State of Arkansas Oil & Gas Commission: Recent Developments, Future Initiatives

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State of Arkansas
Oil and Gas Commission

Recent Developments
Future Initiatives
State of Arkansas
Oil and Gas Commission

2005 Developments
Amendments to Statutes

A.C.A. 15-71-110 and 15-71-115
- Create Abandoned and Orphaned Well Plugging Fund
- Adopt Fees
- Disposal of Well Equipment
- Recover Costs

A.C.A. 15-72-217
- Define Well Abandonment
- Require Plugging of Abandoned Wells
- Authority to Plug Abandoned Well for Non-compliance
State of Arkansas
Oil and Gas Commission

2005 Developments
Rule Changes

1. **General Rule B-3 - Well Spacing**
   - Establish 280’ Set Back For Wildcat Wells, Exploratory Units And Uncontrolled Pools

2. **General Rule B-2 - Financial Assurance**
   - Establish Types Of Financial Assurance Accepted (Surety Bond, Letter Of Credit, CD, Cash)
   - Replaced Financial Assurance Request For Oil Wells With Annual Fee Assessment
   - Established Annual Fee Schedule
3. General Rule D-18 - Commingle
   - Authorize By Rule Commingling Activities In Certain Fields Without Application
   - Clarified And Streamlined The Commingle Application Process

4. General Rule D-19 – Additional Completions Within Drilling Unit
   - Expanded The Type Of Reservoir Characteristics Which Qualify For Additional Completion Approval (Previously Zone Separation Only)
   - Clarified And Streamlined The Additional Completion Application Process
2005 Developments
Orders of Commission

1. Hearing Procedures Amended To Require Notice To Interested Parties Be Given By Applicant (Previewed By Commission)

2. Well Location Was Defined As The Bottom Hole Location For Purposes Of Setback, Well Spacing And Defining Exceptional Location:
   - Vertical – Surface Location
   - Directional – Mid-point Of Perforations
   - Horizontal – Entire Length Of Perforated Interval
Surface Location

Heel

Completion Area

Perforation Interval

Toe

X - Section
Governmental Section

Surface Hole Location can be Located Anywhere

Heel

Toe

560’ set back

± 5280’
General Rule B-40 – Streamline Administrative Exceptional Location Approval Process
Continue Various Rule Amendments To Clarify And Streamline
Fayetteville Shale Spacing – General Rule B-43
Embayment Development Issues
1. Drilling Pit Concerns
2. Surface Casing
3. Disposal of Drilling and Completion Fluids