).
(5) Excessive water exempt oil project (165:10-15-16).
(6) Reservoir dewatering oil spacing unit (165:10-15-18).

(b) **Treatment of an oil well located in a gas pool.** An oil well located in a gas pool shall be treated as an unallocated oil well, unless the oil well is subject to one of the following:

(1) Pool rules controlled by volumetric withdrawal.
(2) Discovery oil pool rules.
(3) Allocated oil pool rules.
(4) Some other order of the Commission.

(c) **Discovery oil pools.**

(1) A new oil pool which has complied with the provision of 165:10-15-5 may be granted discovery allowable production rates, administratively, subject to either:
(A) Spacing requirements.
(B) Order of the Commission.

(2) Each permitted discovery oil well shall be subject to discovery oil pool rules until either:
(A) Expiration of the discovery allowable period.
(B) Reclassification of the well or pool.

(d) **Allocated oil pool.**

(1) The Commission shall classify an oil pool as an allocated oil pool when:
(A) At any market demand hearing the total production from an oil pool or from any well within the pool needs to be regulated; or
(B) For good cause shown, upon application, notice, and hearing.

(2) A gas well located in an allocated oil pool that is reclassified as an oil well for allowable purposes shall be subject to allocated oil pool rules.

(3) Each allocated oil well shall be subject to the allocated oil pool rules until the Commission reclassifies the well or pool.

(e) **Unallocated oil pools.**

(1) Classification of unallocated oil pool:

(A) Any pool or area which does not require specific regulation and control by the Commission to restrict production to the market demand, aid in the prevention of waste, assure the maximum ultimate recovery of oil and gas from the pool, or protect correlative rights shall be classified as an unallocated pool.

(B) The Commission shall determine which discovery and allocated pools will be placed in the unallocated classification at each market demand hearing.

(2) Each unallocated oil well shall be subject to unallocated oil pool rules until the Commission reclassifies the well or pool.

(f) **Enhanced oil recovery projects.**

(1) **Authorized pressure maintenance.** The Commission may, upon application, notice, and hearing, authorize the pressure maintenance of a pool or the production of oil by the injection of fluid, fluids, gas, gases, or other material into a common source of supply or a portion thereof, whether unitized or not, where substantial quantities of additional oil may be recovered which could not be recovered under ordinary primary depletion methods. When so authorized, the project will be classified as an Enhanced Oil Recovery Project with one of the following classifications:

(A) Pressure Maintenance Project

(B) Gas Repressuring Project

(C) Waterflood Project

(D) Other Enhanced Recovery Projects

(2) **Status of a gas well reclassified as an oil well.** If a well classified as a gas well in an enhanced oil recovery project is reclassified as an oil well for allowable purposes, the well shall be subject to the appropriate enhanced oil recovery project rules.

(3) **Termination of enhanced oil recovery status.** Each enhanced oil recovery well shall be subject to enhanced oil recovery project rules until one of the following occurs:

(A) Termination of the enhanced oil recovery project.

(B) The well is reclassified as a gas well for allowable purposes.

(C) The Commission issues an order reclassifying the well or project.

(D) The well is abandoned.

(g) **Excessive water exempt oil projects.**

(1) **Oil production rates.** The Director of Conservation may administratively authorize the production of oil at rates greater than the normal allowable provided the water-oil ratio of the well and/or pool is greater than or equal to 3:1. All applications shall comply with 165:5-7-12.

(2) **Status of a gas well reclassified as an oil well.** If a well classified as a gas well in an excessive water exempt oil project is reclassified as an oil well for allowable purposes, the well shall be subject to excessive water exempt oil project rules.

(3) **Termination of excessive water exempt status.** Each excessive water exempt well shall be subject to excessive water exempt oil project rules until at least one of the following occurs:

(A) The water-oil ratio declines below 3:1.

(B) Termination of the excessive water exempt oil project.

(C) The well is reclassified as a gas well.

(D) The Commission issues an order reclassifying the well or project.

(h) **Allowable for reservoir dewatering oil spacing unit.**

(1) **Oil production rates.** To set an allowable for a well in a reservoir dewatering oil spacing unit, the operator shall refer to Appendix J and submit the appropriate forms and/or application as provided in OAC 165:10-15-18.

(2) **Reclassification of oil well as gas well.** If a well in a reservoir dewatering oil spacing unit is later subject to reclassification as a gas

well for allowable purposes, such reclassification will be determined according to general classification procedures based on the its gas/oil ratio pursuant to OAC 165:10-1-6(d) and (e) and 165:10-13-2. If the subject well is designated an excessive water exempt oil project pursuant to OAC 165:10-15-1(g) and 165:10-15-16, reclassification shall be determined by OAC 165:10-15-1(g)(2). If the subject well is assigned an allowable based upon its most efficient rate pursuant to OAC 165:10-13-5, such allowable shall remain in effect under the order establishing the production rate, so that the well will not be reclassified, until its status is modified or terminated by the terms of the instant or a subsequent Commission order.

(3) **Termination of reservoir dewatering oil spacing unit allowable.** The oil allowable assigned a reservoir dewatering oil spacing unit shall remain in effect until one of the following occurs:

(A) The subject well is reclassified as a gas well pursuant to OAC 165:10-1-6 and 165:10-13-2.

(B) The subject well's status as an excessive water exempt oil project is terminated pursuant to OAC 165:10-15-1(g)(3).

(C) The subject well's status under a most efficient rate order is modified or terminated by the terms of the instant or a subsequent Commission order.

[**SOURCE:** Amended in Rule Making 200100009, eff 7-1-02]

165:10-15-2. Overage adjustments for oil wells

No well, lease, unit, or project shall be overproduced in excess of 15 percent of the allowable for the proration period. All overage accrued at the end of the proration period shall be deducted from the allowable for the second succeeding proration period.

165:10-15-3. Effect of percentage penalty on oil wells

If a percentage penalty has been assigned to an oil well, the penalty shall, depending on the status of the well, be subtracted from:

(1) **Discovery status.** The applicable allowable from the Discovery Allowable Table (Appendix B to this Chapter) or the capacity of the well to produce as reported, whichever is less.

(2) **If allocated or unallocated per-well status.** The applicable allowable from the Allocated Well Allowable Table (Appendix A to this Chapter) multiplied by the current market demand factor or the capacity of the well to produce as reported, whichever is less.

(3) **If unallocated per-lease status.** The shallowest ten acre or less allowable from the Allocated Well Allowable Table (Appendix A to this Chapter) multiplied by the current market demand factor for the penalized well only. The penalty shall be subtracted from the lease allowable.

[**SOURCE:** ; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-15-4. Discovery oil pools [RESERVED]

165:10-15-5. Discovery oil allowables

(a) **Number of barrels of oil per day and duration of the discovery allowable period.** The maximum number of barrels of oil per day and the duration of the discovery allowable period shall be determined from the Discovery Allowable Table (Appendix B to this Chapter) or the Allocated Well Allowable (Appendix A to this Chapter), whichever is greater, provided that the well is in compliance with the other provisions of this Section and other rules pertaining to allowables. If the well is not capable of producing at the discovery rate without causing preventable waste, the temporary discovery allowable shall be the capacity of the well to produce as reported, unless otherwise limited by the Commission.

(b) **Effective date of discovery allowable.**

(1) The discovery allowable period for the pool shall begin with the date of first completion of the discovery well of the pool and extend as provided in the Discovery Well Allowable Table (Appendix B to this Chapter).

(2) The discovery allowable period for each well in the pool shall run from the date specified under 165:10-15-7 for each well to the date of termination of the pool, if granted administratively.

(3) If application, notice, and hearing are required, the effective date of the discovery allowable period shall be specified by an order of the Commission, provided that such date shall not precede the date of filing of the application. The date of expiration of the discovery allowable shall still be determined as set forth in (1) of this subsection.

(c) **Gross allowable production.** The gross allowable production for any proration period from a well in a discovery pool may, at the option of the operator, be produced at any time during the proration period; however, in no event shall the production exceed the maximum efficient rate of flow.

[**SOURCE:** ; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-15-6. Production tests and reports for discovery oil pools

(a) **Initial test requirements.** The operator of each well in each discovery pool shall perform an initial potential test and furnish the Conservation Division the results of such test not later than 30 days after completion of each well. Each individual well shall be tested for not less than six hours and not more than 24 hours with the production calculated and reported at a daily rate (24 hours).

(b) **Witnessing of tests.**

(1) With respect to initial test, the operator shall give twenty-four (24) hour notice of the opportunity to witness said test to the Conservation Division and the offset operator(s) producing from the same pool, but no waiver or signature of Conservation Division personnel is required.

(2) Any operator in the pool may witness any official test for any well in the pool. However, any person other than a Commission employee witnesses a test at their sole risk and expense.

[**SOURCE:** Amended at 9 Ok Reg 2337, eff 6-25-92; Amended in Rule Making 980000033, eff 7-1-99; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-15-7. Procedure for obtaining discovery allowable

(a) Any operator desiring a discovery allowable shall file Form 1028 with the material and information specified below:

(1) A resistivity and a porosity type wireline survey of the well in question, if run.

(2) A Completion Report (Form 1002A) and Cementing Report (Form 1002C), completed in detail.

(3) A Potential Test (Form 1029A), completed in detail.

(4) A plat of the area showing all of the following information for each well within one and one-half (1 1/2) miles of the subject well:

(A) Operator.

(B) Well name and number.

(C) Total depth.

(D) Current status of the well (dry, oil, gas, injection, disposal, temporarily abandoned).

(E) Name of interval open, if any.

(F) Perforations, top and bottom, if any.

(G) Average daily production.

(5) An isopach contour map of the productive interval and/or a structural contour map of a nearby marker bed or formation, not separated from the producing interval by an unconformity, which is commonly used in the area.

The Conservation Division may require either or both types of maps to determine the discovery status. The Commission may also require additional geological and/or engineering data, such as: stratigraphic cross-sections, structural cross-sections, production, and pressure information.

(b) The Conservation Division may administratively designate a discovery allowable for a well when the operator furnishes the Technical Department with the information specified in (a) of this Section. If the information is provided within 30 days of the date of first production and the application is approved, the effective date of the discovery allowable shall be the date of first production. If the information is provided more than 30 days after the date of first production and the application is approved, the discovery allowable shall be effective the date of filing.

(c) If a gas well in a discovery oil pool is reclassified as an oil well for allowable purposes, the operator must file the appropriate form, information and material specified in (a) of this Section within 30 days of reclassifying the well to obtain a discovery allowable. The allowable shall be effective the date the well was reclassified as an oil well as indicated on Form 1002A. If the application is not received within the specified time period, the application will be processed in accordance with (b) of this Section.

165:10-15-8. Allocated oil pools [RESERVED]

165:10-15-9. Allocated oil allowables

(a) **Effective date of allowables.** The allowable for an allocated well completed or recompleted on or after the first day of the proration period shall become effective the date of completion of the well, provided the operator has complied with the provisions of this Section and other rules governing allowables. In situations where the operator fails to comply, the allowable shall become effective the date the operator complies with this Section and other rules governing allowables.

(b) **Allowables in allocated pools.** Allowables in allocated pools shall be granted on an individual well basis, subject to appropriate spacing requirements, unless otherwise specified by order of the Commission. The allowable for each allocated well shall be determined as if the well was an unallocated well operating under 165:10-15-12(b) or 165:10-15-12(c)(1), whichever is appropriate, unless adjusted by order of the Commission. The operator shall produce the allowable on each well from that well and no part thereof from any other well.

(c) **Application.** Upon application by the Director of Conservation or any interested party, and after notice and hearing, the Commission may order the wells in a common source of supply to be produced under allowables established by special pool rules in lieu of the provisions of this Section. All requirements as to production tests and allowables shall be set forth by the order of the Commission establishing such special pool rules.

165:10-15-10. Production tests and reports for allocated oil wells

All production tests and reports shall be filed as if the allocated well were an unallocated well operating on a per-well basis allowable under 165:10-15-13(a).

165:10-15-11. Unallocated oil pools [RESERVED]

165:10-15-12. Unallocated oil allowables

(a) **Effective date of allowable.** The allowable for a well completed or recompleted on or after the first day of a proration period shall become effective the date of completion of the well, provided the operator has complied with the provisions of this Section and other rules governing allowables. In situations where the operator fails to comply, the allowable shall become

effective the date the operator complies with this Section and other rules governing allowables.

(b) **Well in an unallocated pool.** Each well in an unallocated pool in which drilling and spacing units have been established shall be assigned the applicable allowable on a per-well basis from the Allocated Well Allowable Table (Appendix A to this Chapter) multiplied by the current market demand factor unless adjusted by order of the Commission. The production from each well shall be separately accounted for to the Commission.

(c) **Lease in an unallocated pool.** Each individual lease in an unallocated pool in which drilling and spacing units have not been established shall be assigned allowables, at the option of the operator, on either of the following basis:

(1) **A per-well basis.** If the operator elects to accept the per-well basis allowable, each well on the lease shall be assigned an allowable applicable to a ten-acre or less allowable at the appropriate depth from the Allocated Well Allowable Table (Appendix A to this Chapter) multiplied by the current market demand factor unless adjusted by order of the Commission. The production from each well shall be separately accounted for to the Commission.

(2) **A per-lease basis.** If the operator elects to accept the per-lease basis allowable, the allowable for the lease shall be the shallowest ten-acre or less allowable from the Allocated Well Allowable Table (Appendix A to this Chapter) multiplied by the current market demand factor multiplied by the number of wells on the lease unless adjusted by order of the Commission. The production from each lease shall be separately measured and accounted for to the Commission.

165:10-15-13. Production tests and reports for unallocated oil wells

(a) **Per-well basis allowable.**

(1) If the well is an allocated well, or an unallocated well located on lands in which drilling and spacing units have not been established and the operator elected to accept allowables on a per-well basis, or an unallocated well located on lands in which drilling and spacing units have been established, the operator shall file a production test no later than 30 days after the earlier of:

(A) Making the election,

(B) Completion of the well, or

(C) Recompletion of the well.

Each individual well shall be tested for not less than six hours and not more than 24 hours with the production calculated and reported at a daily rate (24 hours).

(2) Each new well shall be given an allowable equal to the allowable for an unallocated per-well basis well until the production test has been performed with the results reported to the Conservation Division. The allowable shall be effective for a period not longer than 30 days from completion of the well. A Form 1002A Completion Report may be used in lieu of a Form 1029A to establish an oil allowable if oil and gas production rates reported on Form 1002A establish the well's classification as an oil well. No further allowable shall be assigned to the well until compliance with this subsection.

(3 Until an operator submits the required test results for any well, as provided in subsection (a)(1), no allowable shall be assigned to the well. If said test results are filed late, then the allowable shall be effective the first day of the following month after the Conservation Division accepts the test.

(4) All initial tests shall be conducted in the manner set forth in (1) of this subsection.

(5) Annual testing shall not be required.

(b) **Per-lease basis allowables.**

(1) If the well is an unallocated well located on lands in which drilling and spacing units have not been established and the operator elects to accept allowables on a per-lease basis, the operator shall file a production test with the Conservation Division not later than 30 days after:

(A) Making the election,
(B) Completion of the initial well on the lease,
(C) Completion of a subsequent well on the lease,
(D) Recompletion of any well on the lease, or
(E) Retesting of any well on the lease.

Each well on the lease shall be tested for not less than six hours and not more than 24 hours with the production calculated and reported at a daily rate (24 hours).

(2) Each lease shall be given an additional allowable equivalent to the shallowest ten-acre or less allowable from the Allocated Well Allowable Table (Appendix A to this Chapter) multiplied by the current market demand factor for each new producing well added to the lease until the production test has been performed with the results reported to the Conservation Division. The additional allowable shall be effective for a period not longer than 30 days from completion of the well. No further additional allowable shall be assigned to the lease until compliance with this subsection.

(3) If an operator fails to submit the required test results for any lease with allowables calculated on a per-lease basis, no allowable shall be assigned to the lease. The operator may submit the results of the test to the Conservation Division to reinstate the allowable. A Form 1002A Completion Report may be used in lieu of a Form 1029A to establish an oil allowable if oil and gas production rates reported on Form 1002A establish the well's classification as an oil well. The allowable shall be effective the first day of the following month after the Conservation Division accepts the test.

(4) No lease shall be granted underage resulting from failure to perform a required test in compliance with this Section.

(5) All initial tests, annual tests and retests shall be conducted in the manner set forth in (1) of this subsection.

[**SOURCE:** Amended at 9 Ok Reg 2337, eff 6-25-92; Amended in Rule Making 980000033, eff 7-1-99; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-15-14. Enhanced oil recovery project allowables

(a) **Effective date of allowable.** The allowable for an enhanced oil recovery project shall be effective on the date operations commenced or the date specified by order of the Commission authorizing the project, whichever is later, provided the operator has complied with the provisions of this Section and other rules governing allowables. In situations where the operator fails to comply, the allowable shall become effective the date the operator complies with this Section and other rules governing allowables.

(b) **Qualification for enhanced oil recovery allowable.** For any project to qualify for an enhanced oil recovery allowable, an order of the Commission authorizing the project must be obtained.

(c) **Allowable for enhanced oil recovery project.** The allowable for an enhanced oil recovery project shall be on a project basis and shall be the capacity of the project to produce.

(d) **Wells on a project producing from another reservoir.** Oil wells within the boundaries of a project which do not produce from the project shall not be permitted to produce any portion of the allowable of such enhanced oil recovery project. The oil produced by non-project wells shall be separately produced, measured, and reported.

165:10-15-15. Production tests and reports for enhanced oil recovery projects

(a) Within 30 days of commencement of any enhanced oil recovery project, the operator shall file with the Conservation Division an inventory of all the wells located within the boundaries of the project completed in the approved common source of supply showing the name of the project and the new OTC Production Unit Number (including merge number) and the following for each well:

(1) Previous OTC Production Unit Number.
(2) API Number.
(3) Well Name and Number.
(4) Legal location, including quarter quarter quarter quarter section.
(5) Current status (producer, injector, observation, or temporarily abandoned).

The inventory shall also include the current daily (24 hour) production and injection rates for the project.

(b) The operator shall notify the Conservation Division in writing within 30 days of the completion of any new well or the change in status of any existing well in the project.

(c) Until the operator submits the required test results for any enhanced oil recovery project as provided in subsection (a), no allowable shall be assigned to the project. If said test results are filed late, then the allowable shall be effective the first day of the following month after the Conservation Division accepts the tests.

(d) All initial tests shall be conducted as set forth in subsection (a).

(e) Annual testing shall not be required except as provided in OAC 165:10-1-6.

[**SOURCE:** Amended in Rule Making 980000033, eff 7-1-99]

165:10-15-16. Excessive water exempt oil project allowables

(a) **Effective date of allowables.** The allowable for an excessive water exempt oil project shall be on a well or a project basis and shall be effective when the Conservation Division receives and accepts the production test of, Form 1013, unless otherwise specified by order of the Commission.

(b) **Qualification for excessive water exempt oil project.** For any project or well to qualify for excessive water exempt allowable, an order of the Commission authorizing the well or project must be obtained.

(c) **Allowable for excessive water exempt oil project.** The allowable for a well or project which has received a special excessive water exempt allowable shall be the capacity of the well or project to produce without causing preventable waste unless otherwise adjusted by the Director of Conservation. The production from a well which has received a special excessive water exempt allowable under this Section shall be separately produced, measured, and accounted for to the Commission from the oil produced from the remainder of the lease.

165:10-15-17. Production tests and reports for excessive water exempt oil projects

(a) The operator of each individual well with an excessive water exempt allowable shall file an initial production test, in duplicate, on Form 1013 with the Conservation Division. Each individual well shall be tested for seven consecutive days, and the amount of oil and the amount of water produced each day shall be reported on Form 1013. With respect to the initial test, the operator shall give twenty-four (24) hour notice of the opportunity to witness said test to the Conservation Division and the offset operator(s) producing from the same formation, but no waiver or signature of Conservation Division personnel is required on Form 1013.

(b) Each individual well shall be given an initial allowable equal to the unallocated per-well basis allowable until the production test has been performed with the results reported to the Conservation Division on Form 1013. The allowable shall be effective for a period not longer than 30 days from completion of the well. No further allowable shall be assigned to the well until compliance with this subsection.

(c) Until the operator submits the required test results for any excessive water exempt well or project, as provided in subsection (a), no allowable shall be assigned to the well or project. If said test results are filed late, the allowable shall be effective the first day of the following month after the Conservation Division accepts the test.
(d) All initial tests shall be conducted as set forth in (a) of this Subsection.
(e) Annual testing shall not be required except as provided in OAC 165:10-1-6.

[**SOURCE:** Amended in Rule Making 980000033, eff 7-1-99]

165:10-15-18. Production tests and reports for reservoir dewatering oil spacing units
(a) **Effective date for oil allowable.** To establish the commencement date of an allowable for an oil well in a reservoir dewatering oil spacing unit, the operator shall file Forms 1002A and 1013, in lieu of the Form 1029A, with the Commission according to OAC 165:10-13-3 within thirty (30) days after the completion date of the well. The allowable will commence on the date of first production.
(b) **Qualification for reservoir dewatering unit.** Proof of fifty percent (50%) water saturation presented at the time of a hearing to establish dewatering oil spacing may entail calculations from logs or core data from wells within the common source of supply covered by the application or an analogous common source of supply, or an actual production test from a well in the common source of supply covered by the application. To qualify for the reservoir dewatering spacing unit allowable provided on Appendix J, the Form 1013 must provide data that verifies that the water-oil ratio is greater than 1:1. If the water-oil ratio is less than 1:1, then the oil allowable shall be the appropriate allowable for the depth of the top of the formation and the maximum acreage provided in Appendix A.
(c) **Allowable rate not provided for in Appendix J.** To establish an allowable other than that specified in Appendix J, the operator shall file a Form 1030 with the Commission to adjust the allowable.
(d) **Record of annual production rates.** The operator shall maintain production records on an annual basis. Operators shall make these records available to the Conservation Division staff upon the request of the Manager of the Technical Department. Annual testing shall not be required except as provided in OAC 165:10-1-6.

[**SOURCE:** Amended in Rule Making 200100009, eff 7-1-02]

SUBCHAPTER 17. GAS WELL OPERATIONS AND PERMITTED PRODUCTION

Section
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165:10-17-1. Gas production from gas pools [RESERVED]

165:10-17-2. Classification of gas pools

(a) **Types of gas pools.** Each gas pool shall be classified by the Commission into one of the following categories:

(1) Allocated Gas Pool.
(2) Special Allocated Gas Pool.
(3) Unallocated Gas Pool.

(b) **Treatment of gas well in an oil pool.** If a well in an oil pool is classified as a gas well for allowable purposes, the well shall be treated as if it were in an unallocated gas pool, unless the well is subject to pool rules which establish allowables by volumetric withdrawal.

(c) **Allocated gas wells.**

(1) **Classification of pool by order.** Upon application, notice, and hearing, the Commission may issue an order establishing allowables for gas wells in a pool by the allocated gas pool rules in 165:10-17-8.

(2) **Status of an oil well reclassified as a gas well.** If a well classified as an oil well in an allocated gas pool is reclassified as a gas well for allowable purposes, the well shall be subject to allocated gas pool rules.

(3) **Termination of allocated status.** Each allocated gas well shall be subject to allocated gas pool rules until:

(A) The Commission establishes special allocated gas pool rules for the common source of supply.
(B) The well is reclassified as an oil well for allowable purposes.
(C) The Commission issues an order reclassifying the well as an unallocated gas well.
(D) The well becomes the only gas well in the pool.
(E) The well is abandoned.

(d) **Special allocated gas pools.** Each gas pool for which special pool allocation rules (field rules) are or have been established by the Commission shall be classified as a special allocated gas pool. Each gas well in a special allocated gas pool shall be referred to as a special allocated gas well for allowable purposes.

(e) **Unallocated gas pools.** Each gas pool not classified as an allocated gas pool or as a special allocated gas pool shall be classified as an unallocated gas pool. Each gas well in an unallocated gas pool shall be referred to as an unallocated gas well for allowable purposes.

165:10-17-3. Effective date of allowables

A gas well shall be assigned an allowable as of the date it is connected into a pipeline and the first delivery is made if the Notice of Intention to Drill (Form 1000) is valid, the Completion Report (Form 1002A) is filed with attachments, if required, and all required tests are run within 30 days from the date of first sales and are filed within 45 days of the date of first sales, and special reports have been filed with the Conservation Division.

[**SOURCE:** Amended in Rule Making 980000033, eff 7-1-99]

165:10-17-4. Standard gas measurement law

Sections 471 through 477, inclusive, of Title 52, Oklahoma Statutes Annotated, cited as the "Standard Gas Measurement Law", are hereby adopted as rules of the Commission as fully as if set out verbatim herein.

165:10-17-5. Meters and recorders

(a) **Requirement of a gas meter and recorder.**

(1) For allowable, allocation or custody transfer purposes, each well producing natural gas other than a shut-in gas well shall have a gas meter and recorder for the gathering line; provided, if two or more wells share a single allowable, a single meter and recorder may be used to measure gas production, unless a special order of the Commission or either 165:10-13-9 or 165:10-3-39 require allocation of gas production on a per well basis.

(2) For purposes of (1) of this subsection, the term "recorder" refers to a circular gas chart recorder or other type of recording device which has been mutually agreed upon by the gas seller and the gas purchaser.

(3) For purposes of (1) of this subsection, an offsite recorder shall be permitted provided:

(A) There is compliance with the requirements of (2) of this subsection.

(B) The recording device is made available for inspection by the Conservation Division to determine that the recorder is functioning properly.

(4) Offsite recordation under (1) and (3) of this subsection shall be treated as wellsite metering for purposes of the reporting requirements of 165:10-1-47.

(5) Use of electronic gas measurement and recording devices that meet industry standards of (b)(2) of this Section are permitted for allowable, allocation, custody transfer, and well testing.

(b) **Standards for meters and recorders.**

(1) Each meter and recorder shall be properly constructed, maintained, repaired, and operated to continually and accurately register the quantity of gas produced from the well into a gathering line.

(2) The meter and recorder shall be installed, used, and operated according to the natural gas industry standards and guidelines promulgated by the American Gas Association, the American Petroleum Institute, and the Gas Processors Association, in effect at the time of installation of the meter and recorder. If there are conflicting standards, then the most current American Petroleum Institute standard shall apply.

(c) **Prohibited meter bypasses.** For each meter measuring production at the wellsite, use of piping to bypass the meter is prohibited. Gas meters with internal bypasses are permitted.

(d) **Reporting of estimated volume if the meter or recorder fails.**

(1) **Seventy-two hours to repair equipment.** If a meter or recorder at the wellsite malfunctions, then the malfunctioning equipment shall be repaired within 72 hours after discovery of the malfunction.

(2) **Reporting of estimated volumes while the meter or recorder is down.** If the well continues to produce gas while the meter or recorder is

malfunctioning or being repaired, estimated gas volumes shall be reported to the Conservation Division for purposes of 165:10-1-47.

[**Source:** Amended at 12 Ok Reg 2017, 7-1-95]

165:10-17-6. General well testing requirements

(a) All single-point and multi-point potential tests shall be calculated for all non-exempt gas wells in a uniform manner with respect to the following:

(1) The potential shall be the calculated wellhead absolute open flow potential of the well determined by obtaining a static column wellhead flowing pressure and shall indicate the capacity of the well to produce against zero psia at the wellhead.

(2) All pressures used in test calculations shall be corrected to pounds per square inch absolute, using 14.4 psia as the average barometric pressure.

(3) The static column wellhead pressure, either measured or calculated as reported in the potential test, shall be no more than 90 percent of the wellhead shut-in pressure. If data cannot be obtained in accordance with the foregoing provisions, an assumed static column wellhead pressure of 90 percent of the wellhead shut-in pressure shall be used to calculate the results of the test. This paragraph supersedes any contrary provision in special pool rules.

(b) The operator of a well shall be responsible for testing the well and submitting the test results to the Conservation Division. The results of a potential test shall be filed with the Conservation Division on Form 1016. If the operator wishes to obtain a copy of the approved Form 1016, he shall enclose with the original form a self-addressed stamped envelope and one additional copy of the test and/or form. The Conservation Division shall acknowledge such requests within 15 days, stating either the date of acceptance of the test results or rerunning the original test if it has been rejected. If any order or rule of the Conservation Division requires witnessing of a test, the operator of the well shall be responsible for securing the presence of an authorized Conservation Division representative to witness the test and sign the Form 1016 for the test.

(c) Unless otherwise prescribed by special pool rules, field testing procedure shall be performed in accordance with the procedures set out in Oklahoma Corporation Commission Manual of Back-Pressure Testing of Gas Wells, Parts I and II, utilizing the specified tables in the Interstate Oil and Gas Compact Commission Manual of Back-Pressure Testing. A gas turbine meter may be used in lieu of an orifice meter for flow measurements in gas well testing.

(d) The initial test for all gas wells shall be run into the pipeline within 30 days and test results filed within 45 days after the date of first sales of gas. Any test filed after the 45 day limit will not be made effective until the first of the month following the date of acceptance of the test. With regard to initial tests for special allocated gas wells, the operator of the well shall provide twenty-four (24) hours notice to the Conservation Division of its intent to run an initial test in order to give the Conservation Division the opportunity to witness said test, but in no case shall the operator be precluded from performing said test and filing the results as provided for in subsection (b). Initial tests for special allocated gas wells need not be witnessed, nor signatures obtained, if witnessed, in order for the Conservation Division to assign an allowable to said well. Initial tests for unallocated gas wells with calculated open flow of less than two million cubic feet per day are exempt from witnessing by Conservation Division personnel under 165:10-17-7(b)(1).

(e) The annual test for all non-exempt gas wells shall be run into a pipeline in accordance with this Section or applicable pool rules. Any annual test for a well in a special allocated pool, filed late shall not be made effective until the first of the month following the date of acceptance of the test.

(g) Wells in allocated pools shall be tested in accordance with the requirements for wells in unallocated pools, unless superseded by specific field rules. Form 1016 shall be used to report shut-in pressure tests on wells in allocated and special allocated pools, except for the Guymon-Hugoton Pool #182 which shall use a form 1017 Deliverability Gas Test.

[**SOURCE:** Amended at 16 Ok Reg 2206, eff 7-1-99 (RM 980000033); Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-17-7. Well tests

(a) **Wells in special allocated pools.**

(1) An initial test shall be filed for each newly completed gas well in each special allocated pool. The well shall be tested into a pipeline no later than 30 days after the date of the first sale of gas. Test procedures shall be those specified in the applicable pool rules subject to the uniform requirements of 165:10-17-6.

(2) An annual test shall be filed in accordance with the requirements of the applicable pool rules, subject to the following provisions specific to the Guymon-Hugoton special allocated pool.

(3) W**ells in the Guymon-Hugoton special allocated pool.**

(A) The Conservation Division staff will not be required to witness any well test on any well in the Guymon-Hugoton special allocated gas pool unless requested to do so by an offset operator. Operators have a right to witness any well test on any well offsetting said operator's well in the pool. Operators of offsetting wells will be given sufficient prior notice of testing to allow for a representative to be present to witness testing, and will be provided access to the designated witness throughout testing.

(B) Wells in the Guymon-Hugoton special allocated gas pool which are not capable of producing 450 Mcf/day will be exempt from biannual deliverability tests. Operators shall have the right to elect to receive the minimum allowable by deciding not to conduct well deliverability tests on any such wells in the pool. No well shall be exempt from the annual wellhead shut-in pressure test requirements. For the purpose of the annual wellhead shut-in pressure test, the shut-in pressure shall be measured after the well has been shut-in for approximately 48 hours. In no case shall the well have been shut-in for less than 44 hours at the time the shut-in pressure is taken.

(b) **Wells in unallocated pools.**

(1) **Testing of newly completed wells.**

(A) An initial test shall be submitted to the Conservation Division for each newly completed gas well in an unallocated gas pool under 165:10-17-2. The well shall be tested into a pipeline no later than 30 days after the date of first sale of gas into a pipeline. The flow period for the initial test shall be 24 hours.

(B) It shall not be necessary for the operator to submit the initial flow potential test for an unallocated well with a maximum flow rate of less than the minimum allowable. Only the wellhead shut-in pressure taken for a minimum of 24 hours for the well is required, unless requested by the Commission. A copy of the Form 1002A Completion Report may be submitted in lieu of Form 1016 to establish the minimum allowable if the following items are reported:.

(i) 24 hour shut-in pressure;

(ii) date of first sales;

(iii) Oklahoma Tax Commission production unit number; and

(iv) name of gas purchaser/measurer.

(C) If said initial test is taken between the first day of January and the thirty-first day of July of the calendar year, the test shall be used for allowable purposes for the calendar year unless the operator later

submits a retest which is accepted by the Conservation Division. A request to extend the time to test may be granted by the Conservation Division in order to recover fluids introduced into the well. The request shall be submitted in writing to the Conservation Division with the expected test date.

(D) The well shall also be tested during the annual test period between the first day of May and the thirty-first day of October, but no sooner than three months after the initial test. Said test shall be used for the annual test to determine permitted production for the following calendar year unless the well is later retested.

(E) If the test used for the following year cannot be submitted during the annual test period, the Conservation Division may grant administratively a written extension of time up to 30 days beyond the thirty-first day of October for running the test.

(2) **Annual test period for other wells.** An annual potential test shall be run on each gas well in each unallocated pool between May 1, and November 30, and must be accepted by the Commission no later than December 15, except for wells exempt under (4) of this subsection. The annual potential test shall be effective January 1 of the succeeding calendar year (annual accounting period) unless superseded by a later test. The Director of Conservation may require additional tests at any time. Retests become effective the first day of the month following acceptance of the test by the Conservation Division.

(3) **One-point tests.** The potential test required for each gas well in each unallocated pool shall use the one-point back pressure method and an assumed flow characteristic of 0.85 shall be used in establishing the wellhead absolute open flow. The test shall be governed by the requirements of OAC 165:10-17-6.

(4) **Minimum well exemption from annual tests.** Each gas well in each unallocated pool having a tested potential of 2,000,000 cubic feet of gas per day, or less, shall thereafter be exempt from the annual potential test, and the operator of the well shall report annually the results of an annual wellhead shut-in pressure test taken for a minimum of 24 hours on Machine Accounting Form 1007A and, at the operator's discretion, in digital magnetic form in a format prescribed by the Commission unless the Director of Conservation waives in writing the pressure test requirement. Machine Accounting Form 1007A, when received by the operator, shall be used to report shut-in pressure tests and gas sales from the previous calendar year on wells in unallocated pools. Wellhead shut-in pressure just for minimum wells may be taken any time during the year, but must be taken at least six months after the test submitted for the prior year.

(5) **Retests.** Retests may be run at any time and shall become effective the first day of the month following acceptance of the test by the Conservation Division. Retests submitted during the unallocated gas well testing period of May 1, through October 31, will also be classified as annual-status tests to establish the allowable for the following year.

(6) **Test exemptions for coal bed methane wells and certain minimum wells.**

(A) The following types of gas wells shall be exempt from initial and annual potential and shut-in tests:

(i) Gas wells producing exclusively from coal bed methane formations.

(ii) Minimum gas wells producing exclusively from shale formations.

(iii) Minimum gas wells using down hole pumps for artificial lift of produced liquids. If this status occurs subsequent to initial completion, the operator may file Form 1016 with the OCC stating in the comment section it is now a pumping well and is in exempt status.

(B) For these exempt wells operators shall report the initial stabilized rate of flow on Form 1002A "Completion Report" in lieu of reporting an initial test on Form 1016 "Backpressure test for Natural Gas Wells".

(7) **Minimum compliance.** Each operator shall be responsible for conducting and submitting the required potential tests on the applicable form and for the annual reporting of all required information on Machine Accounting Form 1007A and, at the operator's discretion, in digital magnetic form in a format prescribed by the Commission. All submitted tests and 1007A forms must contain complete and accurate information. Permitted production rates will be granted only to those wells which meet this requirement and all other rules or orders of the Commission.

[**SOURCE:** Amended at 14 Ok Reg 2198, eff 7-1-97 (RM 97000002); Amended at Ok Reg 2165, eff 7-1-98 (RM 97000011); Amended at Ok Reg 2206, eff 7-1-99 (RM 980000033); Added at 24 Ok Reg 183, eff 10-4-06 (emergency RM 200600013); Amended at 24 Ok Reg 1784, eff 7-1-2007 (RM 200700004); Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-17-8. Allocated pools

(a) The current monthly allowable for each allocated pool shall be equal to the total production from the pool during the current month.

(b) The current allowable for each capable drilling and spacing unit within the pool shall be that proportion of the pool allowable that the acreage of the drilling and spacing unit bears to the total developed acreage in the pool, adjusted in accordance with any order of the Commission imposing an allowable adjustment. The current allowable for each limited drilling and spacing unit shall be equal to the current production from the unit. A unit shall be deemed limited when its underage is cancelled under this Section until it thereafter produces a current allowable for any one month.

(c) Accrued underage shall be carried forward as a cumulative credit by adding it to the unit's current allowable until the underage has been produced. If the unit's cumulative underage exceeds six times the allowable assigned to it for the preceding January, all of the underage will be cancelled, the unit shall be classified as "limited", and the unit shall not thereafter accumulate underage until such time as the unit produces a current allowable for any one month. All cancelled underage shall be distributed to the capable drilling and spacing units within the pool in the proportion that the acreage of each unit bears to the total capable acreage in the pool, adjusted in accordance with any order of the Commission imposing an allowable adjustment. A capable unit shall be any nonlimited unit. Cancelled underage may be reinstated administratively by the Director of Conservation to any capable unit in an overproduced status within six months after cancellation by application on Form 1010.

(d) Accrued overage shall be carried forward as a cumulative charge against the unit by subtracting it from the unit's current allowable until the overage has been made up. If the cumulative overage exceeds six times the current allowable assigned for the preceding January, the Director of Conservation shall notify the operator in writing, and the unit shall thereafter be permitted to produce not more than 25 percent of its current allowable until all of the overage in excess of six times the well's current allowable for the preceding January has been made up. In the event the operator fails to limit production as herein provided, the well shall be ordered shut-in by the Commission upon application of the Director of Conservation and after notice and hearing.

(e) If a unit did not have a current allowable assigned to it on a full month's basis for the preceding January, the first current allowable assigned to the unit on a full month's basis shall be used as reference for the purpose of limiting underage and overage.

165:10-17-9. Special allocated gas pools

(a) **Scope.** This Section applies to special allocated gas pools except any special allocated gas pool with allowables based upon volumetric withdrawals.

(b) **Minimum unit allowable of 150 mcf/d.** For all special allocated gas pools except the West Cheyenne Upper Morrow, Purvis Chert, Guymon-Hugoton, Custer City N. Hunton, Sharon W. Morrow, Red Oak Fanshawe, Red Oak Red Oak, and Red Oak Spiro, the minimum allowable for a drilling and spacing unit in the pool shall be 150 MCF/D regardless of the amount of any location exception penalty charged against a unit well. For purposes of this Section, the net minimum allowable shall be the gross minimum allowable adjusted for overage or underage according to this Section.

(c) **Minimum unit allowable of 450 mcf/d for the Guymon-Hugoton pool.**

(1) For the Guymon-Hugoton Special Allocated Gas Pool, minimum allowables shall be determined as follows: The minimum allowable shall be the lesser of 450 mcf/d or the drilling and spacing unit's capability. Capability shall be defined as the average of the highest three (3) of the last twelve (12) months of production. A drilling and spacing unit receiving a minimum allowable shall not accrue underage. The minimum allowables under this Section shall not affect the calculation of capable well allowables. The field monthly allowable shall be equal to total nominations and not adjusted for underage or overage.

(2) The deliverability standard pressure (DSP) to be used in the application of special allocated rules (field rules) shall be defined as 25 pounds less than the average shut-in wellhead pressure of the pool.

(3) The Corporation Commission shall calculate and publish reports of allowable and production quarterly.

(d) Minimum unit allowable of 2,000 mcf/d for the Red Oak Fanshawe, Red Oak Red Oak, and Red Oak Spiro Pools. For the Red Oak Fanshawe, Red Oak Red Oak, and Red Oak Spiro Pools (Pool Nos. 456, 457 and 458) located in Latimer and LeFlore Counties, Oklahoma, the minimum allowable for a drilling and spacing unit in each pool shall be 2,000 mcf/d. For purposes of this Section, the net minimum allowable shall be the gross minimum allowable adjusted for overage or underage according to this Section.

(e) **Double minimum allowable of 300 mcf/d.**

(1) **Compressor and application required.** For all special allocated gas pools except the West Cheyenne Upper Morrow, Purvis Chert, Guymon-Hugoton, Custer City N. Hunton, Sharon W. Morrow, Red Oak Fanshawe, Red Oak Red Oak, and Red Oak Spiro, if a drilling and spacing unit has a minimum allowable under (b) of this Section, the operator of a well in the drilling and spacing unit may obtain for the unit a double minimum allowable regardless of any location penalty against a well by installing a compressor on a unit well and applying for a double minimum allowable under (2) of this subsection.

(2) **Request for administrative approval.** To apply for a double minimum allowable, the operator shall submit to the Manager of Production Allowables for the Conservation Division a letter requesting a double minimum allowable and stating the factual basis for the request and the legal description of the well with the compressor.

(f) **Basic allowable.**

(1) **Use of basic allowable for determining overage and underage.** For purposes of determining the amount of overage or underage accrued by a well or drilling and spacing unit, the Conservation Division shall establish on a yearly basis a status factor known as the basic allowable.

(2) **Apportionment of basic allowable.**

(A) **Increased density unit without apportionment of the allowable.** If neither OAC 165:10-13-9 nor an order of the Commission require specific allocation of the unit allowable to each unit well, overage and underage shall be carried on a unit basis.

(B) **Increased density unit with ratable allowables.** If either OAC 165:10-13-9 or an order of the Commission require specific allocation of the unit allowable to each unit well, overage and underage shall be carried on a per well basis. For purposes of computing overage and underage, the basic allowable shall be apportioned to each unit well using the formula for determining each well's ratable allowables for the applicable month under (3) of this subsection. The term "ratable allowables" refers to a well's share of the unit allowable under the formula apportioning the allowable amongst the unit wells.

(3) **Computation of the basic allowable.** Except as provided in (C) of this paragraph for basic allowable changes, the basic allowable for the calendar year shall be computed as follows:

(A) **For all pools except the Red Oak Pools.** For all pools except the Red Oak Fanshawe, Red Oak Red Oak, and Red Oak Spiro, the basic allowable shall equal the drilling and spacing unit's January allowable for the calendar year.

(B) **For the Red Oak Pools.** For the Red Oak Fanshawe, Red Oak Red Oak, and Red Oak Spiro, the basic allowable shall equal the drilling and spacing unit's March allowable for the calendar year.

(C) **Changes in the basic allowable.**

(i) **Test exempt minimum allowable.** If a drilling and spacing unit receives test exempt minimum allowable status as provided in this Section, then the basic allowable shall be a minimum allowable.

(ii) **Test exempt double minimum allowable.** If a drilling and spacing unit receives a test exempt double minimum allowable as provided in this Section, then the basic allowable for the unit shall be a double minimum allowable.

(iii) **Retests.** If the well operator submits to the Conservation Division a retest which is approved by the Conservation Division, then the Conservation Division shall recompute the basic allowable using the retest. Retests are permitted at any time and become effective the first day of the month after acceptance by the Conservation Division.

(g) **Determination of overage and underage.**

(1) **Overage.**

(A) **Drilling and spacing unit without ratable allowables.** If no well in a drilling and spacing unit is subject to a ratable allowable, the current monthly allowable shall be compared with the second prior month's unit production. Production in excess of the current monthly allowable is overage. Aside from any adjustment to the pool allowable required by pool rules, overage shall not reduce any subsequent monthly allowable until accumulated overage exceeds the applicable overage limit under (h) of this Section.

(B) **Drilling and spacing unit subject to ratable allowables.** If any well in a drilling and spacing unit is subject to a ratable allowable, the current monthly ratable allowable for the well shall be compared with the second prior month's production from the well. Production in excess of the ratable allowable is overage. Aside from any adjustment to the pool allowable required by pool rules, the well's overage shall not reduce any subsequent monthly ratable allowable until accumulated overage exceeds the well's overage limit under (h) of this Section.

(2) **Underage.**

(A) **Drilling and spacing unit without ratable allowable.** If no well in a drilling and spacing unit is subject to a ratable allowable under OAC 165:10-13-9, the current monthly allowable for the unit shall be compared with the second prior month's unit production. If production is less than the allowable, the difference between the production and the unit allowable is underage. Aside from any adjustment to the pool allowable

required by pool rules, only reinstated cancelled underage under (k) of this Section shall increase any subsequent monthly allowable.

(B) **Drilling and spacing unit with ratable allowables.** In a drilling and spacing unit with ratable allowables, the current monthly ratable allowable for a well shall be compared with the second prior month's production from the well. If production was less than the current monthly ratable allowable, the difference between the production and the ratable allowable is underage. Aside from any adjustment to the pool allowable required by pool rules, only reinstated cancelled underage under (k) of this Section shall increase any subsequent monthly ratable allowable for the well.

(h) **Overage limits.**

(1) **For all pools Except the Red Oak Fanshawe, Red Oak Red Oak, and Red Oak Spiro.** For all pools except the Red Oak Fanshawe, Red Oak Red Oak, and the Red Oak Spiro, the overage limit is six times:

(A) The basic allowable for the drilling and spacing unit, if the overage carried on a unit basis; or

(B) The well's share of the basic allowable for the drilling and spacing unit, if the well receives a ratable allowable.

(2) **For the Red Oak Fanshawe, Red Oak Red Oak, and Red Oak Spiro Pools.** For the Red Oak Fanshawe, Red Oak Red Oak, and Red Oak Spiro Pools, the overage limit is 168 times:

(A) The basic allowable for the drilling and spacing unit, if the overage is carried on a unit basis; or

(B) The well's share of the basic allowable for the drilling and spacing unit, if the well receives a ratable allowable.

(3) **Mandatory curtailment for excessive overage.**

(A) **Single well drilling and spacing unit.** If accumulated overage from a single well drilling and spacing unit exceeds the applicable overage limit, production from the unit shall be curtailed to 25 percent of the monthly allowable until accumulated overage is reduced below the overage limit.

(B) **Multiple well unit without ratable allowables.** In a multiple well drilling and spacing unit without ratable allowables, if accumulated overage for the unit exceeds the applicable overage limit, the unit production shall be curtailed to 25 percent of its monthly allowable until the accumulated overage is reduced below the overage limit.

(C) **Multiple well unit with a ratable allowable.** In a multiple well drilling and spacing unit with one or more wells subject to a ratable allowable, if the accumulated overage for a well exceeds its overage limit, production from the well shall be curtailed to 25 percent of its monthly ratable allowable until the well's accumulated overage is reduced below its overage limit.

(i) **Underage limits.**

(1) **For the Red Oak Fanshawe, Red Oak Red Oak, and Red Oak Spiro Pools.** For the Red Oak Fanshawe, Red Oak Red Oak, and Red Oak Spiro Pools (Pool Nos. 456, 457 and 458) located in Latimer and LeFlore Counties, Oklahoma, the underage limit is three times the status factor for:

(A) The drilling and spacing unit,

(i) If the unit has only one well, or

(ii) If the unit has multiple wells but no unit well has a ratable allowable; or

(B) The well, if a well has a ratable allowable.

(2) **For all other special allocated gas pools subject to this Section.** For all other special allocated gas pools subject to the Section, the underage limit is six times the status factor for:

(A) The drilling and spacing unit, if the status factor is determined on a unit basis; or

(B) The well, if the well is subject to a ratable allowable.

(j) **Cancellation of underage.**

(1) **Underage in excess of the underage limit.** If accumulated underage exceeds the applicable underage limit, the accumulated underage shall be cancelled.

(2) **Subsequent underage.** After cancellation, underage shall not accrue until after:

(A) The drilling and spacing unit produces a current monthly allowable, if the unit wells share a unit allowable; or

(B) A well with a ratable allowable produces a current monthly ratable allowable.

(k) **Reinstatement of cancelled underage.**

(1) The operator may apply for reinstatement of cancelled underage by:

(A) An application for administrative approval on Form 1010, if filed within six months after cancellation of underage; or

(B) Application, notice, and hearing under OAC 165:5-7-1.

(2) Reinstated cancelled underage shall be available to increase the monthly allowable or ratable allowable for up to one year without cancellation. If reinstated underage is cancelled, the operator may reapply under (1) of this subsection.

(3) For the Guymon-Hugoton special allocated gas pool, the operator of any drilling and spacing unit in such pool which unit has accumulated cancelled underage credited thereto on the records of the Commission prior to July 1, 1998 shall have until January 1, 2000 to file an application with the Commission pursuant to OAC 165:5-7-1 for the reinstatement of such accumulated cancelled underage as credited to such unit prior to July 1, 1998. Upon the filing of such an application, the cause seeking reinstatement of such accumulated cancelled underage shall be diligently prosecuted. In such proceeding for the reinstatement of such accumulated cancelled underage credited to such drilling and spacing unit prior to July 1, 1998, the Commission shall determine the portion of such accumulated cancelled underage which is proper and valid under the special pool allocation rules (field rules) applicable to the Guymon-Hugoton special allocated gas pool and shall reinstate only such portion that is determined to be proper and valid under such special pool allocation rules (field rules). If an application for reinstatement of any such accumulated cancelled underage credited to a drilling and spacing unit on the records of the Commission prior to July 1, 1998 is not filed with the Commission on or before January 1, 2000, such accumulated cancelled underage shall be permanently deleted from the records of the Commission and shall not thereafter be able to be reinstated or used for any other purpose under the special pool allocation rules (field rules) applicable to the Guymon-Hugoton special allocated gas pool.

(l) **Effect of reinstatement of underage on pool allowables.** If cancelled underage has been distributed among the capable wells in the pool, reinstated underage shall not be deducted for the allowables of the capable wells which received distributed cancelled underage.

(m) **Test exempt status.**

(1) **No allowable without test.** For all pools except West Cheyenne Upper Morrow and Purvis Chert, no allowable shall be assigned unless:

(A) **Single well drilling and spacing unit.** The operator submits the required test or the unit has test exempt status under this Section.

(B) **Multiple well drilling and spacing unit.** In a multiple well drilling and spacing unit, the operator of at least one well in the unit submits the required test in accordance with applicable pool rules or the unit is granted test exempt status under this Section.

(2) **Automatic test exempt status.**

(A) **For the West Cheyenne Upper Morrow and Purvis Chert Pool.** For the West Cheyenne Upper Morrow and Purvis Chert, a drilling and spacing unit shall have test exempt status as follows:

(i) **Single well drilling and spacing unit.** In a single well drilling and spacing, the well operator does not submit either an initial or an annual test.

(ii) **Multiple well drilling and spacing unit.** In a multiple well drilling and spacing unit, none of the well operators in the unit submit either an initial or annual test. A test exempt drilling and spacing unit on the West Cheyenne Upper Morrow and Purvis Chert Pools shall have a minimum allowable under the applicable orders establishing and modifying pool rules as opposed to (b) of this Section.

(3) **Test exempt status upon requests for all other pools.** For all other pools except Guymon-Hugoton a drilling and spacing unit shall be test exempt upon written request to the Conservation Division if the potential for the unit does not exceed:

(A) The applicable minimum allowable under this Section.

(B) A double minimum allowable, if the Conservation Division has granted a double minimum to the unit.

(4) **Termination of requested test exempt status.**

(A) **Automatic termination.** Requested test exempt status shall terminate upon:

(i) **Submission of a retest.** Submission of a retest showing that the well has a potential in excess of a test exempt allowable, or;

(ii) **Overproduction.**

(I) **Single well drilling and spacing unit.** If gas production from a single well drilling and spacing unit exceeds a test exempt allowable during any month while the well has test exempt status, the unit shall lose test exempt status beginning with next month following the month with overproduction.

(II) **Multiple well drilling and spacing unit.** If total gas production from a multiple well drilling and spacing unit exceeds the minimum allowable during any month while the unit has test exempt status, the unit shall lose test exempt status beginning with the next month following the month with overproduction.

(B) **Reinstatement of test exempt status after automatic termination.** After termination of test exempt status for overproduction, the Conservation Division shall not reinstate test exempt status until:

(i) The operator requests test exempt status; and

(ii) The allowable year during which overproduction occurred expires.

(n) **Suspension of well allowable calculations under field rules when market demand exceeds supply for Red Oak Fanshawe, Red Oak Red Oak, and Red Oak Spiro pools.** The Commission, upon finding in the market demand hearing that the supply of natural gas from the various separate common sources of supply included in and covered by the Red Oak Fanshawe Pool 456, the Red Oak Red Oak Pool 457, and the Red Oak Spiro Pool 458 is less than such market demand, shall suspend the special field rules calculations for determining allowables for wells in such pools and such suspension shall be effective until such time that the supply of natural gas from these pools exceeds the market demand for such natural gas, and during such suspension the gas allowables for wells in such pools shall be determined under this rule.

(1) **For existing wells, granting separate allowables and establishing overage status as of the effective date of this rule.** Each well in existence as of the effective date of this rule which is then completed in one or more of the Red Oak Fanshawe Pool 456, Red Oak Red Oak Pool 457, and the Red Oak Spiro Pool 458 shall be deemed an Existing Well for purposes of this rule. Each Existing Well shall receive a full separate allowable. Any total net overage including cancelled underage, accumulated by and assigned to any such drilling and spacing unit, shall be distributed and assigned in equal proportions to the Existing Wells in such drilling and spacing unit. Any such net overage so assigned to an Existing Well shall hereinafter be

made up from the separate allowable for such well under the provisions of the Commission's rules applicable to a well in an unallocated gas pool.

(2) **Test requirements and determination of unit allowables for new and existing wells.** Any new well drilled and completed or any Existing Well re-completed into one or more of the Red Oak Fanshawe Pool 456, Red Oak Red Oak Pool 457, and Red Oak Spiro Pool 458 after the effective date of this rule, shall be deemed a New Well for purposes of this rule. The allowable for any New Well or Existing Well as to the applicable pool covered hereby shall be determined using the same allowable formula used by the Commission for the determination of a gas allowable for a capable well or a minimum well in an unallocated gas pool. **EXCEPTION:** Any Existing Well which is a minimum well shall be exempt from the annual test requirement. If any drilling and spacing unit formed for any common source of supply in any pool covered by this rule contains more than one New Well completed in such common source of supply and such New Wells are classified as gas wells, such New Wells shall share a single unit gas allowable in the same manner as any other gas wells in the same drilling and spacing unit in an unallocated gas pool, unless the Commission grants a separate gas allowable as to production from such pool after proper notice and hearing.

(o) **Suspension of well allowable calculations using field rules when market demand exceeds supply for the Guymon-Hugoton Pool 182.** The Commission, upon finding that the supply of natural gas from Guymon-Hugoton Pool 182 common source of supply is less than the market demand and that the expectations for supply to continue to be less than the market demand as determined in the market demand hearing, will suspend special field rule calculations for determining allowables until such time that the supply of natural gas from this pool exceeds the market demand.

(1) For allowable purposes, wells which produce less than 450 mcfg per day must conduct a 48 hour shut-in pressure test according to pool rules. For reporting purposes, an operator may submit these data for several wells as an attachment to Form 1017 providing operator name, date of test, well name, location and api number for each well.

(2) For allowable purposes, wells which produce more than 450 mcfg per day must conduct a deliverability test according to pool rules and submitted on Form 1017.

(3) Upon submission of the proper test, the allowable shall be the well's capability to produce.

(p) **Suspension of well allowable calculations using field rules when all wells in the West Cheyenne Upper Morrow gas pool produce less than the pool minimum allowable and the market demand exceeds supply.** The Commission, upon finding that the supply of natural gas from West Cheyenne Upper Morrow Pool 136 common source of supply is less than the market demand and that the expectations for supply to continue to be less than the market demand as determined in the market demand hearing, will suspend special field rule calculations for determining allowables and well allowables will be the wells' capacity to produce up to 2000 mcf per day. Each well will be exempt from the annual test requirement.

[**SOURCE:** Amended in Rule Making 970000011, eff 7-1-98; Amended in Rule Making 980000033, eff 7-1-99; Amended in Rule Making 200100006, eff 7-1-01; Amended in Rule making 200400006, eff 7-1-04; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-17-10. Unallocated pools [RESERVED]

165:10-17-11. Maximum permitted rates of production for unallocated gas wells

(a) **Scope.**

(1) This Section shall apply to each gas well in unallocated status except as otherwise provided by Commission order. The Commission may establish different production rates by:

(A) Location exception order.

(B) Establishment of pool rules for the common source of supply.

(C) Other order adjusting gas production from the well.

(2) For purposes of this Section, the term "well" shall include any drilling and spacing unit with multiple unallocated gas wells, which do not receive separate maximum permitted rates of production by Commission order.

(3) For the purposes of this Section, the term "allowable formula" shall mean the formula used by the Commission for the determination of the daily rates for capable and minimum wells.

(4) For purposes of this Section, the term "capable well" shall refer to those unallocated gas wells having a wellhead absolute flow potential of 2000 mcf/d or greater. All other wells are minimum wells.

(5) For purposes of this Section, the term "daily natural flow" means the wellhead absolute open flow potential determined in the manner described in OAC 165:10-17-6 and OAC 165:10-17-7.

(b) **Commission authority and responsibility.** Production shall be governed by the provisions of 52 O.S. Section 29. Pursuant to said statute, the Commission has the power and authority to adjust allowables to meet reasonable market demand. The Commission, upon its own application, after notice and hearing, shall establish allowables which may be greater or lesser than those set forth in 52 O.S. Section 29.

(c) **Procedure.**

(1) Allowables for wells other than those provided in subsections (a), (e), (f), and (g) of this Section shall be determined pursuant to a proration hearing held at least semiannually for the proration periods of April through September and October through March. The Commission may hold additional proration hearings at shorter intervals if necessary. At least 15 days prior to scheduled semiannual hearings, the Commission shall publish in a newspaper of general circulation in Oklahoma County, the proposed allowable formula for the next proration period. The semiannual proration hearings shall be held at least 30 days prior to the proration period for which the allowable is being determined. Such hearing shall be for the purpose of gathering comments and hearing testimony from all interested parties concerning the determination of reasonable market demand for the next proration period. As a guideline, but not to the exclusion of any other information that the Commission deems pertinent, the following may be considered by the Commission in determining reasonable market demand and corresponding allowables:

(A) Production from prior years.

(B) Production from the most recent proration period.

(C) Wellhead open flow potentials.

(D) New wells, recompletions, temporarily abandoned wells and plugged wells.

(E) Gas which is available but is not being produced at the present time.

(F) Changes in existing gas markets, forecasts, and new markets for Oklahoma gas.

(G) State-wide gas production and the portion thereof attributable to unallocated gas wells.

(H) Overproduction and underproduction from the preceding proration period.

(2) After a proration hearing, the Commission shall publish in a newspaper of general circulation in Oklahoma County, the allowable formula, no later than 15 days prior to the proration period for which the allowable formula is determined.

(d) **Emergency allowables.**

(1) When the Commission determines that an emergency gas supply situation exists, the Commission may establish an emergency allowable. The emergency allowable shall provide for the protection of correlative rights including those relating to minimum wells and penalized wells.

(2) The Commission may extend or change the emergency allowable for as long as an emergency exists. However, any authorized extension of the emergency allowable shall be by order after notice and hearing.

(e) **Exceptions.** Upon application, notice, and hearing, the Commission may establish a different allowable for good cause shown.

(f) **Exclusion for hardship and distressed wells.** The allowable established under this Section shall not limit rates established by special order for those wells classified as hardship or distressed wells.

(g) **Discovery gas well.**

(1) For thirty (30) months from the date of first production, a discovery gas well, as defined in this subsection, subject to the provisions of this Section, shall have a production allowable which shall be the greater of one thousand three hundred (1,300) mcf/d or sixty-five percent (65%) of the absolute open flow (AOF) as specified by the Corporation Commission. Such discovery well allowable shall not be available for any discovery gas well wherein two (2) or more separate common sources of supply are commingled and one (1) common source of supply would not qualify a new gas well as a discovery gas well, as defined in this Section.

(2) Drilling and spacing units which are downspaced after June 1, 1997, shall not qualify for the discovery gas well allowable.

(3) For purposes of this subsection, “discovery gas well” shall mean a new gas well, which is not an off-pattern well, is the first well completed in a common source of supply within a drilling and spacing unit and is at least one (1) mile from all existing gas wells which are completed in the same common source of supply. In the absence of spacing, a discovery well shall be the first well in the governmental section completed in a common source of supply, provided that the discovery gas well shall not be drilled closer than one thousand three hundred twenty (1,320) feet from the boundaries of the governmental section and is at least one (1) mile from all existing gas wells which are completed in the same common source of supply.

(h) **Exclusion for reservoir dewatering.** Allowables shall not apply, regardless of unit size, in the instance of production of gas by reservoir dewatering to extract said gas from reservoirs having initial water saturations at or above fifty (50%) percent..

(i) **Minimum compliance.**

(1) The Conservation Division shall monitor well production at least annually. The allowable for a well shall be based on the product of the number of days in the proration period, multiplied by the applicable allowable formula, provided that said product shall be reduced for overproduction as provided by this Section or by any penalty or limitation on production imposed by applicable Commission order.

(2) Any overproduction existing at the end of the calendar year shall be applied against the allowable for the next calendar year. Furthermore, the overproduced well shall be required to make up overproduction within the first six months of the next calendar year. If the overproduction is not made up within that time period, the flow rate shall not exceed ten percent of the then current allowable until the overproduction is made up.

[**Source:** Amended at 9 Ok Reg 3969, eff 8-28-92 (emergency); Amended at 10 Ok Reg 1275, eff 9-25-92 (emergency); Amended at 10 Ok Reg 1579, eff 5-13-93; Amended in Rule Making 97000002, eff 7-1-97; Amended in Rule Making 980000011, eff 7-1-98; Amended in Rule Making 200200017, eff 7-1-02; Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

165:10-17-12. New proposed well classification for the priority schedule

(a) Any common purchaser as defined in 52 O.S. 1981, Section 240 shall purchase all the gas which may be offered for sale and which may reasonably be reached by its trunk lines or gathering lines, without discrimination in favor of one producer as against another or in favor of any one source of supply as against another, except as authorized by the Commission under (b) of this Section.

(b) In the interest of the prevention of waste and protection of correlative rights, the following priority schedule shall be implemented by any first purchaser of gas whenever the permitted production from all wells in any common source of supply in its system in this State, including gas which is processed, is in excess of that purchaser's reasonable market demand; provided, however, if the first purchaser does not contractually control wellhead production, the first taker of gas shall be responsible for implementation of the following priority schedule.

(1) Priority One - Hardship and distressed wells.

(2) Priority Two - Enhanced recovery wells.

(3) Priority Three - Wells producing casinghead gas and associated gas.

(c) With respect to all gas not identified in (b) of this Section, the collective market demand of multiple common purchasers on each pipeline system for natural gas production from each well and each common source of supply in this state shall be deemed adequate to meet statutory purchasing requirements unless the Commission, upon its own motion or upon verified application by any interested party and after notice and hearing, as hereinafter provided, shall determine that differing obligations shall be imposed upon any common purchaser in order to protect correlative rights, the interest of the public or otherwise meet the requirements of applicable law.

(d) When permitted production of gas from all Priority 1, 2, and 3 wells from which a purchaser or taker is required to take exceeds the market demand of said purchaser or taker, all reductions in gas purchases or takes from wells in each priority shall be ratable. All production from the lower priority wells shall be shut-in before production from any well in the next higher priority is curtailed.

(e) Any well which meets the definition of more than one priority shall be assigned the higher priority.

(f) When there is more than one purchaser or taker involved in the taking of gas from a well into any purchaser's system, all purchasers and takers within that system shall be responsible for compliance with this Section.

(g) Upon a verified application of the Director of the Conservation Division or any other person, the Commission, after notice and hearing, may determine if gas has been ratably purchased or taken from a common source of supply on a system-wide basis in accordance with this Section without avoidable waste and with equitable participation in production and markets by all operators and other interested parties.

(h) First purchasers or takers of gas produced from Priority 1, 2, or 3 wells, who anticipate curtailing production from such wells, shall file by the twentieth day of each month nominations of requirements for gas to be purchased and/or used by them during the following month (Form 1004B). Nominations shall be made according to priorities established in (b) of this Section. Curtailments of production and acceptance of deliveries of gas shall be performed in accordance with (a) and (b) of this Section.

(i) Any interested party may file an application requesting that the Commission, for good cause shown, authorize limited deviation from the general priority schedule provided under (b) of this Section. The Commission, on its own motion, may initiate a review of the continued need for such a limited deviation. After notice and hearing, the Commission may authorize limited deviation upon finding that the same is necessary in order to prevent waste, protect correlative rights, and is otherwise required by the public interest or authorized by law.

[**Source:** Amended at 12 Ok Reg 2045, eff 7-1-95]

165:10-17-13. Use of gas for carbon black

Gas may not be used for the manufacture of carbon black or similar products predominately carbon, except as specifically authorized by the Commission after notice and hearing.

165:10-17-14. Waste of tail gas at gasoline plants

The duty, obligation, and jurisdiction of the Commission to prevent waste of tail gas where an additional market is available shall not be circumvented by any exclusive provisions in private contracts between the owners and the purchasers of tail gas.

165:10-17-15. Gas removed from storage

The rules relating to gas production from pools shall not apply to gas being removed from storage except and unless waste is involved.

165:10-17-16. Reports

A calendar year shall constitute the accounting period for each unallocated gas well. At the end of each calendar year, the Conservation Division will mail an original and one copy of Machine Accounting Form 1007A (Unallocated Gas Well Survey) to the operator, and the operator shall complete and file the original form with the Conservation Division on or before the following February 15th and retain the copy for his own use.

[**Source:** Amended in Rule Making 200200017, eff 7-1-02]

SUBCHAPTER 19. NATURAL GAS POLICY ACT DETERMINATION [REVOKED]

165:10-19-1. Definitions [REVOKED]
165:10-19-2. Applications for NGPA determination [REVOKED]
165:10-19-3. Application for additional well in existing proration unit [REVOKED]
165:10-19-4. Notice of application; service of notice [REVOKED]
165:10-19-5. Procedures for protest, administrative consideration, and hearing [REVOKED]
165:10-19-6. Stripper well determination [REVOKED]

165:10-19-1. Definitions [REVOKED]

[SOURCE: Revoked at 13 Ok Reg 2401, eff 7-1-96]

165:10-19-2. Applications for NGPA determination [REVOKED]

[SOURCE: Revoked at 13 Ok Reg 2401, eff 7-1-96]

165:10-19-3. Application for additional well in existing proration unit [REVOKED]

[SOURCE: Revoked at 13 Ok Reg 2401, eff 7-1-96]

165:10-19-4. Notice of application; service of notice [REVOKED]

[SOURCE: Revoked at 13 Ok Reg 2401, eff 7-1-96]

165:10-19-5. Procedures for protest, administrative consideration, and hearing [REVOKED]

[SOURCE: Revoked at 13 Ok Reg 2401, eff 7-1-96]

165:10-19-6. Stripper well determination [REVOKED]

[SOURCE: Revoked at 13 Ok Reg 2401, eff 7-1-96]

SUBCHAPTER 21. APPLICATIONS FOR TAX EXEMPTIONS

PART 1. TERTIARY RECOVERY PROJECT [REVOKED]

Section
165:10-21-1. Tertiary recovery project certification [REVOKED]

PART 2. ENHANCED RECOVERY PROJECT [REVOKED]

165:10-21-2. Gross production tax exemption for enhanced recovery project [REVOKED]

PART 3. HORIZONTALLY DRILLED PRODUCTION WELLS [REVOKED]

165:10-21-3. Qualification and application for exemption from the levy of gross production tax on horizontally drilled production wells [REVOKED]

PART 4. DELETERIOUS SUBSTANCES [REVOKED]

165:10-21-4. Recycling, reuse, and ultimate destruction of deleterious substances [REVOKED]

PART 6. PRODUCTION ENHANCEMENT PROJECTS

165:10-21-21. General
165:10-21-22. Definitions
165:10-21-23. Qualification procedure
165:10-21-24. Rebates - Refund procedure

PART 7. RE-ESTABLISHMENT OF PRODUCTION FROM AN INACTIVE WELL

165:10-21-35. General
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SUBCHAPTER 21. APPLICATIONS FOR TAX EXEMPTIONS

PART 1. TERTIARY RECOVERY PROJECT [REVOKED]

165:10-21-1. Tertiary recovery project certification [REVOKED]

[SOURCE: Revoked at 13 Ok Reg 2933, eff 7-11-96]

PART 2. ENHANCED RECOVERY PROJECT [REVOKED]

165:10-21-2. Gross production tax exemption for enhanced recovery project [REVOKED]

[SOURCE: Revoked at 13 Ok Reg 2933, eff 7-11-96]

PART 3. HORIZONTALLY DRILLED PRODUCTION WELLS [REVOKED]

165:10-21-3. Qualification and application for exemption from the levy of gross production tax on horizontally drilled production wells [REVOKED]

[SOURCE: Revoked at 13 Ok Reg 2933, eff 7-11-96]

PART 4. DELETERIOUS SUBSTANCES

165:10-21-4. Recycling, reuse, and ultimate destruction of deleterious substances [REVOKED**]**

[SOURCE: Revoked in rule making 200000009, eff 5-11-01]

PART 6. PRODUCTION ENHANCEMENT PROJECTS

165:10-21-21. General

Exemption from the levy of gross production tax on the incremental production which results from a production enhancement project with a project beginning date on or after July 1, 1994, and prior to July 1, 2009 shall be determined according to the provisions of this Part, which have been jointly adopted by the Oklahoma Corporation Commission and Oklahoma Tax Commission pursuant to 68 O.S. Section 1001(M)(1).

[SOURCE: Added at 12 Ok Reg 491, eff 1-1-95 (emergency); Added at 12 Ok Reg 1605, eff 7-1-95; Amended at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200400006, eff 7-1-04; Amended at 24 Ok Reg 1809 (RM 200700004), eff 7-1-2007]

165:10-21-22. Definitions

The following words and terms, when used in this Part, shall have the following meaning, unless the context clearly indicates otherwise:

"Base production" means the average monthly amount of production for the twelve-month (12) period immediately prior to the commencement of the project or the average monthly amount of production for the twelve-month period immediately prior to the commencement of the project less the monthly rate of production decline for the project for each month beginning one hundred eighty (180) days prior to the commencement of the project. The monthly rate of production decline shall be equal to the average extrapolated monthly decline rate for the twelve-month period immediately prior to the commencement of the project based on the production history of the well. If the well or wells covered by the application had production for less than the full twelve-month period prior to the filing of the application for the production enhancement project, the base production shall be the average monthly production for the months during that period that the well or wells produced.

"Effective date" means the project beginning date for the production enhancement project.

"Exemption period" means a period of twenty-eight (28) months from the date of first sale after completion of the production enhancement project.

"Incremental production" means the amount of crude oil, natural gas or other hydrocarbons which are produced as a result of the production enhancement project in excess of the base production.

"Production enhancement project" means: for production enhancement projects having a project beginning date prior to July 1, 1997, any workover as defined in this Section, recompletion as defined in this Section, or fracturing of a producing well; for production enhancement projects having a project beginning date on or after July 1, 1997, and prior to July 1, 2009, "production enhancement project" means any workover as defined in this Section, recompletion as defined in this Section, reentry of plugged and abandoned wellbores, or addition of well or field compression.

"Recompletion" means: for production enhancement projects having a project beginning date prior to July 1, 1997, any downhole operation in an existing oil or gas well that is conducted to establish production of oil or gas from any geological interval not currently completed or producing in such existing oil or gas well; for production enhancement projects having a project beginning date on or after July 1, 1997, and prior to July 1, 2009, "recompletion" means any downhole operation in an existing oil or gas well that is conducted to establish production of oil or gas from any geologic interval not currently completed or producing in such existing oil or gas well within the same or a different geologic formation.

"Workover" means any downhole operation in an existing oil or gas well that is designed to sustain, restore or increase the production rate or ultimate recovery in a geologic interval currently completed or producing in said existing oil or gas well. For production enhancement projects having a project beginning date prior to July 1, 1997, "workover" includes, but is not limited to, acidizing, reperforating, fracture treating, sand/paraffin removal, casing repair, squeeze cementing, or setting bridge plugs to isolate water productive zones from oil or gas productive zones, or any combination thereof. For production enhancement projects having a project beginning date on or after July 1, 1997, and prior to July 1, 2009, "workover" includes, but is not limited to, the following: acidizing; reperforating; fracture treating; sand/paraffin/scale removal or other wellbore cleanouts; casing repair; squeeze cementing; installation of compression on a well or group of wells or artificial lifts on oil and/or gas wells, including plunger lifts, rod pumps, submersible pumps and coiled tubing velocity strings; downsizing existing tubing to reduce well loading; downhole commingling; bacteria treatments; upgrading the size of pumping unit equipment; setting bridge plugs to isolate water production zones; or any combination thereof. "Workover" shall not mean the routine maintenance, routine repair, or like-for-like replacement of downhole equipment such as rods, pumps, tubing, packers, or other mechanical devices.

[SOURCE: Added at 12 Ok Reg 491, eff 1-1-95 (emergency); Added at 12 Ok Reg 1605, eff 7-1-95; Amended at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 97000025, eff 7-1-98; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200400006, eff 7-1-04; Amended at 24 Ok Reg (RM 200700004), eff 7-1-2007]

165:10-21-23. Qualification procedure

The well operator or one of the working interest owners in the well, on behalf of the well operator and the other owners of the well, shall apply for qualification of the production enhancement project and incremental production, at the Oklahoma Corporation Commission on OCC Form 1534.

(1) OCC Form 1534 shall be completed in its entirety, and together with supporting documentation, shall be submitted to the Technical Services Department of the Conservation Division of the Oklahoma Corporation Commission for review.

(2) If the Department approves the application, a copy of the approved application_shall be forwarded to the operator.

(3) If the application is denied or refused, or approval is delayed beyond sixty (60) days, the applicant may seek review by application, notice and hearing.

[SOURCE: Added at 12 Ok Reg 491, eff 1-1-95 (emergency); Added at 12 Ok Reg 1605, eff 7-1-95; Amended at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200600012, eff 7-1-2006]

165:10-21-24. Rebates - Refund procedure

(a) **Request to Oklahoma Tax Commission for a tax refund.** If the Oklahoma Corporation Commission grants the application, the operator or one of the working interest owners in the well, on behalf of the well operator and the other owners of the well, shall make its request for refund by letter to the Audit Division, Oklahoma Tax Commission. Such letter request shall state the reason for refund and the amount claimed and must be accompanied by the following:

(1) A copy of the application approved by the Corporation Commission certifying the well as production enhanced.

(2) A properly completed OTC Form 328 Gross Production 841/495 Refund Report.

(3) If the refund request is filed by any person other than the party named in the Oklahoma Corporation Commission application, a notarized affidavit,

signed by the party named in the application must be filed, authorizing the applicant to apply for the refund.

(b) **No time limitation on rebate for prior periods; claim limitation after July 1, 2003.** Approval of a "Production Incentive" for production periods prior to July 1, 2003 shall not be time-barred by either the date of certification or the date of filing a claim for refund of the rebate of gross production tax. Effective July 1, 2003, claims for rebate filed with the Oklahoma Tax Commission shall be subject to a time limitation pursuant to Title 68 O.S., Section 1001(L).

(c) **Method of appeal.** If the refund is denied, the applicant may file an appeal under the provisions of Title 68, Sections 227 and 228 of the Oklahoma Statutes.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200300001, eff 7-1-03; Amended in Rule Making 200400006, eff 7-1-04; Amended in Rule Making 200600012, eff 7-1-2006]

PART 7. RE-ESTABLISHMENT OF PRODUCTION FROM AN INACTIVE WELL

165:10-21-35. General

Exemption from the levy of gross production tax on the re-establishment of production from an inactive well shall be determined according to the provisions of this Part, which have been jointly adopted by the Oklahoma Corporation Commission and Oklahoma Tax Commission pursuant to 68 O.S. Section 1001(M)(1).

[SOURCE: Added at 12 Ok Reg 491, eff 1-1-95 (emergency); Added at 12 Ok Reg 1605, eff 7-1-95; Amended at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200000009, eff 5-11-01]

165:10-21-36. Definitions

The following words and terms, when used in this Part, shall have the following meaning, unless the context clearly indicates otherwise:

"Effective date" means the date on which the reestablishment of production has occurred.

"Exemption period" means a period of twenty-eight (28) months from the date upon which production from an inactive well is reestablished.

"Inactive well" means a well which may be defined under one (1) of the following three (3) categories:

(A) A well which after July 1, 1997 experiences mechanical failure or loss of mechanical integrity, as defined by the Corporation Commission, including but not limited to, casing leaks, collapse of casing or loss of equipment in a wellbore, or any similar event which causes cessation of production, shall be considered an inactive well. For use within this sub-paragraph "mechanical failure" means a well which experiences mechanical failure or loss of mechanical integrity because of, but not limited to, casing leaks, collapse of casing or loss of equipment in a wellbore, or any similar event which results in a workover of the well and cessation of production as evidenced by the use of a workover rig or other mechanical device being placed over the well to repair the well or equipment.

(B) A well on which work to reestablish production commenced on or after July 1, 1997, and on or before June 30, 2009, that has not produced oil, gas or oil and gas for a period of not less than one (1) year as evidenced by the appropriate forms on file with the Oklahoma Corporation Commission reflecting the well.

(C) A well on which work to reestablish production commenced on or after July 1, 1994, and on or before June 30, 1997, that has not produced oil, gas or oil and gas for a period of not less than two (2) years as evidenced by the appropriate forms on file with the Oklahoma Corporation Commission reflecting the well's status.

[**SOURCE:** Added at 12 Ok Reg 491, eff 1-1-95 (emergency); Added at 12 Ok Reg 1605, eff 7-1-95; Amended in Rule Making 97000025, eff 7-1-98; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule making 200400006, eff 7-1-04; Amended at 24 Ok Reg 1810 (RM 200700004), eff 7-1-2007]

165:10-21-37. Qualification procedure

The well operator or one of the working interest owners, on behalf of the well operator and the other owners of the well, shall apply for qualification of the well and production at the Oklahoma Corporation Commission on OCC Form 1534.

(1) OCC Form 1534 shall be completed in its entirety, and together with supporting documentation, shall be submitted to the Technical Services Department of the Conservation Division of the Oklahoma Corporation Commission for review.

(2) If the Department approves the application, a copy of the approved application shall be forwarded to the operator.

(3) If the application is denied or refused, or approval is delayed beyond sixty (60) days, the applicant may seek review by application, notice and hearing.

[SOURCE: Added at 12 Ok Reg 491, eff 1-1-95 (emergency); Added at 12 Ok Reg 1605, eff 7-1-95; Amended at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200600012, eff 7-1-2006]

165:10-21-38. Rebates - Refund procedure

(a) **Request to Oklahoma Tax Commission for a tax refund.** If the Oklahoma Corporation Commission grants the application, the operator or one of the working interest owners in the well, on behalf of the well operator and the other owners of the well, shall make its request for refund by letter to the Audit Division, Oklahoma Tax Commission. Such letter request shall state the reason for refund and the amount claimed and must be accompanied by the following:

(1) A copy of the application approved by the Corporation Commission certifying the well as an inactive well for which production has been reestablished.

(2) A copy of an approved OTC Form 320C that shows the date of the re-establishment of production of oil and/or gas.

(3) A properly completed OTC Form 328 Gross Production 841/495 Refund Report.

(4) If the refund request is filed by any person other than the party named in the Oklahoma Corporation Commission application, a notarized affidavit, signed by the party named in the application must be filed, authorizing the applicant to apply for the refund.

(b) **No time limitation on rebate for prior periods; claim limitation after July 1, 2003.** Approval of a "Reestablished Incentive" for production periods prior to July 1, 2003 shall not be time-barred by either the date of certification or the date of filing a claim for refund of gross production tax. Effective July 1, 2003, claims for rebate filed with the Oklahoma Tax Commission shall be subject to a time limitation pursuant to Title 68 O.S., Section 1001(L).

(c) **Method of appeal.** If the refund is denied, the applicant may file an appeal under the provisions of Title 68, Sections 227 and 228 of the Oklahoma Statutes.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200300001, eff 7-1-03; Amended in Rule Making 200400006, eff 7-1-04; Amended in Rule Making 200600012, eff 7-1-2006]

PART 8. DEEP WELLS

165:10-21-45. General

(a) **General provisions.** Exemption from the levy of gross production tax on the production of gas, oil, or gas and oil from wells certified as being "Deep Wells" set out in 68 O.S. § 1001(H) shall be determined according to the provisions of this Part, which have been jointly adopted by the Oklahoma Corporation Commission and the Oklahoma Tax Commission pursuant to 68 O.S. § 1001(M)(1).
(b) **Definitions.** For purposes of qualifying for the exemption, **"depth"** means the length of the maximum continuous string of drill pipe utilized between the drill bit face and the drilling rig's kelly bushing.
(c) **Exemption for wells spudded between July 1, 1994, and June 30, 1997, to a depth of fifteen thousand (15,000) feet or greater.** Deep wells spudded between July 1, 1994, and June 30, 1997, and drilled to a depth of fifteen thousand (15,000) feet or greater shall be exempt from the gross production tax, beginning from the date of first sale, for a period of twenty-eight (28) months.
(d) **Exemption for wells spudded between July 1, 1997, and June 30, 2002, to a depth of twelve thousand five hundred (12,500) feet.** Deep wells spudded between July 1, 1997, and June 30, 2002, and drilled to a depth of twelve thousand five hundred (12,500) feet or greater shall be exempt from the gross production tax, beginning from the date of first sale, for a period of twenty-eight (28) months.
(e) **Exemption for wells spudded on or after July 1, 2002.** Deep wells spudded on or after July 1, 2002, shall be eligible for an exemption from the gross production tax which shall begin from the date of first sale, and vary as to duration in relation to the depth of the well.

(1) **12,500 to 14,999 feet and spudded between July 1, 2002 and June 30, 2009.** The duration of the exemption for wells drilled to this depth is twenty-eight (28) months.
(2) **15,000 to 17,499 feet and spudded between July 1, 2002 and June 30, 2011.** The duration of the exemption for wells drilled to this depth is forty-eight (48) months.
(3) **17,500 feet or greater and spudded between July 1, 2002 and June 30,** 2011. The duration of the exemption for wells drilled to this depth is sixty (60) months.

[SOURCE: Added at 12 Ok Reg 491, eff 1-1-95 (emergency); Added at 12 Ok Reg 1605, eff 7-1-95; Amended at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 970000025, eff 7-1-98; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200300001, eff 7-1-03; Amended in Rule Making 200400006, eff 7-1-04; Amended in Rule Making 200600012, eff 7-1-2006; Amended at 24 Ok Reg 1811 (RM 200700004), eff 7-1-2007; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-21-46. Definitions [REVOKED]

[SOURCE: Added at 12 Ok Reg 491, eff 1-1-95 (emergency); Added at 12 Ok Reg 1605, eff 7-1-95; Amended at 13 Ok Reg 2933, eff 7-11-96; Revoked in Rule Making 97000025, eff 7-1-98]

165:10-21-47. Qualification procedure

The well operator or one of the working interest owners, on behalf of the well operator and the other owners of the well, shall apply for qualification of the well at the Oklahoma Corporation Commission on OCC Form 1534.

(1) OCC Form 1534 shall be completed in its entirety, and together with supporting documentation, shall be submitted to the Technical Services Department of the Conservation Division of the Oklahoma Corporation Commission for review.
(2) If the Department approves the application, a copy of the approved application shall be forwarded to the operator.
(3) If the application is denied or refused, or approval is delayed beyond sixty (60) days, the applicant may seek review by application, notice and hearing.

(4) When processing applications for qualification for an exemption for Deep Wells as provided in this Section, the Oklahoma Corporation Commission shall give priority to those applications filed for an exemption pursuant to OAC 165:10-21-45(e)(2) and OAC 165:10-21-45(e)(3) in order for applications to comply with the six-month filing period as provided for in Title 68 O.S., §1001(H)(5). The application should be filed within six (6) months after the first day of the fiscal year in which the refund is first available.

[SOURCE: Added at 12 Ok Reg 491, eff 1-1-95 (emergency); Added at 12 Ok Reg 1605, eff 7-1-95; Amended at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200600012, eff 7-1-2006]

165:10-21-47.1. Rebates - Refund procedure

(a) **Request to Oklahoma Tax Commission for a tax refund.** If the Oklahoma Corporation Commission grants the application, the operator or one of the working interest owners in the well, on behalf of the well operator and the other owners of the well, shall make its request for refund by letter to the Audit Division, Oklahoma Tax Commission. Such letter request shall state the reason for refund and the amount claimed and must be accompanied by the following:

(1) An application approved by the Corporation Commission certifying the well as a well spudded within the applicable time periods and drilled to the prescribed depths provided in OAC 165:10-21-45.

(2) A copy of an approved OTC Form 320A that shows date of first sale of production.

(3) A properly completed OTC Form 328 Gross Production 841/495 Refund Report.

(4) If the refund request is filed by any person other than the party named in the application, a notarized affidavit, signed by the party named in the application must be filed, authorizing the applicant to apply for the refund.

(b) **No time limitation on rebate for prior periods; claim limitation after July 1, 2003 and July 1, 2005.** Approval of a "Deep Well Incentive" for production periods prior to July 1, 2003 shall not be time-barred by either the date of certification or the date of filing a claim for refund of the rebate of gross production tax. Effective July 1, 2003, claims for rebate filed with the Oklahoma Tax Commission shall be subject to a time limitation pursuant to Title 68 O.S., §1001(L). Effective July 1, 2005, claims for rebate provided in OAC 165:10-21-45(e)(2) and OAC 165:10-21-45(e)(3) filed with the Oklahoma Tax Commission shall be subject to a time limitation pursuant to Title 68 O.S., §1001(H)(5).

(c) **Method of appeal.** If the refund is denied, the applicant may file an appeal under the provisions of Title 68, Sections 227 and 228 of the Oklahoma Statutes.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200300001, eff 7-1-03; Amended in Rule Making 200400006, eff 7-1-04; Amended in Rule Making 200600012, eff 7-1-2006]

165:10-21-48. Audit requirements [REVOKED]

[SOURCE: Added at 12 Ok Reg 491, eff 1-1-95 (emergency); Added at 12 Ok Reg 1605, eff 7-1-95; Revoked in Rule Making 200300001, eff 7-1-03]

165:10-21-49. Certificate of investment to be filed by the operator [REVOKED**]**

[SOURCE: Added at 12 Ok Reg 491, eff 1-1-95 (emergency); Added at 12 Ok Reg 1605, eff 7-1-95; Revoked at 13 Ok Reg 2933, eff 7-11-96]

PART 9. NEW DISCOVERY WELLS

165:10-21-55. General

(a) Exemption from the levy of gross production tax on the production of gas, oil, or gas and oil from wells spudded or reentered between July 1, 1995 and July 1, 2009, which qualify as a new discovery well pursuant to Title 68, Section 1001(I), shall be determined according to the provisions of this Part, which have been jointly adopted by the Oklahoma Corporation Commission and the Oklahoma Tax Commission pursuant to Title 68, Section 1001(M)(1).

(b) **"New discovery"** means production of oil, gas or oil and gas from:

(1) A well spudded or reentered on or after July 1, 1997, which discovers crude oil in paying quantities and is located more than one mile from the nearest oil well producing from the same producing formation.

(2) A well, spudded or reentered on or after July 1, 1997, and prior to July 1, 2009, which discovers crude oil in paying quantities and is located more than one mile from the nearest oil well producing from the same producing interval of the same formation.

(3) A well, spudded or reentered prior to July 1, 1997, which discovers crude oil in paying quantities beneath current production in a deeper producing formation located more than one mile from the nearest oil well producing from the same deeper producing formation.

(4) A well, spudded or reentered on or after July 1, 1997, and prior to July 1, 2009, which discovers crude oil in paying quantities beneath current production in a deeper producing interval located more than one mile from the nearest oil well producing from the same deeper producing interval.

(5) A well, spudded or reentered, prior to July 1, 1997, which discovers natural gas in paying quantities and is located more than two miles from the nearest gas well producing from the same producing formation.

(6) A well, spudded or reentered, on or after July 1, 1997, and prior to July 1, 2009, which discovers natural gas in paying quantities and is located more than two miles from the nearest gas well producing from the same producing interval.

(7) A well, spudded or reentered, prior to July 1, 1997, which discovers natural gas in paying quantities beneath current production in a deeper producing formation that is more than two miles from the nearest gas well producing from the same deeper producing formation.

(8) A well, spudded or reentered, on or after July 1, 1997, and prior to July 1, 2009, which discovers natural gas in paying quantities beneath current production in a deeper producing interval that is more than two miles from the nearest gas well producing from the same deeper producing interval.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 97000025, eff 7-1-98; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200400006, eff 7-1-04; Amended at 24 Ok Reg 1811 (RM 200700004), eff 7-1-2007]

165:10-21-56. Definitions

The following words and terms, when used in this Part, shall have the following meaning, unless the context clearly indicates otherwise:

"Effective date" means the date the well was spudded or the beginning date for a re-entered well.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 97000025, eff 7-1-98]

165:10-21-57. Qualification procedure

The well operator or one of the working interest owners, on behalf of the well operator and the other owners of the well, shall apply for qualification of the well at the Oklahoma Corporation Commission on OCC Form 1534.

(1) OCC Form 1534 shall be completed in its entirety, and together with supporting documentation, shall be submitted to the Technical Services Department of the Oklahoma Corporation Commission for review.
(2) If the Department approves the application, an approved copy shall be forwarded to the operator.
(3) If the application is denied or refused, or approval is delayed beyond sixty (60) days, the applicant may seek review by application, notice and hearing.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200600012, eff 7-1-2006]

165:10-21-58. Rebates - Refund procedure
(a) **Request to Oklahoma Tax Commission for a tax refund.** If the Oklahoma Corporation Commission grants the application, the operator or one of the working interest owners in the well, on behalf of the well operator and the other owners of the well, shall make its request for refund by letter to the Audit Division, Oklahoma Tax Commission. Such letter request shall state the reason for refund and the amount claimed and must be accompanied by the following:
(1) A copy of the application approved by the Corporation Commission certifying the well as a new discovery well spudded or re-entered between July 1, 1995 and June 30, 2006.
(2) A copy of an approved OTC Form 320A that shows date of first sale of production.
(3) A properly completed OTC Form 328 Gross Production 841/495 Refund Report.
(4) If the refund request is filed by any person other than the party named in the application, a notarized affidavit, signed by the party named in the application must be filed, authorizing the applicant to apply for the refund.
(b) **No time limitation on rebate for prior periods; claim limitation after July 1, 2003.** Approval of a "New Discovery Incentive" for production periods prior to July 1, 2003 shall not be time-barred by either the date of certification or the date of filing a claim for refund of the rebate of gross production tax. Effective July 1, 2003, claims for rebate filed with the Oklahoma Tax Commission shall be subject to a time limitation pursuant to Title 68 O.S., Section 1001(L).
(c) **Method of appeal.** If the refund is denied, the applicant may file an appeal under the provisions of Title 68, Sections 227 and 228 of the Oklahoma Statutes.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200300001, eff 7-1-03; Amended in Rule Making 200400006, eff 7-1-04; Amended in Rule Making 200600012, eff 7-1-2006]

165:10-21-59. Audit requirements [REVOKED]

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Revoked in Rule Making 200300001, eff 7-1-03]

PART 11. HORIZONTALLY DRILLED PRODUCING WELLS

165:10-21-65. General
Exemption from the levy of Gross Production Tax on horizontally drilled producing wells set out in 68 O.S. § 1001(E) shall be determined according to the provisions of this Part, which have been jointly adopted by the Oklahoma Corporation Commission and the Oklahoma Tax Commission pursuant to law. [See: 68 O.S. §1001(M)(1)]

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200300001, eff 7-1-03]

165:10-21-66. Definitions

In addition to terms defined in 165:10-1-2, the following words and terms, when used in this Part, shall have the following meaning, unless the context clearly indicates otherwise:

"Angle of deviation" means that angle in which a wellbore may deviate from the vertical.

"Date of completion of a gas well" means the date that gas is capable of being delivered to a pipeline purchaser.

"Date of completion of an oil well" means the date that the well first produces into the lease tanks through permanent well head equipment.

"Effective date" means that the first production must have commenced after July 1, 1995 and before July 1, 2009.

"Horizontal displacement" means that distance drilled into the pay zone of a formation at an angle exceeding seventy (70) degrees.

"Horizontally drilled payout" means the point at which gross working interest revenue from the horizontally drilled well equals the cost of drilling and completing such well.

"Horizontally drilled well" means an oil, gas, or oil and gas well drilled or completed in a manner which encounters and subsequently produces from a geological formation at an angle in excess of seventy (70) degrees from the vertical and which laterally penetrates a minimum of one hundred and fifty (150) feet into the pay zone of the formation.

"True vertical depth" means that depth measured from the surface perpendicular to the surface.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 97000025, eff 7-1-98; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200400006, eff 7-1-04; Amended at 24 Ok Reg 1811 (RM 200700004), eff 7-1-2007]

165:10-21-67. Qualification procedure

The well operator or one of the working interest owners in the well, on behalf of the well operator and the other owners of the well, shall apply for qualification of the production from horizontally drilled wells, at the Oklahoma Corporation Commission on OCC Form 1534.

(1) OCC Form 1534 shall be completed in its entirety, and together with supporting documentation, shall be submitted to the Technical Services Department of the Conservation Division of the Oklahoma Corporation Commission for review.

(2) If the Department approves the application, a copy shall be forwarded to the operator.

(3) If the application is denied or refused, or approval is delayed beyond sixty (60) days, the applicant may seek review by application, notice and hearing.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200600012, eff 7-1-2006]

165:10-21-68. Rebates - Refund procedure

(a) **Request to Oklahoma Tax Commission for a tax refund.** If the Commission grants the application, the well operator or one of the working interest owners in the well, on behalf of the well operator and the other owners of the well, shall make its request for refund by letter to the Audit Division, Oklahoma Tax Commission. Such letter request shall state the reason for refund and the amount claimed and must be accompanied by the following:

(1) A copy of the application approved by the Corporation Commission certifying the well as a horizontally drilled well.

(2) A copy of an approved OTC Form 320A that shows the date of initial production.
(3) A properly completed OTC Form 328 Gross Production 841/495 Refund Report.
(4) If the refund request is filed by any person other than the party named in the application, a notarized affidavit, signed by the party named in the application must be filed, authorizing the applicant to apply for the refund.

(b) **No time limitation on rebate for prior periods; claim limitation after July 1, 2003.** Approval of a "Horizontal Drilling Incentive" for production periods prior to July 1, 2003 shall not be time-barred by either the date of certification or the date of filing a claim for refund of the rebate of gross production tax. Effective July 1, 2003, claims for rebate filed with the Oklahoma Tax Commission shall be subject to a time limitation pursuant to Title 68 O.S., Section 1001(L).

(c) **Method of appeal.** If the refund is denied, the applicant may file an appeal under the provisions of Title 68, Sections 227 and 228 of the Oklahoma Statutes.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200300001, eff 7-1-03; Amended in Rule Making 200400006, eff 7-1-04; Amended in Rule Making 200600012, eff 7-1-2006]

165:10-21-69. Time periods for exemption from gross production tax levied on horizontally drilled producing wells

(a) **General provisions.** The exemption for horizontally drilled wells qualified pursuant to this Part shall be determined from the project beginning date until project payback is achieved, and are limited in duration to the time periods set out in this Section.

(b) **Twenty-four (24) month exemptions.** For production described in this subsection, duration of the exemption may not exceed a period of twenty-four (24) months commencing with the date of initial production from the horizontally drilled well.
(1) **Production prior to July 1, 1994.** Any incremental production which results from a horizontally drilled well producing prior to July 1, 1994.
(2) **Production prior to July 1, 2002, which commenced after July 1, 1995.** Any horizontally drilled well producing prior to July 1, 2002, which production commenced after July 1, 1995.

(c) **Forty-eight (48) month exemption.** For a horizontally drilled well producing prior to July 1, 2009 which production commenced after July 1, 2002, the duration of the exemption may not exceed a period of forty-eight (48) months commencing with the date of initial production from the horizontally drilled well. [See: 68 O.S. Supp. 2002, Section 1001(E)(1)]

[SOURCE: Added in Rule Making 200300001, eff 7-1-03; Amended in Rule Making 200400006, eff 7-1-04; Amended at 24 Ok Reg 1812 (RM 200700004), eff 7-1-2007]

PART 13. INCREMENTAL PRODUCTION FROM ENHANCED RECOVERY PROJECTS

165:10-21-75. General

Exemption from the levy of gross production tax on the incremental production of oil or other liquid hydrocarbons attributable to the working interest owners of an enhanced recovery project and property shall be determined according to the provisions of this Part.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200000009, eff 5-11-01]

165:10-21-76. Definitions

The following words and terms, when used in this Part, shall have the following meaning, unless the context clearly indicates otherwise:

"Base production amount" means the average monthly amount of productions for the twelve (12) month period immediately prior to the project beginning date minus the monthly rate of production decline for the project or property for each month beginning one hundred eighty (180) days prior to the project beginning date.

"Completion date" means the date a well is first capable of being used for the injection of liquids, gases or other matter, or is capable of producing crude oil or other liquid hydrocarbons through permanent wellhead equipment.

"Enhanced recovery project costs" means the incremental project costs that are allowed as payback factors in determining the exemptions from the levy of gross production tax of project incremental production.

"Existing tertiary recovery project" means, for purposes of the exemption described in 68 O.S. Section 1001(D)(1), a tertiary recovery project whose beginning date is prior to October 16, 1987.

"Incremental production" means the amount of crude oil or other liquid hydrocarbons which are produced during an approved enhanced oil recovery operation and which are in excess of the base production amount of crude oil or other liquid hydrocarbons.

"Incremental working interest revenue" means the gross value of the incremental production, less the royalty interest therein.

"Monthly rate of production decline" means a rate equal to the average extrapolated monthly decline rate for the twelve (12) month period immediately prior to the project beginning date as determined by the Commission, based on the production history of the field, its current status, and sound reservoir engineering principles.

"New enhanced recovery project" means, for purposes of the exemption described in 68 O.S. Section 1001(D)(1), a secondary or tertiary recovery project whose beginning date is on or after October 16, 1987.

"Project beginning date" means the date on which the injection of liquids, gas or other matter begins on an enhanced recovery project.

"Project payback or payout" means that point at which the incremental working interest revenue from the enhanced recovery project equals the enhanced project costs.

"Secondary recovery projects" means secondary recovery projects approved or having an initial project beginning date on or after July 1, 2000 and before July 1, 2009, such that any incremental production attributable to the working interest which results from such secondary recovery project shall be exempt from the gross production tax levied pursuant to 68 O.S. Section 1001 for a period not to exceed five (5) years from the initial project beginning date or for a period ending upon the termination of the secondary recovery process, whichever occurs first. [Applicant may omit payback report for such secondary recovery projects.]

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200300001, eff 7-1-03; Amended in Rule Making 200400006, eff 7-1-04; Amended at 24 Ok Reg 1812 (RM 200700004), eff 7-1-2007]

165:10-21-77. Qualification procedure

The provisions of this Section establish criteria for determining if an operator of an enhanced recovery project or property has met the required conditions to qualify the incremental production from such project or property for the exemption from the Gross Production Tax. [**See:** 68 O.S. §1001]

(1) **Administrative approval and determination.** An operator seeking an exemption of incremental production from the gross production tax shall make application to the Oklahoma Corporation Commission, as provided in OAC 165:5-7-14, for a determination that such project or property qualifies, a determination of the starting date, and of the base production amount.

(A) If the application is approved, a copy shall be forwarded to the operator.

(B) To obtain the tax exemption, the operator shall forward a copy of the approved application to the Oklahoma Tax Commission, together with any other data required by that agency.

(2) **Tax Commission approval of exemption.** An operator desiring an exemption from the gross production tax shall make application by letter to the Audit Division, Oklahoma Tax Commission. Such application shall be accompanied by:

(A) A copy of the approved application by the Corporation Commission containing a determination of the project beginning date, base production amount and project payback.

(B) The ratio of working interest/royalty interest in the well. Only the incremental production attributable to the working interest owners shall be exempted from the gross production tax. For purposes of this exemption, overriding royalty shall be included in working interest.

(C) A schedule of production, by month, of the gross amounts of crude oil or other liquid hydrocarbons produced, and the gross values thereof, from the project beginning date until the date application is made to the Tax Commission.

(D) OTC Form 320A, 320C, and 320U, as are necessary, to set up the OTC Production Units, to request merge numbers, and to show the entity who will remit taxes.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200600012, eff 7-1-2006]

165:10-21-78. Recovery of costs allowed as payback factors

(a) **Enhanced recovery project, project beginning date between October 17, 1987 and June 30, 1990.** For any enhanced recovery project with a project beginning date between October 17, 1987, and June 30 1990, allowed enhanced recovery costs shall include only incremental capital costs and incremental operating expenses associated with enhanced recovery operations.

(b) **Enhanced recovery project, project beginning date between July 1, 1990 and June 30, 1993.** For any enhanced recovery project with a project beginning date between July 1, 1990, and June 30, 1993, allowable enhanced recovery project costs shall be limited to the incremental capital costs of project start up, including the cost of completing any well necessary to the project and of converting any existing well to handle secondary or tertiary injection of liquids, gas or other matter. With respect to completing or converting a well, no expenditure after completion or conversion for enhanced recovery purposes shall be included.

(c) **Secondary recovery project, project beginning date on or after July 1, 1993 and before July 1, 2000.** For any secondary recovery project with a project beginning date on or after July 1, 1993, and before July 1, 2000, allowed enhanced recovery project costs shall include only incremental capital costs and fifty percent (50%) of incremental operating expenses, provided however that the period for project payback shall not exceed a period of ten (10) years from the project beginning date.

(d) **Tertiary enhanced recovery project, project beginning date on or after July 1, 1993 and before July 1, 2009.** For any tertiary enhanced recovery project with a project beginning date on or after July 1, 1993, and before July 1, 2009, allowable enhanced recovery project costs shall include only incremental capital costs and incremental operating expenses, excluding administrative expenses. The capital expenses of pipelines constructed to transport carbon dioxide to a tertiary recovery project shall not be included in determining project payback. The period for project payback shall not exceed ten (10) years from the project beginning date.

(e) **Excluded costs.** The cost of tank batteries, meters, pipelines or other external equipment shall not be included in allowable enhanced recovery project

costs. Allowable costs shall be determined using generally accepted accounting principles such as outlined in the "Council of Petroleum Accountants Society (COPAS) - Accounting Procedure Form for Joint Operations" and "COPAS Bulletin No. 16", or subsequent revisions thereto.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 97000025, eff 7-1-98; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200300001, eff 7-1-03; Amended in Rule Making 200400006, eff 7-1-04; Amended at 24 Ok Reg 1813 (RM 200700004), eff 7-1-2007]

165:10-21-79. Responsibility for filing and payment of taxes

(a) **Responsibility for reporting; reporting; forms required.** The operator of a qualifying project will have primary responsibility for filing OTC Form 300-R-7-81, Gross Production Tax Monthly Tax Report, and for remitting gross production and petroleum excise taxes on project production controlled by the operator. Working interest owners who take-in-kind will be responsible for filing Gross production Monthly Tax Reports, unless the take-in-kind owner has made an agreement with his purchaser or the operator to report and remit on his behalf. A take-in-kind interest owner must submit, through the project operator, a Form 320, showing the disposition of his share of production. Purchasers may report taxes on project production with the approval of the Tax Commission, provided whenever there are multiple purchasers from a project, each reporting purchaser must report his allocated share of production, incremental production, and any exempt interest. All persons remitting taxes must comply with Tax Commission security requirements.

(b) **Valuation of incremental production.** When an operator or a single purchaser files the gross production tax reports and remits taxes, the incremental production will be valued at the volume-weighted average price per barrel of all crude oil or other liquid hydrocarbons produced from the project during the month. When multiple purchasers file the gross production tax reports and remit taxes, the incremental production will be valued at the volume-weighted average price per barrel purchased for the month, by each purchaser individually.

(c) **Method of computing production, base production amount and incremental production.**

(1) Frac oil recovered must be excluded as a Code 07 exemption. Frac oil will not be counted as part of the project base production amount, nor as incremental production.

(2) Incremental production will be deducted next as a Code 11 exemption.

(3) Exempt interests will be deducted next, in order of exemption code, as a decimal equivalent of the amount and value of production remaining after subtraction of the frac oil and incremental production.

(d) Well operators are advised to contact the Oklahoma Tax Commission concerning required annual reporting.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96]

165:10-21-80. Expiration of exemption for incremental production

For secondary recovery projects approved prior to July 1, 2000, and tertiary recovery projects approved prior to July 1, 2009, once the gross working revenue equals the enhanced recovery project cost, the exemption of incremental production shall end and the Oklahoma Tax Commission shall resume collection of the Gross Production Tax thereon.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200400006, eff 7-1-04; Amended at 24 Ok Reg 1813 (RM 200700004), eff 7-1-2007]

PART 14. PRODUCTION OF OIL, GAS OR OIL AND GAS FROM ANY WELL LOCATED WITHIN

BOUNDARIES OF A THREE-DIMENSIONAL SEISMIC SHOOT

165:10-21-82. General

Exemption from the levy of gross production tax on the production of oil, gas or oil and gas from a well, drilling of which is commenced on or after July 1, 2000, and prior to July 1, 2009, located within the boundaries of a three-dimensional seismic shoot and drilled based on three-dimensional seismic technology, shall be determined according to the provisions of this Part.

[SOURCE: Added in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200400006, eff 7-1-04; Amended at 24 Ok Reg 1813 (RM 200700004), eff 7-1-2007]

165:10-21-82.1. Definitions

The following words and terms, when used in this Part, shall have the following meaning, unless the context clearly indicates otherwise:

"Three-dimensional seismic shoot" means any three-dimensional geophysical or seismic exploration activity conducted in the field for the purpose of drilling for and producing oil, gas or oil and gas from geological formations, intervals and/or common sources of supply.

"Three-dimensional seismic technology" means any three-dimensional geophysical or seismic equipment or instruments, data processing equipment, and/or data utilized to evaluate geological formations, intervals and/or common sources of supply in connection with a three-dimensional seismic shoot.

[SOURCE: Added in Rule Making 200000009, eff 5-11-01]

165:10-21-82.2. Qualification procedure

(a) **Applicable wells.** The provisions of this Section establish criteria for determining if an operator producing oil, gas or oil and gas from a well, drilling of which is commenced on or after July 1, 2000, and prior to July 1, 2009, located within the boundaries of a three-dimensional seismic shoot and drilled based on three-dimensional seismic technology, has met the required conditions to qualify the production from such a well for the exemption from the Gross Production Tax. [See: 68 O.S. §1001(J)]

(b) **Administrative approval and determination.** An operator seeking an exemption of the gross production tax on production from a well located within the boundaries of a three-dimensional seismic shoot and drilled based on such technology, shall make application to the Oklahoma Corporation Commission on a Form 1534 for a determination that the well qualifies for such exemption, as provided in 68 O.S. 2000 Supp. §1001(J).

(1) If the application is administratively approved, a copy shall be forwarded to the operator.

(2) To obtain the tax exemption, the operator shall forward a copy of the approved application to the Oklahoma Tax Commission, together with any other data required by that agency pursuant to OAC 165:10-21-82.3.

(3) Any data, maps and other information submitted with the Form 1534 for determination that a well qualifies for the exemption provided in this paragraph shall be held as confidential information by the Conservation Division and/or Commission, and shall be returned to the applicant or destroyed upon approval of the application.

[SOURCE: Added in Rule Making 200000009, eff 5-11-2001; Amended in Rule Making 200300001, eff 7-1-2003; Amended in Rule Making 200400006, eff 7-1-2004; Amended in Rule Making 200600012, eff 7-1-2006; Amended at 24 Ok Reg 1813 (RM 200700004), eff 7-1-2007]

165:10-21-82.3. Rebates - Refund procedure

(a) **Request to Oklahoma Tax Commission for a tax refund.** If the Commission grants the application, the well operator or one of the working interest owners

in the well, on behalf of the well operator and the other owners of the well, shall make its request for refund by letter to the Audit Division, Oklahoma Tax Commission. Such letter request shall state the reason for refund and the amount claimed and must be accompanied by the following:

(1) Corporation Commission order approving such application and containing a determination that the well meets the criteria of the statute insofar that its drilling was commenced on or after July 1, 2000, and prior to July 1, 2009, that it is located within the boundaries of a three-dimensional seismic shoot and was drilled based on such technology, and indicating whether the seismic shoot was shot either prior to or on or after July 1, 2000.

(2) A schedule of production, by month, of the gross amounts of oil, gas or oil and gas produced, and the gross values thereof, from the date of first sale until the date application is made to the Tax Commission.

(3) OTC Form 320A, 320C, and 320U, as are necessary, to set up the OTC Production Units, to request merge numbers, and to show the entity who will remit taxes.

(4) If the refund request is filed by any person other than the party named in the application, a notarized affidavit, signed by the party named in the application must be filed, authorizing the applicant to apply for the refund.

(b) **No time limitation on rebate for prior periods; claim limitation after July 1, 2003.** Approval of a "Three-Dimensional Incentive" for production periods prior to July 1, 2003 shall not be time-barred by either the date of certification or the date of filing a claim for refund of the rebate of gross production tax. Effective July 1, 2003, claims for rebate filed with the Oklahoma Tax Commission shall be subject to a time limitation pursuant to Title 68 O.S., Section 1001(L).

(c) **Method of appeal.** If the refund is denied, the applicant may file an appeal under the provisions of Title 68, Sections 227 and 228 of the Oklahoma Statutes.

[SOURCE: Added in Rule Making 200000009, eff 5-11-2001; Amended in Rule Making 200300001, eff 7-1-2003; Amended in Rule Making 200400006, eff 7-1-2004; Amended in Rule Making 200600012, eff 7-1-2006; Amended at 24 Ok Reg 1813 (RM 200700004), eff 7-1-2007]

165:10-21-82.4. Time periods for exemption from gross production tax levied on oil, gas or oil and gas production from a well located within boundaries of three-dimensional seismic shoot

The exemption from gross production tax levied on oil, gas or oil and gas production from a well qualified pursuant to this Section shall be applied as follows:

(1) **Eighteen (18) month exemption.** For a well where the seismic shoot was shot prior to July 1, 2000, the well shall be exempt from the gross production tax levied from the date of first sales for a period of eighteen (18) months.

(2) **Twenty-eight (28) month exemption.** For a well where the seismic shoot was shot on or after July 1, 2000, the well shall be exempt from the gross production tax levied from the date of first sales for a period of twenty-eight (28) months.

[SOURCE: Added in Rule Making 200000009, eff 5-11-01; Amended in Rule Making 200300001, eff 7-1-03]

PART 15. GENERAL PROVISIONS

165:10-21-85. Election of exemption

(a) **Election of exemptions generally.** Persons entitled to exemption based upon production from qualifying oil, gas, or oil and gas wells shall be entitled only to the exemption granted pursuant to:

(1) Incremental production from enhanced recovery projects, as authorized by 68 O.S. §1001(D) and Part 13 of this Subchapter; **or**,
(2) Horizontally drilled production wells, as authorized by 68 O.S. §1001(E) and Part 11 of this Subchapter; **or**,
(3) Reestablished production from inactive wells, as authorized by 68 O.S. §1001(F) and Part 7 of this Subchapter; **or**,
(4) Production enhancement projects, as authorized by 68 O.S. §1001(G) and Part 6 of this Subchapter; **or**,
(5) Production from deep wells, as authorized by 68 O.S. §1001(H) and Part 8 of this Subchapter; **or**,
(6) Production from new discovery wells, as authorized by 68 O.S. §1001(I) and Part 9 of this Subchapter; **or**,
(7) Production from wells located within the boundaries of three-dimensional seismic shoot, as authorized by 68 O.S. §1001(J) and Part 14 of this Subchapter.

(b) **Special provision.** Expiration of an exemption available for production from a qualifying well pursuant to one of Subsections (a)(2) through (a)(6) of this Section does not prohibit any person from qualifying for the exemption provided for in Subsection (a)(1).

(c) **Refund limited to interest owners of record and operators at time of qualifying act.** Only the operator and interest owners of record at the time of the qualifying act are eligible for the rebate of gross production tax attributable to their interest in the project.
(1) In the case of a change in the operator of a qualified project, it is permissible for the new operator to file the claim for refund on behalf of all participating interest owners for the prior and the current periods, although the new operator would not be eligible for any share in the refund.
(2) A former operator or interest owner may also file the claim for the periods in which the owner or operator actively participated in the project and distribute the appropriate refund amounts to the eligible interest owners.

[SOURCE: Added at 13 Ok Reg 2933, eff 7-11-96; Amended in Rule Making 200000009, eff 5-11-2001; Amended in Rule Making 200600012, eff 7-1-2006]

PART 17. SALES TAX EXEMPTION FOR ELECTRICITY AND ASSOCIATED DELIVERY AND TRANSMISSION SERVICES SOLD FOR OPERATION OF RESERVOIR DEWATERING PROJECT AND/OR UNIT

165:10-21-90. General

(a) **Scope.** This Part deals with the classification by the Oklahoma Corporation Commission (Corporation Commission or Commission) of a reservoir dewatering project and/or unit for the purpose of an exemption, beginning January 1, 2004, from sales taxes levied on electricity and associated delivery and transmission services sold to an oil and gas operator for reservoir dewatering projects and associated operations commencing on or after July 1, 2003, as provided in 68 O.S. 2002 Supp., §1357(28).

(b) **Distinction from designation as reservoir dewatering oil spacing unit or other spacing application.** The classification of an area and reservoir(s) as a "reservoir dewatering project" and/or a "reservoir dewatering unit" pursuant to this Part shall be separate and distinct from the designation of a reservoir dewatering oil spacing unit for oil allowable purposes pursuant to OAC 165:10-15-18. Corporation Commission approval of an area and reservoir(s) for the instant sales tax exemption shall be made by application under this Part and not as a result of a spacing application filed for oil allowable purposes under OAC 165:10-15-1 and OAC 165:10-15-18, a spacing application filed for gas allowable purposes under OAC 165:10-17-2 through 10-17-16, a spacing application filed for horizontal drilling purposes under OAC 165:10-3-28, or any spacing application filed under OAC 165:10-1-22.

(c) **Reservoir Dewatering Projects for Oil Production.** Any reservoir that is

the subject of an application pursuant to this Part, which produces predominantly oil, shall be evaluated to determine the initial water-to-oil ratio is equal to or greater than five-to-one (5-to-1).

(d) **Reservoir Dewatering Projects for Gas Production.** Any reservoir that is the subject of an application pursuant to this Part, which produces predominantly gas, shall be evaluated to determine the initial five-to-one (5-to-1) water-to-oil ratio using a gas conversion factor of one (1) barrel of oil converted to an MCF of natural gas based on an initial natural gas formation volume factor, BTU or price calculation or conversion accepted by the Conservation Division.

[**SOURCE:** Added in Rule Making 200300001, eff 7-1-03]

165:10-21-91. Definitions

The following words and terms, when used in this Part, shall have the following meaning, unless the context clearly indicates otherwise:

"Reservoir dewatering project" means an oil or gas production project covering a specified area and reservoir(s), which utilizes water recovery and disposal technology to increase water production in the initial phase of reservoir development, with the primary purpose of increasing oil or gas production from the reservoir(s) as a result of the dewatering process. For the purpose of qualification for the sales tax exemption pursuant to this Part, the definition of reservoir dewatering project shall require the proof that the reservoir's initial water-to-oil ratio is greater than or equal to five-to-one (5-to-1), or is greater than or equal to the appropriate gas-to-water ratio calculated using the gas conversion factor outlined in OAC 165:10-21-90(d). This definition shall not include enhanced recovery projects or secondary recovery properties, which are subject to gross production tax exemptions pursuant to 68 O.S. Section 1001 and Part 13 of this Subchapter, OAC 165:10-21-75 through 10-21-80.

"Reservoir dewatering unit" means an area and reservoir(s) designated a reservoir dewatering project where a reservoir dewatering process is conducted as defined in this Part.

[**SOURCE:** Added in Rule Making 200300001, eff 7-1-03]

165:10-21-92. Qualification procedure

(a) **Applicable operations.** The provisions of this Section establish criteria for determining if an area and reservoir(s) can be classified a reservoir dewatering project and/or a reservoir dewatering unit, beginning January 1, 2004, for the purpose of an exemption from sales taxes levied on electricity and associated delivery and transmission services sold to an oil and gas operator for a reservoir dewatering project and associated operations commencing on or after July 1, 2003.

(b) **Application to the Oklahoma Corporation Commission.** An oil and gas operator seeking the classification of an area and reservoir(s) as a reservoir dewatering project and/or reservoir dewatering unit pursuant to this Part shall file an application with the Corporation Commission on a Form 1535 for a determination that the project and/or unit qualifies for the exemption, as provided in 68 O.S. 2002 Supp., §1357(28). The operator shall attach to the Form 1535 a copy of the following information:

(1) A production test or other appropriate data showing the initial water-to-oil ratio is greater than or equal to five-to-one (5-to-1) or is greater than or equal to the appropriate gas-to-water ratio calculated using the gas conversion factor outlined in OAC 165:10-21-90(d). For this purpose, a Corporation Commission Form 1013 may be filed with the sales tax exemption application to demonstrate the initial 5-to-1 water-to-oil ratio for the reservoir.

(2) Geological structure and isopach maps for the applicable reservoir showing its geological characteristics; and any additional engineering and geological data or information deemed necessary by the Conservation Division to evaluate the application.
(3) A schematic diagram of the electrical grid and dewatering and water disposal equipment associated with the reservoir dewatering project covered by the application.

(c) **Administrative approval and determination.**
(1) If the application is administratively approved, copy shall be forwarded to the operator.
(2) To obtain the tax exemption, the operator should contact the Director's Office, Taxpayer Assistance Division, Oklahoma Tax Commission, 2501 N. Lincoln Blvd., Oklahoma City, Ok. 73194.
(3) Any data, maps and other information submitted with the Form 1535 for determination that an area and reservoir qualify for the exemption provided in this Part shall be held as confidential information by the Conservation Division and/or Corporation Commission, and shall be returned to the applicant or destroyed upon approval of the application.

[**SOURCE:** Added in Rule Making 200300001, eff 7-1-03; Amended in Rule Making 200600012, eff 7-1-2006]

PART 19. STATE SALES TAX EXEMPTION FOR ELECTRICITY SOLD FOR OPERATION OF ENHANCED RECOVERY METHODS ON A SPACING UNIT OR LEASE

165:10-21-95. General

(a) **Scope.** This Part deals with the designation by the Oklahoma Corporation Commission (Corporation Commission or Commission) of enhanced recovery methods on a spacing unit or lease for the purpose of an exemption, beginning July 1, 2006, from sales taxes levied on electricity sold to an oil and gas operator for such operations, as provided in 68 O.S. §1357(32).

(b) **Distinction from designation as enhanced recovery project pursuant to application for underground injection, spacing or unitization.** The designation of enhanced recovery methods on a spacing unit or lease pursuant to this Part shall be separate and distinct from the designation of an enhanced recovery project otherwise provided by Commission rules. The Commission's designation pertaining to the instant sales tax exemption shall be made by application under this Part and not as a result of an application for: (1) enhanced recovery project designation under OAC 165:10-5-4; (2) drilling and spacing units under OAC 165:10-15-1 and OAC 165:10-15-18 (oil allowables), OAC 165:10-17-2 through 10-17-16 (gas allowables), OAC 165:10-3-28 (horizontal drilling), or any spacing application under OAC 165:10-1-22; or (3) unitization under Title 52 O.S., § 287.1 et seq. and OAC 165:5-7-20.

[**SOURCE:** Added in Rule Making 200600012, eff 7-1-2006]

165:10-21-96. Definitions

The following words and terms, when used in this Part, shall have the following meaning, unless the context clearly indicates otherwise:

"Enhanced recovery methods" means production methods by which oil is produced, or is attempted to be produced, including but not limited to, increased pressure in a producing formation through use of water or saltwater if the electrical usage is associated with and necessary to the operation of equipment required to inject or circulate fluids in the producing formation for the purpose of forcing oil or petroleum into a wellbore for eventual recovery and production from the wellhead.

[**SOURCE:** Added in Rule Making 200600012, eff 7-1-2006]

165:10-21-97. Qualification procedure

(a) **Applicable operations.** The provisions of this Section establish criteria for designating enhanced recovery methods on a spacing unit or lease, beginning July 1, 2006, for the purpose of an exemption from sales taxes levied on electricity sold to an oil and gas operator for such operations.

(b) **Application to the Oklahoma Corporation Commission.** An operator seeking the designation of enhanced recovery methods on a spacing unit or lease pursuant to this Part shall file an application with the Corporation Commission on a Form 1535 for a determination that the operations qualify for the exemption, as provided in 68 O.S. §1357(32). The operator shall attach to the Form 1535 a copy of the following information:

(1) Production test or other appropriate data showing the total content of oil recovered after the use of enhanced recovery methods does not exceed one percent (1%) by volume. For this purpose, a Corporation Commission Form 1535 may be filed with the sales tax exemption application to demonstrate the daily rate and total content of oil recovery by volume from the spacing unit or lease prior to use of enhance recovery methods. .

(2) Geological structure and isopach maps for the producing formation and any additional engineering and geological data or information deemed necessary by the Conservation Division to evaluate the application.

(3) A map and schematic diagram of the producing wells, underground injection or disposal wells, and other water injection or circulating equipment associated with the enhanced recovery methods on a spacing unit or leased covered by the application.

(c) **Administrative approval and determination.**

(1) If the application is administratively approved, a copy shall be forwarded to the operator.

(2) To obtain the tax exemption, the operator should contact the Director's Office, Taxpayer Assistance Division, Oklahoma Tax Commission, 2501 N. Lincoln Blvd., Oklahoma City, OK. 73194.

(3) Any data, maps and other information submitted with the Form 1535 for designation that enhanced recovery methods on a spacing unit or lease qualify for the exemption provided in this Part shall be held as confidential information by the Conservation Division and Corporation Commission, and upon approval of the application, shall be returned to the applicant or destroyed.

[**SOURCE:** Added at 23 Ok Reg, eff 7-1-06 (RM 200600012); Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

SUBCHAPTER 23. RATABLE SHARING OF REVENUE [REVOKED]

Section

165:10-23-1. Definitions [REVOKED]
165:10-23-2. General provisions for all interest owners in a well producing natural gas or casinghead gas [REVOKED]
165:10-23-3. Revenue sharing in contract entered into on or after January 1, 1984; market by operator [REVOKED]
165:10-23-4. Revenue sharing in contract entered into prior to May 3, 1983 [REVOKED]
165:10-23-5. Revenue sharing in contract entered into on or after May 3, 1983, but prior to January 1, 1984 [REVOKED]
165:10-23-6. Gas statements of production [REVOKED]
165:10-23-7. Expiration of a gas contract [REVOKED]
165:10-23-8. Special circumstances; parties selling under a joint operating agreement [REVOKED]
165:10-23-9. Payments on production [REVOKED]
165:10-23-10. Administrative expense [REVOKED]
165:10-23-11. Commencement of an action [REVOKED]
165:10-23-12. Other rights and remedies [REVOKED]
165:10-23-13. Crude oil [REVOKED]
165:10-23-14. Liability [REVOKED]
165:10-23-15. Severability [REVOKED]

165:10-23-1. Definitions (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

165:10-23-2. General provisions for all interest owners in a well producing natural gas or casinghead gas (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

165:10-23-3. Revenue sharing in contract entered into on or after January 1, 1984; market by operator (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

165:10-23-4. Revenue sharing in contract entered into prior to May 3, 1983 (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

165:10-23-5. Revenue sharing in contract entered into on or after May 3, 1983, but prior to January 1, 1984 (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

165:10-23-6. Gas statements of production (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

165:10-23-7. Expiration of a gas contract (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

165:10-23-8. Special circumstances; parties selling under a joint operating agreement (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

165:10-23-9. Payments on production (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

165:10-23-10. Administrative expense (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

165:10-23-11. Commencement of an action (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

165:10-23-12. Other rights and remedies (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

165-10-23-13. Crude oil (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

165:10-23-14. Liability (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

165:10-23-15. Severability (Revoked)

[**Source:** Revoked at 10 Ok Reg 2601, eff 6-25-93]

SUBCHAPTER 24. MARKET SHARING

Section
165:10-24-1. Scope
165:10-24-2. Definitions
165:10-24-3. Election to market share
165:10-24-4. Duties and accounting
165:10-24-5. Replacement of the designated marketer
165:10-24-6. Fees

[**Authority:** 52 O.S. 1992, Section 581.1 et seq.]

[**Source:** Codified 6-25-93]

165:10-24-1. Scope

(a) This Subchapter implements the Natural Gas Market Sharing Act of 1992, codified at 52 O.S. Section 581, et seq.

(b) This Subchapter establishes a procedure whereby an owner in a well may compel the well operator or other designated marketer to either sell gas on the owner's behalf or find a market for that owner's gas.

(c) This Subchapter shall apply to the sale of natural gas from a well except for:

(1) any sale under a gas contract for more than one year, entered into before January 1, 1985 (including any successor, replacement or roll-over contract entered into before January 1, 1990) provided that any participating mineral owners who were sharing in a contract on January 1, 1992, and continue to share in such a contract on September 1, 1992, are subject to this Subchapter;

(2) any sale under a contract which provides for:

(A) an initial term of more than three years; and

(B) a guarantee or warranty of delivery of fixed volumes without limitation on specified wells or reserves; and

(C) delivery of such volumes;

(3) any sale of natural gas liquids extracted by mechanical processing of the natural gas stream for removal of liquid components other than methane.

(d) Nothing in this Subchapter shall change the obligation of a first purchaser of production under an existing gas contract unless otherwise agreed to by the parties.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93; Amended at 11 Ok Reg 3699, eff 7-11-94]

165:10-24-2. Definitions

The following words or terms, when used in this Subchapter, shall have the following meaning, unless the context clearly indicates otherwise:

"Designated marketer" means the operator of the well or a producing owner substituted for the operator as provided in 165:10-24-5.

"Electing owner" means any owner who elects to produce and market its share of production pursuant to the provisions of this Subchapter.

"Nonexempt sales" means those gas sales which are subject to the provisions of this Subchapter and do not qualify for exemptions as set forth in 165:10-24-1(c) and 165:10-24-3(b).

"Overproduced owner" means an owner who has produced and sold a volume of gas in excess of his working interest percentage of cumulative sales from a well.

"Owner" means a person or persons who own a working interest in a well.

"Producing owner" means an owner who produces and sells gas from a well for its own account.

"Working interest" means the interest in a well, calculated prior to deduction for royalty, overriding royalty and other non-cost bearing interests burdening production, entitling the owner thereof to drill for and produce oil and gas, including the interest of a participating mineral owner to the extent set forth in Section 87.1 of Title 52 of the Oklahoma Statutes.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93]

165:10-24-3. Election to market share

(a) An owner eligible to market share as to a particular well, may elect to market share as to such well by sending written notice to the designated marketer for the well.

(b) An owner may not elect to market share as to a particular well if as to such well:

(1) said owner is subject to a balancing agreement (or other written agreement expressly providing for gas balancing or the taking, sharing, marketing of gas); or

(2) the term has yet to expire for a gas contract, where the owner terminated the contract for value received; or

(3) said owner terminated market sharing within the previous 12 months; or

(4) said owner is currently over-produced; or

(5) the designated marketer is relieved from the duty to market share pursuant to 165:10-24-4(g) or 165:10-24-4(i) and (j).

(c) An election to market share shall be effective on the first day of the month following 60 days from receipt of the election by the designated marketer.

(d) The well operator shall serve as the designated marketer until appointment of a substitute.

(e) An owner may terminate his election by sending writing notice to the designated marketer. Notice of termination is effective on the first day of the month following 60 days after receipt of the notice.

(f) Copies of all market sharing elections and notices shall be sent to the well operator, if said operator is not the designated marketer.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93]

165:10-24-4. Duties and accounting

(a) The designated marketer shall find an independent, non-affiliated purchaser for the electing owner's gas, or the designated marketer shall produce and sell said gas for the account of the electing owner.

(b) During market sharing, the designated marketer shall have the right to produce and sell and electing owner's gas, without further notice and consent except in those cases where the designated marketer has secured an independent non-affiliated purchaser for the gas production of such electing owner.

(c) If the designated marketer produces and sells the electing owner's gas for the account of the electing owner, the designated marketer shall account to the electing owner at the average price, weighted by volume, received by the marketer for all of the designated marketer's non-exempt sales from the well for that month, less post production cost and expenses required to render the gas marketable and to sell and deliver the gas to market, and net of all reasonable marketing costs, expenses and administrative fees. Volumetric allocation between the designated marketer and the electing owner shall be in proportion to their working interests in the well, with one exception. If the owner's proportionate production interest is different from his working interest, the proportionate production interest shall be used.

(d) Disbursement of gas sales proceeds shall be subject to the Production Revenue Standards Act of 1992 (52 O.S. Section 570.1, et seq.).

(e) The designated marketer shall not be considered as a fiduciary to any electing owner or to any owner with an interest burdening the electing owner's

interest. The designated marketer shall not be liable for losses absent bad faith, gross negligence or willful misconduct.

(f) Market sharing according to this Subchapter shall not confer any contract rights to an electing owner or his assigns, either directly or as third party beneficiaries.

(g) For a gas contract with a term in excess of one year, the designated marketer may require an electing owner to either agree in writing to be bound by the contract terms or forego market sharing under that contract. Absent a confidentiality provision in said gas contract, the designated marketer shall send a copy of the gas contract to each electing owner.

(1) After receipt of the contract, the electing owner shall have 30 days in which to:

(A) send written consent to the contract terms, or

(B) provide a written termination of market sharing or

(C) elect a new designated marketer.

(2) If the electing owner fails to so respond, his election to market share shall be deemed terminated.

(h) If the designated marketer ceases to sell gas from the well and therefore has no sales, the designated marketer:

(1) may:

(A) notify the electing owners in writing that it has no sales and that the electing owners must elect a new designated marketer, or

(B) locate a non-affiliated purchaser for the electing owners.

(2) shall not be responsible for sharing sales with electing owners as it has no sales. If such a designated marketer again begins to produce and market gas from the well, then the electing owners may re-elect it as designated marketer.

(i) If the designated marketer provides the electing owner with a sales contract with a gas purchaser, the designated marketer shall be relieved of the duty to market share with the electing owner to the extent that the terms of said contract provide for the purchase of the electing owner's share of each withdrawal from the well during the contract period, provided:

(1) The designated marketer is not an affiliate of the gas purchaser: said term "affiliate" being defined at 18 O.S. Section 1148A(2); and

(2) The contract is of a type and with terms generally offered at the time to other producers for gas production from wells in the common source of supply; and

(3) If the designated marketer operates and controls a gathering line to the well, it does not prohibit access to downstream transportation or impose unjust or discriminatory gathering fees or tariffs upon the electing owner; and

(4) Before discontinuing market sharing if it had begun, the designated marketer provides the electing owner with at least thirty days in which to accept or reject the offer for said contract.

(j) In so far as the exemption established by subsection (i) of this Section, if the designated marketer fulfills each of the foregoing conditions, it shall be relieved from the duty to market share with the electing owner for a time period hereafter described as the "exemption period", calculated as follows:

(1) If the electing owner enters into said contract with said purchaser, then the exemption period shall be the duration of the contract as originally offered to the electing owner or the duration of the contract as entered into by the electing owner, whichever is greater;

(2) If the electing owner fails to enter into said contract for any reason, then the exemption period shall be the duration of the contract period as initially offered to the electing owner or twelve months, whichever is less.

(k) During the exemption period as determined in subsection (j) of this Section, failure to enter into said contract shall not be grounds for election or appointment of an additional designated marketer to market share with the electing owner with respect to volumes of gas which would have been purchased if

the electing owner had entered into the said contract as initially offered to the electing owner.
(l) Upon request, the designated marketer or electing owner shall provide the first purchaser of production with information concerning the election to market share and the electing owner's share of monthly production.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93]

165:10-24-5. Replacement of the designated marketer

A new designated marketer may be appointed by a majority vote of the remaining market sharing owners. If an electing owner does not agree to the terms of a gas contract with a term greater than one year, the electing owner may elect a new designated marketer unless said election is prohibited by 165:10-24-4(i) and (j). Otherwise, substitution of the designated marketer shall occur not more than once every twelve months.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93]

165:10-24-6. Fees

(a) The designated marketer may charge each electing owner with an administrative fee for marketing the electing owner's share of production. Said fee shall be assessed monthly on a per-well basis. It shall be based on a formula described in this Section subject to annual adjustments as provided below. Said formula consists of 2.5% of the electing owner's monthly share of proceeds, but not less than twenty dollars nor more than seventy-five dollars, unless application of the annual adjustment factor provides a different maximum amount. The maximum amount of the fee permitted by this Section shall be adjusted as of the first day of May each year following May 1, 1993. The annual adjustment shall be computed by multiplying the rate currently in use by the percentage of increase or decrease in the annual overhead adjustment factor established by the Council of Petroleum Accountants Societies at its annual spring meeting for purposes of adjusting the combined fixed-rate overhead charges against joint operations in a well.
(b) If the designated marketer produces and sells gas for the account of the electing owner, the designated marketer may charge the electing owner or deduct said fee from the electing owner's share of the undistributed proceeds of production.
(c) Administrative fees under this Section shall be in addition to and separate from any and all post-production costs and expenses, including but not limited to reasonable marketing costs and expenses which may also be deducted from the proceeds payable to eligible electing owners.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93]

SUBCHAPTER 25. ESCROWED ACCOUNTS FOR POOLED MONIES

Section
165:10-25-1. Definitions
165:10-25-2. Escrow account required
165:10-25-3. Escrow account requirements
165:10-25-4. Payment to owner
165:10-25-5. Reports to the Commission
165:10-25-6. Payment to the Commission
165:10-25-7. Affidavit of compliance
165:10-25-8. Forms
165:10-25-9. Release from liability
165:10-25-10. Construction

165:10-25-1. Definitions

The following words or terms, when used in this Subchapter, shall have the following meaning, unless the context clearly indicates otherwise:

"Escrow account" means an account established in a financial institution and held in the name of the holder and an escrow agent wherein each owner is federally insured to One Hundred Thousand Dollars ($100,000.00).

"Financial institution" means a federally or state chartered bank, savings and loan, or credit union.

"Holder" means any person in possession of royalties, bonus payments, or other monies directed to be paid under a Commission pooling order and which cannot be paid because the persons entitled thereto are unknown or cannot be located.

"Owner" means the last known record titleholder of a mineral interest which is subject to a Commission pooling order.

"Person" means any individual, partnership, joint stock associations, trust, cooperative, unincorporated association, or corporation.

165:10-25-2. Escrow account required

(a) Each pooling order which pools interest of unknown or unlocated owners shall contain language substantially similar to the following: "If any payment of bonus, royalty payments, or other payments due and owing under this order cannot be made because the person entitled thereto cannot be located or is unknown, then said bonus, royalty payments or other payments shall be paid into an escrow account in a financial institution within ninety (90) days after this order and shall not be commingled with any funds of the applicant or operator. Provided however, that the Commission shall retain jurisdiction to grant to financially solid and stable holders an exception to the requirement that such funds be paid into an escrow account with a financial institution and permit such holder to escrow such funds within such holder's organization. Responsibility for filing reports with the Commission as required by law and Commission rule as to bonus, royalty or other payments escrowed hereunder shall be with the applicable holder. Such escrowed funds shall be held for the exclusive use of, and the sole benefit of, the person entitled thereto. It shall be the responsibility of the operator to notify all other holders of this provision and of the Commission rules regarding unclaimed monies under pooling orders".

(b) Each pooling order issuing upon an application filed on or after July 1, 1984, shall contain, in addition to the foregoing language, an attached exhibit listing all parties or interests which are unknown or cannot be located, together with each party's last known address, if available.

165:10-25-3. Escrow account requirements

(a) Monies which are directed to be paid under a Commission pooling order and which cannot be paid because the persons entitled thereto are unknown or cannot be located shall be placed into escrow accounts in a financial institution. The

holder shall choose the institution. The holder and the financial institution may make such arrangements as are necessary and appropriate for the establishment of the account. Service charges, fees, and costs may be deducted from any interest generated by the monies but in no event shall such charges, fees, and costs be deducted from the principal. Any financially solid and stable holder may apply to the Commission for an exception to the requirement to place monies into escrow accounts in a financial institution. The granting of an exception shall be within the sole discretion of the Commission and may only be granted upon the filing of a proper application therefor pursuant to notice given to the Manager of the Mineral Owners Escrow Account by mail at least ten days prior to the hearing and by publication one time at least 15 days prior to the hearing in a newspaper of general circulation in Oklahoma County and in a newspaper of general circulation in the county where the holder's principal office in the state is located. The granting of an exception shall not exempt the holder from any other requirements set forth in this Subchapter.

(b) Only one account need be established by each holder. If only one account is established, a record shall be make of deposits and withdrawals for each person for whom monies are being held. Either the holder or the financial institution may keep the deposit/withdrawal record.

(c) An application for an exception under (a) of this Section shall state that the holder has proof by the holder's annual financial statement that it is a solid and stable holder. The holder must introduce its annual financial statement into evidence in the cause and the order, if one is issued, shall show that the annual financial statement was in fact introduced into evidence and considered by the Administrative Law Judge in making the determination to grant holder's request for an exemption under (a) of this Section, and holder shall submit a current financial statement on an annual basis thereafter.

(d) Withdrawals from such escrow account by the holder may only be made for the following purposes:

(1) To pay the rightful recipient of the monies upon presentation of a proper claim.

(2) To submit and pay to the Commission the principal of all monies placed in escrow pursuant to 165:10-25-6.

(3) To correct an overpayment or other mistake made in the distribution of monies by the holder.

[**SOURCE:** Amended at 9 Ok Reg 2337, eff 6-25-92]

165:10-25-4. Payment to owner

The holder shall have a designated officer or employee to whom claims upon the escrow account may be made. The holder shall promptly pay the appropriate sum to any person showing the holder sufficient proof of ownership and proof of identity as may be determined in good faith by the holder. The holder shall report any payments made on his annual report to the Commission.

165:10-25-5. Reports to the Commission

Each holder shall submit a report for persons who cannot be located or are unknown and for whom monies are being held in escrow no later than 30 days after such holder's annual reporting date. Each holder's initial report shall be filed no later than one year and 30 days after the date of the issuance of the first pooling order subject to this Subchapter. Such reports shall be filed each year that any monies are held in escrow, until the well is plugged.

165:10-25-6. Payment to the Commission

(a) No later than 30 days after the annual reporting date of each year, the holder shall submit to the Commission the principal of all monies placed in escrow accruing under the orders issued during the first year, and all subsequent years where the sum exceeds $100.00 for any one person.

(b) If the holder has placed in escrow less than $100.00 for any one person, the holder may follow the procedures for deposit, or maintain the funds in escrow. If the amount accumulates to over $100.00 for any one person after any annual reporting date, it shall be submitted to the Commission on the next annual reporting date.
(c) Payments shall be tendered to the Finance Office of the Commission. Payments shall be made by cashier's check, certified check, or money order made payable to the "Oklahoma Corporation Commission".

165:10-25-7. Affidavit of compliance

In addition to the Plugging Record (Form 1003) and Completion Report (Form 1002A) required under 165:10-11-7, the operator shall file a compliance affidavit. No plugging bond shall be released until after the compliance affidavit is filed.

165:10-25-8. Forms

The Commission may issue appropriate forms to implement the provisions of this Subchapter.

165:10-25-9. Release from liability

Any holder who pays or delivers monies to the Commission required to be paid under this Subchapter shall be relieved of all liability for the monies so paid or delivered for any claim which then exists or thereafter may arise or be made in respect to such monies.

165:10-25-10. Construction

This Subchapter shall not be construed as limiting the Commission's authority to grant an exception to any rule in this Subchapter, unless precluded by law.

SUBCHAPTER 27. PRODUCTION REVENUE STANDARDS

Section
165:10-27-1. Scope
165:10-27-2. Effective date [REVOKED]
165:10-27-3. Definitions
165:10-27-4. Well operator records
165:10-27-5. Pre-sale nominations
165:10-27-6. Entitlement
165:10-27-7. Post-sale reports
165:10-27-8. Operator's option to confirm zero volume of gas sales because of noncompliance
165:10-27-9. Designated payor for royalty distributions
165:10-27-10. Administrative fees
165:10-27-11. Balancing of royalty accounts
165:10-27-12. Record keeping
165:10-27-13. Check stub information

[**Authority:** 52 O.S. 1992, Section 570.13 et seq.]

[**Source:** Codified 6-25-93]

165:10-27-1. Scope

This Subchapter implements the Production Revenue Standards Act of 1992, codified at 52 O.S. Section 570.1, et seq. It shall apply to all producing wells as set forth in the Production Revenue Standards Act of 1992. However, Sections 165:10-27-4 through 165:10-27-10 shall not apply to any well which is a part of a compulsory enhanced recovery project, or where royalty remittance is otherwise regulated by written agreement among all owners in the well. This Subchapter is intended to supplement and clarify as needed the language in the statutes.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93]

165:10-27-2. Effective date [Revoked]

[**Source:** Added at 10 OK Reg 2601, eff 6-25-93; Revoked at 11 Ok Reg 3699, eff 7-11-94]

165:10-27-3. Definitions

The following words or terms, when used in this Subchapter, shall have the following meaning, unless the context clearly indicates otherwise.

"Owner" means a person or governmental entity with a legal interest in the mineral acreage under a well which entitles that person or entity to oil or gas production or the proceeds or revenues therefrom.

"Produce", "producing" and **"production"** mean the physical act of severance of oil and gas from a well by an owner and includes but is not limited to the sale or other disposition thereof.

"Producing owner" means an owner entitled to produce who during a given month produces oil or gas for its own account or the account of subsequently created interests as they burden its interest.

"Proportionate production interest" means that interest in production which a working interest owner is entitled to produce in order to adjust for shifting of royalty burdens among working interest owners under the royalty provisions of 52 O.S. Sections 570.1, et seq., and is equal to the quotient of:

(A) the sum of a working interest owner's net revenue interest plus the net revenue interests of any subsequently created interests as they burden such owner's working interest,

(B) divided by the remainder of one (1) less the royalty share.

"Proportionate royalty share" means the percentage of the royalty share owned by a royalty interest owner calculated by dividing such owner's royalty interest in a well by the royalty share.

"Royalty interest" means the entirety of the percentage interest in production or proceeds therefrom:

(A) reserved or granted by a mineral interest owner exclusive of any interest defined as a working interest or a subsequently created interest, or

(B) otherwise provided or ascribed to a mineral interest owner by statute, rule, order or operation of law.

"Royalty interest in a well" means an owner's royalty interest multiplied by the quotient of:

(A) the gross mineral acres under the well attributable to such interest, divided by

(B) the total mineral acres under the well.

"Royalty proceeds" means the share of proceeds or other revenue derived from or attributable to any production of oil and gas attributable to the royalty share, but shall not include payments of bonus, delay rentals, shut-in royalties or any additional royalty payable to the Commissioners of the Land Office or other governmental entity, pursuant to and valued according to the terms of its oil and gas lease, which is calculated separately from the royalty portion of actual proceeds from the sale of oil or gas.

"Royalty share" means the percentage of the well equal to the sum of all royalty interests in the well.

"Share of production" means the monthly entitlement to produce belonging to a producing owner.

"Shipper" means any entity who contracts with a transporter to move gas through the transporter's system.

"Subsequently created interest" means any interest carved from a working interest other than a royalty interest. In addition to the royalty interest contained in a lease, a non-participatory interest created by a working interest owner for the benefit of a mineral interest owner in excess of a one-eighth (1/8) royalty interest may, by separate agreement other than the oil and gas lease, be a subsequently created interest and thereby not be communitized under the terms of the Production Revenue Standards Act only if there is clear and unambiguous language expressing that intent in the creating document. The additional royalty payable to the Commissioners of the Land Office or other governmental entity pursuant to and valued according to the terms of its oil and gas lease, which is calculated separately from the sale of oil or gas, shall also be a subsequently created interest and thereby shall not be communitized under 52 O.S. Section 570.1, et seq.

"Well" means an oil or gas well, and shall include:

(A) a well having uniform ownership as to all producing zones, or

(B) a drilling and spacing unit having uniform ownership wherein multiple wells producing gas are commonly metered, and

(C) each separately metered producing zone within a single wellbore wherein ownership varies by zone.

"Working interest" means the interest in a well entitling the owner thereof to drill for an produce oil and gas, including but not limited to the interest of a participating mineral owner to the extent set forth in Section 87.1 of Title 52 of the Oklahoma Statutes.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93; Amended at 11 Ok Reg 3699, eff 7-11-94]

165:10-27-4. Well operator records

Each well operator shall establish or cause to be established records showing the production allocations and payments to each interest owner in the well. For

purposes of such records, the working interest owners shall provide the well operator with accounting and remittance information as required by statute. At a minimum, the required information shall consist of the name, address, interest amount and tax identification number of each royalty owner along with payment status. Each working interest owner shall provide said information in writing within 60 days of receipt of a written information request from the well operator. Updated information shall be provided by a working interest owner within 60 days after receipt of notice of a change.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93; Amended at 11 Ok Reg 3699, eff 7-11-94]

165:10-27-5. Pre-sale nominations

(a) Any producing owner marketing production separately from the well operator shall send pre-production nominations to the well operator for his withdrawals. A nomination shall be due five business days prior to the month in which the nomination is to be effective, but earlier if required by the first purchaser or transporter. The nomination shall consist of the name of the first purchaser or shipper, shipper contract number and the volumes of gas nominated for production for such producing owner's account.

(b) Nothing in this Section shall supersede or limit the operator's right to control gas nominations and allocations under a joint operating agreement, separate balancing agreement or Commission order.

(c) The owner of the gas meter shall confirm all nominations with the operator of the well no later than the last business day prior to the month in which production occurs.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93; Amended at 11 Ok Reg 3699, eff 7-11-94]

165:10-27-6. Entitlement

Each producing owner in a well shall be entitled to produce each month his proportionate production interest subject to balancing restrictions created by statute, rule, agreement or operation of law.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93]

165:10-27-7. Post-sale reports

(a) Within sixty days after the end of the month of production, each producing owner shall report and account to the operator of the well, the identity of the first purchaser or shipper of the gas and information specified in 165:10-27-13.

(b) Within fifteen days after the end of the month of production, each owner of a gas meter taking gas solely from a gathering system shall provide upon first request by the owner of such gathering system and thereafter, the gross volume of gas measured by such meter both in MCF and British Thermal Unit equivalent.

(c) Within twenty days after the end of the month of production, each owner of a gas meter shall provide or cause to be provided in writing to the operator of the well, the gross volume of gas measured by such meter, both in MCF and British Thermal Unit equivalent, and the volume of gas allocated at the meter to each first purchaser or shipper and each contracted producing owner that sold gas to the owner of the gas meter. Each meter owner shall, within the same time period, furnish each first purchaser or shipper the volume of gas allocated at the meter to that first purchaser or shipper. However, if the gas processing plant operator is performing the allocations, then within ten days after the end of the month of production, the owner of the pipeline residue gas meter shall provide, upon first request by the processing plant operator and thereafter, the volume in MCF and British Thermal Unit equivalent measured through its meter as required by the gas processing plant operator for its allocations under this subsection.

(d) As an alternative to supplying the operator with information in the manner prescribed by subsections (b) and (c) of this Section, the owner of a gas meter who has a contract with one or more producing owners, covering all of the gas flowing through its meter, may furnish monthly volume statements to the operator of the well, provided said owner of the gas meter has previously furnished the operator with names of the producing owners and the decimal interest owned by each such producing owner or owners or any method other than by decimal interest then in effect for allocating gas among the producing owners. After adopting alternative reporting under this subsection, the owner of the gas meter shall be required to supply the operator of the well with any change to the name of a producing owner, the decimal interest by a producing owner or the method, other than by decimal interest, for allocating gas among the producing owners: such change to reported by the owner of the gas meter to the operator of the well within thirty days after the owner of the gas meter receives notice of such change.
(e) Within thirty-five days after the end of the month of production, each first purchaser or shipper of gas from a gas meter shall furnish or cause to be furnished to the operator of the well, a volume allocation statement showing the volume of gas purchased from or shipper for each contracted producing owner. Within thirty days after making any retroactive gas volume adjustment for such well, the first purchaser or shipper shall furnish notice of such retroactive gas volume adjustment to the operator of the well.
(f) Any person subject to multiple reporting requirements under this Section shall not be required to re-report the same information to the operator if such information has been previously provided by such person in a different report. Such person may consolidate the required information into a single report to the operator; provided, however, that all such reporting must comply with the applicable statutory time periods for the type of information being communicated to the operator.
(g) Any first purchaser, shipper or owner of a gas meter that does not provide the information required of it by this Section shall be subject to having its takes from the well suspended by the operator of the well pursuant to 165:10-27-8.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93; Amended at 11 Ok Reg 3699, 7-11-94]

165:10-27-8. Operator's option to confirm zero volume of gas sales because of noncompliance
(a) If a producing owner fails to timely provide the operator of the well with any of the information required by 165:10-27-4 and 165:10-27-7, or if the owner of a gas meter, first purchaser or shipper of gas fails to timely provide the operator of the well with any of the information required of it by 165:10-27-7 for the transfer, transportation, delivery or sale of gas by a producing owner, the operator of the well shall have the right, but not the obligation, to confirm zero volume of gas sales for such producing owner, and to make available for nomination and sale to other producing owners in the well, then in compliance with said Sections, all of such producing owner's share of production for the next subsequent calendar month and for each and every month thereafter of noncompliance. If the operator elects to make such producing owner's share of production available for nomination and sale, the operator shall immediately notify such producing owner by certified mail and inform such producing owner that such producing owner shall no longer have the right to nominate any volume of gas, until the next production month following the date of compliance, unless the operator of the well agrees to an earlier date. Such notice shall contain the lease or well identification, legal description, production months of noncompliance, a brief description of the noncompliance, and a provision stating that the operator is confirming zero volume of gas sales for such producing owner. The operator shall than immediately notify each producing owner then in

compliance with the aforesaid Sections and inform said producing owner about additional gas volumes available for nomination and sale. In regard to the producing owner for which the operator has confirmed zero gas sales, the operator shall also immediately notify in writing such producing owner's first purchaser or shipper, and the owner of the gas meter, and such notice shall report that such producing owner does not have the right to nominate and sell or transport any volume of gas, until the next production month following compliance, unless the operator of the well agrees to an earlier date. Such notice shall also contain the lease or well identification, legal description, a brief description of the noncompliance, and the production months of noncompliance.

(b) As soon as a noncomplying party is in compliance, but no sooner than the next production month unless otherwise agreed to, the operator of the well shall give the affected producing owner the opportunity to nominate and sell gas subject to existing agreements or by common practice within the oil and gas industry.

(c) The first purchaser or shipper and the owner of the gas meter shall be entitled to rely on and shall incorporate on a prospective basis any nomination or allocation changes pursuant to such notification from the operator under this Section. Changes pursuant to such notification may be made on a retroactive basis if so agreed to by the operator, owner of the meter, the first purchaser or shipper.

(d) The remedies provided for in this Section shall not preclude any party from pursuing the remedies available to it through the district courts, as provided by existing law, including the right of offset.

(e) All elections and notices given pursuant to the provisions of this Subchapter shall become effective as of the first day of the month following the end of any time period specified in the Production Revenue Standards Act as last amended, 52 O.S. Section 570.1, et seq.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93; Amended at 11 Ok Reg 3699, eff 7-11-94]

165:10-27-9. Designated payor for royalty distributions

(a) For royalty distributions, the well operator shall serve as payor for all proceeds of production, absent appointment of a substitute payor and/or election of a working interest owner to distribute royalties attributable to that working interest owner's sales.

(b) A substitute payor may be appointed by Commission order or by the owners owning a majority in interest of the working interest in the well. A substitute payor so appointed shall assume the rights and duties of the well operator concerning assessment of fees, royalty record maintenance and disbursement of royalties. A surety bond of $50,000 shall be required if the substitute payor is not a working interest owner, a first purchaser of production from the well, a bank or a trust company. Such bond shall be posted with the Surety Department of the Conservation Division before receipt of sales proceeds by the substitute payor. Any such bond shall be drafted so as to compensate royalty owners if the substitute payor defaults on his disbursement obligation.

(c) A producing owner may elect to distribute royalties from his sales subject to the following conditions:

(1) the producing owner shall provide 60 days written notice to the operator before starting or stopping the alternative procedure;

(2) the producing owner shall assume liability for its errors;

(3) the producing owner shall report payment information to the well operator within 30 days after each disbursement;

(4) the producing owner cannot re-start the alternative procedure within 12 months after terminating it.

(d) For good cause shown, the Commission may cancel a producing owner's election to separately distribute royalty. Cancellation shall occur only by order after application, notice and hearing.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93]

165:10-27-10. Administrative fees

(a) This Section prescribes fees which may be charged by the operator of a gas producing well or substitute payor, for administrative expenses generated by the Production Revenue Standards Act.

(b) Fees shall be assessed on a per-well basis against the cost-bearing working interests in a well according to respective gross working interest. They shall not be assessed against either royalty interests or non-cost bearing working interests in the well.

(c) A one-time implementation fee shall cover any cost associated with establishing or modifying the well operator's record keeping for the well, and it shall apply to any existing gas producing well with a date of first production occurring before September 1, 1992. If operations are transferred to a different operator after assessment of the one-time implementation fee, the successor operator may not assess another implementation fee against the working interests in the well.

(d) Should any working interest owner in a well producing gas fail to fully and timely comply with the requirements of 165:10-27-4, the well operator or substitute payor shall have the right to charge against said non-complying working interest owner a late fee of two hundred-fifty dollars per affected well.

(e) An annual maintenance fee shall cover any cost associated with record keeping, issuance of gas balancing statements and any election of a producing owner regarding separate distribution of royalty proceeds. Maintenance fees shall be calculated on an annual basis using the first day of May as the anniversary date. Such fees may be prorated and billed on a monthly basis at the well operator's discretion. If a well has a date of first production after the first day of May of the calendar year, the annual maintenance fee shall be prorated based on the remaining number of months before the next anniversary date on the first day of May.

(f) No working interest owner other than the well operator shall be entitled to assess either an implementation fee or a maintenance fee.

(g) The rates for implementation fees and annual maintenance fees shall be based on the appropriate table values found in Appendix G to this Chapter, subject to annual adjustments as provided below. The appropriate table value shall be determined from a matrix using the number of working interest owners or royalty owners in a well. The table value shall be adjusted as of the first day of May each year following May 1, 1993. The annual adjustment shall be computed by multiplying the rate currently in use by the percentage of increase or decrease in the annual overhead adjustment factor established by the Council of Petroleum Accountants Societies at its annual spring meeting for purposes of adjusting the combined fixed-rate overhead charges against joint operations in a well.

(h) Any fee assessed under this Section may be billed or deducted from the working interest owner's share of undistributed proceeds of production.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93]

165:10-27-11. Balancing of royalty accounts

(a) In the event of a production imbalance among royalty owners in a well, the affected working interest owners may adopt a royalty payment method to balance the royalty accounts, provided it is used only to extent necessary to balance the cumulative accounts of the royalty owners, and prior notice of the plan is

sent to the affected royalty owners and to the well operator along with any ongoing information necessary for said operator to discharge its duties.
(b) Nothing in this Section shall impair any balancing rights arising by contract or law.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93]

165:10-27-12. Record keeping

Any record required by this Subchapter shall be maintained for a period of at least five years. Upon reasonable request, the well operator or substitute payor shall make available to a royalty owner for confidential inspection a record of receipts and payment of proceeds to said royalty owner, as well as copies of information furnished to the well operator pursuant to the Production Revenue Standards Act.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93]

165:10-27-13. Check stub information

(a) With each royalty payment, the following information shall be provided:
(1) lease or well identification;
(2) month and year of sales included in the payment;
(3) total barrels or MCF attributed to such payment;
(4) price per barrel or MCF, including British Thermal Unit adjustment of gas sold;
(5) gross production and severance taxes attributable to said interest;
(6) net value of total sales attributed to such payment after deduction of gross production and severance taxes;
(7) owner's interest in the well expressed as a decimal;
(8) owner's share of the total value of sales attributed to such payment before any deductions;
(9) owner's share of the sales value attributed to such payment less owner's share of the production and severance taxes.
(b) Upon payee's request, the payor shall provide a list of any other deduction from such payment.
(c) All revenue decimals shall be calculated to at least six decimal places.
(d) Gas volumes shall be measured according to 52 O.S. Section 474.

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93]

SUBCHAPTER 29. SPECIAL AREA RULES

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

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). 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).

(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).

[**SOURCE:** Added at 25 OK Reg 2187, eff 7-11-08 (RM 200800003)]

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APPENDIX A. ALLOCATED WELL ALLOWABLE TABLE*

The depth in feet from the surface of the ground to the top of the pay in the discovery oil well in each such pool will be the assumed average producing depth thereof.

	ACREAGE				
AVERAGE DEPTH OF POOL/FEET**	**10 or less**	**20**	**40**	**80**	**160**
To-3000	30	45	57		
3001-3200	31	45	57		
3201-3400	32	46	58		
3401-3600	33	47	59		
3601-3800	34	48	60		
3801-4000	35	49	61		
4001-4200	36	49	61	71	
4201-4400	37	50	62	73	
4401-4600	38	51	63	75	
4601-4800	39	52	64	77	
4801-5000	40	53	65	79	
5001-5200	41	54	67	82	
5201-5400	42	55	69	85	
5401-5600	43	56	71	88	
5601-5800	45	58	73	91	
5801-6000	47	60	75	94	
6001-6200	49	62	77	97	
6201-6400	51	64	79	100	
6401-6600	53	66	82	103	
6601-6800	55	68	85	107	
6801-7000	57	70	88	110	
7001-7200	59	72	90	113	
7201-7400	61	74	92	116	
7401-7600	63	76	95	119	
7601-7800	65	78	98	122	
7801-8000	67	80	101	126	
8001-8200	69	83	104	130	
8201-8400	71	86	107	134	
8401-8600	73	89	111	139	

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AVERAGE DEPTH OF POOL/FEET**	ACREAGE 10 or less	20	40	80	160
8601–8800	75	92	115	144	
8801–9000	77	95	119	149	
9001–9200	79	98	123	154	
9201–9400	81	101	127	159	
9401–9600	84	105	131	164	
9601–9800	87	109	136	170	
9801–10000	90	113	141	176	
10001–10200	95	119	148	185	333
10201–10400	100	125	156	195	351
10401–10600	105	131	164	205	369
10601–10800	110	137	172	215	387
10801–11000	115	144	180	225	405
11001–11200	122	153	190	239	431
11201–11400	129	162	202	254	458
11401–11600	137	171	214	269	485
11601–11800	145	181	226	284	512
11801–12000	153	191	239	299	539
12001–12200	163	203	254	318	573
12201–12400	173	215	269	338	609
12401–12600	183	228	285	358	645
12601–12800	193	241	301	378	681
12801–13000	203	254	317	398	717
13001–13200	213	266	333	416	749
13201–13400	223	278	349	436	785
13401–13600	233	290	365	455	819
13601–13800	243	303	380	475	855
13801–14000	253	316	395	494	890
14001–14200	263	328	410	514	926
14201–14400	273	340	426	534	962
14401–14600	283	353	441	554	998

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AVERAGE DEPTH OF POOL/FEET**	ACREAGE 10 or less	20	40	80	160
14601-14800	293	366	457	573	1032
14801-15000	303	379	473	593	1068

***** Allowables currently are established at 200 percent of market demand. To determine the allowable for any well, the number in the appropriate column of the chart in the appendix must be doubled (multiplied by 2). The minimum allocated well is therefore 60 BOPD (from the 10 acre column, depth to 3,000 feet, 30 BOPD times 2) (Market Demand).

****** The average producing depth of the pool is assumed to be the depth in feet from the surface of the ground to the top of pay in the discovery well in that pool.

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APPENDIX B. DISCOVERY WELL ALLOWABLE TABLE
(100 percent of market demand)

DEPTH*	BARRELS PER DAY	DAYS AFTER DISCOVERY
0-1000	100	365
1001-1200	105	391
1201-1400	110	416
1401-1600	115	442
1601-1800	120	467
1801-2000	125	493
2001-2200	130	518
2201-2400	135	545
2401-2600	140	569
2601-2800	145	596
2801-3000	150	621
3001-3200	155	647
3201-3400	160	672
3401-3600	165	698
3601-3800	170	723
3801-4000	175	749
4001-4200	180	774
4201-4400	185	800
4401-4600	190	825
4601-4800	195	851
4801-5000	200	876
5001-5200	205	910
5201-5400	210	942
5401-5600	215	975
5601-5800	225	1007
5801-6000	235	1041
6001-6200	245	1073
6201-6400	255	1107
6401-6600	265	1139
6601-6800	275	1172
6801-7000	285	1205
7001-7200	295	1245
7201-7400	305	1285
7401-7600	315	1326
7601-7800	325	1365

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DEPTH*	BARRELS PER DAY	DAYS AFTER DISCOVERY
7801-8000	335	1406
8001-8200	345	1445
8201-8400	355	1486
8401-8600	365	1526
8601-8800	375	1567
8801-9000	385	1606
9001-9200	395	1650
9201-9400	405	1694
9401-9600	420	1737
9601-9800	435	1781
9801-10000	450	1825
10001-10200	475	1837
10201-10400	500	1847
10401-10600	525	1859
10601-10800	550	1869
10801-11000	575	1880
11001-11200	610	1888
11201-11400	645	1895
11401-11600	685	1902
11601-11800	725	1910
11801-12000	765	1917
12001-12200	815	1917
12201-12400	865	1917
12401-12600	915	1917
12601-12800	965	1917
12801-13000	1015	1917
13001-13200	1065	1917
13201-13400	1115	1917
13401-13600	1165	1917
13601-13800	1215	1917

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DEPTH*	BARRELS PER DAY	DAYS AFTER DISCOVERY
13801-14000	1265	1917
14001-14200	1315	1917
14201-14400	1365	1917
14401-14600	1415	1917
14601-14800	1465	1917
14801-15000	1515	1917

***** The depth of the discovery pool well is assumed to be the depth in feet from the surface of the ground to the top of the pay in the initial discovery well.

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APPENDIX C: TABLE HD

RECOMMENDED ALLOWABLE ON HORIZONTAL OIL WELLS
BASED ON DEPTH AND ACREAGE

UNIT SIZE	TRUE VERTICAL DEPTH	REQUIRED HORIZONTAL COMPONENT	BBLS/DAY ALLOWABLE	BONUS BBL/DAY PER FT. OF LATERAL
10 acre	0-4000'	150' - 467'	70	.2
20 acre	0-4000'	468' - 1044'	98	.2
40 acre	0-4000'	933' - 1400'	122	.2
80 acre	0-4000'	1401' - 2087'	244	.2
160 acre	0-4000'	1866' - 2800'	488	.2
320 acre	0-4000'	2801' - 4174'	976	.2
640 acre	0-4000'	3733' and over	1952	.2
10 acre	4001-8000'	150' - 467'	134	.3
20 acre	4001-8000'	468' - 1044'	160	.3
40 acre	4001-8000'	933' - 1400'	202	.3
80 acre	4001-8000'	1401' - 2087'	252	.3
160 acre	4001-8000'	1866' - 2800'	504	.3
320 acre	4001-8000'	2801' - 4174'	1008	.3
640 acre	4001-8000'	3733' and over	2016	.3
10 acre	8001-12000'	150' - 467'	306	.4
20 acre	8001-12000'	468' - 1044'	382	.4
40 acre	8001-12000'	933' - 1400'	478	.4
80 acre	8001-12000'	1401' - 2087'	598	.4
160 acre	8001-12000'	1866' - 2800'	1078	.4
320 acre	8001-12000'	2801' - 4174'	2156	.4
640 acre	8001-12000'	3733' and over	4312	.4

All oil produced and marketed during the drilling and completion operations shall be charged against the allowable assigned to the well upon completion. Effective date of the allowable shall be the date of first production.

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APPENDIX D. LIST OF NGPA FORMS [REVOKED]

[SOURCE: Revoked at 13 Ok Reg 2401, eff 7-1-96]

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APPENDIX E. SCHEDULE A FINES [REVOKED]

[**Source:** Revoked in Rule Making 200200017, eff 7-1-02]

APPENDIX E. SCHEDULE A FINES [NEW]

RULE	VIOLATION	FINE
165:10-3-1	Failure to obtain permit (Form 1000) to drill, re-enter, deepen or recomplete.	$1,000
165:10-3-3	Failure to report surface casing failure.	$1,000
165:10-3-4	Failure to set sufficient surface casing or circulate cement.	$5,000
165:10-3-4	Failure to run and cement surface well marker.	$1,000
165:10-5-2	Failure to obtain permit for injection or disposal well.	$5,000
165:10-5-13	Failure to obtain permit for annular injection of drilling fluids.	$2,500
165:10-7-14	Failure to obtain approval to drill deep anode groundbed.	$1,000
165:10-7-16	Failure to obtain permit for construction of off-site pit.	$1,000
165:10-7-16	Illegal discharge from noncommercial pit.	$2,000
165:10-7-17	Failure to obtain permit to discharge produced water to surface.	$1,000
165:10-7-19	Failure to obtain permit for one-time land application of water-based fluids from tanks/ earthen pits.	$2,000
165:10-7-26	Failure to obtain permit for a one-time land application of contaminated soils or petroleum hydrocarbon-based drill cuttings.	$2,000
165:10-7-27	Failure to obtain permit to apply waste oil, waste oil residue, or crude oil contaminated soil to lease roads, pipeline service roads, tank farm roads, well locations and production sites.	$2,000
165:10-7-29	Failure to obtain permit for a one-time application of freshwater-based drill cuttings to private access areas, well locations and production sites.	$2,000
165:10-9-1	Failure to obtain permit for construction and use of commercial pit.	$5,000
165:10-9-1	Illegal discharge from a commercial pit.	$5,000

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165:10-11-1	Failure to acquire license to pull pipe and plug wells.	$2,500
165:10-11-4	Failure to obtain plugging instructions and notify district office of time well is to be plugged.	$1,000

[**Source:** New in Rule Making 200200017, eff 7-1-02]

APPENDIX F. SCHEDULE B FINES [REVOKED]

[**Source:** Revoked in Rule Making 200200017, eff 7-1-02]

APPENDIX F. SCHEDULE B FINES [NEW]

RULE	VIOLATION	FINE
165:10-1-10	Failure to maintain current surety.	$500
165:10-3-4	Failure to protect treatable water or file for alternate casing procedure.	$2,500
165:10-3-17	Failure to remove trash, debris and junk from well site.	Up to $1,000
165:10-3-17	Failure to post lease sign or OTC number.	$50 per well/$500 per lease
165:10-3-25	Failure to file completion report, Form 1002A.	$250
165:10-3-26	Failure to submit required electric logs.	$250
165:10-3-35	Failure to obtain order for multiple completion.	$500
165:10-3-39	Failure to obtain order for commingling.	$500
165:10-5-6	Failure to conduct/perform mandatory initial mechanical integrity test within rule timeframe.	$500
165:10-5-6	Failure to perform subsequent mechanical integrity test.	$500
165:10-5-7	Failure to file fluid injection report, Form 1012.	$500
165:10-5-7	Failure to report loss of mechanical integrity on well.	$1,500
165:10-7-5	Failure to report non-permitted discharge.	$500
165:10-7-16	Failure to comply with any closure requirement for noncommercial pit.	$1,000
165:10-9-1	Failure to close commercial pit as required by rule.	$1,000
165:10-11-3	Failure to plug well in rule timeframe.	$1,000
165:10-11-7	Failure to file plugging and cementing report as required by rule.	$500

[**Source:** New in Rule Making 200200017, eff 7-1-02]

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APPENDIX G.

IMPLEMENTATION FEES (ONE - TIME)

No. of RIOs*	No. of Working Interest Owners 2-10	11-20	21+
2-30	$350	$500	$650
31-100	$500	$500	$650
100+	$650	$650	$650

MAINTENANCE FEES (ANNUAL)

No. of RIOs*	No. of Working Interest Owners 2-10	11-20	21+
2-30	$200	$325	$450
31-100	$325	$325	$450
100+	$450	$450	$450

* RIO = Royalty Interest Owners

[**Source:** Added at 10 Ok Reg 2601, eff 6-25-93]

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APPENDIX H. CALCULATIONS

PROCEDURE FOR CALCULATING LOADING RATE OF TOTAL SOLUBLE SALTS (TSS)

_____ ppm TSS in soil[1] X 2 = _____ lbs/ac TSS in soil

6,000 lbs/ac TSS - _____ lbs/ac TSS in soil = Maximum TSS (lbs/ac) to be applied _____

Maximum TSS (lbs/ac) _____ ÷ (_____ ppm TSS in pit materials[1] X .000001) = Maximum lbs/ac of pit materials to be applied _____

Maximum lbs/ac _____ ÷ _____ lbs/bbl = Maximum bbls/ac _____

PROCEDURE FOR CALCULATING LOADING RATE OF HEAVY METALS AND OIL AND GREASE

OCC Standard for the parameter _____ lbs/ac ÷ (_____ ppm in pit materials X .000001) = Maximum lbs/ac of pit materials to be applied _____

Maximum lbs/ac _____ ÷ _____ lbs/bbl = Maximum bbls/ac _____

PROCEDURE FOR CALCULATING MAXIMUM DRY WEIGHT

Weight of drilling mud[2] _____ lbs/gal x 42 = _____ lbs/bbl

200,000 lbs ÷ _____ lbs/bbl = Maximum bbls/acre _____

PROCEDURE FOR CALCULATING VOLUME OF PIT CONTENTS

$$V = \frac{(W_t \times L_t) + (W_b \times L_b)}{2} \times D \times .1781$$

Where, V = volume

W_t = width of pit in feet at top of pit contents.

L_t = length of pit in feet at top of pit contents.

W_b = width of pit in feet at bottom of pit.

L_b = length of pit in feet at bottom of pit.

D = depth in feet of pit contents to be soil farmed.

[1]Electrical Conductivity (EC expressed in micromhos/cm) may be used to estimate TSS: EC x 0.64 = ppm TSS.

[2]Based on laboratory analysis of Dry Weight.

[**Source:** Added at 12 Ok Reg 2017, 7-1-95]

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APPENDIX I. SOIL LOADING FORMULAS

TOTAL DISSOLVED SOLIDS

EC of receiving soil _____ micromhos/cm x 0.64 = _____ ppm TDS. TDS in receiving soil _____ ppm x 2 = _____ lbs/ac TDS in receiving soil.

6,000 lbs/ac TDS* - _____ lbs/ac TDS in receiving soil = Maximum TDS (lbs/ac) to be applied _____.

EC of materials to be applied _____ micromhos/cm x 0.64 = _____ ppm TDS.

Maximum TDS (lbs/ac) to be applied _____ ÷ (TDS of materials to be applied _____ ppm x .000001) = Maximum weight of materials to be applied _____ lbs/ac.

FOR LIQUID MATERIALS:

Maximum weight of materials to be applied _____ lbs/ac ÷ (sample weight _____ lbs/gal** x 42) = Maximum loading _____ bbls/ac.

Total volume of materials to be applied _____ bbls ÷ Maximum loading _____ bbls/ac = Minimum acres required _____.

FOR SOLID MATERIALS:

Maximum weight of materials to be applied _____ lbs/ac ÷ (sample weight _____ lbs/gal** x 202) = Maximum loading _____ cu yds/ac.

Total volume of materials to be applied _____ cu yds ÷ Maximum loading _____ cu yds/ac = Minimum acres required _____.

CHLORIDES

Cl in receiving soil _____ ppm x 2 = _____ lbs/ac Cl in receiving soil.

3500 lbs/ac Cl - _____ lbs/ac Cl in receiving soil = Maximum Cl (lbs/ac) to be applied _____.

Maximum Cl (lbs/ac) to be applied _____ ÷ (Cl of materials to be applied _____ ppm x .000001) = Maximum weight of materials to be applied _____ lbs/ac.

Maximum weight of materials to be applied _____ lbs/ac ÷ (sample weight _____ lbs/gal** x 202) = Maximum loading _____ cu yds/ac.

Total volume of materials to be applied _____ cu yds ÷ Maximum loading _____ cu yds/ac = Minimum acres required _____.

OIL AND GREASE[1]

40,000 lbs/ac O&G* ÷ (O&G of materials to be applied _____ ppm x .000001) = Maximum weight of materials to be applied _____ lbs/ac.

FOR LIQUID MATERIALS:

Maximum weight of materials to be applied _____ lbs/ac ÷ (sample weight _____ lbs/gal** x 42) = Maximum loading _____ bbls/ac.

Total volume of materials to be applied _____ bbls ÷ Maximum loading _____ bbls/ac = Minimum acres required _____.

Maximum bbls/ac ÷ 4.809 = Maximum cu yds/ac _____.

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FOR SOLID MATERIALS:

Maximum weight of materials to be applied _____ lbs/ac ÷ (sample weight _____ lbs/gal** x 202) = Maximum loading _____ cu yds/ac.

Total volume of materials to be applied _____ cu yds ÷ Maximum loading _____ cu yds/ac = Minimum acres required _____.

DRY WEIGHT

Wet weight of drilling mud**_____ lbs/gal x _____ % Dry weight = _____ lbs/gal Dry weight.

_____lbs/gal Dry weight x 202 = _____ lbs/cu yd.

200,000 lbs/ac Dry weight ÷ _____ lbs/cu yd = Maximum cu yds/ac _____.

Total volume of materials to be applied _____ cu yds ÷ Maximum cu yds/ac _____ = Minimum acres required _____.

*Soil loading standards are based upon standards set forth in "Diagnosis and Improvement of Saline and Alkaline Soils," U.S. Agriculture Handbook 60. Pub. U.S. Salinity Laboratory, Riverdale, California, 1954; Moseley, H.R., "Summary and Analysis of API Onshore Drilling Mud and Produced Water Environmental Studies," 1983, American Petroleum Institute Bulletin D-19.

**Based on actual weight of composite sample of materials.

[1] GRO or DRO may be substituted for oil and grease

[**SOURCE:** Added at 12 Ok Reg 2039, 7-1-95; Amended in Rule Making 97000002, eff 7-1-97

APPENDIX J. DEWATERING OIL ALLOWABLE TABLE

(100 percent of market demand)

Depth*	Barrels Per Day
To-3000	200
3001-4000	400
4001-5000	600
5001-6000	800
6001-7000	1000
7001-8000	1100
8001-9000	1200
9001-10000	1300
10001-	1400

* The depth in feet from the surface of the ground to the top of the producing formation in the oil well.

[**SOURCE:** Added in Rule Making 200100009, eff 7-1-02]

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