

## SUMMARY OF OIL AND GAS RULES CHANGES

### Brief outline of amendments:

- 240.10 Add definition of Commercial Production, clarify definition of “Director”, add definition of Primary Oil Recovery, add definition of Post-Primary Oil Recovery.
- 240.131(b)(1) Clarify when the Department will accept a petition for integration and when a petition is deemed filed.
- 240.131(e)(2) Clarify who qualifies to enter as a party of record
- 240.132(b)(1) Clarify when the Department will accept a petition of unitization and when a petition is deemed filed.
- 240.132(e)(2) Clarify who qualifies to enter as a party of record
- 240.132(j)(7) Establishes when an order for integration terminates.
- 240.133(b)(1) Clarify when the Department will accept a petition to establish pool wide drilling units and when a petition is deemed filed.
- 240.133(e)(2) Clarify who qualifies to enter as a party of record
- 240.140(a)(2) Clarify language.
- 240.150 Clarify language and clarify cites.
- 240.155 Correct language.
- 240.155(b)(1) Clarify maximum amount of civil penalty for Civil Complaint.
- 240.160 Correct language, correct cites and increase the amounts of Civil Penalties as follows:
- 240.160(c) Clarify the maximum amount of civil penalties and clarify language.
- 240.160(c)(1) Administrative Violations:
- A) No previous violation of same rule. – increase from \$25 to \$50
  - B) One previous violation of same rule. – increase from \$50 to \$100
  - C) Two previous violations of same rule. – increase from \$75 to \$150
  - D) Three previous violations of same rule. – increase from \$100 to \$200
  - E) Four or more previous violations of same rule – increase from \$250 to \$500.
- 240.160(c)(2)(A) History of Violations:
- i) No previous violation of same rule. - increase from \$50 to \$100.
  - ii) One previous violation of same rule. - increase from \$100 to \$250.
  - iii) Two previous violations of same rule. - increase from \$150 to \$500.
  - iv) Three previous violations of same rule. - \$750 (new rule).
  - v) Four previous violations of same rule. - \$1000 (new rule).
  - vi) Five or more previous violations of same rule. - \$2500 (new rule).
- 240.160(c)(2)(B) Seriousness:

- i) If violation had low probability to cause environmental harm to and, water, wildlife or livestock. - increase from \$50 to \$100.

If violation had high probability to cause environmental damage to water, land, wildlife or livestock. - increase from \$100 to \$250.

If violation caused environmental damage to water, land, wildlife or livestock. - increase from \$200 to \$1000.

- ii) If the violation created a hazard to the safety of any person-  
increase from \$500 to \$2000.

240.160(c)(2)(C) Permittee's Actions:

- i) If the permittee was previously notified of the violation and failed to comply - increase from \$100 to \$500.

- ii) If the violation resulted from the permittee's lack of reasonable care-increase from \$50 to \$250.

If the violation occurred as a result of the permittee's deliberate conduct including lack of reasonable maintenance of equipment - increase from \$200 to \$500.

- 240.160(c)(3) Operating annular disposal well, operating wells in PRF, failure to provide emergency response to spills or improper disposal or discharge of produced fluids.

(A) History of Violations:

One or more previous violations of the same rule - increase from \$100 to \$500.

(B) Seriousness:

- i) If the violation caused environmental damage to water or wildlife - increase from \$200 to \$1000.

- ii) If the violation created a hazard to the safety of any person. - increase from \$500 to \$2000.

240.180 Correct language and cites.

240.180(b) Clarify who will designate the Hearing Officer.

240.180(e) Corrects cite error and corrects time frame for hearing.

240.185(b) Remove redundant language.

240.186 Correct language and cites.

240.186(d) Corrects time frame for hearing and who will designate Hearing Officer..

240.190 Correct language and cites.

240.220(b) Requires GPS location in application for permit to drill a production well

240.220(d) Requires applicant to have 100% of rights to drill and operate on a lease and requires applicant to submit a recorded copy of lease.

240.250(b) Clarify who is not allowed to receive permits and clarify language.

- 240.310(f) Corrects rule cite error.
- 240.320(b) Requires GPS location in application for permit to drill a Class II well and corrects rule cite error.
- 240.320(c)(4) Deletes requirement for fresh water well locations.
- 240.320(d) Clarify the amount of mineral rights required to drill and operate a well.
- 240.340(d) Specifies what parameters are required in an injection fluid analysis.
- 240.340(e)(2)(B) Specifies how a step-rate test is to be performed.
- 240.370(d)(4) Clarify who will designate the Hearing Officer.
- 240.380(b) Change “may” to “shall”.
- 240.380(c) Clarify time frame for expiration of Class II well permits
- 240.390(c) Requires permit amendment to change injection fluid.
- 240.410(d) Delete unneeded numeric language
- 240.410(f) Establishes 200’ setback for wells from nearest existing occupied dwelling.
- 240.430 (c) Establishes spacing requirements for new drilling units in post-primary oil recovery areas.
- 240.455(d) Establishes spacing requirements for horizontal drilling units in primary oil recovery areas.
- 240.455 (e) Establishes spacing requirements for horizontal drilling units in post-primary oil recovery areas.
- 240.455(f) Establishes when a hearing for a horizontal drilling unit is required.
- 240.460(c) Clarify when the Department will accept a petition for a modified drilling unit and when a petition is deemed filed.
- 240.460(d) Clarify who is required to receive Notice of Hearing
- 240.460(f)(2) Clarify who qualifies to enter as a party of record.
- 240.460(k) (3) Establishes when an order for a modified drilling unit terminates.
- 240.465(a)(2) Deletes ambiguous language.
- 240.465(c) Clarify when the Department will accept a petition for a special drilling unit and when a petition is deemed filed.
- 240.610(a)(2) Requires surface casing to be set in the presence of Department representative and clarifies when cement and casing records are required to be submitted to the Department.
- 240.630(d) Establishes additional production well operating requirements for public safety.
- 240.710(a)(2) Requires surface casing to be set in the presence of a Department representative and clarifies when cement and casing records are required to be submitted to the Department.
- 240.750(c) Establishes additional Class II well operating requirements for public safety.
- 240.750(g) Requires any change in injection fluid to be made in accordance with Sec. 240.390(c).
- 240.760(b) Clarify setting depth of packer in Class II wells.
- 240.760(c)(1) Establishes when a packer is required to be re-set.
- 240.760(e)(5) Corrects rule cite error.
- 240.780(a)(1)(D) Amends data required on well completion reports.
- 240.810(c)(1) Clarify height requirements for containment dikes.
- 240.810(c)(2)(A) Establishes alternative construction for containment dikes.
- 240.870 Clarify who is responsible for plugging a leaking unpermitted drill hole
- 240.875 Clarify who is responsible for plugging a leaking previously plugged well
- 240.920(c) Clarify who is not allowed to receive a Liquid Oilfield Waste hauler permit.

- 240.1040(a) Clarify who is required to receive Notice of Hearing.
- 240.1040(d)(4) Clarify who will designate the Hearing Officer.
- 240.1050(b) Clarify who is not allowed to receive a Vacuum permit.
- 240.1110 Clarify the definition of cement.
- 240.1130(a)&(b) Clarify when a well is deemed to be abandoned.
- 240.1130(e) Clarify when Future Use Status may be terminated.
- 240.1130(f) Change Future Use Status from annually to every 2 years.
- 240.1132(e)(4)&(5) Changes Future Use Status from annually to every 2 years and requires fluid level tests to be conducted in the presence of a Department representative.
- 240.1140(e) Establishes methane monitoring requirements during plugging operations.
- 240.1150(d)(1)(B)(3) Requires plugged wells to be left open for a minimum of 12 hours to verify the top of cement.
- 240.1240 Clarify who is not allowed to receive a Test Well permit
- 240.1305 Clarify requirements coal mining areas
- 240.1360(b) Establishes safety and notification requirements when drilling through a coal mine.
- 240.1460(a) Clarify who is not allowed to have wells transferred to them and clarify language.
- 240.1460(c)(2)(A) and (B) Clarify who is responsible for wells on a PRF lease.
- 240.1500(a)(2) Clarify which wells require a bond.
- 240.1600 Clarify the definition of an abandoned well and define commercial production.
- 240.1610(d) Clarify the Department must approve transfer of a well prior to operation.
- 240.1640 Clarify the repayment of funds to the PRF and when a bond is required.
- 240.1650 Establishes requirements for removing a well in PRF for abandonment.
- 240.1660 Establishes requirements for removing a well in PRF for non-payment of annual well fees.
- 240.1700(b)&(c) Clarify when annual wells fees are assessed and when liability ceases.
- 240.1805 Clarify the definition of a Gas Storage Well
- 240.1810 Clarify what is required on gas storage maps.
- 240.1820(b)(1) Correct spelling error.
- 240.1835(b) Require GPS location on application for Observation or Gas Storage wells
- 240.1835(d) Clarify the amount of mineral rights required to drill and operate a well.
- 240.1850(b) Clarify who is not allowed to receive an Observation or Gas Storage permit
- 240.1852(b) Prohibits production of hydrocarbons from wells permitted for Observation
- 240.1910(b) Requires GPS location on an application for a Service Well permit.
- 240.1910(d) Clarify the amount of minerals right required to drill and operate a well.
- 240.1930(b) Clarify who is not allowed to receive a Service Well permit