

FINAL VERSION**RULE D-18 - AUTHORITY TO COMMINGLE**

- a) This rule authorizes the Director of Production and Conservation, or his designee, to approve certain commingle requests as detailed in this rule. This rule is applicable for administrative approval of commingling of multiple common sources of supply on an individual well basis only, and includes previously completed and/or uncompleted sources of supply in a well, with no restriction on rate of production. The rule is not applicable on a field-wide basis.
- b) All common sources of supply classified by the Commission as uncontrolled, are exempt from the provisions of this rule and are permitted to be commingled without application, only when commingled with other uncontrolled sources of supply. Upon completion of the commingling activities, reporting in accordance with Rule B-5 is required.
- c) All common sources of supply previously approved and commingled in wells before the effective date of this rule are allowed to continue in effect for the life of the well.
- d) Commingling is permitted without application for the Middle Atoka, as defined by the field rules in the following fields: Booneville, Chismville, Excelsior, Gragg, Mansfield, Waveland and Witcherville and any authorized extensions to these fields and includes the Upper Atoka in these same fields, if the field rules have specified the same well spacing for the Upper Atoka as for the Middle Atoka. Upon completion of commingling activities, reporting in accordance with Rule B-5 is required.
- e) Requests for the commingle of common sources of supply with a well, or at the surface of a well in the following well categories, are not subject to the administrative approval process set forth in this rule, and must be brought before the Commission for approval following proper notice and hearing:
 - 1) A wildcat well; or
 - 2) A well located within an exploratory unit established by Commission Order; or
 - 3) A well in which the commingling of multiple common sources of supply will result in an unapproved additional completion within the drilling unit; or
 - 4) A well in which the primary reservoir drive mechanism for a requested zone to be commingled is a water drive; or
 - 5) A well in which the ownership between the commingled zones is not common; or
 - 6) A well in which spacing requirements are different between commingled zones.

- f) Application to commingle common sources of supply in accordance with this rule shall be submitted on a form prescribed by the Director of Production and Conservation and shall include, at a minimum:
- 1) The operator's contact information;
 - 2) The name and location of the well;
 - 3) The perforated intervals to be commingled;
 - 4) A plat showing well locations in the unit indicating all common sources of supply to be commingled;
 - 5) A statement as to whether the primary reservoir drive mechanism for the requested commingled zone is a water drive;
 - 6) A statement as to whether all zones to be commingled have common spacing requirements;
 - 7) A statement as to whether any of the requested zones to be commingled are subject to a location exception order, the penalty for which will be applied to the commingled production;
 - 8) Proof of notice sent to all offset operators, of the right to drill and produce in all adjacent units, of the intent to commingle.
- g) Upon review and approval of the application and if no objections are received by the Director of Production and Conservation within 15 days of the date of the notice sent to each adjacent offset operator or if the application is accompanied by written acceptance by the offset operators of the commingle request, the application for commingling shall be approved. Approved applications are only valid for one year from date of issuance, unless commingling activities have been commenced prior to that time.
- h) Following approval of the commingle application, the applicant shall submit to the Director of Production and Conservation, the following:
1. Completed Well Completion and Recompletion Report, and
 2. Rates and pressures for each commingled zone, unless a staged frac completion technique has been used in the well.
- i) If the Director of Production and Conservation receives an objection to a commingle application during the notice period specified in (f) above, the commingle application will be denied. Following denial of an application, the applicant may request to have the matter placed, in accordance with established procedures, on the docket of a regularly scheduled Commission hearing.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT: Arkansas Oil and Gas Commission

DIVISION: _____

PERSON COMPLETING THIS STATEMENT: Lawrence E. Bengal

TELEPHONE NO.: 870-862-4965 **FAX NO.:** 870-862-0425 **EMAIL:** lbengal@aogc.state.ar.us

FINANCIAL IMPACT STATEMENT

To comply with Act 1104 of 1995, please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE:

General Rule D-18 - Authority to Commingle

1. Does this proposed, amended, or repealed rule have a financial impact?

Yes No

2. If you believe that the development of a financial impact statement is so speculative as to be cost prohibitive, please explain.

No impact anticipated. Rule simply codifies an existing administrative procedure.

3. If the purpose of this rule is to implement a federal rule, please give the incremental cost for implementing the rule. Please indicate if the cost provided is the cost of the program.

	<u>Current Fiscal Year</u>		<u>Next Fiscal Year</u>
General Revenue	_____	General Revenue	_____
Federal Funds	_____	Federal Funds	_____
Cash Funds	_____	Cash Funds	_____
Special Revenue	_____	Special Revenue	_____
Other (Identify)	_____	Other (Identify)	_____
Total	<u>\$0</u>	Total	<u>\$0</u>

4. What is the total estimated cost by fiscal year to any party subject to the proposed, amended, or repealed rule? Identify the party subject to the proposed rule, and explain how they are affected.

Current Fiscal Year
\$0

Next Fiscal Year
\$0

5. What is the total estimated cost by fiscal year to the agency to implement this rule?

Current Fiscal Year
\$0

Next Fiscal Year
\$0