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Submission Date: 03/31/2010 15:29:22 pm

Agency Name: Corporation Commission, Oklahoma - OCC

Mailing Address: 2101 N. Lincoln Blvd Jim Thorpe Bldg
City: Oklahoma City
State: OK
Zip: 73105

Type Of Filing: Administrative Rules

Title Number: 165

Subject of rules:
OAC 165:10, Oil and Gas Conservation

Rule Type: Permanent

Adoption Date: 03/30/2010

Public Comment:

Comments were made and discussions held regarding the proposed rules. Written comments filed with the Commission's Court Clerk's Office are attached. All comments were addressed and taken into account in the final proposed rules.

Rule Impact:

No adverse economic impact anticipated.

Reason for rule:

To conform to 68 O.S. § 1001 and amendments thereto in Senate Bill 313 (2009). To update, standardize, and streamline language and procedures, as well as address changes in technology.

Statutory Authority to promulgate the rules:

Oklahoma Corporation Commission 17 O.S. §52, 27A O.S. §1-3-101, 52 O.S. §139, 68 O.S. §1001 and OAC 165:5-1-7.

Fee Increase? No

FILED
APR 01 2010

COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

Affects Political Subdivision? No

**AGENCY RULE REPORT
OKLAHOMA CORPORATION COMMISSION
PERMANENT RULEMAKING
OAC 165:10. OIL AND GAS CONSERVATION
CAUSE RM NO. 201000003**

Pursuant to the Oklahoma Administrative Procedures Act requirements appearing in 75 Okla. Stat. §§ 303.1(A) and 308(A), the Oklahoma Corporation Commission ("Commission") hereby respectfully submits this Agency Rule Report to the Honorable Brad Henry, Governor of the State of Oklahoma, the Honorable Glen Coffee, President Pro Tempore of the State Senate, and the Honorable Chris Bengel, Speaker of the House of Representatives.

1. DATE OF PUBLICATION OF NOTICE OF PROPOSED RULEMAKING:

The Commission's Notice of Proposed Rulemaking was published in the *Journal Record* of Oklahoma City, Oklahoma, on February 10, 2010, and in the *Tulsa Daily Commerce & Legal News* of Tulsa, Oklahoma, on February 15, 2010.

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

2. NAME AND ADDRESS OF THE AGENCY:

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

3. TITLE AND NUMBER OF THE RULES:

Subchapter 1. Administration
Part 1. General Provisions
165:10-1-2. Definitions [AMENDED]
165:10-1-4. Citation effective date [AMENDED]
165:10-1-7. Prescribed forms [AMENDED]
Part 3. Surety
165:10-1-10. Operator's agreement; Category A and Category B surety [AMENDED]
Subchapter 3. Drilling, Developing, and Producing
Part 1. Drilling
165:10-3-1. Required approval of notice of intent to drill, deepen, re-enter, or recomplete; Permit to Drill [AMENDED]
165:10-3-3. Surface and production casing [AMENDED]
165:10-3-4. Casing, cementing, wellhead equipment, and cementing reports [AMENDED]

Part 3. Completions

165:10-3-10. ~~Fracture and acidizing~~Well completion operations [AMENDED]

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

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

Part 5. Operations

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

165:10-3-31. Use of vacuum at the well head [AMENDED]

Subchapter 5. Underground Injection Control

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

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

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

Subchapter 7. Pollution Abatement

Part 3. Storage and Disposal of Fluids

165:10-7-16. Use of noncommercial pits [AMENDED]

165:10-7-17. Surface discharge of fluids [AMENDED]

165:10-7-19. One-time land application of water-based fluids from earthen pits and tanks [AMENDED]

165:10-7-20. Noncommercial disposal or enhanced recovery well pits used for temporary storage of saltwater [AMENDED]

165:10-7-22. Permits for County Commissioners to apply waste oil, waste oil residue, or crude oil contaminated soil to roads [AMENDED]

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

165:10-7-27. Application of waste oil, waste oil residue, or crude oil contaminated soil by oil and gas operators and pipeline companies [AMENDED]

165:10-7-29. Application of freshwater drill cuttings by oil and gas operators [AMENDED]

Subchapter 8. Commercial Recycling

Part 1. Hydrocarbon recycling/reclaiming facilities

165:10-8-5. Surety requirements for reclaimers [AMENDED]

165:10-8-7. Operation and maintenance requirements [AMENDED]

Part 3. Drilling waste recycling/reclaiming facilities [REVOKED]

165:10-8-25. Scope [REVOKED]

165:10-8-26. Definitions [REVOKED]

165:10-8-27. Pit requirements [REVOKED]

165:10-8-28. Application requirements [REVOKED]

165:10-8-29. Surety requirements for reclaimers [REVOKED]

165:10-8-30. Design and construction requirements [REVOKED]

165:10-8-31. Operation and maintenance requirements [REVOKED]

165:10-8-32. Reporting [REVOKED]

- 165:10-8-33. Closure requirements [REVOKED]
- 165:10-8-34. Additional requirements [REVOKED]
- 165:10-8-35. Variances [REVOKED]
- Subchapter 9. Commercial Disposal Facilities
 - 165:10-9-1. Use of commercial pits [AMENDED]
 - 165:10-9-2. Commercial soil farming [AMENDED]
 - 165:10-9-3. Commercial disposal well surface facilities [AMENDED]
 - 165:10-9-4. Commercial recycling facilities [NEW]
- Subchapter 11. Plugging and Abandonment
 - 165:10-11-6. Plugging and plugging back procedures [AMENDED]
 - 165:10-11-7. Plugging record [AMENDED]
- Subchapter 17. Gas Well Operations and Permitted Production
 - 165:10-17-9. Special allocated gas pools [AMENDED]
- Subchapter 21. Applications for Tax Exemptions
- Part 6. Production Enhancement Projects
 - 165:10-21-21. General [AMENDED]
 - 165:10-21-22. Definitions [AMENDED]
 - 165:10-21-23. Qualification procedure [AMENDED]
 - 165:10-21-24. Rebates – Refund procedure [AMENDED]
- Part 7. ~~Re-establishment~~ Reestablishment of Production from an Inactive Well
 - 165:10-21-35. General [AMENDED]
 - 165:10-21-36. Definitions [AMENDED]
 - 165:10-21-37. Qualification procedure [AMENDED]
- Part 8. Deep Wells
 - 165:10-21-45. General [AMENDED]
 - 165:10-21-47. Qualification procedure [AMENDED]
 - 165:10-21-47.1. Rebates – Refund procedure [AMENDED]
- Part 9. New Discovery Wells
 - 165:10-21-55. General [AMENDED]
 - 165:10-21-57. Qualification procedure [AMENDED]
 - 165:10-21-58. Rebates - refund procedure [AMENDED]
- Part 11. Horizontally Drilled Producing Wells
 - 165:10-21-66. Definitions [AMENDED]
 - 165:10-21-67. Qualification procedure [AMENDED]
 - 165:10-21-68. Rebates – Refund procedure [AMENDED]
 - 165:10-21-69. Time periods for exemption from gross production tax levied on horizontally drilled producing wells [AMENDED]
- Part 13. Incremental Production from Enhanced Recovery Projects
 - 165:10-21-75. General [AMENDED]
 - 165:10-21-76. Definitions [AMENDED]
 - 165:10-21-77. Qualification procedure [AMENDED]
 - 165:10-21-78. Recovery of costs allowed as payback factors [AMENDED]
 - 165:10-21-80. Expiration of exemption for incremental production [AMENDED]

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 [AMENDED]

165:10-21-82.2 Qualification procedure [AMENDED]

165:10-21-82.3 Rebates – Refund procedure [AMENDED]

Subchapter 29. Special Area Rules

165:10-29-2. Alternative location requirements for horizontal well units [NEW]

Appendix C: Table HD [REVOKE]

Appendix C: Table HD [NEW]

Appendix F: Schedule B Fines [REVOKE]

Appendix F. Schedule B Fines [NEW]

4. STATUTORY AUTHORITY FOR THE RULES:

Oklahoma Corporation Commission

17 O.S. §52, 27A O.S. §1-3-101, 52 O.S. §139, 68 O.S. §1001 and OAC 165:5-1-7.

5. BRIEF SUMMARY OF THE CONTENT OF THE ADOPTED RULES:

The Commission amends OAC 165:10-1-2 to add a definition concerning commercial recycling facility and to make the definition of "public area" consistent with the definition of such phrase appearing in OAC 165:10-3-16 concerning operation in hydrogen sulfide areas; OAC 165:10-1-4 to update the list of effective dates for OAC 165:Chapter 10 rulemakings since 2007; OAC 165:10-1-7 to update the list of Commission forms, including the deletion and addition of forms and modifying references to applicable Commission rules; OAC 165:10-3-1, OAC 165:10-3-3, OAC 165:10-3-4, OAC 165:10-5-13, OAC 165:10-7-17, OAC 165:10-7-19, OAC 165:10-7-26, OAC 165:10-7-29 and OAC 165:10-8-7 to modify language concerning the assessment of fines; OAC 165:10-1-10 to modify language concerning the assessment of fines and to add a procedure for determining whether applicants with unsatisfactory compliance histories ought to be authorized to operate; OAC 165:10-3-10 concerning hydraulic fracturing; OAC 165:10-3-16 regarding operation in hydrogen sulfide areas, and OAC 165:10-3-17 to update the means by which operators notify the Commission of a fire or blowout and to modify language concerning the assessment of fines. Several of the rules are also amended to change references to the Commission's District or Field Operations offices to the "appropriate Conservation Division District Office."

The Commission amends OAC 165:10-3-28 concerning horizontal drilling; OAC 165:10-3-31 to modify the procedure for obtaining authorization for use of vacuums on wells; OAC 165:10-5-5 regarding applications for approval of injection and disposal wells, including the addition of a procedure for determining whether applicants with unsatisfactory compliance histories ought to be authorized to operate commercial disposal wells; OAC 165:10-5-7 concerning the filing of Form 1012 reports and the

frequency of filing such reports by operators of commercial disposal wells; OAC 165:10-7-16 to establish requirements for flow back water pits with capacity in excess of 50,000 barrels; OAC 165:10-7-20 to update requirements regarding noncommercial disposal or enhanced recovery well pits used for temporary storage of saltwater, including approval of such pits, monitor well and fencing requirements and laboratory certification; OAC 165:10-7-22 to modify language concerning laboratory certification and operation; OAC 165:10-7-27 to modify language regarding assessment of fines and laboratory certification and operation; OAC 165:10-8-5 to require operators of hydrocarbon recycling/reclaiming facilities to file agreements to properly close and reclaim such facilities with the Manager of Document Handling and to revoke Part 3 of Subchapter 8 and OAC 165:10-8-25 through OAC 165:10-8-35 concerning drilling waste recycling/reclaiming facilities.

The Commission also amends OAC 165:10-9-1 to update commercial pit requirements, including monitor well, fencing and Form 1014A filing requirements, modifying language concerning the assessment of fines and laboratory certification and operation and the procedure for determining whether applicants with unsatisfactory compliance histories ought to be authorized to operate commercial pits; OAC 165:10-9-2 to update commercial soil farming requirements, including addition of areas where commercial soil farming is prohibited, modification of monitor well, fencing, laboratory certification and Form 1014A filing requirements and to add a procedure for determining whether applicants with unsatisfactory compliance histories ought to be authorized to conduct commercial soil farming operations; OAC 165:10-9-3 to update commercial disposal well surface facility requirements, including permitting, monitor well, leachate collection system, fencing, site security and laboratory certification requirements and to add new OAC 165:10-9-4 to establish requirements for commercial recycling facilities.

The Commission also amends OAC 165:10-11-6 regarding well plugging and cementing requirements; OAC 165:10-11-7 to delete the reference to the Form 1003C Cementing Report; OAC 165:10-17-9 to add references to Order No. 571714 which issued in Cause CD No. 200902831 concerning certain special allocated gas pools; OAC 165:10-21-21, OAC 165:10-21-22, OAC 165:10-21-23, OAC 165:10-21-24, OAC 165:10-21-35, OAC 165:10-21-36, OAC 165:10-21-37, OAC 165:10-21-45, OAC 165:10-21-47, OAC 165:10-21-47.1, OAC 165:10-21-55, OAC 165:10-21-57, OAC 165:10-21-58, OAC 165:10-21-66, OAC 165:10-21-67, OAC 165:10-21-68, OAC 165:10-21-69, OAC 165:10-21-75, OAC 165:10-21-76, OAC 165:10-21-77, OAC 165:10-21-78, OAC 165:10-21-80, OAC 165:10-21-82, OAC 165:10-21-82.2 and OAC 165:10-21-82.3 in Subchapter 21, Applications for Tax Exemptions, in accordance with 68 O.S. §1001 and amendments thereto in Senate Bill 313 (2009); Subchapter 29, Special Area Rules, to add new language concerning horizontal drilling in certain counties of the State; Appendix C regarding allowables for horizontal oil wells and Appendix F regarding Schedule B fines so as to omit the reference to filing of cementing reports in conjunction with violations of OAC 165:10-11-7.

6. STATEMENT EXPLAINING THE NEED FOR THE ADOPTED RULES:

There is a need to amend OAC 165:10-21-21, OAC 165:10-21-22, OAC 165:10-21-23, OAC 165:10-21-24, OAC 165:10-21-35, OAC 165:10-21-36, OAC 165:10-21-37, OAC 165:10-21-45, OAC 165:10-21-47, OAC 165:10-21-47.1, OAC 165:10-21-55, OAC 165:10-21-57, OAC 165:10-21-58, OAC 165:10-21-66, OAC 165:10-21-67, OAC 165:10-21-68, OAC 165:10-21-69, OAC 165:10-21-75, OAC 165:10-21-76, OAC 165:10-21-77, OAC 165:10-21-78, OAC 165:10-21-80, OAC 165:10-21-82, OAC 165:10-21-82.2 and OAC 165:10-21-82.3 in Subchapter 21, Applications for Tax Exemptions, to conform to 68 O.S. §1001 and amendments thereto in Senate Bill 313 (2009). Other rules were adopted in an effort to update, standardize and streamline language and procedures appearing in OAC 165:10, as well as to address changes in technology, especially with respect to horizontal drilling.

The citizens of the State of Oklahoma will benefit from the adopted rules through, among others, the conservation of water resources occasioned by the proper storage of flow back water which is to be reused for hydraulic fracturing of wells appearing in OAC 165:10-7-16, and the protection of the environment through the recycling of deleterious substances and addition of areas in which commercial soil farming is prohibited appearing in new OAC 165:10-9-4 and OAC 165:10-9-2, respectively. There are added safeguards to the public associated with amendments to OAC 165:10-3-16 concerning operations in hydrogen sulfide areas and modernizing the means by which operators notify the Commission of fires or blowouts appearing in the amendments to OAC 165:10-3-17.

7. DATE AND LOCATION OF THE MEETING AT WHICH SUCH RULES WERE ADOPTED:

On March 30, 2010, in Courtroom 301, Oklahoma Corporation Commission, Jim Thorpe Office Building, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma, 73105, the rules were adopted by the Commission *en banc*.

8. SUMMARY OF COMMENTS AND EXPLANATION OF CHANGES OR LACK OF ANY CHANGES MADE IN THE ADOPTED RULES AS A RESULT OF TESTIMONY RECEIVED AT THE PUBLIC HEARING OR DUE TO ANY ORAL OR WRITTEN COMMENTS RECEIVED PRIOR TO ADOPTION OF THE RULES:

The Commission held meetings beginning in July, 2009, and continuing into February, 2010, requesting input from industry and interested parties concerning possible amendments to the Commission's Oil and Gas Conservation rules, OAC 165:10, prior to filing the Notice of Proposed Rulemaking and proposed rules with the Commission's Court Clerk's Office on February 9, 2010, in Cause RM No. 201000003.

In addition to publishing the Notice of Proposed Rulemaking in the *Journal Record* of Oklahoma City, Oklahoma, and in the *Tulsa Daily Commerce & Legal News* of Tulsa, Oklahoma, on February 10, 2010, and February 15, 2010, respectively, the Notice of Proposed Rulemaking and proposed rules were sent by electronic mail to interested parties on February 9, 2010, and on February 11, 2010, and such Notice and proposed rules were also posted on the Commission's website.

A Technical Conference was held at 10:00 a.m. on February 24, 2010, at the Oklahoma Department of Wildlife Conservation, First Floor Auditorium, 1801 North Lincoln Boulevard, Oklahoma City, Oklahoma, to afford the public an opportunity to appear and comment on, and suggest additions and/or revisions to, the proposed rules. Comments received at the Technical Conference were taken under consideration by Commission staff. Commissioner Dana L. Murphy attended the Technical Conference.

Commission staff prepared revised proposed rules dated March 18, 2010, regarding OAC 165:10-3-28, Subchapter 29 Special Area Rules, and Appendix C pertaining to horizontal drilling, and such revised proposed rules, along with staff's revised proposed amendments regarding OAC 165:5-7-6, OAC 165:5-7-9, OAC 165:5-15-8 and OAC 165:5-15-9 in Cause RM No. 201000005 pertaining to horizontal drilling were discussed at a Technical Conference which occurred at 10:00 a.m. on Thursday, March 18, 2010, at the Oklahoma Corporation Commission, Jim Thorpe Office Building, Courtroom 301, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma. The purpose of the Technical Conference was to afford the public an opportunity to appear and comment on, and suggest additions and/or revisions to, the proposed rules regarding horizontal drilling. Comments received at the Technical Conference were taken under consideration by Commission staff. Commissioner Dana L. Murphy attended the Technical Conference.

On March 18, 2010, and on March 22, 2010, Commission staff filed revised proposed amendments to the Commission's Oil and Gas Conservation rules, OAC 165:10. A hearing on the merits before the Commission *en banc* took place on March 23, 2010, at 9:30 a.m. at the Oklahoma Corporation Commission, Jim Thorpe Office Building, Courtroom 301, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma. At the March 23, 2010, hearing, Commissioner Dana L. Murphy requested that the phrase "land owner" be changed to "surface owner" in OAC 165:10-1-7(b)(1) and OAC 165:10-1-7(b)(43); that "commercial facility" be added to the term "report" concerning Form 1014A addressed in OAC 165:10-1-7(b)(29); that the word "commencing" be added to OAC 165:10-1-7(b)(33) regarding Form 1014CS applications for commercial soil farming; that the word "security" be changed to "surety" in OAC 165:10-7-16, OAC 165:10-9-1, OAC 165:10-9-2 and OAC 165:10-9-4; that operators of commercial recycling facilities permitted or ordered prior to the effective date of OAC 165:10-9-4 must either comply with pertinent subsections of such rule or close such facilities within one year of the effective date of the rule, and that references to the Commission's

District or Field Operations Offices in pertinent proposed rules be changed to "appropriate Conservation Division District Office" in order to standardize such language. Commission staff agreed with the changes requested by Commissioner Murphy. After taking public comments concerning the revised proposed amendments to the Commission's Oil and Gas Conservation rules, OAC 165:10, the March 23, 2010, hearing recessed. On March 26, 2010, Commission staff filed revised proposed amendments to the Commission's Oil and Gas Conservation rules, OAC 165:10.

The hearing on the merits reconvened before the Commission *en banc* on March 30, 2010, at 2:00 p.m. at the Oklahoma Corporation Commission, Jim Thorpe Office Building, Courtroom 301, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma. All written and oral comments received by the Commission were considered prior to submission of the rules for approval.

The full written comments filed with the Commission's Court Clerk's Office presented to the Commission are attached as **Appendix "A."** Below is a summary of those comments and the action taken by the Commission as a result thereof.

- i. OAC 165:10-1-10(d), OAC 165:10-5-5(k), OAC 165:10-9-1(l), OAC 165:10-9-2(n) and OAC 165:10-9-4(l): The proposed language permits the Director of the Conservation Division to seek an order of the Commission issued after application, notice and hearing, determining whether an applicant who may not possess a satisfactory compliance history with Commission rules should be authorized to operate in the State, and to operate various commercial facilities. A comment was filed stating that the proposed language appearing in the revised amendments filed on March 22, 2010, was less clear than the language previously proposed. Such comment was later retracted, and the commentator supported the language appearing in the revised proposed rules filed March 22, 2010, which language also appears in the revised proposed rules filed March 26, 2010.
- ii. OAC 165:10-3-16(l)(3): A comment was filed recommending that the reference to American Society for Testing and Materials Standard D-2385-81 be deleted, as it had been proposed to be deleted in OAC 165:10-3-16(b)(1). The Commission agreed with and incorporated this suggested change.
- iii. OAC 165:10-3-28(b)(6): The definition of "lateral" is proposed to be deleted from this rule. In response to a comment filed regarding such term, it is the Commission staff's position that the term "lateral" ought to be afforded its common, everyday meaning, and it is unnecessary to define such term.

- iv. OAC 165:10-3-28(b)(10): A comment was filed recommending that the Commission establish a process or procedure to classify and list formations as shale or coal bed to clarify for operators what formations are considered "unconventional reservoirs" and are subject to the requirements of this rule. The Commission subsequently revised the definition of "unconventional reservoir" to provide that it shall mean a common source of supply that is a shale or a coal bed, and that "unconventional reservoir" shall also mean any other common source of supply designated as such by Commission order or rule.
- v. OAC 165:10-5-7(b)(1): A comment was filed recommending that Form 1012 be submitted for commercial disposal wells at least thirty days after the quarter ends, and that the phrase "April 1st" be deleted in the tag line for this paragraph. The Commission agreed with and incorporated these suggested changes in OAC 165:10-5-7(b)(1). The Commission also incorporated the recommendation that Form 1012 be submitted for commercial disposal wells thirty days after the quarter ends in OAC 165:10-1-7(b)(26).
- vi. OAC 165:10-7-16(f)(2)(B)(v), OAC 165:10-9-1(c)(2)(D) and OAC 165:10-9-4(c)(2)(D): Comments were filed stating that the language in such provisions concerning pits was too restrictive as it relates to "free water," and suggesting that language such as "water table" or other verbiage be used. The Commission subsequently changed the language in such provisions to replace the references to "free water" with the phrase "groundwater level" and to add that perched water tables are not considered for the purpose of such provisions.
- vii. OAC 165:10-7-16(f)(2)(F): A comment was filed suggesting that this subparagraph be deleted in its entirety as it is unnecessary to measure the maximum fluid level in such pits, given that information regarding pit dimensions is to be supplied along with supporting documentation to obtain the issuance of a Form 1014 permitting the pits. The Commission subsequently changed the tag line for the subparagraph to "maximum authorized volume," and such subparagraph was modified to provide that the maximum authorized volume allowed to be stored in a pit shall be calculated from three (3) feet below the point of the lowest elevation of the top of the berm wall.
- viii. OAC 165:10-9-4(e)(4): Comments were filed suggesting that an on-site visit be made during the installation of the geomembrane liner. The

Commission subsequently changed this paragraph to incorporate this recommendation.

- ix. OAC 165:10-9-4(e)(7): A comment was filed suggesting that written approval from the Commission regarding proposed geomembrane liner materials be required prior to delivery of such materials to the pit construction site. The Commission did not incorporate this suggestion as supporting documentation such as geomembrane liner specifications from the manufacturer is required to be submitted to the Manager of Pollution Abatement before operation of the facility commences as stated in OAC 165:10-9-4(e)(17).
- x. OAC 165:10-9-4(e)(17): A comment was filed suggesting that the phrase "bentonite receipts" be deleted from supporting documentation submission requirements, as the rule requires geomembrane liners, rather than soil liners. The Commission agreed and deleted such phrase from the rule.
- xi. OAC 165:10-21-22: A comment was filed recommending that the phrase "oil and/or" previously proposed to be deleted from the definition of "workover" concerning applications for tax exemptions pertaining to production enhancement projects be reinserted. The Commission agreed and reinserted such phrase in the rule.
- xii. Subchapter 21-Applications for Tax Exemptions: A comment was received noting that the operator or one of the working interest owners can be the applicant for tax exemptions addressed in the various Parts. The commentator questioned whether clarification was needed to reflect that the approved applications would be available to the "operator and/or working interest owner," or just the "applicant." The Commission did not make the changes suggested by the commentator.
- xiii. OAC 165:10-29-2: Comments were filed requesting the addition of Atoka, Caddo, Dewey, Grady and Custer counties to this rule regarding alternative location requirements for horizontal wells completed in the Woodford Shale common source of supply. The Commission agreed with the requests to add Atoka, Caddo, Dewey and Grady counties to the rule, but did not agree to add Custer county, as there is currently insufficient data to include Custer county.
- xiv. OAC 165:10-29-2: A comment was filed suggesting that this rule be moved to OAC 165:10-3-28 concerning horizontal drilling. A cross reference to OAC 165:10, Subchapter 29, Special Area Rules, was added to OAC 165:10-3-28(g) to address this comment.

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

Appendix "B" is a list of persons or organizations that appeared at the Technical Conference held February 24, 2010, at 10:00 a.m. at the Oklahoma Department of Wildlife Conservation, First Floor Auditorium, 1801 North Lincoln Boulevard, Oklahoma City, Oklahoma.

Appendix "C" is a list of persons or organizations that appeared at the Technical Conference held March 18, 2010, at 10:00 a.m. at the Oklahoma Corporation Commission, Jim Thorpe Office Building, Courtroom 301, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma.

Appendix "D" is a list of persons or organizations that appeared at the hearing on the merits before the Commission *en banc* which took place on March 23, 2010, at 9:30 a.m. at the Oklahoma Corporation Commission, Jim Thorpe Office Building, Courtroom 301, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma. The March 23, 2010, hearing on the merits recessed and reconvened on March 30, 2010, at 2:00 p.m. at the Oklahoma Corporation Commission, Jim Thorpe Office Building, Courtroom 301, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma.

Appendix "E" is a list of persons or organizations that appeared at the hearing on the merits before the Commission *en banc* which took place on March 30, 2010, at 2:00 p.m. at the Oklahoma Corporation Commission, Jim Thorpe Office Building, Courtroom 301, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma.

10. RULE IMPACT STATEMENT:

Appendix "F" is a copy of the Rule Impact Statement prepared by the Commission on February 25, 2010.

11. ECONOMIC IMPACT AND ENVIRONMENTAL BENEFIT STATEMENT:

Appendix "G" is a copy of the Economic Impact and Environmental Benefit Statement prepared by the Commission on February 25, 2010.

12. RULES INCORPORATED FROM A BODY OUTSIDE THE STATE:

OAC 165:10-3-16-American National Standards Institute Table I, Standard 253.1-1967.

OAC 165:10-3-16-American Petroleum Institute API Standard 2000.

OAC 165:10-7-16-Wellhead Protection Program (42 USC Section 300h-7, Safe Drinking Water Act).

OAC 165:10-7-16-RCRA Groundwater Monitoring Technical Enforcement Guidance Document, EPA, OSWER-9950.1, September 1986, pp. 99-107.

OAC 165:10-9-2-Wellhead Protection Program (42 USC Section 300h-7, Safe Drinking Water Act).

OAC 165:10-9-4-Wellhead Protection Program (42 USC Section 300h-7, Safe Drinking Water Act).

OAC 165:10-9-4-RCRA Groundwater Monitoring Technical Enforcement Guidance Document, EPA, OSWER-9950.1, September 1986, pp. 99-107.

13. IMPACT OF THE PROPOSED RULES ON SMALL BUSINESS AS PROVIDED BY THE OKLAHOMA SMALL BUSINESS REGULATORY FLEXIBILITY ACT:

Pursuant to the Oklahoma Small Business Regulatory Flexibility Act, 75 O.S. § 501 et seq., the Commission has determined there will be no adverse economic impact on small businesses. All owners and operators of oil and gas wells impacted by the rule amendments will benefit from the cost savings and efficiencies derived from the amendments. Therefore, small business operators with fifty or fewer full or part time employees will benefit from the rule changes.

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

On March 30, 2010, Commissioners Bob Anthony, Jeff Cloud and Dana L. Murphy voted to adopt the rules on a permanent basis and to submit such rules to the Governor and the Legislature for their approval, pursuant to the Administrative Procedures Act, 75 O.S. §§ 250 through 323.

15. ADOPTED RULES:

The rules adopted by the Commissioners on March 30, 2010, are attached as **Appendix "H."**

From: Angie Burckhalter [aburckhalter@oipa.com]
Sent: Monday, March 29, 2010 4:00 PM RM 201000003
To: Susan Conrad
Subject: Chapter 10 Comments

Susan:

In regards to the comment we sent on March 22 relating to the compliance history on page 119 and elsewhere in Chapter 10, we retract our comment.

*Angie Burckhalter
V.P., Regulatory Affairs*

*Oklahoma Independent Petroleum Association
3555 N.W. 58th Street, Ste. 400
Oklahoma City, OK 73112
405-942-2334, x 221
fax 405-942-4636
aburckhalter@oipa.com*

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Susan Conrad

From: Angie Burckhalter [aburckhalter@oipa.com]
Sent: Monday, March 22, 2010 5:23 PM
To: Susan Conrad; Lori Wrotenbery
Cc: 'Brent Cummings'
Subject: Chapter 10 revisions
Attachments: All2010O&Gproposals(color).pdf

Importance: High

RM 201000003

FILED
MAR 23 2010

COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

Susan/Lori:

Just a few comments on the proposed revisions:

1. Bad Actor language in multiple parts of the rule: Why was the language changed? The wording is less clear and almost appears there is a foregone conclusion. In reference to page 119, we have the following suggested language that could be used elsewhere in the document;

1) **Compliance history.** In the event the Commission has evidence that an applicant for a commercial recycling facility may not possess a satisfactory compliance history with Commission rules, the Director of the Conservation Division may make application for a hearing, after notice, to determine whether or not the applicant should be authorized to operate such a facility. The commission shall prepare an order of its findings.

2. Page 50, regarding commercial disposal well data: Are you expecting operators to submit quarterly data before the calendar quarter is complete? We suggest the data be submitted 30 days after the end of the quarter.

3. Page 60, item F: By marking out the first part of the paragraph that includes max dimensions, the remaining portion of this paragraph seems unnecessary regarding where to measure the maximum fluid level. All of the dimensions will be provided in supporting information that goes with Form 1014 that will be approved by OCC under (f)(2)(A)(v). We suggest F be deleted in its entirety.

4. Page 114, the new language added to item (e)(4) is confusing. Does a PE have to conduct the inspection during the geomembrane installation? If you want an inspection during the geomembrane installation, then this would basically be your "during construction" site visit. Suggest the text be clarified.

Angie Burckhalter

V.P., Regulatory Affairs

Oklahoma Independent Petroleum Association

-----Original Message-----

From: Karen Billing [mailto:K.Billing@occemail.com]

Sent: Monday, March 22, 2010 11:41 AM

Subject: FW: All2010O&Gproposals(color)

From: Brenda Loggins

Sent: Monday, March 22, 2010 11:39 AM

To: Karen Billing
Subject: FW: All2010O&Gproposals(color)

Please forward to all of the Oil and Gas distribution lists.

From: Susan Conrad
Sent: Monday, March 22, 2010 11:34 AM
To: Bob Anthony; Jeff Cloud; Dana Murphy; Larry Lago; Bob Vandewater; Teryl Williams; Jackie Hollinhead; Lisa Roberts; Billie Rodely
Cc: Lori Wrotenbery; Andrew Tevington; Michele Craig; Sally Shipley; Tim Baker; Ron Dunkin; Wayne Wright; Brenda Loggins; Cheryl Fitzgerald
Subject: FW: All2010O&Gproposals(color)

From: Susan Conrad
Sent: Monday, March 22, 2010 11:31 AM
To: Brenda Loggins
Subject: FW: All2010O&Gproposals(color)

Attached are the Oklahoma Corporation Commission ("Commission") staff's revised proposed amendments to the Commission's Oil and Gas Conservation rules, OAC 165:10. Please note that changes from what was previously proposed appear in green ink in the attached document. The Commission *en banc* shall consider the permanent adoption of the proposed rules in a public hearing at 9:30 a.m. on Tuesday, March 23, 2010, in Courtroom 301, Third Floor, Jim Thorpe Office Building, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma, 73105. All are invited to attend the hearing and comment on the proposed rules.

Susan Dennehy Conrad
Assistant General Counsel
Oklahoma Corporation Commission
2101 North Lincoln Boulevard
Oklahoma City, OK 73105
Telephone: (405)521-3939
Facsimile: (405)521-4150
Email address: s.conrad@occemail.com

From: Brenda Loggins
Sent: Monday, March 22, 2010 10:52 AM
To: Susan Conrad
Subject: All2010O&Gproposals(color)

From: Stout, Mark [Mark.Stout@dvn.com]
 Sent: Thursday, March 18, 2010 2:26 PM
 To: Ron Dunkin; Lori Wrotenbery; Susan Conrad
 Subject: FW: Caddo County Completion Paperwork
 Attachments: Caddo County Completion Paperwork.pdf
 Importance: High

FILED
 MAR 22 2010

Re: Proposed Rulemaking Cause No. 201000003

COURT CLERK'S OFFICE - OKC
 CORPORATION COMMISSION
 OF OKLAHOMA

Dear Lori, Ron and Susan,

Attached is a 1002A on a Woodford shale well Devon recently completed in Caddo County. As discussed in the rulemaking meeting this morning Devon would offer this completion form as support for including Caddo County in the Subchapter 29. Special Area Rules proposed for the Woodford shale.

R.Mark Stout
 Manager, Regulatory

-----Original Message-----

From: Pratt, Carol
 Sent: Thursday, March 18, 2010 2:07 PM
 To: Stout, Mark
 Subject: FW: Caddo County Completion Paperwork

This completion paperwork is for the Jackson 1-11H. It shows the producing formation to be the Woodford.

Thank you!
 Carol Pratt
 Devon Energy Corporation
 Regulatory Technician
 20NB 06.055E
 (405)228-3033
Carol.Pratt@dvn.com

-----Original Message-----

From: Pratt, Carol [mailto:Carol.Pratt@dvn.com]
 Sent: Thursday, March 18, 2010 2:05 PM
 To: Pratt, Carol
 Subject: Caddo County Completion Paperwork

This document was generated by IKON
 DocSend on the device #c00012600.

Confidentiality Warning: This message and any attachments are intended only for the use of the intended recipient(s), are confidential, and may be privileged.

Susan Conrad

From: Stout, Mark [Mark.Stout@dvn.com]
Sent: Thursday, March 18, 2010 2:42 PM
To: Lori Wrottenbery; Ron Dunkin; Susan Conrad
Subject: FW: Woodford horizontals

Importance: High

Re: Proposed Rulemaking Cause No. 201000003

Dear Lori, Ron and Susan,

In response to our meeting this morning, below please find an e-mail message from John Spaid. John is a Devon geologist working the Woodford Shale. Devon would respectfully request that Dewey, Custer and Grady Counties be included in the Subchapter 29. Special Area Rules for the Woodford Shale. Thanks again for the opportunity to participate in the rulemaking process.

R. Mark Stout

Manager, Regulatory

Central Division

From: Spaid, John
Sent: Thursday, March 18, 2010 2:14 PM
To: Stout, Mark
Cc: Stamm, Chris
Subject: Woodford horizontals

Dewey County: Continental 1-2H brown located in section 2 17N 16W, Dewey County completed in the Woodford as a horizontal well

Continental has proposed a Woodford horizontal in section 15 16N 16W, Dewey County.

They are slowly working their way south into Custer County with leasing and well proposals

Grady County: Continental Ballard section 17 7N 6W, horizontal Woodford. Drilled the McCalla 1-11H 7N 6W Woodford oil well

Cimarex has drilled horizontal Woodford, the Calvert 1-16H section 16 10N 18W and they are currently drilling the Oaks 1-4 H 10N 18W.

Let me know if you need anything else.

John Spaid

Senior Geological Advisor

Devon Energy

Susan Conrad

From: Angie Burckhalter [aburckhalter@oipa.com]
Sent: Tuesday, March 16, 2010 4:33 PM
To: Susan Conrad; Lori Wrotenbery
Subject: OCC - Chapter 10 - OIPA's comments

The following provides OIPA's comments on OCC's proposed Chapter 10 rules. More comments and questions may be submitted in the horizontal meeting scheduled for March 18. If you have any questions, please let me know.

1. Ref. page 38, 165:10-3-16(l)(3), Operations in hydrogen sulfide areas, Referenced organizations and publications: The reference to the ASTM should be deleted in (l)(3) as it is no longer used in this section.
2. Ref. page 41, 165:10-3-28, Horizontal drilling: In regards to (b)(5), is a "lateral" defined in OCC's rules?
3. Ref. page 41, 165:10-3-28, Horizontal drilling: In regards to (b)(11), we recommend OCC establish a process or procedure to classify and list formations as shale or coal bed to clarify for operators what formations are considered "unconventional reservoirs" and are subject to the requirements of this section.
4. Ref. page 141, 165:10-29-2: Recommend this section be moved into the horizontal drilling section to prevent operators from overlooking it when drilling a horizontal well.
5. Ref. page 49, 165:10-5-7(b)(1): Recommend Form 1012 be submitted at least 30 days after the quarter ends. Also, delete "April 1st" in the title of item (b)(1).
6. Ref. page 59, 165:10-7-16(f)(2)(B)(v): In the technical conference, an attendee recommended that the language in (v) is too restrictive as it relates to "free water". It was suggested that "free water" be replaced with "water table". This same language appears throughout other parts of the rule (page 93, 112, and possibly elsewhere). We agree with those comments and suggest the language be changed.
7. Ref. page 130, 165:10-21-22, definition of "Workover": The words "oil and/or" are struck from the text. The intent of this section is to allow an exemption for production enhancement projects on both oil and gas workovers. We recommend "oil and/or" not be deleted from the text.
8. Ref. page 130-140, Subchapter 21, Applications for Tax Exemptions, Qualification procedure: OCC is proposing changes to a number of areas in Subchapter 21 regarding the qualification procedure i.e. "If the Department approves the application, a copy of the approved application shall be forwarded available to the operator." The operator or one of the working interest owners can be the applicant. Is clarification needed to reflect that the approved applications will be available to the "operator and/or working interest owner" or just "applicant"?

Angie Burckhalter
V.P., Regulatory Affairs

Oklahoma Independent Petroleum Association
3555 N.W. 58th Street, Ste. 400
Oklahoma City, OK 73112

FILED
 MAR 17 2010

405-942-2334, x 221
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WILEY N. COOK and ASSOCIATES

A Limited Liability Company
Consulting Professional Engineers • Construction Managers
P.O. Box 31676 • Edmond, Oklahoma 73003 • 405.285.7297 (Voice & Fax)

Case RN No.
20100003

March 15, 2010

FILED
MAR 16 2010

Mr. Tim Baker, Manager
Pollution Abatement Department
OKLAHOMA CORPORATION COMMISSION
P.O. Box 52000
Oklahoma City, Oklahoma 73152

COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

Re: Proposed Oil and Gas Rulemakings 2010

Dear Sir:

Pursuant to our recent discussions regarding various proposed rule clauses, following are some ideas for your consideration. You and I have discussed most of the following in recent conversations.

Please consider the following alternative language for the proposed change to OAC 165:10-9-1 Use of Commercial Pits (e)(2)(D).

"No commercial pit shall be authorized, permitted, or constructed unless it is shown that there is a minimum of 25 feet between the bottom of the pit and the saturated groundwater surface (water table) of the first aquifer. For the purposes of this section, the first aquifer must produce a sustainable yield of not less than 5 gallons per minute, as demonstrated by a suitable yield test, other definitions of aquifer appearing elsewhere notwithstanding. Perched water tables are not considered to be aquifers for the purposes of this section. To ascertain this and to demonstrate the subsurface profile of the site, a minimum of three test borings (the exact number and locations to be determined or approved in advance by the Pollution Abatement Department) shall be drilled to a minimum depth of 25 feet below the proposed bottom of the pit and a minimum of 10 feet below the top of the first free water encountered. Test borings need not extend deeper than 50 feet below the proposed bottom of the pit, if no free water is encountered before that depth. All test borings converted to monitor wells shall conform to (e)(15) of this Section. All test borings not converted to monitor wells shall be plugged from bottom to top in accordance with the applicable requirements of the Oklahoma Water Resources Board."

The term "aquifer", as defined at OAC 165:10-1-2 Definitions, "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." The words "capable" and "significant" are open to very broad, and, thus, potentially confusing, interpretation and/or application in the commercial pit, commercial soil farm, and commercial recycling permitting processes. Most civil engineering references will suggest that, in order to be defined as an aquifer, such formations should have minimum yield capabilities. Most references consider that isolated or remote single family and livestock watering applications are the most likely low end yield applications. Most of these references consider a yield of about 5 gallons per minute to be the minimum sustainable yield required to reliably support a single family household. Livestock watering systems utilizing electrical or motor driven pumps are considered to need similar sustainable deliverability (about 5 gallons per minute minimum). Livestock watering systems utilizing windmills do not have to rely on formations with sustainable yields (aquifers) to provide minimum quantities of water. Also, most engineering definitions of "aquifer" make reference to "water of suitable quality" for a useful purpose. I have not addressed any water quality standards herein.

Mr. Tim Baker, Manager
Re: Proposed Oil and Gas Rulemakings 2010
March 15, 2010
Page 2 of 2

I suggest consideration of this same language, or similar language, in the proposed changes to OAC 165:10-9-2 Commercial Soil Farming and OAC 165:10-9-4 Commercial Recycling Facilities.

With respect to the proposed changes for OAC 165:10-9-4(e)(4) Monitoring By Engineer, I suggest consideration of requiring a minimum of 4 pit related onsite visits by the engineer of record (one pre-construction, one during general construction, one DURING LINER INSTALLATION, and one post-construction). I suggest consideration of the same for the proposed changes to OAC 165:10-9-1(e)(4) Monitoring By Engineer.

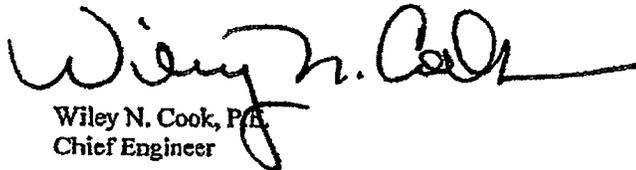
With respect to the proposed changes for OAC 165:10-9-4(e)(7) Geomembrane Liners, I suggest consideration of requiring WRITTEN Oklahoma Corporation Commission approval of proposed geomembrane liner materials PRIOR TO DELIVERY to the pit construction site.

With respect to the proposed changes for OAC 165:10-9-4(e)(17) Liner Certification, I suggest consideration of deleting the words "bentonite receipts and" as extraneous, since this rule will not allow soil liners.

Please do not hesitate to contact me should you require clarification of any of the foregoing or should you have any other questions.

Yours very truly,

WILEY N. COOK and ASSOCIATES



Wiley N. Cook, P.E.
Chief Engineer



March 12, 2010

FILED
MAR 16 2010

Ms. Lori Wrotenbery, Director
Oil and Gas Conservation Division
Oklahoma Corporation Commission
2101 North Lincoln Boulevard
Oklahoma City, Oklahoma 73105

COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

Re: Proposed Rulemaking Cause No. 201000003

Dear Ms. Wrotenbery:

Devon Energy Corporation (Devon), an Oklahoma-based company, is one of the largest oil and gas producers in North America. Through its subsidiary Devon Energy Production Company L.P., Devon operates both conventional and unconventional wells in Oklahoma. Devon supports the efforts of the Oklahoma Corporation Commission to facilitate discussions on possible rule changes pertaining to horizontal wells.

Devon is generally supportive of the proposed rule changes pertaining to horizontal wells set out in RM Cause No. 201000003. Devon respectfully submits the following recommendations with regard to the horizontal well provisions contained in RM Cause No. 201000003:

1. SUBCHAPTER 29. SPECIAL AREA RULES, 165:10-29-2(b) Woodford shale (1). It is recommended that the following Counties be added to the Special Area Rules for the Woodford shale:

Caddo County, Custer County, Dewey County, Grady County and Kingfisher County

2. SUBCHAPTER 29. SPECIAL AREA RULES, 165:10-29-2(b) Woodford shale (2). This provision sets forth the minimum distance set backs from unit boundaries. Due to the complexities inherent in drilling and completing horizontal Woodford shale wells (with ever increasing lateral lengths) it is a concern that an operator, despite conducting its operations in a prudent manner, could find itself with a portion of its lateral/completion interval in the formation immediately above and/or below the Woodford shale. In such cases, Devon recommends that the rules provide that the minimum distance set backs for such zones mirror the minimum distance set backs for the Woodford shale to avoid potentially harsh consequences that could result from different set back requirements.

Devon appreciates the opportunity to comment on this proposed rulemaking.

Sincerely,

R. Mark Stout
Manager, Regulatory
Central Division

Brenda Loggins

FILED
MAR 12 2010

From: Susan Conrad
Sent: Friday, March 12, 2010 1:19 PM
To: Brenda Loggins
Cc: Lori Wrotenbery; Ron Dunkin; Bob McCoy
Subject: FW: Special Technical Conference

**COURT CLERK'S OFFICE -- OKC
CORPORATION COMMISSION
OF OKLAHOMA**

Brenda-Please file the comment below from Mr. Foshee with the Court Clerk's Office in Cause RM No. 201000003.
Thanks-Susan

From: Lori Wrotenbery
Sent: Friday, March 12, 2010 1:01 PM
To: Susan Conrad
Cc: Ron Dunkin; Bob McCoy
Subject: FW: Special Technical Conference

Would you please make sure this comment gets filed in the Chapter 10 proceeding? Thanks.

From: Ron Foshee [mailto:RFOSHEE@samson.com]
Sent: Thursday, March 11, 2010 3:58 PM
To: Lori Wrotenbery
Cc: Grant Black
Subject: RE: Special Technical Conference

Ms. Wrotenbery,

I appreciate all of the hard work that you and your staff have done to make changes to the Chapter 5 and 10 Rules. With all of the varied interests involved in the process, I feel you should be proud of the progress that has been made.

I do not know the official requirements for making Written Comments relating to the Chapter 10 changes, so please let me know if I need to submit a more formal comment.

The one item I see that would enhance the work we have done would be to add Atoka County to the list of counties named in SUBCHAPTER 29. SPECIAL AREA RULES on page 141 of Chapter 10.

Atoka County is adjacent to Coal and Pittsburg Counties and is being developed for the Woodford Shale. It is a portion of the Arkoma Basin and the horizontal stress field that influence the drainage patterns in Hughes and Pittsburg Counties are in effect here as well. The need for the same exception and alternative location requirements for horizontal wells has been established by the testimony of Geologists and Engineers to support this claim.

For these reasons, I suggest that the section read:

165:10-29-2. Alternative location requirements for horizontal wells

(a) Scope and effect. The well location requirements of this Section apply to horizontal wells completed in designated common sources of supply and geographic areas as specified in this Section. Horizontal wells covered by this Section are subject to OAC 165:10-3-28 and other applicable Commission rules except as provided in this Section.

(b) Woodford shale.

(1) This subsection applies to horizontal wells completed in the Woodford shale common source of supply in Atoka, Blaine, Canadian, Coal, Haskell, Hughes,

Kingfisher, LeFlore, Latimer, McIntosh, Pittsburg, and Sequoyah Counties.

(2) The completion interval of a horizontal well subject to this subsection shall be located not less than the minimum distance from the boundary of a standard or non-standard horizontal well unit as follows:

- (A) Not less than 330 feet from an east or west unit boundary.
- (B) Not less than 165 feet from a north or south unit boundary.

Again, please let me know if I should employ a different process to submit this suggestion.

Ronald R. Foshee

Senior District Geologist
Samson Resources Company
Two West Second Street
Tulsa, OK 74103
918-591-1995 office
918-591-7995 fax
479-200-4785 cell
rfoshee@samson.com

From: Lori Wrotenbery [mailto:L.Wrotenbery@occm.com]

Sent: Thursday, March 04, 2010 10:21 AM

To: Abernathy, Robert; Adams, Suzanne; Addison, Jim; Allen, Jesse; Allen, Matt; Altemus, Becky; Ball, J. Robert; Barnes, Ron; Barton, Margaret; Base, Kaye; Beckwith-Stands, Pauline; Bernard, Mike; Grant Black; Blanchard, Paul; Books, Richard; Bose, Randy; Boudreau, Steve; Bracken, Barth; Branan, Senator Cliff; Brewer, Keith; Broadway, Chris; Burckhalter, Angie; Burton, Wenona; Buser-Shires, Sue; Bush-Ivie, Elizabeth; Case, Bill; Chapman, Carye; Chapman, Rick; Clark, Paul; Cleary, Sandra; Cless, Nathan; Coddington, Art; Cody, Alan G.; Corsoro, Jim; Costello, Bob; Cowan, Patrick; Cox, Sylvia; Craig, Jason; Crowley, Michael; Cude, Stacey; Culpepper, Lisa; Cummings, Brent; Dantzler, Amy; Davis, Chuck; Davis, Kimilla; Davis, Michael; DeWitt, Julie; Downey, Terry; Dryden, Laveta; Dudley, Joann and Jameson, Herman; Dunlap, Tom; Edge, Joan; Ezell, michael; Ferate, A.J.; Fisher, Mark; Fisk, Doug; Ron Foshee; Freeman, Miranda; French, Jason; George, Anne; George, Jim; Gibson, James; Gist, Fred; Gore, Richard; Green, Max; Grimes, Richard; Haley, Ken; Hatcher, Jerrell; Heinze, Cindy; Helm, Charles; Hempel, Karmaleta; Henry, Keith; Hofstrom, Mike; Hollman, Larry; Holly, Jim; Horn, Jerry; Howell, Richard; Jackson, Dianne; Johnston, Betty; Johnston, Brandon; King, Eric; Kintzele, Matthew; Lane, Ashley; Larecy, Fred; LeForce, John; Lewis, Fletcher; Lovelace, Karl & June; Lucas, Richard; Luttrell, Tom; Mahaffey, Greg; Marlatt, Senator Bryce; Marlatt, Senator Bryce; Mayhue, Charles; McAbee, Mitch; McDaniel, Denise; McDougall, Chad; McGehee, Janet; Mengers, Mike; Meriwether, Glen; Meriwether, Leroy; Miesse, John; Milam, John; Miller, Robert; Minyard, Davie; Mitchell, Valerie; Moon, Brad; Morgan, Representative Danny; Moricoli, John; Mowdy, Clay; Mowdy, Imogene; Muncy, Elois; Mungle, Mason; Myles, John; Newport, Jim; Nicholas, Rod; Nichols, Nick; Owens, Cody; Paniszczyn, Frank; Patten, Jeff; Peace, Dub; Perkins, Debbie; Preno, Monte & Sheila; Reeves, John; Regier, Dale; Reimers, Betty; Richards, Jack; Ridenour, Eldon; Rigdon, James; Robinson, Adam; Robinson, Candace; Rodriguez, Diana; Rolla, Pat; Sampson, Dick; Sanford, Key; Saunkeah, Peggy; Schroedter, Thomas; Shirazi, Jim; Shockey, Wendell; Sikes, David; Slade, Jared; Smith, Emily; Smith, William; Stead, Jerry; Steelman, Phylis; Stevens, Stan; Stout, Mark; Stowers, Terry; Teel, Karen; Tinsley, Loyd; Trembl, Chris; Trimble, Paul; Tucker, Robert; Valek, Eddie; Vogel, Lawson; Voss, Tim; Walcher, Arliss; Walker, Richard; Ward, Lois & James; Wegener, Bobby; Williams, Brad; Williams, Freda; Williams, Stan; Wilson, Soania & Jimmy; Wood, Linda; Woodson, Paul; Woody, Marvin; Wurdeman, Gary; Wynne, Darlene; Yancey, Denise

Cc: Billie Rodely; Bob Anthony; Bob Vandewater; Dana Murphy; Jackie Hollinhead; Jeff Cloud; Larry Lago; Lisa Roberts; Teryl Williams; Brooks Mitchell; Andrew Tevington; Michael Decker; GC OG; Ron Dunkin; Bob McCoy; Wayne Wright; Tim Baker; Joyce Conner; Donna Darnell; Terry Grooms; Tony Cupp; Gayland Darity; Randy Schmitz; Peggy Mitchell; Cheryl Fitzgerald

Subject: Special Technical Conference

Horizontal Drilling Workgroup Members:

It is confirmed. The Commission will conduct a Special Technical Conference on the horizontal drilling provisions of the proposed amendments to Chapters 5 and 10 on Thursday, March 18, 2010, at 10:00 a.m. in Commission Courtroom 301. Attached is the posting for this meeting.

Lori Wrotenbery, Director
Oil and Gas Conservation Division
Oklahoma Corporation Commission
405-521-2302

ATTENDANCE SHEET

FILED
FEB 26 2010

Rulemaking Technical Conference
OAC 165:10 Oil and Gas Conservation
RM 201000003

COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

LOCATION: Department of Wildlife Conservation
Auditorium
1801 North Lincoln Blvd, Oklahoma City, Oklahoma
DATE & TIME: February 24, 2010, 10:00 a.m.

NOTE: PLEASE PRINT

Name Karl Stickle
Company C.H. Guernsey & Co.
Address 5555 N. Grand Blvd.
City OKC ST OK Zip 73112
Phone (405) 416-8217 Fax (405) 416-8114
e-mail Karl.stickle@chguernsey.com

Name Wayne Wright
Company OCC Oil & Gas
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City _____ ST _____ Zip _____
Phone (405) 524-2242 Fax _____
e-mail wwright@occemail.com

Name Tina Baker
Company _____
Address _____
City _____ ST _____ Zip _____
Phone _____ Fax _____
e-mail _____

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Phone _____ Fax _____
e-mail RLAltenus@Marathonoil.com

Name Brent Cummings
Company Cummings Oil Co.
Address _____
City _____ ST _____ Zip _____
Phone _____ Fax _____
e-mail _____

Name WILEY N. COOK
Company WILEY N. COOK & ASSOCIATES
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Name Dana Murphy
Company _____
Address _____
City _____ ST _____ Zip _____
Phone _____ Fax _____
e-mail _____

Mike

Name HW Pearce Jr
Company EXAD
Address _____
City _____ ST _____ Zip _____
Phone 286-5538 Fax 286-917
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Address _____
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Phone _____ Fax _____
e-mail OKMDOGA@OKMDOGA

Name Mike Brennan
Company _____
Address _____
City _____ ST _____ Zip _____
Phone _____ Fax _____
e-mail _____

Name Russell J. Walker
Company _____
Address _____
City _____ ST _____ Zip _____
Phone _____ Fax _____
e-mail _____

Name Bob Vandewater
Company OCC
Address _____
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Company _____
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ATTENDANCE SHEET

Rulemaking Technical Conference
OAC 165:10 Oil and Gas Conservation
RM 201000003

LOCATION: Department of Wildlife Conservation
Auditorium
1801 North Lincoln Blvd, Oklahoma City, Oklahoma
DATE & TIME: February 24, 2010, 10:00 a.m.

NOTE: PLEASE PRINT

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FILED
MAR 18 2010

ATTENDANCE SHEET

COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

**Rulemaking Technical Conference
for Horizontal Drilling Issues
in Chapter 5 and Chapter 10
RM 20100003 and RM 20100005**

**LOCATION: Oklahoma Corporation Commission
Courtroom 301**

**2101 North Lincoln Blvd, Oklahoma City, Oklahoma
DATE & TIME: Thursday, March 18, 2010, 10:00 a.m.**

NOTE: PLEASE PRINT

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ATTENDANCE SHEET

FILED
MAR 23 2010

Rulemaking En Banc Hearing
OAC 165:10 Oil and Gas Conservation
RM 201000003

COURT CLERK'S OFFICE - OGC
CORPORATION COMMISSION
OF OKLAHOMA

LOCATION: Jim Thorpe Building
2101 North Lincoln Blvd, Oklahoma City, Oklahoma
DATE & TIME: March 23, 2010, 9:30 a.m.

NOTE: PLEASE PRINT

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Name Elaine Nancy
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ATTENDANCE SHEET

FILED
MAR 31 2010

Rulemaking En Banc Hearing
OAC 165:10 Oil and Gas Conservation
RM 201000003

COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

LOCATION: Jim Thorpe Building
2101 North Lincoln Blvd, Oklahoma City, Oklahoma
DATE & TIME: March 30, 2010, 2:00 p.m.

NOTE: PLEASE PRINT

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FILED
FEB 25 2010

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

**IN THE MATTER OF A RULEMAKING BY THE)
OKLAHOMA CORPORATION COMMISSION)
AMENDING OIL AND GAS CONSERVATION)
RULES, OAC 165:10)**

**COURT CLERK'S OFFICE - OKC)
CORPORATION COMMISSION)
CAUSE RM NO. OF OKLAHOMA)
201000003)**

RULE IMPACT STATEMENT

Pursuant to the Oklahoma Administrative Procedures Act, 75 O.S. §303(D), this Rule Impact Statement is hereby submitted regarding proposed amendments to the Oklahoma Corporation Commission's ("Commission's") Oil and Gas Conservation Rules:

I. BRIEF DESCRIPTION OF THE PURPOSE OF THE PROPOSED RULES.

The purpose of amending OAC 165:10-1-2 is to add a definition for commercial recycling facility, which definition corresponds to a proposed new OAC 165:10-9-4 to establish requirements for commercial recycling facilities, and Part 3 of Subchapter 8 and OAC 165:10-8-25 through OAC 165:10-8-35 concerning drilling waste recycling/reclaiming facilities is proposed to be revoked. OAC 165:10-1-4 is proposed to be amended to update the list of effective dates for OAC 165:Chapter 10 rulemakings since 2007. The purpose of amending OAC 165:10-1-7 is to update the list of Commission forms, including the deletion and addition of forms and modifying references to applicable Commission rules. The purpose of amending OAC 165:10-3-1, OAC 165:10-3-3, OAC 165:10-3-4, OAC 165:10-5-13, OAC 165:10-7-17, OAC 165:10-7-19, OAC 165:10-7-26, OAC 165:10-7-29 and OAC 165:10-8-7 is to standardize language concerning the assessment of fines. OAC 165:10-1-10 is proposed to be amended to standardize language concerning the assessment of fines and to add a procedure for determining whether applicants with unsatisfactory compliance histories ought to be authorized to operate. The purpose of amending OAC 165:10-3-10 is to reference Commission rules regarding management of hydraulic fracturing operations. OAC 165:10-3-16 is proposed to be amended to define the phrases "public area" and "public street or road," to further address hydrogen sulfide operations in such venues, to effectuate the use of flaring equipment and flare systems and to update such rule. The purpose of amending OAC 165:10-3-17 is to modernize the means by which operators notify the Commission of a fire or blowout and to standardize language concerning the assessment of fines.

The purpose of amending OAC 165:10-3-28 is to update and clarify horizontal drilling practices, new language is proposed to be added to Subchapter 29, Special Area Rules, concerning horizontal drilling in certain counties of the State, and Appendix C is proposed to be amended regarding allowables for horizontal oil wells. OAC 165:10-3-31 is proposed to be amended to require a permit, rather than a Commission order, to obtain authorization for use of vacuums on wells. The purpose of amending OAC 165:10-5-5 regarding applications for approval of injection and disposal wells is to

add a procedure for determining whether applicants with unsatisfactory compliance histories ought to be authorized to operate commercial disposal wells and to provide a date by which applicants must send copies of applications to required persons. OAC 165:10-5-7 is proposed to be amended to require an increase in the frequency of filing Form 1012 reports by operators of commercial disposal wells so as to provide information concerning volumes, pressures, etc. on a more timely basis. The purpose of amending OAC 165:10-7-16 is to establish requirements for flow back water pits with capacity in excess of 50,000 barrels. OAC 165:10-7-20 regarding noncommercial disposal or enhanced recovery well pits used for temporary storage of saltwater is proposed to be amended to require a permit for use of such pits and to standardize monitor well, fencing and laboratory certification requirements. The purpose of amending OAC 165:10-7-22 is to standardize language concerning laboratory certification and operation requirements. OAC 165:10-7-27 is proposed to be amended to standardize language regarding assessment of fines and laboratory certification and operation requirements. The purpose of amending OAC 165:10-8-5 is to require operators of hydrocarbon recycling/reclaiming facilities to file agreements to properly close and reclaim such facilities with the Manager of Document Handling.

The purpose of amending OAC 165:10-9-1 is to update commercial pit requirements, as well as standardizing requirements for monitor well, fencing, Form 1014A filings, assessment of fines and laboratory certification and operation, in addition to modifying the procedure for determining whether applicants with unsatisfactory compliance histories ought to be authorized to operate commercial pits. OAC 165:10-9-2 is proposed to be amended to update commercial soil farming requirements, including addition of areas where commercial soil farming is prohibited, to standardize monitor well, fencing, Form 1014A filings and laboratory certification requirements and to add a procedure for determining whether applicants with unsatisfactory compliance histories ought to be authorized to conduct commercial soil farming operations. The purpose of amending OAC 165:10-9-3 is to update commercial disposal well surface facility requirements, including requiring permits for such facilities, and to standardize monitor well, leachate collection system, fencing, site security and laboratory certification requirements.

OAC 165:10-11-6 is proposed to be amended to clarify well plugging and cementing requirements. The purpose of amending OAC 165:10-11-7 is to delete the reference to the Form 1003C Cementing Report, and Appendix F is to be amended regarding Schedule B fines so as to conform to the proposed amendment to OAC 165:10-11-7 by omitting the reference to filing of cementing reports in conjunction with violations of OAC 165:10-11-7. OAC 165:10-17-9 is proposed to be amended to add references to Order No. 571714 which issued in Cause CD No. 200902831 concerning certain special allocated gas pools. The purpose of amending OAC 165:10-21-21, OAC 165:10-21-22, OAC 165:10-21-23, OAC 165:10-21-24, OAC 165:10-21-35, OAC 165:10-21-36, OAC 165:10-21-37, OAC 165:10-21-45, OAC 165:10-21-47, OAC 165:10-21-47.1, OAC 165:10-21-55, OAC 165:10-21-57, OAC 165:10-21-58, OAC 165:10-21-66, OAC 165:10-21-67, OAC 165:10-21-68, OAC 165:10-21-69, OAC

165:10-21-75, OAC 165:10-21-76, OAC 165:10-21-77, OAC 165:10-21-78, OAC 165:10-21-80, OAC 165:10-21-82, OAC 165:10-21-82.2 and OAC 165:10-21-82.3 in Subchapter 21, Applications for Tax Exemptions, is to conform to 68 O.S. §1001 and amendments thereto in Senate Bill 313 (2009).

II. DESCRIPTION OF THE CLASSES OF PERSONS WHO WILL MOST LIKELY BE AFFECTED BY THE PROPOSED RULES, INCLUDING CLASSES THAT WILL BEAR THE COSTS OF THE PROPOSED RULES, AND ANY INFORMATION ON COST IMPACTS RECEIVED BY THE AGENCY FROM ANY PRIVATE OR PUBLIC ENTITIES.

The classes of persons who will most likely be affected by the proposed rules include operators of oil, gas, disposal and injection wells doing business in the State and working interest and royalty owners in the State. The Commission, in its published Notice of Proposed Rulemaking, has invited public comment and requested business entities which are expected to be impacted by the proposed rule changes to provide written comments stating such cost impact.

III. DESCRIPTION OF THE CLASSES OF PERSONS WHO WILL BENEFIT FROM THE PROPOSED RULES.

Operators of oil and gas wells doing business in the State will benefit from the proposed rules through, among others, the continued production tax exemptions in Subchapter 21, Applications for Tax Exemptions. Such operators will also benefit from the proposed amendments concerning horizontal drilling appearing in OAC 165:10-3-28, in Subchapter 29, Special Area Rules, concerning horizontal drilling in certain counties of the State, and in Appendix C regarding allowables for horizontal oil wells. Operators will also benefit from the efficient means of storing flow back water that is to be reused for hydraulic fracturing of wells and the recycling of deleterious substances appearing in proposed amendments to OAC 165:10-7-16 and new OAC 165:10-9-4, respectively.

Operators will likewise benefit from the streamlined procedure for obtaining authorization for use of vacuums on wells in the amendments to OAC 165:10-3-31 and the standardization of monitor well, fencing, laboratory certification and operation requirements appearing in several of the proposed amendments. Working interest owners and royalty owners will also benefit from the continued production tax exemptions appearing in Subchapter 21 associated with the sustained production and reworking of wells stimulated by the existence of such exemptions. The citizens of the State of Oklahoma will also benefit from the proposed rules through, among others, the conservation of water resources occasioned by the proper storage of flow back water which is to be reused for hydraulic fracturing of wells appearing in OAC 165:10-7-16 and the protection of the environment through the proposed recycling of deleterious substances and

addition of areas in which commercial soil farming is prohibited appearing in new OAC 165:10-9-4 and OAC 165:10-9-2, respectively. There are added safeguards to the public associated with proposed amendments to OAC 165:10-3-16 concerning operations in hydrogen sulfide areas and modernizing the means by which operators notify the Commission of fires or blowouts appearing in the amendments to OAC 165:10-3-17.

IV. DESCRIPTION OF THE PROBABLE ECONOMIC IMPACT OF THE PROPOSED RULES UPON AFFECTED CLASSES OF PERSONS OR POLITICAL SUBDIVISIONS, INCLUDING A LIST OF FEE CHANGES AND, WHENEVER POSSIBLE, A SEPARATE JUSTIFICATION FOR EACH FEE CHANGE.

It is anticipated that the proposed rules will not have an adverse economic impact upon operators of oil, gas, injection and disposal wells doing business in the State, working interest, royalty owners, citizens of the State, or political subdivisions. The continuation of gross production tax exemptions in Subchapter 21, as well as the amendments concerning horizontal drilling appearing in OAC 165:10-3-28, in Subchapter 29, Special Area Rules, concerning horizontal drilling in certain counties of the State, and in Appendix C regarding allowables for horizontal oil wells, ought to encourage the drilling of wells and enhance revenues associated with the production of such wells. It is anticipated that the means of addressing storage of flow back water that is to be reused for hydraulic fracturing of wells and recycling of deleterious substances appearing in amendments to OAC 165:10-7-16 and new OAC 165:10-9-4, respectively, will result in cost savings to operators.

A new fee in the amount of \$1,000.00 associated with applications to permit commercial recycling facilities is expected to be included in a separate rulemaking involving the Commission's Chapter 5 Rules of Practice, with such fee to assist in defraying costs associated with Commission staff's review of such applications. Revenues generated by approved commercial recycling facilities ought to offset the \$1,000.00 filing fee. Proposed amendments to OAC 165:10-3-16 concerning operations in hydrogen sulfide areas, as well as the streamlined procedure for obtaining authorization for use of vacuums on wells in OAC 165:10-3-31, coupled with the standardization of monitor well, fencing, laboratory certification and operation requirements appearing in several of the proposed amendments ought to result in more efficient operations.

V. PROBABLE COSTS AND BENEFITS TO THE AGENCY AND TO ANY OTHER AGENCY OF THE IMPLEMENTATION AND ENFORCEMENT OF THE PROPOSED RULES, THE SOURCE OF REVENUE TO BE USED FOR IMPLEMENTATION AND ENFORCEMENT OF THE PROPOSED RULES, AND ANY ANTICIPATED EFFECT ON STATE REVENUES, INCLUDING A

PROJECTED NET LOSS OR GAIN IN SUCH REVENUES IF IT CAN BE PROJECTED BY THE AGENCY.

The proposed rules are not expected to place any additional costs upon the Commission, as such rules will be implemented and enforced by the Commission through its existing resources and personnel. The Commission administers applications for exemptions from the gross production tax pursuant to rules appearing in Subchapter 21, Applications for Tax Exemptions, along with the Oklahoma Tax Commission pursuant to its rules in Title 710, Chapter 45, Gross Production, Subchapter 9, Exemptions and Exclusions. It is not anticipated that implementation of the proposed rules, including the proposed amendments to Subchapter 21, Applications for Tax Exemptions, will place additional costs on the Oklahoma Tax Commission or any other political subdivision. An impact upon state revenues associated with the amendment of rules for exemption from the gross production tax appearing in Subchapter 21 may occur as there would likely be a reduction in gross production tax collections. Additional tax revenue could be generated, however, with respect to goods and services associated with the sustained production and reworking of wells occasioned by exemptions from the gross production tax.

VI. DETERMINATION OF WHETHER IMPLEMENTATION OF THE PROPOSED RULES WILL HAVE AN ECONOMIC IMPACT ON ANY POLITICAL SUBDIVISIONS OR REQUIRE THEIR COOPERATION IN IMPLEMENTING OR ENFORCING THE RULES.

The Commission administers applications for exemptions from the gross production tax pursuant to rules appearing in Subchapter 21, Applications for Tax Exemptions, along with the Oklahoma Tax Commission pursuant to its rules in Title 710, Chapter 45, Gross Production, Subchapter 9, Exemptions and Exclusions. It is not anticipated that implementation of the proposed rules, including the proposed amendments to Subchapter 21, Applications for Tax Exemptions, will have an economic impact on the Oklahoma Tax Commission or any other political subdivision.

VII. DETERMINATION OF WHETHER IMPLEMENTATION OF THE PROPOSED RULES MAY HAVE AN ADVERSE ECONOMIC EFFECT ON SMALL BUSINESS AS PROVIDED BY THE OKLAHOMA SMALL BUSINESS REGULATORY FLEXIBILITY ACT.

It is the Commission staff's opinion that the proposed rules will not have an adverse economic effect on small business, and as such, the rulemaking will comply with the requirements of the Oklahoma Small Business Regulatory Flexibility Act. All owners and operators of oil and gas wells impacted by the rule amendments will benefit from the cost savings and efficiencies derived from the amendments. Therefore, small business operators with fifty or fewer full or part

time employees will benefit from the rule changes: In its Notice of Proposed Rulemaking, the Commission invited business entities to submit input regarding the potential impact of the proposed rules.

VIII. **STATEMENT OF THE MEASURES THE AGENCY HAS TAKEN TO MINIMIZE COMPLIANCE COSTS AND A DETERMINATION OF WHETHER THERE ARE LESS COSTLY OR NONREGULATORY METHODS OR LESS INTRUSIVE METHODS FOR ACHIEVING THE PURPOSE OF THE PROPOSED RULES.**

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

IX. **DETERMINATION OF THE EFFECT OF THE PROPOSED RULES ON THE PUBLIC HEALTH, SAFETY AND THE ENVIRONMENT AND, IF THE PROPOSED RULES ARE DESIGNED TO REDUCE SIGNIFICANT RISKS TO THE PUBLIC HEALTH, SAFETY AND THE ENVIRONMENT, AN EXPLANATION OF THE NATURE OF THE RISK AND TO WHAT EXTENT THE PROPOSED RULES WILL REDUCE THE RISK.**

The proposed rules, in particular the amendments to OAC 165:10-3-16 concerning operation in hydrogen sulfide areas, OAC 165:10-3-17 modernizing the means by which operators notify the Commission of fires or blowouts, OAC 165:10-7-16 establishing procedures for flow back water pits with capacity in excess of 50,000 barrels and new OAC 165:10-9-4 establishing requirements for commercial recycling facilities, will have a positive effect on public health, safety and the environment.

X. **DETERMINATION OF ANY DETRIMENTAL EFFECT ON THE PUBLIC HEALTH, SAFETY AND THE ENVIRONMENT IF THE PROPOSED RULES ARE NOT IMPLEMENTED.**

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

XI. **DATE OF PREPARATION OF RULE IMPACT STATEMENT.**

February 25, 2010.

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

FILED
FEB 25 2010

IN THE MATTER OF A RULEMAKING BY THE)
OKLAHOMA CORPORATION COMMISSION)
AMENDING OIL AND GAS CONSERVATION)
RULES, OAC 165:10)

CAUSE RM NO.
201000003

COURT CLERK'S OFFICE - C
CORPORATION COMMISSION
OF OKLAHOMA

ECONOMIC IMPACT AND ENVIRONMENTAL BENEFIT STATEMENT

Pursuant to 27A O.S. §1-1-206 pertaining to the statement of the economic impact and environmental benefit of the proposed amendments to the Oil and Gas Conservation Rules (OAC 165:10), the Oklahoma Corporation Commission submits the following:

I. ECONOMIC IMPACT OF THE PROPOSED RULES:

It is anticipated that the proposed rules will not have an adverse economic impact upon operators of oil, gas, injection and disposal wells doing business in the State, working interest, royalty owners, citizens of the State, or political subdivisions. The amendments concerning horizontal drilling appearing in OAC 165:10-3-28, in Subchapter 29, Special Area Rules, concerning horizontal drilling in certain counties of the State, and in Appendix C regarding allowables for horizontal oil wells, ought to encourage the drilling of wells and enhance revenues associated with the production of such wells. It is anticipated that the means of addressing storage of flow back water that is to be reused for hydraulic fracturing of wells and recycling of deleterious substances appearing in amendments to OAC 165:10-7-16 and new OAC 165:10-9-4, respectively, will result in cost savings to operators.

A new fee in the amount of \$1,000.00 associated with applications to permit commercial recycling facilities is expected to be included in a separate rulemaking involving the Commission's Chapter 5 Rules of Practice, with such fee to assist in defraying costs associated with Commission staff's review of such applications. Revenues generated by approved commercial recycling facilities ought to offset the \$1,000.00 filing fee. Proposed amendments to OAC 165:10-3-16 concerning operations in hydrogen sulfide areas, as well as the streamlined procedure for obtaining authorization for use of vacuums on wells in OAC 165:10-3-31, coupled with the standardization of monitor well, fencing, laboratory certification and operation requirements appearing in several of the proposed amendments ought to result in more efficient operations.

An impact upon state revenues associated with the amendment of rules for exemption from the gross production tax appearing in Subchapter 21 may occur as there would likely be a reduction in gross production tax collections. Additional tax revenue could be generated, however, with respect to goods and services associated with the sustained production and reworking of wells occasioned by exemptions from the gross production tax.

II. ENVIRONMENTAL BENEFIT OF THE PROPOSED RULES:

The proposed rules, in particular the amendments to OAC 165:10-3-16 concerning operation in hydrogen sulfide areas, OAC 165:10-3-17 modernizing the means by which operators notify the Commission of fires or blowouts, OAC 165:10-7-16 establishing procedures for flow back water pits with capacity in excess of 50,000 barrels and new OAC 165:10-9-4 establishing requirements for commercial recycling facilities, will have a positive effect on the environment. The public would be denied the positive impact the proposed rules will have on the environment if the proposed rules are not implemented.

OAC 165:10. OIL AND GAS CONSERVATION
CAUSE NO. RM 201000003

SUBCHAPTER 1. ADMINISTRATION

PART 1. GENERAL PROVISIONS

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 recycling facility" means a facility that is authorized by Commission order to recycle materials defined as deleterious substances in OAC 165:10-1-2. Such substances must undergo at least one treatment process and must be recycled into a marketable product for resale and/or have some beneficial use. This definition does not include the reuse of drilling mud that was previously utilized in drilling or plugging operations.

"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:

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

"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 (H₂S)" means a toxic poisonous gas with a chemical composition of H₂S 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 wellbores 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, church, 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 reasonably be expected to be populated by humans.

"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:

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

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.

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
(158)	RM No. 200800003	- Effective 07-11-08
(159)	RM No. 200900001	- Effective 07-11-09

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 or stratigraphic test hole is drilled, recompleted, ~~or~~ re-entered or deepened. Such notice shall include the name(s) and address(es) of the surface owner(s) of the land upon which the well is to be located. The Commission 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 surface 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 and OAC 165:10-7-31]

~~(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)~~ (2) **Form 1000B - Application to Drill Deep Anode Groundbeds:** Form 1000B is required to be filed for wells drilled for deep anode groundbeds as required by OAC 165:10-7-14. The purpose of Commission Form 1000B is

to ensure groundwater is being protected in construction of the deep anode groundbed. [Reference 165:10-7-14]

~~(4)~~ (3) **Form 1000S - Application to Drill Seismograph and Stratigraphic Test Holes for seismic operations:** A permit for seismic operations must be obtained. The applicant must post a \$50,000 bond with the Surety Department in the Oil and Gas Conservation Division. The application must also be accompanied with a ~~plat~~pre-plat of the project area. [Reference 165:10-7-31]

~~(5)~~ (4) **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~~Conservation Division District Office before work is started. If the well is an exhausted producer, list OTC assigned county and lease number. If the Intent to Plug is cancelled, the operator shall notify the Commission by letter. ~~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)~~ (5) **Form 1001A - Notification of Spudding of New Well:** ~~Form 1001A is mailed to the operator with the intent to drill permit.~~ Operator shall file a Form 1001A with the Conservation Division within 14 days of spudding a new well or reentering a previously plugged well. [Reference ~~165:10-3-1~~165:10-3-2]

~~(7)~~ (6) **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)~~ (7) **Form 1002B - Confidential Filing of Electric Logs:** Operator shall file Form 1002B within 60 days from the earlier of the date of completion of the well or the date of the running of the last formation evaluation type wire line 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)~~ (8) **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)~~ (9) **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~~appropriate Conservation Division District Office. Form 1003 shall be completed and signed by employees of both the operator and the cementer. If a depleted producer, list OTC assigned county and lease number. [Reference 165:10-11-6 and 165:10-11-7]

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

~~(12)~~ **Form 1003C - Cementing Report to accompany Plugging Record:** operator shall file Form 1003/1003C 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)~~ **(11) Form 1004 - Monthly Report of Unallocated Natural Gas Wells Production:** Each operator of the required meter under 165:10-17-5 shall makefile a monthly well report 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)~~ **(12) Form 1004B - Notice of Gas Purchase Curtailments:** In any month wherein a first purchaser or first taker has a market demand/supply imbalance and must curtail purchases or takes in compliance with 165:10-17-12, Form 1004B shall be filed by said first purchaser or first taker with the Conservation Division. [Reference 165:10-17-12]

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

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

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

~~(16)~~ **(14) Form 1006 - Surety bond for oil, gas, injection, or disposal wells:** Prior to drilling and/or operating a well, the operator shall furnish the Conservation Division a surety bond (\$25,000.00) or other present alternate surety, Form 1006A or 1006C. Operator must file the original copy only with a copy of the power of attorney from the bonding company. The name and address of the Oklahoma resident service agent shall be endorsed on the bond form. [Reference 165:10-1-10 and 165:10-1-12]

~~(17)~~ **(15) Form 1006A - Financial Statement for oil, gas, injection or disposal wells:** Prior to drilling and/or operating a well, the operator shall furnish the Conservation Division a verifiable financial statement (minimum net worth \$50,000.00 within the State of Oklahoma) or other present alternate surety, Form 1006 or 1006C. Operator must file an original copy on Form 1006A, which must be updated annually from the last filing date. [Reference 165:10-1-10 and 165:10-1-11]

~~(18)~~ **(16) Form 1006B - Operator Agreement to plug oil, gas, and service wells within the State of Oklahoma:** Operator shall agree to plug well(s) in compliance with the Commission rules. This agreement must accompany the operator's elective choice of surety (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)~~ **(17) Form 1006BR - Recycling, Reclaiming Operator's Agreement to Close the Reclaiming Facility:** Prior to operating a recycling or reclaiming facility the operator shall file an agreement to close the facility in compliance with OCC rules. This agreement must accompany the application for certification (Form 1020A). [Reference ~~165:10-8-1~~ and/or ~~165:10-8-2~~ 165:10-8-5]

(18) Form 1006BR-A - Operator agreement to close hydrocarbon recycling/reclaiming facility: Operators of hydrocarbon

recycling/reclaiming facilities are required to file agreements with the Commission concerning closure of such facilities. [Reference 165:10-8-5]

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

(20) **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 165:10-1-10 and 165:10-1-13]

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

~~(21)~~ (22) **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~~1006SB only with a copy of the power of attorney from the bonding company. The name and address of the Oklahoma resident service agent shall be endorsed on the bond form. Form ~~1006S~~ 1000S shall be filed with the bond. [Reference 165:10-11-6 and 165:10-7-31]

~~(22)~~ (23) **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 ~~165:10-17-11~~165:10-17-11 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~~165:10-13-10 and 165:10-17-9]

(25) Form 1011-Multi-Zone lease runs report: If there are two or more common sources of supply that are produced through a well or wells on the same lease or drilling and spacing unit and that are not commingled, production from each common source of supply shall be separately produced, measured and/or accounted for to the Commission. If one or more of the

zones produced are classified as oil for allowable purposes, the operator is required to submit to the Conservation Division a multi-zone report on Form 1011 showing the production from each oil-bearing common source of supply on or before the last day of the succeeding proration period. [Reference 165:10-13-7]

~~(25)~~(26) 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, LPG storage wells, authorized waterfloods and gas repressuring projects (commercial disposal wells will report ~~twice~~four times per year ~~on~~by January 31, April 30, and July 31 and October 31 for the previous ~~six months~~calendar quarter) 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)~~(27) 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 an~~ excessive water exemption. To qualify for the reservoir dewatering oil spacing unit allowable shown on Appendix J, the operator must provide data to show that the water - oil ratio is greater than 1:1. The operator shall submit a production test on Form 1013 to the Conservation Division. [Reference 165:10-15-1, 165:10-15-16, 165:10-15-17 and 165:10-15-18].

~~(27)~~(28) Form 1014 - Application for Permit to Use Earthen Pit, flow back water pit with capacity in excess of 50,000 barrels, noncommercial disposal or enhanced recovery well pit used for temporary storage of saltwater, or pit associated with commercial disposal well surface facility: The operator of a proposed off-site reserve pit, recycling/reuse pit, spill containment pit, ~~or~~ remediation pit, noncommercial disposal or enhanced recovery well pit used for temporary storage of saltwater, or pit associated with a commercial disposal well surface facility must submit Form 1014 in duplicate to the appropriate Conservation Division District Office for approval before constructing or using the pit. The operator of a proposed flow back water pit with a capacity in excess of 50,000 barrels must submit the Form 1014 to and obtain the approval of the Manager of Field Operations before constructing or using the pit. [Reference 165:10-7-16, 165:10-7-20 and 165:10-9-3]

(29) Form 1014A - Commercial facility report: A report that operators of hydrocarbon recycling/reclaiming facilities, commercial pits, commercial soil farming sites and commercial recycling facilities are required to submit to the Manager of Pollution Abatement. [Reference 165:10-8-8, 165:10-9-1, 165:10-9-2 and 165:10-9-4]

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

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

(32) Form 1014CR - Application for commercial recycling facility construction: After a Commission order is obtained, Form 1014CR must be submitted for approval to the Manager of Pollution Abatement prior to the

construction of the commercial recycling facility authorized by the order.
[Reference OAC 165:10-9-4]

~~(28)~~ (33) **Form 1014CS - Application for Commercial Soil Farming:** For a commercial soil farming site ~~which~~that has an order to operate, the operator shall submit a Form 1014CS to the Pollution Abatement Department for ~~prior~~ approval prior to commencing 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)~~ (34) **Form 1014D - Application for Surface Discharge or for reclaiming and/or recycling of produced water:** Each application for surface discharge of produced water or for reclaiming and/or recycling of produced water must be submitted to a ~~Field Operations office~~the appropriate Conservation Division District 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)~~ (35) **Form 1014HD - Application Notice for Disposal of Hydrostatic Test Water:** ~~Company~~Companies wishing to discharge water as required by OAC 165:10-7-17, used to test a pipeline, ~~or~~ tank, etc. must submit a Form 1014HD to the appropriate Conservation Division District Office and the Pollution Abatement Department for prior approval. [Reference 165:10-7-17]

~~(31)~~ (36) **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)~~ (37) **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]

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

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

~~(33)~~ (40) **Form 1014S - Application for Land Application:** Each application for land application of materials must be submitted to a ~~Field Operations office~~the appropriate Conservation Division District 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)~~ (41) **Form 1014W - Application for waste oil or drill cuttings use by County Commissioners:** Application to apply waste oil, waste oil residue, crude oil contaminated soil or freshwater drill cuttings must be made by any Board of County Commissioners on Form 1014W. 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)~~(42) **Form 1014X - Application for waste oil or drill cuttings use by operators:** Application to apply waste oil, waste oil residue, crude oil contaminated soil or freshwater drill cuttings must be made by any operator on Form 1014X. 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)~~(43) **Form 1015 - Application for Administrative Approval to Dispose of or Inject Water into Well(s) or to amend existing orders authorizing injection for enhanced recovery, saltwater disposal or LPG storage well(s):** Applicant shall file an original ~~and six copies~~ of the application and one complete set of attachments ~~to~~ with the Commission on Form 1015. When requesting approval to dispose of or inject water into wells, ~~Applicant~~applicant will also furnish ~~one copy~~copies of the application on Form 1015 to the ~~landowners~~surface owner and ~~a copy of the application~~ to each operator of a producing leasehold within one-half (1/2) mile of the well location ~~within five (5) days of the filing of the application and~~ ~~Applicant~~applicant will submit an affidavit of delivery or mailing to the Commission not later than five days after the application is filed. Applicant ~~and~~ shall file with the Commission proof of publication regarding the notice of application in an Oklahoma ~~City~~County newspaper and a county newspaper in which the well is located. [Reference 165:10-5-2, 165:10-5-5, 165:5-7-27 and 165:5-7-30]

~~(37)~~(44) **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 one-half (1/2) mile of the proposed injection well. [Reference 165:10-5-15]

~~(38)~~(45) **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 one-half ~~1/2~~(1/2) mile of the proposed well. [Reference 165:10-5-13]

~~(39)~~(46) **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)~~(47) **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)~~(48) **Form 1017 - Guymon-Hugoton Field Gas Well Deliverability Tests:** Operators and/or purchasers of gas in this field shall take deliverability tests between January 1 and August 31 of each year, and on the test sheet Form 1017 file the results with the Commission. List OTC assigned lease number for each well. [Reference Orders No. 17867 and 87291 and 165:10-17-9]

~~(42)~~(49) **Form 1019 - Guymon-Hugoton Field Acreage Statement for Gas Wells:** A fact statement as to acreage attributable to each well shall be filed with the Commission on Form 1019 within 30 days of the well completion with a plat or map showing location of the well. List OTC assigned county and lease number. [Reference Order No. 17867 and 165:10-17-9]

~~(43)~~(50) **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~~through 165:10-8-11]

~~(44)~~(51) **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)~~(52) **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)~~(53) **Form 1022 - Application to flare or vent gas:** Operator shall file one copy of Form 1022 ~~to~~with the Technical Services Department of the Conservation Division listing OTC assigned county lease number. [Reference 165:10-3-15]

~~(47)~~(54) **Form 1022A - Application to operate vacuum pump:** Operator shall file one copy of Form 1022A with the required attachments ~~to~~with 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)~~(55) **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)~~(56) **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)~~(57) **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)~~(58) **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)~~(59) **Form 1029A - Production or potential test - oil only:** Operator of each newly completed discovery oil well shall file a potential test Form 1029A not later than 30 days after completion of the well. All tests, if requested, shall be witnessed by another operator. [Reference 165:10-15-7].

~~(54)~~(60) **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)~~ (61) Form 1034 - Nominations and purchasers report: [Reference 165:10-1-36, 165:10-1-37 and 165:10-1-46~~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.

(62) Form 1034-G - Gas nominations: Operators of natural gas wells in special allocated gas pools where well allowable calculations according to special allocated field rules are in effect shall file their pool nominations on Form 1034-G ~~(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. [Reference 165:10-1-36, 165:10-1-37, 165:10-1-49 and 165:10-17-9].

~~(56)~~ (63) 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)~~ (64) 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)~~ (65) 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)~~ (66) 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)~~ (67) 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)~~ (68) 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, ~~or 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)~~ (69) 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~~ or hydrocarbon storage well within 30 days after transfer of the well. [Reference 165:10-5-10 ~~and 165:10-1-15~~]

~~(64)~~ (70) 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)~~ (71) **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)~~ (72) **Form 1085 - Complaint report:** Form 1085 is used by Commission personnel to report violations of General Rules of the Commission and to report progress on ongoing remedial actions. Copies are sent to all parties concerned with investigation. Form 1085 combines and replaces old Forms 1034 and 1062. [Reference 165:10-7-7]

~~(67)~~ (73) **Form 1139 - Application for gross production tax exemption:** Operators shall file one copy of Form 1139 with the required attachments ~~to~~with the Technical Services Department of the Conservation Division. [Reference 165:10-21-75 through 165:10-21-80]

~~(68)~~ (74) **Form 1534 - Application for tax rebate:** Operators shall file one original of Form 1534 with the required attachments ~~to~~with 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~~approval 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)~~ (75) **Form 1535 - Application for classification of reservoir dewatering project for exemption of sales tax on electricity used for such operations and application for state sales tax exemption for electricity sold for operations involving enhanced recovery methods on a spacing unit or lease:** Operators shall file one original of Form 1535 with the required attachments ~~to~~with the Technical Services Department of the Conservation Division. To obtain the exemption of sales tax on the sale of electricity and associated delivery and transmission used for reservoir dewatering operations, or for a state sales tax exemption for electricity sold for operations involving enhanced recovery methods on a spacing unit or lease, the operator shall contact the Director's Office, Taxpayer Assistance Division, Oklahoma Tax Commission, 2501 N. Lincoln Blvd., Oklahoma City, Ok. 73194. [Reference ~~165:10-21-83, 165:10-21-83.1 and 165:10-21-83.2~~ 165:10-21-90 through 165:10-21-92 and 165:10-21-95 through 165:10-21-97]

~~(70)~~ (76) **Form 2000BF - AAI Oversight Qualification:** The Applicant shall file one (1) original of ~~form~~Form 2000BF ~~to~~with the Brownfields Program of the Conservation Division listing the qualifications as per AAI of each Environmental Professional who will work on the site. [Reference 165:10-10-1 through 165:10-10-14]

~~(71)~~ (77) **Form 2001BF - Brownfields Applicant Eligibility:** The applicant shall file one (1) original of ~~form~~Form 2001BF ~~to~~with the Brownfields Program of the Conservation Division. This ~~form~~Form is filed to demonstrate applicant's eligibility to be in the Brownfields program. [Reference 165:10-10-1 through 165:10-10-14]

~~(72)~~ (78) **Form 2002BF - Consent to Entry:** The applicant shall file one (1) original of ~~form~~Form 2002BF ~~to~~with the Brownfields Program of the Conservation Division. This ~~form~~Form is the landowner's permission for applicant and their contractors to enter the property for assessment and cleanup work. Copies will be sent to all parties concerned with the assessment and/or cleanup. [Reference 165:10-10-1 through 165:10-10-14]

~~(73)~~ (79) **Form 2003BF - Application for Brownfields Site Eligibility:** The applicant shall file one (1) original of ~~form~~Form 2003BF ~~to~~with the

Brownfields Program of the Conservation Division for all sites applicant is entering into the program. This ~~form~~Form provides necessary information on the site. [Reference 165:10-10-1 through 165:10-10-14]

~~(74)~~(80) **Form 2004BF - Application for Brownfields Site Assessment:** The applicant shall file one (1) original of ~~form~~Form 2004BF ~~to~~with the Brownfields Program of the Conservation Division. This ~~form~~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. [Reference 165:10-10-1 through 165:10-10-14]

~~(75)~~(81) **Form 2005BF - Brownfields Certificate of NFA:** The ~~form~~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~~the Oklahoma Corporation Commission within 30 days. [Reference 165:10-10-1 through 165:10-10-14]

~~(76)~~(82) **Form 2006BF - Brownfields Certificate of Remediation Completion:** The ~~form~~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~~the Oklahoma Corporation Commission within 30 days. [Reference 165:10-10-1 through 165:10-10-14]

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~~may be fined up to \$500.00. To establish evidence of financial ability, the Commission shall require:

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

(2) Category B surety shall include an irrevocable commercial letter of credit, cash, a cashier's check, a certificate of deposit, bank joint custody receipt, other approved negotiable instrument, or a blanket surety bond. Except as provided in (3) of this subsection, the amount of such Category B surety shall be in the amount of \$25,000.00 in U.S. dollars but may be set higher at the discretion of the Director of the Conservation Division. The Commission is authorized to establish Category B surety in an amount greater than \$25,000.00 in U.S. dollars based upon the past performance of the operator and its insiders and affiliates regarding compliance with the laws of this state, and compliance with any rules

promulgated thereto including but not limited to the drilling, operation and plugging of wells, closure of surface impoundments, or removal of trash and equipment. Any such Category B surety shall constitute an unconditional promise to pay and be in a form negotiable by the Commission.

(3) The Commission may grant Category B surety in an amount less than \$25,000.00 in U.S. dollars to an operator whose statewide well plugging liability is less than \$25,000.00 in U.S. dollars. Said Category B surety shall be in an amount that is sufficient to cover the total estimated cost of properly plugging and abandoning each and every well, the operations for which, an operator is responsible. Statewide well plugging liability shall be documented by an affidavit filed on Form 1006D and shall be properly executed by a duly licensed pipe pulling and well plugging company and shall be approved by the Conservation Division. Said affidavit shall state, among other things, an estimated cost of plugging, closure, and removal operations for each well in accordance with 165:10-11-3 through 165:10-11-8 inclusively and shall be accompanied by a Form 1000 (Intent to Drill) if the estimate involves a proposed well or by a Form 1002A (Completion Report) if the estimate involves a well that is a producing, injection, or disposal well. The estimated cost shall not include any salvage value as to recoverable casing, tubing, or well head equipment. The total statewide well plugging liability of an operator utilizing this Category B surety shall be kept current and shall be increased as additional wells are added to the responsibility of the operator and may be decreased as included wells are plugged and abandoned, but in no event shall exceed \$25,000.00 in U.S. dollars unless otherwise ordered by the Commission.

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

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

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

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

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

(e) The agreement (Form 1006B-Operator's Agreement to Plug Oil, Gas and Service Wells Within the State of Oklahoma) provided for in (a) of this

Section shall provide that if the Commission determines, after notice and hearing, that the person furnishing the agreement has neglected, failed, or refused to plug and abandon, or cause to be plugged and abandoned, or replug any well or has neglected, failed or refused to close any surface impoundment or remove or cause to be removed trash and equipment in compliance with the rules of this Chapter, then the person shall forfeit from his 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.

SUBCHAPTER 3. DRILLING, DEVELOPING, AND PRODUCING

PART 1. DRILLING

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

(a) **Permit to Drill.**

(1) Except as provided in (1) 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~~ may be fined up to \$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 Conservation Division 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.

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 Conservation Division 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~~ may be fined up to \$1,000.00, and the well shall be shut down until it is repaired or plugged.

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~~ may be fined up to \$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 up to \$2,500.00.

(7) **Cementing procedures.**

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

(B) **Bradenhead cementing prohibited.** Bradenhead cementing is prohibited without written permission from the appropriate Conservation Division District Office 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 appropriate Conservation Division 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 Conservation Division 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 Conservation Division 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~~ may be fined up to \$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 Conservation Division District Office prior to cementing operations so that a Field Inspector may have the opportunity to witness the cementing or plugging procedures. If the well is plugged and abandoned, procedures set out in (e) 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 appropriate Conservation Division District Office, all corrective cementing operations shall be approved and witnessed by the Field Inspector.

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

(e) **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~~ may be fined up to \$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.

PART 3. COMPLETIONS

165:10-3-10. ~~Fracture and acidizing~~ Well completion operations

(a) **Hydraulic fracturing and acidizing.** In the completion of an oil, gas, injection, disposal, or service well, where acidizing or fracture processes are used, no oil, gas, or deleterious substances shall be permitted to pollute any surface and subsurface fresh water.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 industry 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: $x = [(1.589) (\text{mole fraction } H_2S) (Q)]$ to the power of (.6258).

(B) For determining the location of the 300 ppm radius of exposure: $x = [(0.6743) (\text{mole fraction } H_2S) (Q)]$ to the power of (.6258).

(C) For determining the location of the 500 ppm radius of exposure: $x = [(0.4546) (\text{mole fraction } H_2S) (Q)]$ 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.

(5) As used in this Section, a public area is defined as a dwelling place, business, church, 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 reasonably be expected to be populated by humans.

(6) As used in this Section, a public street or road is defined as any federal, state, county or municipal street or road owned or maintained for public access or use.

(7) Facilities where the 100 ppm radius of exposure extends into a public area shall use materials for new construction, or modification of or repairs to existing facilities, subsequent to the effective date of this paragraph, selected and manufactured so as to be resistant to hydrogen sulfide stress cracking under operating conditions for which their use is intended.

(A) Other materials which are non-susceptible to hydrogen sulfide stress cracking, such as fiberglass and plastics, may be used in hydrogen sulfide service provided such materials have been manufactured and inspected in a manner which will satisfy applicable industry standards, specifications or recommended practices.

(B) Existing facilities which are in operation prior to the effective date of paragraph (b)(7), above, and where there has been no failure of existing equipment attributed to hydrogen sulfide stress cracking, shall satisfy the requirements of paragraph (b)(7) until such time as the facility experiences a failure.

(8) The handling and installation of materials and equipment used in hydrogen sulfide service are to be performed in such a manner so as to prevent hydrogen sulfide stress cracking.

(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 when measured one (1) foot above the open tank thief hatch ~~may reasonably be expected to exceed~~exceeds 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 which shall meet the following requirements:~~

(A) A sign shall be located within 50 feet of the facility and be 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 paragraph (c)(1) 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 paragraph (c)(1) must be compatible with Federal Occupational Safety and Health regulations.

(3) 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)(4) 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)(5) Vapor safety.~~

~~(A) A flare, vapor recovery system or H₂S stripping system shall be installed on all tanks that have a hydrogen sulfide concentration that may reasonably be expected to exceed 500 ppm H₂S.~~

~~(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 be 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)~~ (2) of this Section.

(2) **Security provision.**

(A) Unattended fixed surface facilities shall be protected from public access when located within one-fourth (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~~ public 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 ~~devices~~devices should be tested annually and a record kept of such tests. All pressure relief safety valves located within the facility shall discharge into a flare system.

(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~~appropriate Conservation Division 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~~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, fluctuates or is difficult to ascertain, 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 H₂S training for its employees who will be ~~on-site~~ onsite. 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 H₂S 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.**

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

(2) Flaring equipment in public areas shall be designed and installed so as to resist hydrogen sulfide stress cracking. Existing equipment which is in operation prior to the effective date of this paragraph, and where there has been no failure attributable to hydrogen sulfide stress cracking, shall satisfy the requirements of this paragraph until such time as the equipment experiences a failure. Materials used in any new construction, or modification of or repair to existing equipment subsequent to the effective date of this paragraph shall be selected and manufactured so as to be resistant to hydrogen sulfide stress cracking under the conditions for which the use of such materials is intended.

(3) Flare systems shall be designed so as to eliminate restrictions and low points creating differential pressure drops in lines which could cause overpressuring of tank hatches.

(4) Flare systems with insufficient pilot fuel gas supply are required to have an alternate fuel gas supply or automated ignition source.

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

(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~~appropriate Conservation Division 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~~Conservation Division 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)~~(3) EPA - U.S. Environmental Protection Agency, Office of Air Quality Planning and Standards, Technical Support Division, Research Triangle Park, North Carolina 27711; Screen 2 Model User's Guide.

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 appropriate Conservation Division 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 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 appropriate Conservation Division 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,~~ or electronic mail, as soon as possible, either the Conservation Division or the appropriate Conservation Division 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~~ may be fined up to \$50.00 per violation; provided that total fines per incident shall not exceed \$500.00 per well.

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

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

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

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

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

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

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

(k) **Well site cleared.** Within 90 days after a well is plugged and abandoned, the well site shall be cleared of all equipment, trash, and debris. Any

foreign surface material is to be removed and the location site restored to as near to its natural state as reasonably possible, except by written agreement with the surface owner to leave the surface in some other condition. If the location site is restored but the vegetative cover is destroyed or significantly damaged, a bona fide effort shall be made to restore or re-establish the vegetative cover within 180 days after abandonment of the well.

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

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

(n) **Extension of time.**

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

(A) That an agreement with the surface owners is not possible.

(B) That adverse weather conditions exist or existed.

(C) That the equipment needed to conform to (k), (l), and (m) of this Section was not or is not available.

(2) If approved by the District Manager, the extension shall be granted and the surface owner shall be notified by the operator. Any extension beyond six months shall require application, notice and hearing pursuant to OAC 165:5-7-41.

PART 5. OPERATIONS

165:10-3-28. Horizontal drilling

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

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

(1) **"Horizontal well"** shall mean a well drilled, completed, or recompleted with one or more laterals in a common source of supply in a manner in which, for at least one lateral, the horizontal component of the completion interval in the ~~geological formation~~ common source of supply exceeds the vertical component thereof and ~~which~~ the horizontal component extends a minimum of 150 feet in the formation.

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

~~(3)~~ (2) **"Point of entry"** shall mean the point at which the borehole first intersects the top of the common source of supply.

~~(4)~~(3) **"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)~~(4) **"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.

(5) "Completion interval" shall mean, for open hole completions, the interval from the point of entry to the terminus and, for cased and cemented completions, the interval from the first perforations to the last perforations.

~~(7)~~(6) **"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.

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

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

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

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

~~(8)~~(11) **"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)~~(12) **"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)~~(13) **"Vertical component"** shall mean the calculated vertical distance from the point of entry to the terminus of the lateral.

~~(11)~~(14) **"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 down-hole 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 (c) through (1) of this Section establish criteria for spacing, pooling, drilling, and producing a horizontal well with one or more laterals.~~

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

(1) Within 30 days after completion of a horizontal well, the operator shall show that the location of the completion interval complies with the applicable general rule, location exception order, or other order of the Commission by submitting the following to the Technical Services Department:

(A) A directional survey run in the horizontal well.

(B) A plat constructed from the results of the directional survey showing the completion interval.

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

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

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

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.

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

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

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

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

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

(2) A horizontal well unit may be created in accordance with 165:10-1-22 and 165:5-7-6, 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) The Commission may create a non-standard horizontal well unit covering contiguous lands in any configuration or shape deemed by the Commission to be necessary for the development of a conventional reservoir or an unconventional reservoir by the drilling of one or more horizontal wells. A non-standard horizontal well unit may not exceed 640 acres plus the tolerances and variances allowed pursuant to 52 O.S. § 87.1.

~~(3)(4)~~ A horizontal well unit may be established for a common source of supply for which there are already established non-horizontal drilling and spacing units, and said horizontal well unit may include within the boundaries thereof more than one existing non-horizontal drilling and spacing unit for the common source of supply.

(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.~~

(f) Horizontal well location requirements in horizontal well units.

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

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

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

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

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

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

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

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

~~(j)~~**(h) Allowable.**

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

~~(2) 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.~~

(2) The allowable for a horizontal gas well shall be computed in the manner prescribed for a non-horizontal gas well in the same common source of supply. The allowable for a horizontal well unit with multiple horizontal gas wells shall be the sum of the allowables for the separate horizontal gas wells. For this summation, the allowable for each horizontal gas well will be calculated as if it were the only well in the unit.

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

165:10-3-31. Use of vacuum at the well head.

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

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

(c) **Application for an order permit.** Each application for an ~~order~~ permit authorizing requesting use of a vacuum on a common source of supply shall be ~~made according to 165:5-7-25~~ filed with the Technical Services Department on Form 1022A. The following information shall accompany the application:

(1) A plat, color coded as to producing zone, showing the locations of all producing wells within one-half (1/2) mile of the well location.

(2) An electric well log of the subject well, if available; otherwise a drillers log concerning the subject well shall be provided.

(d) 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 reflecting that the required notice was provided shall be filed within five (5) days of filing of the application.

(e) Notice is not required to be published if no written objection to the application is filed or if no hearing is required by the Commission pursuant to subsection (f), below.

(f) 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, then the application shall be set for hearing, and notice thereof

shall be given in the same manner specified in OAC 165:5-7-1. If no objection is filed and the Commission does not require a hearing, the matter shall be reviewed administratively by the Director of the Oil and Gas Conservation Division or the Director's designee. If the Oil and Gas Conservation Division denies an application, the applicant may request a hearing on said application.

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

- (1) If an operator obtains ~~an order~~ a permit authorizing use of a 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 from the well.
- (2) Any record required to be kept under this Section shall be made available to the Oil and Gas Conservation Division upon request.

SUBCHAPTER 5. UNDERGROUND INJECTION CONTROL

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) If 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) Injection fluid.
- (iv) The lithology and rock characteristics of the injection zones and overlying strata.

(5) **Proposed operating data:**

(A) Daily injection rates and pressures.

(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 within five (5) days of the date the application is filed 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 CityCounty, 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.
- (k) In the event the Commission has evidence that an applicant for a commercial disposal well may not possess a satisfactory compliance history with Commission rules, the Director of the Conservation Division may seek an order of the Commission, issued after application, notice, and hearing, determining whether the applicant should be authorized to operate such commercial disposal well.

165:10-5-7. 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~~ **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~~ by January 31, April 30, July 31 and October 31 for the previous calendar quarter.

(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 Commission 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.

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~~ may be fined up to \$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.

SUBCHAPTER 7. POLLUTION ABATEMENT

PART 3. STORAGE AND DISPOSAL OF FLUIDS

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 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~~ Conservation Division 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) **Variations.** 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 1.0×10^{-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 1.0×10^{-6} cm/sec, unless it conforms to (G) of this paragraph.

(G) A soil liner may have a coefficient of permeability greater than 1.0×10^{-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 2.0×10^{-6} cm/sec.
- (ii) A minimum 18 inch compacted soil liner shall have a maximum coefficient of permeability of 3.0×10^{-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 3.0×10^{-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~~ appropriate Conservation Division 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~~ the appropriate Conservation Division District Office for justifiable cause. A written request and supporting documentation is required. The ~~Field Operations office~~ appropriate Conservation Division District 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 appropriate Conservation Division District Office.** The operator of any noncommercial pit shall notify the appropriate Field Inspector or ~~District Office~~ appropriate Conservation Division 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~~ appropriate Conservation Division 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 mg/l

(D) Chromium (Total) - 10 mg/l

(E) Arsenic - 20 mg/l

(f) Flow back water pits with capacity in excess of 50,000 barrels.

(1) Scope: This subsection shall cover the permitting, construction, operation, and closure requirements for any noncommercial pit used for the temporary storage of flow back water that is to be reused for hydraulic fracturing of wells. Such pits may be located either onsite or offsite of a well drilling location. Pits used to store only fresh water for fracturing of wells are addressed in OAC 165:10-7-16(b)(4).

(2) Construction requirements.

(A) Permit required. Prior to constructing any pit, the pit operator shall obtain a permit from the Manager of Field Operations. For use of a pit without a permit, the pit operator may be fined up to \$5,000.00. Application for a permit shall be made on Form 1014. The pit operator shall attach to the Form 1014 two complete sets of documents in support of the application, which documents shall include, but not be limited to, the following:

(i) Written permission from the surface owner allowing a pit to be constructed and used on the subject tract.

(ii) A lithologic log of test borings, identifying the subsurface materials encountered and the depth at which groundwater was encountered pursuant to (2)(B)(v) of this subsection.

(iii) A topographic map of the pit site.

(iv) The appropriate Soil Conservation Service (SCS) soil survey aerial photo and legend.

(v) A detailed drawing of the site, with complete construction plans drawn to scale by or under the supervision of a registered professional engineer.

(vi) A plan for closure of the pit 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, earthwork to close the pit (including placement of stockpiled topsoil), and revegetation of the site.

(vii) An itemization of projected hauling, closure, reclamation, maintenance, and monitoring costs.

(viii) 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.

(ix) A plan for operation which shall address the method(s) by which excess water will be disposed.

(B) Site limitations.

(i) Any pit that is to be constructed or operated in an area covered by a field or area rule shall be subject to the more stringent requirements of either this subsection or the field or area rule.

(ii) No pit shall be constructed or used unless an investigation of the soils, topography, geology, and hydrology conclusively shows that storage of flow back water at the site will not be harmful to groundwater, surface water, soils, plants, or animals in the surrounding area. No pit shall be constructed or used on or in an abandoned mine, strip pit, quarry, canyon, or streambed.

(iii) No pit shall be constructed or used on any site that is located within a 100-year flood plain.

(iv) No 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.

(v) No 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. 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 free water encountered. Perched water tables are not considered for the purposes of this unit. Test borings need not extend deeper than 50 feet below the bottom of the pit if free water has not been encountered before that depth. All boreholes converted to monitor wells shall conform to (3)(A) of this subsection. 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.

(C) Runoff water prohibited. No runoff water from surrounding land surfaces shall be allowed to enter a pit.

(D) Stockpiling of topsoil. Prior to constructing a pit, all topsoil within the top twelve inches of soil at 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 is readily distinguishable from other soil materials at the time of closure.

(E) Maximum fluid depth. Any pit shall be constructed to contain a maximum fluid depth as authorized by the Manager of Field Operations on the Form 1014. A minimum freeboard of three feet shall be maintained.

(F) Maximum authorized volume. The maximum authorized volume allowed to be stored in a pit shall be calculated from three (3) feet below the point of the lowest elevation of the top of the berm wall.

(G) Width of the crown. The crown (top) of any berm shall be a minimum eight feet in width.

(H) Slopes. The inside slope of any exterior berm of the pit shall not be steeper than 3:1 (horizontal to vertical) and the outside slope of the pit shall not be steeper than 2.5:1.

(I) Earthwork compaction. All earthwork 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.

(J) Unique design requirements. For pits that may require special construction considerations, variances may be granted by the Manager of Field Operations if the proposed design meets or exceeds the requirements appearing in this subsection.

(K) Geomembrane liners.

(i) Pits permitted under this subsection must contain a geomembrane liner. The geomembrane liner must have a minimum thickness of 30 mil.

(ii) The geomembrane liner shall be chemically compatible with the type of substances to be contained in the pit and shall have ultraviolet light protection sufficient to withstand the time the pit is to remain open.

(iii) 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. The pit operator shall notify the appropriate Conservation Division District Office at least two (2) business days prior to installation of the liner in the pit to afford a Commission representative an opportunity to inspect the site prior to the liner being installed. If a Commission representative has not inspected the pit site within two (2) business days following notification, the pit operator may proceed to install the liner in the pit.

(iv) The geomembrane liner shall be continuous, although it may include welded or extruded seams, and it must cover the bottom and interior sides of the pit entirely. Sewing of seams is prohibited. The edges shall be securely placed in a minimum twelve inch deep anchor trench around the perimeter of the pit.

(L) Fluid level marker. A minimum of one stationary fluid level marker shall be erected in each pit. The marker shall be erected in a location within the pit 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. Details of the proposed marker installation shall be approved by the Manager of Field Operations prior to installation.

(M) Hydrologically sensitive areas. If the proposed pit is to be located over a hydrologically sensitive area (hydrologically sensitive areas are determined by the Commission's Technical Services Department and based upon Oklahoma Geological Survey maps), in addition to the foregoing construction requirements, the following additional requirements shall apply:

(i) A minimum 60-mil geomembrane liner or a minimum 30-mil geomembrane liner and a leachate collection system shall be required.

(ii) The Manager of Pollution Abatement shall determine the minimum depth of all monitor wells.

(3) Monitor wells and leachate collection systems.

(A) A minimum of three monitor wells-one (1) upgradient and two (2) downgradient from the pit-shall be installed. The exact number and location of the monitor wells shall be approved by the Manager of Pollution Abatement prior to installation. Additional monitor wells may be required for pits constructed in the general vicinity of water supply wells, well head protection areas and hydrologically sensitive areas. No monitor well shall be installed more than 250 feet from the toe of the outside berm of the pit, nor shall any existing water well

be used as a monitor well unless approved by the Manager of Pollution Abatement. All new monitor wells shall be drilled to a depth of at least ten feet below the top of the first free water encountered, and all monitor wells shall be drilled to a depth of at least ten feet below the base of the pit. All new monitor wells shall be drilled and completed by a licensed monitor well driller. If documentation is submitted to the Manager of Pollution Abatement prior to drilling the monitor wells to show that no free water will be encountered within 50 feet below the bottom of the pit, the Manager of Pollution Abatement may give approval for the wells to be drilled to a lesser depth. All new monitor wells shall meet the requirements set out in rules established by the Oklahoma Water Resources Board, in addition to the following requirements:

(i) 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.

(ii) Within 30 days of installation, specific completion information for all monitor wells shall be submitted to the Manager of Pollution Abatement.

(B) Leachate collection system: The pit operator may elect to install a leachate collection system in lieu of monitor wells, if such system will adequately detect any leak from the pit. The plan for the leachate collection system must accompany the Form 1014 and such plan must be approved by the Manager of Pollution Abatement prior to installation of the leachate collection system.

(4) Monitor well and leachate collection system sampling. The pit operator shall sample the monitor wells or leachate collection system prior to placing any fluids other than fresh water in the pit. The following procedures shall be used:

(A) The appropriate Field Inspector shall be notified at least 24 hours prior to sampling to allow a Commission representative an opportunity to witness the sampling.

(B) Samples shall be collected and handled by the pit 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, a sufficient portion of each sample (approximately one (1) pint) shall be properly labeled and delivered or otherwise provided to the appropriate Conservation Division 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 Department of Environmental Quality or operated by the State of Oklahoma. The Manager of Field Operations may require samples to be analyzed for additional constituents.

(F) A copy of each analysis and a statement as to the depth to groundwater encountered in each well or leachate collection system, or an affidavit that no water was encountered, shall be forwarded to the appropriate Conservation Division District Office within 30 days of sampling.

(G) The pit operator is required to conduct sampling every six months after the date pit operations commence and for a minimum of one year after closure is completed. The Manager of Field Operations may require sampling on a more frequent basis.

(5) 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 Field Operations before operation of the pit commences. Supporting documentation shall also be submitted, such as geomembrane liner specifications from the manufacturer, if requested by the District Manager.

(6) Pit approval. The pit operator shall notify the appropriate Conservation Division District Office at least two (2) business days prior to commencing pit operations to afford a Commission representative an opportunity to inspect the site. If a Commission representative has not inspected the pit site within two (2) business days following notification, the operator may commence pit operations, provided the affidavit and any supporting documentation referred to above has been submitted to the District Manager.

(7) Operation and maintenance requirements.

(A) Vegetative cover. Vegetative cover shall be established on all areas of earthfill on the outside slope of the pit immediately after pit construction or during the first planting season following the construction of the pit if the pit construction is completed out of season. The cover shall be sufficient to protect those areas from soil erosion and shall be maintained. The Manager of Field Operations may approve alternative erosion control measures if the alternative method meets or exceeds the vegetative cover requirement.

(B) Fencing. The pit shall be completely enclosed by a fence at least four feet in height. No livestock shall be allowed inside the fence.

(C) Sign. A waterproof sign bearing the name of the pit operator, legal description, and emergency telephone number shall be posted within 25 feet of the pit and shall be readily visible.

(D) Site security. All sites shall be secured by a locked gate. Fluids shall be placed in a pit only when representative(s) designated by the operator are present at the site if trucks are to be used in the operation. A key or combination to the lock shall be provided to the appropriate Field Inspector for the purpose of carrying out inspections.

(E) Acceptable materials. No operator of a flow back water pit shall place any substances in the pit other than flow back water or additional fresh water if required for hydraulic fracturing operations. The pit may receive flow back water from multiple wells as long as such wells are operated by the company authorized on the Form 1014.

(F) Oil film.

(i) The flow back water pit shall not contain an oil film.

(ii) The protection of migratory birds shall be the responsibility of the pit operator. Therefore, the Conservation Division recommends that to prevent the loss of birds, oil films be removed as soon as possible from the pit or that the surface of the pit be protected from access to birds. [See Advisory Notice in OAC 165:10-7-3(c)].

(G) Aesthetics. All 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.

(H) Structural integrity. All 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.

(I) Time period for operation. The period of time during which the pit is to remain in operation shall be specified on the approved Form 1014.

(8) Prevention of pollution. All flow back water pits shall be used, operated, and maintained at all times so as to prevent pollution. In the event of a non-permitted discharge, sufficient measures shall be taken to stop or control the loss of materials, and reporting procedures in OAC 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 may be fined up to \$5,000.00.

(9) Closure requirements.

(A) Notification. The Manager of Field Operations shall be notified in writing whenever the pit becomes inactive, or operation of the pit ceases for any reason.

(B) Time limit. Closure shall be commenced within 60 days and completed within one year of when the pit becomes inactive or cessation of operations. In cases where extenuating circumstances exist, one extension of six (6) months may be administratively approved in writing by the Manager of Field Operations. The pit operator must file an application and notice of hearing pursuant to OAC 165:5-7-1 et seq. and obtain the issuance of a Commission order concerning any additional request for an extension of time for pit closure.

(C) Trenching. Trenching, stirring or other similar practice shall be prohibited with respect to the pit.

(D) Preserving integrity of liner. Extreme care shall be taken to preserve the integrity of the liner when closing the pit. All fluids shall be removed from the pit when closing the pit. Once fluids have been removed from the pit, the liner may be folded and closed in place.

(E) Soil cover. A minimum of three feet of soil cover shall be placed over the pit, with all stockpiled topsoil being applied last. The soil cover shall be mounded or sloped to encourage runoff and so as to prevent erosion. The Manager of Field Operations may require the pit operator to establish a vegetative cover over the pit. The pit operator can request a variance to these requirements by submitting a written request and supporting documentation to the Manager of Field Operations. The Manager of Field Operations shall respond in writing within five (5) working days after receipt of a request for a variance to the requirements in this subsection from the pit operator.

(F) Notification to appropriate Conservation Division District Office. The pit operator shall notify the appropriate Field Inspector or appropriate Conservation Division District Office at least 48 hours prior to commencing closure. The pit operator shall also notify the Field Inspector or appropriate Conservation Division District Office within 48 hours after reclamation of the site has been completed.

(G) Penalty for failure to comply with closure requirements. A pit operator failing to comply with the closure requirements set out in this subsection may be fined up to \$1,000.00.

(H) Post closure monitoring. The pit operator is required to sample the monitor wells or leachate collection system at the site for a minimum of one year after closure of the pit is completed, and the pit operator must comply with the sampling and reporting requirements appearing in OAC 165:10-7-16(f)(4), above. Variances to the post closure monitoring and reporting requirements may be granted in writing by the Manager of Field Operations if an approved leachate collection system has been employed at the site and if additional hydrogeologic

data which demonstrates the pit has not leaked is submitted to and accepted by the Manager of Field Operations.

(10) Surety requirements.

(A) Agreement with Commission. The operator of a flow back water 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 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 pit 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) Surety amount and type. The Manager of Field Operations shall establish the amount of surety for the authority to construct and/or operate the pit. The amount of surety 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 Field Operations may reduce the surety requirement to an amount which would cover the cost of monitoring the site and plugging the monitor wells. Surety shall be maintained for as long as monitoring is required. The type of surety shall be a corporate surety bond, certificate of deposit, or irrevocable letter of credit. Any type of surety that expires shall be renewed prior to 30 days before the expiration date.

(11) Application to existing pits. Operators of pits permitted prior to the effective date of this subsection must either comply with parts (f) (3) (monitor wells and leachate collection systems), (f) (4) (monitor well and leachate collection system sampling) and (f) (10) (surety requirements) or close such pits within one (1) year of the effective date of this subsection. Operators of pits permitted prior to the effective date of this subsection must also comply with parts (f) (2) (L) (fluid level marker), (f) (7) (operation and maintenance requirements), (f) (8) (prevention of pollution) and (f) (9) (closure requirements). All pits permitted but not yet constructed as of the effective date of this subsection shall also be subject to the construction requirements in part (f) (2).

(12) Variances. Except as otherwise provided in this subsection, variances from provisions of this subsection may be granted for good cause by order after application, notice, and hearing.

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 appropriate Conservation Division District Office.** Any discharges exceeding 1,000 barrels shall require notification to the appropriate Conservation Division 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 Conservation Division 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 appropriate Conservation Division 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 appropriate Conservation Division District Office.** The appropriate Conservation Division 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~~ the appropriate Conservation Division District Office for justifiable cause. A written request and supporting documentation shall be required. The ~~Field Operations office~~ appropriate Conservation Division District 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~~ the appropriate Conservation Division District 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~~The appropriate Conservation Division District 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~~may be fined up to \$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~~the appropriate Conservation Division District 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~~the appropriate Conservation Division District Office.

(4) **Review period.** ~~The Field Operations office~~appropriate Conservation Division District 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~~appropriate Conservation Division District 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~~appropriate Conservation Division District 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)

$$\text{_____ ppm TSS in soil}^1 \times 2 = \text{_____ lbs/ac TSS in soil}$$

6000 lbs/ac TSS - _____ lbs/ac TSS in soil = Maximum TSS (lbs/ac) to be applied

$$\text{Maximum TSS (lbs/ac)} \text{ _____} \div (\text{_____ ppm TSS in water}^1 \times .000001) = \text{Maximum lbs/ac of water to be applied } \text{_____}$$

$$\text{Maximum lbs/ac } \text{_____} \div \text{_____ lbs/bbl}^2 = \text{Maximum bbls/ac } \text{_____}$$

PROCEDURE FOR CALCULATING APPLICATION RATE OF OIL AND GREASE

500 lbs/ac \div (_____ ppm in water \times .000001) = Maximum lbs/ac of water to be applied _____

$$\text{Maximum lbs/ac } \text{_____} \div \text{_____ lbs/bbl}^2 = \text{Maximum bbls/ac } \text{_____}$$

¹Electrical Conductivity (EC expressed in micromhos/cm) may be used to estimate TSS: EC \times 0.64 = ppm TSS.

²Based 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~~ the appropriate Conservation Division District Office for justifiable cause. A written request and supporting documentation shall be required. ~~The Field Operations office~~ appropriate Conservation Division District 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~~ appropriate Conservation Division District 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~~ appropriate Conservation Division District Office shall be contacted immediately. The ~~Field Operations office~~ appropriate Conservation Division District 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~~ appropriate Conservation Division District 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 ~~Conservation Division district office~~ 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.

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~~ may be fined up to \$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 appropriate Conservation Division District Offices) and a minimum of 100 feet to any freshwater pond, lake, or wetland. [Designated by the National Wetlands Inventory Map Series, prepared by the U.S. Fish and Wildlife Service, available for viewing at the Commission's Oklahoma City Office (also, see (h)(6) of this Section)].

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

(8) **Stockpiling of cuttings.** Stockpiling of cuttings may be used during the handling and transportation of the cuttings both at the well location and the receiving site. At the well site 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 appropriate Conservation Division 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~~ the appropriate Conservation Division District Office.

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

(3) **Parameters for drilling fluids and/or cuttings.**

(A) **Earthen pits.** Parameters for analysis of the drilling fluids and/or cuttings shall include at a minimum EC and Oil and Grease (O&G). Dry Weight shall also be determined if a significant amount of solids will be land applied.

(B) **Tanks.** EC shall be a required parameter for analysis of drilling fluids and/or cuttings. Dry weight shall also be determined if a significant amount of solids will be land applied.

(f) **Application for permit.**

(1) **Who may apply.** Only the operator of a well or 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~~ the appropriate Conservation Division District 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~~ the appropriate Conservation Division District Office.

(3) **Review period.** The ~~Field Operations office~~ appropriate Conservation Division District 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 appropriate Conservation Division District Office when notification of commencement of land application is given, pursuant to (h)(1) of this Section.

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

(C) The maximum application rate shall be restricted by the most limiting parameter. The ~~Field Operations office~~ appropriate Conservation Division District 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~~ the appropriate Conservation Division District 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~~ appropriate Conservation Division District Office shall be contacted immediately. The ~~Field Operations office~~ appropriate Conservation Division District 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~~ the appropriate Conservation Division District Office for justifiable cause. A written request and supporting documentation shall be required. The ~~Field Operations office~~ appropriate Conservation Division District Office shall respond in writing within five working days after receipt, either approving or disapproving the request.

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. Any pit sought to be approved pursuant to this Section will require a permit. The operator of the proposed pit shall submit Form 1014 in duplicate to the appropriate Conservation Division District Office for review and approval.

(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~~collection 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 appropriate Conservation Division 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,~~ to a depth of at least ten feet below the top of the first free water encountered and shall be drilled and completed by a licensed monitor well driller. If documentation ~~can be~~ submitted to the District Manager prior to drilling the monitor well to show that no free water will be encountered within a depth of ~~100~~50 feet from the surface, 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~~ meet the requirements as set out in rules established by the Oklahoma Water Resources Board, in addition to the following requirements:

~~(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) (i) 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) (ii) Within 30 days of installation, construction details for any leachate ~~detection~~collection 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~~ fence at least four feet in height. 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~~collection systems.**

(A) Sampling of monitor wells and leachate ~~detection~~collection 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 by the Oklahoma Department of Environmental Quality 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~~Manager of Field Operations

after receipt of a written request and supporting documentation required by the department.

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 appropriate Conservation Division 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 by the Oklahoma Department of Environmental Quality or operated by the ~~state~~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 appropriate Conservation Division District Office.** The Board of County Commissioners receiving the permit shall notify the appropriate Conservation Division 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.

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~~ may be fined up to \$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 appropriate Conservation Division District Offices); and a minimum of 100 feet to any freshwater pond, lake, or wetland designated by the National Wetlands Inventory Map Series, prepared by the U.S. Fish and Wildlife Service (available for viewing at the Commission's Oklahoma City Office). Also, see (h)(6) of this Section.

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

(8) **Stockpiling of cuttings.** Stockpiling of cuttings may be used during the handling and transportation of the cuttings both at the well location and the receiving site. At the well site 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 appropriate Conservation Division 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~~ the appropriate Conservation Division District 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~~ the appropriate Conservation Division District Office.

(3) **Review period.** ~~The Field Operations office~~ appropriate Conservation Division District 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~~appropriate Conservation Division District Office shall be contacted immediately. The ~~Field Operations office~~appropriate Conservation Division District 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~~the appropriate Conservation Division District Office for justifiable cause. A written request and supporting documentation shall be required. The ~~Field Operations office~~appropriate Conservation Division District Office shall respond in writing within five working days after receipt, either approving or disapproving the request.

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 appropriate Conservation Division 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~~may be fined up to \$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 by the State of Oklahoma or certified

by the Oklahoma Department of Environmental Quality 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.

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 appropriate Conservation Division 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~~ may be fined up to \$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.

SUBCHAPTER 8. COMMERCIAL RECYCLING

PART 1. HYDROCARBON RECYCLING/RECLAIMING FACILITIES

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~~ Manager of Document Handling 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.

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 appropriate Conservation Division 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~~ may be fined up to \$5,000.00.

PART 3. DRILLING WASTE RECYCLING/RECLAIMING FACILITIES [REVOKED]

- 165:10-8-25. Scope [REVOKED]
- 165:10-8-26. Definitions [REVOKED]
- 165:10-8-27. Pit requirements [REVOKED]
- 165:10-8-28. Application requirements [REVOKED]
- 165:10-8-29. Surety requirements for reclaimers [REVOKED]
- 165:10-8-30. Design and construction requirements [REVOKED]
- 165:10-8-31. Operation and maintenance requirements [REVOKED]
- 165:10-8-32. Reporting [REVOKED]
- 165:10-8-33. Closure requirements [REVOKED]
- 165:10-8-34. Additional requirements [REVOKED]
- 165:10-8-35. Variances [REVOKED]

PART 3. DRILLING WASTE RECYCLING/RECLAIMING FACILITIES [REVOKED]

165:10-8-25. Scope [REVOKED]

~~This Part shall cover the permitting, construction, operation, and closure requirements for any drilling waste recycling/reclaiming facility.~~

165:10-8-26. Definitions [REVOKED]

~~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.~~

165:10-8-27. Pit requirements [REVOKED]

~~(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.~~

165:10-8-28. Application requirements [REVOKED]

~~(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.~~

165:10-8-29. Surety requirements for reclaimers [REVOKED]

~~(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.~~

165:10-8-30. Design and construction requirements [REVOKED]

~~(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.~~

165:10-8-31. Operation and maintenance requirements [REVOKED]

~~(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.~~

165:10-8-32. Reporting [REVOKED]

~~(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.~~

165:10-8-33. Closure requirements [REVOKED]

~~(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.~~

165:10-8-34. Additional requirements [REVOKED]

~~The requirements set forth in this Part are minimum requirements. Additional requirements may be made upon a showing of good cause.~~

165:10-8-35. Variances [REVOKED]

~~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.~~

SUBCHAPTER 9. COMMERCIAL DISPOSAL 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~~ free water encountered. Perched water tables are not considered for the purposes of this subparagraph. Test borings need not extend deeper than 50 feet below the bottom of the pit if ~~an aquifer~~ free water 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~~ 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~~ surety in the order for the authority to construct, enlarge, or operate a commercial pit. The amount of ~~security~~ surety 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~~Surety shall be maintained for as long as monitoring is required. The type of ~~security~~surety shall be a corporate surety bond, certificate of deposit, irrevocable letter of credit, or other type of ~~security~~surety 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~~may be fined to \$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 1.0×10^{-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 1.0×10^{-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 welded or extruded seams, and shall cover the bottom and interior sides of the pit entirely. Sewing of seams is prohibited. 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, installed one upgradient and two downgradient from the pit. 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 the toe of the outside berm of 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,~~ to a depth of at least ten feet below the top of the first free water encountered, and all monitor wells shall be drilled to a depth of at least ten feet below the base of the pit. All new monitor wells and shall be drilled and completed by a

licensed monitor well driller. If documentation ~~can be~~ submitted to the Manager of Pollution Abatement prior to drilling the monitor wells to show that no free 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, as set out in rules established by the Oklahoma Water Resources Board, in addition to 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) 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) (B) 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 facilities 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 Conservation Division 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~~Oklahoma Department of Environmental Quality 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~~one 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 Conservation Division 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~~Oklahoma Department of Environmental Quality or operated by the State of Oklahoma. Analysis

of additional parameters may be required, based on the operation of the facility 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~~ may be fined up to \$5,000.00.

(g) **Annual/Semiannual report.** The operator of any commercial pit shall submit ~~an annual~~ a semiannual report on Form 1014A to the Manager of Pollution Abatement, ~~by February 1 and August 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~~ may be fined up to \$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) **Compliance history.** In the event the ~~Manager of Pollution Abatement Commission~~ has evidence that an applicant for a commercial disposal pit may not possess a satisfactory compliance history with ~~oil and gas conservation Commission~~ rules, the ~~Manager of Pollution Abatement Director of the Conservation Division~~ may seek an order of the Commission, issued after application, notice, and hearing, determining whether ~~or not~~ the applicant should be authorized to operate such a facility.

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~~ commercial soil farming operations shall be conducted on any site that is located within a 100-year flood plain.

(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 appropriate Conservation Division 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.-

(10) No commercial soil farming operations shall be conducted 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.

(11) No commercial soil farming operations shall be conducted within the following distances from the city limits of an incorporated municipality unless previously authorized by Commission order:

(A) Three miles if population is 20,000 or less.

(B) Five miles if population is greater than 20,000.

(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 appropriate Conservation Division District Office.** The appropriate Conservation Division 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 Conservation Division 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~~ Department of Environmental Quality.

(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~~surety 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~~surety shall be maintained for as long as monitoring is required. The type of ~~security~~surety shall be a corporate surety bond, certificate of deposit, irrevocable letter of credit, or other type of ~~security~~surety 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~~three (3) monitor wells, ~~installed~~ one upgradient and one two (2) 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 appropriate Conservation Division 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,~~ to a depth of at least ten feet below the top of the first free water encountered, and shall be drilled and completed by a licensed water monitor well driller. If documentation ~~can be~~is submitted to the Manager of Pollution Abatement prior to drilling the monitor wells to show that no free water will be encountered within a depth of 10050 feet from the surface, then the ~~District~~ Manager of of

Pollution Abatement may require that monitor wells be drilled to a lesser depth.

(D) All new monitor wells shall meet the following requirements as set out in rules established by the Oklahoma Water Resources Board, in addition to 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) (i) 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) (ii)~~ 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 Conservation Division 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 Department of Environmental Quality or operated by the State of Oklahoma. Analysis of additional parameters may be required, based on the operations 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 Conservation Division 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.

(13) **Fencing.** All commercial soil farming sites shall be completely enclosed by a fence at least four feet in height. No livestock shall be allowed inside the fence.

(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) **AnnualSemiannual report.** The operator of any commercial soil farming facility shall submit ~~an annual~~ a semiannual report on Form 1014A to the Manager of Pollution Abatement by February 1 and August 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.

(n) **Compliance history.** In the event the Commission has evidence that an applicant for a commercial soil farming operation may not possess a satisfactory compliance history with Commission rules, the Director of the Conservation Division may seek an order of the Commission, issued after application, notice, and hearing, determining whether the applicant should be authorized to conduct such commercial soil farming operation.

165:10-9-3. Commercial disposal well surface facilities

(a) **Scope.** This Section shall apply to the surface facilities of any commercial disposal well. Any pit sought to be approved pursuant to this Section will require a permit. The operator of the proposed pit shall submit

Form 1014 in duplicate to the appropriate Conservation Division District Office for review and approval.

(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 appropriate Conservation Division 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~~ collection 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 from the pit.

(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,~~ to a depth of at least ten feet below the top of the first free water encountered and shall be drilled and completed by a licensed

water monitor well driller. If documentation ~~can be~~ submitted prior to drilling the monitor well to show that no free water will be encountered within a depth of 10050 feet from the surface, the District Manager may require that monitor wells be drilled to a lesser depth.

(D) All new monitor wells shall meet the ~~following~~ requirements as set out in rules established by the Oklahoma Water Resources Board, in addition to 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) (i) 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) (ii) Within 30 days of installation, construction details for any leachate ~~detection~~collection 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~~ at least four feet in height. 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 or leachate collection systems.**

(A) Sampling of monitor wells or leachate collection 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 and Total Dissolved Solids (TDS) by a laboratory certified by the Oklahoma ~~Water Resources Board~~ Department of Environmental Quality 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 Conservation Division District Office or Field Inspector. A copy of each analysis and a statement as to the depth to groundwater encountered in each well or leachate collection system, 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).]

(10) **Site security.** Fluids shall be received for placement in a commercial disposal well pit only when there is an attendant on duty if fluids are hauled in by truck. If fluids to be deposited in the pit are transported by pipe, an alarm system or automatic shut-off system shall be installed. 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.

(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) **Variations.** 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.

165:10-9-4. Commercial recycling facilities

(a) **Scope.** This Section shall cover the permitting, construction, operation, and closure requirements for commercial recycling facilities. A commercial recycling facility is a facility which is authorized by Commission order to recycle materials defined as "deleterious substances" in OAC 165:10-1-2. Such substances must undergo at least one treatment process and must be recycled into a marketable product for resale and/or have some beneficial use. This definition does not include the reuse of drilling mud (plug mud) which was previously utilized in drilling or plugging operations. This Section does not cover hydrocarbon recycling/reclaiming facilities (see OAC 165:10-8-1 through 165:10-8-11).

(b) Application requirements.

(1) **Who may apply.** The applicant for a commercial recycling facility 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 facility is to be located. If the land on which the proposed facility is to be located is leased, both the owner and lessee of the land shall be joint applicants.

(2) **Compliance with rules.** Before issuance of an order authorizing the commercial recycling facility, the applicant shall comply with Commission Rules of Practice OAC 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 OAC 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) A topographic map of the commercial recycling facility site.

(C) The appropriate Soil Conservation Service (SCS) soil survey aerial photo and legend.

(D) A detailed drawing of the site, with complete construction plans drawn to scale by or under the supervision of a registered professional engineer.

(E) A plan for closure of the facility, which shall specifically state how all aspects of closure shall be accomplished, including volume and fate of liquids and solids, earthwork to close any pit(s) (including placement of stockpiled topsoil), and revegetation of the site.

(F) An itemization of projected hauling, closure, reclamation, maintenance, and monitoring costs.

(G) 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.

(H) A plan for operation which shall address the method(s) by which excess water will be disposed.

(c) Restrictions.

(1) Order required. No commercial recycling facility shall be constructed, enlarged, reconstructed, or used without a Commission order.

(2) Site limitations.

(A) No commercial recycling facility shall be constructed or used unless an investigation of the soils, topography, geology, and hydrology conclusively shows that storage of deleterious substances and the recycling of such substances at the site will not be harmful to groundwater, surface water, soils, plants, or animals in the surrounding area. No commercial recycling facility shall be constructed or used on or in an abandoned mine, strip pit, quarry, canyon, or streambed.

(B) No commercial recycling facility shall be constructed or used on any site that is located within a 100-year flood plain.

(C) No commercial recycling facility 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 recycling facility which utilizes pit(s) shall be constructed unless it can be shown that there will be a minimum of 25 feet between the bottom of the pit(s) and the groundwater level. 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(s) of the pit(s) and into the first free water encountered. Perched water tables are not considered for the purposes of this subparagraph. Test borings need not extend deeper than 50 feet below the bottom(s) of the pit(s) if free water has not been encountered before that depth. All boreholes converted to monitor wells shall conform to (e)(14) 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) No commercial recycling facility 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 recycling facility 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)(H) of this Section.

(d) Surety requirements.

(1) Agreement with Commission. Any operator of a commercial recycling facility 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 recycling 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 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.

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

(3) **Posting surety before permit is issued.** An operator shall post surety with the Commission on forms provided by the Manager of Document Handling before a construction permit is issued, pursuant to (e)(1) of this Section.

(e) **Construction requirements.**

(1) **Permit required.** Prior to constructing any commercial recycling facility, the facility operator shall obtain a permit from the Manager of Pollution Abatement. Application shall be made on Form 1014CR. For use of a commercial recycling facility without a permit, the facility operator may be fined up to \$5,000.00.

(2) **Runoff water prohibited.** No runoff water from surrounding land surfaces shall be allowed to enter a commercial recycling facility.

(3) **Stockpiling of topsoil.** Prior to constructing any pit utilized in a commercial recycling facility, 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 recycling facility 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 the installation of the geomembrane liner, and one post-construction. At least the post-construction on-site visit shall be made by the RPE.

(5) **Maximum fluid depth.** Any pit utilized in a commercial recycling facility 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 utilized in a commercial recycling facility 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) **Geomembrane liners.**

(A) Any pit utilized in a commercial recycling facility must contain a geomembrane liner. The geomembrane liner shall have a minimum thickness of 30 mil.

(B) Any geomembrane liner used in such pits shall be chemically compatible with the type of substances to be contained in the pit 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 welded or extruded seams, and the liner must cover the bottom and interior sides of the pit entirely. Sewing of seams is prohibited. The edges shall be securely placed in a minimum twelve inch deep anchor trench around the perimeter of the pit.

(8) **Width of the crown.** The crown (top) of any berm of a pit utilized in a commercial recycling facility shall be a minimum of eight feet in width.

(9) **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.

(10) **Earthwork compaction.** All earthwork 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.

(11) **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.

(12) **Splash pad.** All pits utilized in commercial recycling facilities 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 damage 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.

(13) **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. 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.

(14) **Monitor wells.** Monitor wells must be installed in conjunction with every commercial recycling facility. All pits utilized in commercial recycling facilities shall have a minimum of three monitor wells installed-one upgradient and two downgradient from the pit. The exact number and location of monitor wells shall be approved by the Pollution Abatement Department prior to installation. No monitor well shall be installed more than 250 feet from the toe of the outside berm of a 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 to a depth of at least ten feet below the top of the first free water encountered, and all monitor wells shall be drilled to a depth of at least ten feet below the base of

any pit. All new monitor wells shall be drilled and completed by a licensed monitor well driller. If documentation is submitted to the Manager of Pollution Abatement prior to drilling the monitor wells to show that no free water will be encountered within 50 feet below the bottom of any pit, the Manager of Pollution Abatement may require that monitor wells be drilled to a lesser depth. All new monitor wells shall meet the requirements as set out in rules established by the Oklahoma Water Resources Board, in addition to the following requirements:

(A) 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.

(B) Within 30 days of installation, specific completion information for all monitor wells shall be submitted to the Manager of Pollution Abatement.

(15) **Leachate collection system.** The commercial recycling facility operator may elect to install a leachate collection system in lieu of monitor wells if such system will adequately detect any leak from the facility. The plan for the leachate collection system must be approved by the Manager of Pollution Abatement prior to installation of the leachate collection system.

(16) **As-built drawing.** A detailed, as-built drawing of the facility and monitor wells or leachate collection system by or under the supervision of a registered professional engineer shall be submitted to the Manager of Pollution Abatement before operation of the facility commences.

(17) **Liner certification.** An affidavit signed by the person who was responsible for installing any 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 facility commences. Supporting documentation shall also be submitted, such as geomembrane liner specifications from the manufacturer.

(18) **Facility approval.** Acceptance of materials by a commercial recycling facility shall not commence until a representative of the Conservation Division has inspected and approved the facility.

(19) **Hydrologically sensitive areas.** If the proposed site is known to be located over a hydrologically sensitive area (hydrologically 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 any pit shall not exceed eight feet, and the total designed fluid or sediment depth shall not exceed five feet.

(B) 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 any 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 recycling facilities shall be completely enclosed by a fence at least four feet in height. No livestock shall be allowed inside the fence.

(3) **Sign.** A waterproof sign bearing the name of the commercial recycling facility operator, legal description, most current order number, and emergency phone number shall be posted within 25 feet of the entrance gate to any commercial recycling facility and shall be readily visible.

(4) Site security. Acceptable materials can be received by a commercial recycling facility 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. Deleterious substances shall not be accepted into any 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) An operator of a commercial recycling facility shall accept for recycling only those materials defined as "deleterious substances" in OAC 165:10-1-2. Such substances must undergo at least one treatment process and must be recycled into a marketable product for resale and/or have some beneficial use.

(B) A sample from each incoming load shall be collected, filtered (if necessary) and tested as required by Commission order.

(C) The date, volume, source (generator), type of material and test results of each load received shall be entered into a log book. Supporting documentation such as any chemical analyses or D.O.T. material safety data sheets concerning such loads shall also be maintained by the operator. The log book and supporting documentation shall be available for inspection by a representative of the Conservation Division of the Commission at all times. Log books and supporting documentation shall be kept for a minimum of five years after closure is completed.

(7) Pit contents. No pit utilized in a commercial recycling facility shall contain anything other than deleterious substances as defined in OAC 165:10-1-2. 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 procedures established by the Manager of Pollution Abatement.

(C) If requested by a representative of the Conservation Division, each composite sample shall be split and a sufficient portion (approximately one pint) shall be properly labeled and delivered or otherwise provided to the appropriate Conservation Division District Office or Field Inspector.

(D) All samples delivered to the laboratory shall be accompanied by a chain of custody form.

(E) All composite samples must be analyzed for constituents as required by Commission order by a laboratory certified by the Oklahoma Department of Environmental Quality 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 shall be forwarded to the Pollution Abatement Department within 30 days of sampling.

(8) Oil film.

(A) No pit utilized in a commercial recycling facility shall contain an oil film covering more than one percent of the surface area of the pit.

(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 of any pit be protected from access to birds. [See Advisory Notice in OAC 165:10-7-3(c)].

(9) **Aesthetics.** All commercial recycling facilities 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 pits utilized in commercial recycling facilities 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 well and leachate collection system sampling.** Sampling of monitor wells or leachate collection systems shall begin prior to accepting any deleterious substances into a new facility and within 30 days of completing the drilling of monitor wells or installation of leachate collection systems on existing facilities, and sampling 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 or 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, a sufficient portion of each sample (approximately one pint) shall be properly labeled and delivered or otherwise provided to the appropriate Conservation Division 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 Department of Environmental Quality or operated by the State of Oklahoma. Analysis of additional parameters may be required based on the operation of the facility 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 leachate collection system, or an affidavit that no water was encountered, shall be forwarded to the Pollution Abatement Department within 30 days of sampling.

(G) Monitor wells shall be plugged in accordance with Oklahoma Water Resources Board rules.

(12) **Prevention of pollution.** All commercial recycling facilities shall be used, operated, and maintained at all times so as to prevent pollution. In the event of a nonpermitted discharge at or from a commercial recycling 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. For a willful non-permitted discharge, the commercial recycling facility operator may be fined up to \$5,000.00.

(g) **Semiannual report.** The operator of any commercial recycling facility shall submit a report on Form 1014A to the Manager of Pollution Abatement by February 1 and August 1 of each year.

(h) **Closure requirements.**

(1) Notification. The Manager of Pollution Abatement shall be notified in writing whenever a commercial recycling facility becomes inactive, is abandoned, or operation of the facility ceases for any reason. A commercial recycling facility may be considered to be inactive by the Commission if:

(A) The facility 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 operator is unable to furnish documentation to show that there has been receipt of deleterious substances to be recycled at the facility during the previous twelve months.

(C) The authority to operate the facility has been terminated by failure to comply with (j) of this Section.

(2) Time limit. Closure of all commercial recycling facilities shall be commenced within 60 days and completed within one year of cessation of 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 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 recycling facility is located. The document shall accurately describe the facility location and shall specifically restrict the current or future landowners of the site from puncturing the final cover of any pit utilized in a commercial recycling facility 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 may be fined up to \$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 facilities. Operators of facilities permitted or ordered prior to the effective date of this Section must either comply with subsections (a), (c)(1), (d), (e)(2), (e)(11), (e)(12), (e)(13), (e)(14), (e)(15), (f), (g), (h), (i) and (l) of this Section or close such facilities within one (1) year of the effective date of this Section. All commercial recycling facilities permitted, but yet to be constructed as of the effective date of this Section, shall also be subject to all of the construction requirements in subsection (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) Compliance history. In the event the Commission has evidence that an applicant for a commercial recycling facility may not possess a satisfactory compliance history with Commission rules, the Director of the Conservation Division may seek an order of the Commission, issued after application, notice, and hearing, determining whether the applicant should be authorized to operate such a facility.

SUBCHAPTER 11. PLUGGING AND ABANDONMENT

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 H₂S;
 - (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 or after running a plug, the operator shall remove or displace all oil and saltwater in the wellbore, and the operator shall fill the wellbore and/or casing with drilling (plug) 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 and a continuous flow of cement shall be pumped for each stage.
 - (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, H₂S, 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.

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 Conservation Division District Office of the Conservation Division:

(1) Plugging Record (Form 1003).

(2) ~~Cementing Report (Form 1003C) to accompany Plugging Record (Form 1003).~~ Form 1003 shall be completed and signed by employees of both the operator and the cementer.

(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.

SUBCHAPTER 17. GAS WELL OPERATIONS AND PERMITTED PRODUCTION

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.

(1) **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. See Order No. 571714 which issued in Cause CD No. 200902831.

(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. See Order No. 571714 which issued in Cause CD No. 200902831.

(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. See Order No. 571714 which issued in Cause CD No. 200902831. Each well will be exempt from the annual test requirement.

SUBCHAPTER 21. APPLICATIONS FOR TAX EXEMPTIONS

PART 6. PRODUCTION ENHANCEMENT PROJECTS

165:10-21-21. General

Exemption from the levy of gross production tax pursuant to 68 O.S. Section 1001(G) 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~~2012 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).

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~~2012, "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~~2012, "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~~2012, "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 initial installation of 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.

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 available 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.

165:10-21-24. Rebates - Refund procedure

(a) **Request to Oklahoma Tax Commission for a tax refund.** If the Oklahoma Corporation Commission ~~grants~~approves 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 production enhanced enhancement project.

(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.

PART 7. ~~RE-ESTABLISHMENT~~ REESTABLISHMENT OF PRODUCTION FROM AN INACTIVE WELL

165:10-21-35. General

Exemption from the levy of gross production tax pursuant to 68 O.S. Section 1001(F) on the ~~re-establishment~~ reestablishment 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).

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 for which production is reestablished ~~on or before June 30, 2009~~ prior to July 1, 2012, 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~~ well's status.

(C) A well on which work to reestablish production commenced on or after July 1, 1994, and for which production is reestablished ~~on or before June 30, 1997~~ prior to July 1, 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.

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~~ available 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.

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~~2002~~, and June 30, 1997~~July 1, 2005~~, drilled to a depth of fifteen thousand (15,000) feet or greater.** Deep wells spudded between July 1, 1994~~2002~~, and June 30, 1997~~July 1, 2005~~, 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)~~ forty-eight (48) months.

(d) **Exemption for wells spudded between July 1, 1997, and June 30, 2002~~July 1, 2005~~, drilled to a depth of twelve thousand five hundred (12,500) feet or greater.** Deep wells spudded between July 1, 1997, and June 30, 2002~~July 1, 2005~~, 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) **~~Additional Exemption~~ exemptions for deep wells spudded on or after July 1, 2002.** Production from ~~Deep~~ deep wells spudded on or after July 1, 2002, and drilled as noted below 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~~2005~~ and June 30, 2009~~July 1, 2012~~.** 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~~2005~~ and June 30 July 1, 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 July 1, 2011.** The duration of the exemption for wells drilled to this depth is sixty (60) months.

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~~ available 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(c), 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.

165:10-21-47.1. Rebates - Refund procedure

(a) **Request to Oklahoma Tax Commission for a tax refund.** If the Oklahoma Corporation Commission ~~grants~~approves 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(c), 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.

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~~2012, 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). Such exemption from the gross production tax shall be from the date of first sales for a period of twenty-eight (28) months.

(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~~2012, 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~~2012, 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~~2012, 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~~and after July 1, 1997, and prior to July 1, ~~2009~~2012, 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.

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~~available 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.

165:10-21-58. Rebates - Refund procedure

(a) **Request to Oklahoma Tax Commission for a tax refund.** If the Oklahoma Corporation Commission ~~grants~~approves 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~~July 1, 2012.

(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.

PART 11. HORIZONTALLY DRILLED PRODUCING WELLS

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~~2012.

"**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.

"**Project payback**" shall be determined as of the date of the completion of the well and shall not include any expenses beyond the completion date of the well, and is subject to the approval of the Oklahoma Tax Commission.

"**True vertical depth**" means that depth measured from the surface perpendicular to the surface.

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~~ available 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.

165:10-21-68. Rebates - Refund procedure

(a) **Request to Oklahoma Tax Commission for a tax refund.** If the Commission ~~grants~~approves 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 producing well in accordance with the requirements of this Part.

(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.

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~~2012 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)]

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, 68 O.S. §1001(D) and other applicable sections of such statute. The provisions of 68 O.S. §1001(D) do not apply to any enhanced recovery project using fresh water as the primary injectant, except when using steam.

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 ~~production~~ production 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~~ October 17, 1987.

"Incremental production" means the amount of crude oil or other liquid hydrocarbons which are produced during an approved enhanced ~~oil~~ recovery ~~operation~~ project 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~~ October 17, 1987.

"Project beginning date" means the date on which the injection of liquids, ~~gas~~ gases 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. Project payback shall be determined as of the date of the completion of the well and shall not include any expenses beyond the completion date of the well, and is subject to the approval of the Tax Commission.

~~**"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.]~~

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. §100168~~ O.S. §1001(D)]

(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,~~ on OCC Form 1139 for a determination that such project ~~or property~~ qualifies, a determination of the starting date, and of the base production amount.

(A) OCC Form 1139 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. If the application is approved, a copy shall be ~~forwarded~~ available to the operator. If the application is denied or refused, or approval is delayed beyond sixty (60) days, the operator may seek review by application, notice and hearing.

(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 approved 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~~Forms 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.

165:10-21-78. Recovery of costs allowed as payback factors

(a) **Enhanced recovery project, project beginning date betweenon or after October 17, 1987 and on or before June 30, 1990.** For any enhanced recovery project with a project beginning date ~~betweenon or after~~ October 17, 1987, and on or before 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 betweenon or after July 1, 1990 and on or before June 30, 1993.** For any enhanced recovery project with a project beginning date ~~betweenon or after~~ July 1, 1990, and on or before 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) Secondary recovery project, project beginning date on or after July 1, 2000, and before July 1, 2012. For any secondary recovery project approved or having an initial project beginning date on or after July 1, 2000, and before July 1, 2012, any incremental production attributable to the working interest owners which results from such secondary recovery project shall be exempt from the gross production tax levied pursuant to 68 O.S. §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.]

~~(d)~~ (e) **Tertiary enhanced recovery project, project beginning date on or after July 1, 1993 and before July 1, 20092012.** For any tertiary enhanced recovery project with a project beginning date on or after July 1, 1993, and before July 1, 20092012, 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)~~ (f) **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.

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, 20092012, 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.

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, 20092012, 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.

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, 20092012, 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) 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. If the application is administratively approved, a copy shall be forwarded available to the operator. If the application is denied or refused, or approval is delayed beyond sixty (60) days, the operator may seek review by application, notice and hearing.

(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.

165:10-21-82.3. Rebates - Refund procedure

(a) **Request to Oklahoma Tax Commission for a tax refund.** If the Commission ~~grants~~approves 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 ~~order~~ approving such application and containing a determination certifying 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~~2012~~, 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.

SUBCHAPTER 29. SPECIAL AREA RULES

165:10-29-2. Alternative location requirements for horizontal well units

(a) Scope and effect. The well location requirements of this Section apply to horizontal wells completed in horizontal well units in designated common sources of supply and geographic areas as specified in this Section. Horizontal wells covered by this Section are subject to OAC 165:10-3-28 and other applicable Commission rules except as provided in this Section.

(b) Woodford shale.

(1) This subsection applies to horizontal wells completed in the Woodford shale common source of supply in Atoka, Blaine, Caddo, Canadian, Coal, Dewey, Grady, Haskell, Hughes, Kingfisher, LeFlore, Latimer, McIntosh, Pittsburg, and Sequoyah Counties.

(2) The completion interval of a horizontal well subject to this subsection shall be located not less than the minimum distance from the boundary of a standard or non-standard horizontal well unit as follows:

(A) Not less than 330 feet from an east or west unit boundary.

(B) Not less than 165 feet from a north or south unit boundary.

APPENDIX C: TABLE HD [REVOKE]

APPENDIX C: TABLE HD [NEW]

RECOMMENDED ADDITIONAL ALLOWABLE FOR HORIZONTAL OIL WELLS
 BASED ON TRUE VERTICAL DEPTH AND COMPLETION INTERVAL

AVERAGE TRUE VERTICAL DEPTH OF POOL IN FEET	ADDITIONAL ALLOWABLE IN BARRELS PER FOOT OF COMPLETION INTERVAL
TO 4,000	.2
4,001 TO 8,000	.3
8,001 TO 12,000	.4
GREATER THAN 12,000	.5

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.

APPENDIX F. SCHEDULE B FINES [REVOKE]

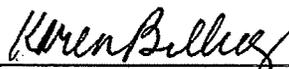
APPENDIX F. SCHEDULE B FINES [NEW]

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 report as required by rule.	\$500

ATTESTATION

I, the undersigned, do hereby attest that the copy enclosed herewith is a true and correct copy of amendments to Chapter 10, Oil and Gas Conservation Division, which were adopted by the Oklahoma Corporation Commission on March 30, 2010 under permanent rulemaking provisions of the Administrative Procedures Act, 75 O.S., Sections 250 et seq.

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



Karen Billing
Alternate Agency Liaison
Oklahoma Corporation Commission
March 31, 2010

NAME OF AGENCY: Corporation Commission
TYPE OF DOCUMENT: Agency Rule Report

LIAISON VERIFICATION:

I verify that I have reviewed the attached document and that it substantially conforms to filing and format requirements of the Administrative Procedures Act and the rules of the Secretary of State. Additional information may be obtained by contacting me at (405) 522-4458.



KAREN BILLING
Rules Liaison
Oklahoma Corporation Commission
March 31, 2010