

FINAL VERSION

**D-19 ADDITIONAL COMPLETIONS WITHIN COMMON SOURCES
OF SUPPLY WITHIN A DRILLING UNIT**

- a) This rule is applicable for administrative approval, by the Director of Production and Conservation, of additional completions, within common sources of supply, within established drilling units located in fields covered by field rules.
- b) This rule is not applicable on a field-wide basis, or within Exploratory Units.
- c) Application for additional completions shall be submitted to the Director of Production and Conservation on a form prescribed by the Director, and contain the following information:
 - 1) The location of the unit;
 - 2) The location of all well(s) showing the productive zones in each well within the unit for which the additional completions are requested;
 - 3) Initial and current pressure(s) and current rates and, cumulative production for each completion within a common source of supply;
 - 4) A structure and isopach map of the common source of supply;
 - 5) A unit cross-section, including the wells for which the additional completion is requested;
 - 6) A statement as to whether there is common ownership within the wells producing from the common source of supply within the unit; and
 - 7) If applicable, the drainage characteristics for each well within the common source of supply;
- d) In addition, each application shall provide proof of written notice to all working interest owners in the subject unit and all offset operators in all adjacent established units including all working interest owners in the offset unit where the operator is the same as the applicant. Notice shall be given at least 15 days prior to the receipt of the application as indicated by the Commission date stamp on the application.

- e) The notice shall contain at a minimum, the name of the applicant, the name and location of the well, the zone subject to the additional completion request, and instructions as to the filing with the Director of Production and Conservation written objections within 15 days of the notice postmark.
- f) Upon review of the application and if the submitted evidence or requested additional evidence indicates that:
 - 1) Stratigraphic or structural separation of the common source of supply can reasonably be demonstrated; or
 - 2) The irregular shape and/or size of the drilling unit relative to the drainage characteristic of the well within the common source of supply necessitate an additional completion; or
 - 3) The drainage characteristics of the well within the common source of supply in a regular shape and size drilling unit demonstrate an additional completion is necessary to effectively drain the unit; or
 - 4) The pressure data from the common source of supply indicates less than a 20% reduction in the original pressure 5 years after the first completion in that same source of supply; or
 - 5) The other unit completion(s) in the common source of supply have each produced less than 75 MCF per day over the twelve month period prior to the additional completion application or a newly drilled well, which is the subject of the additional completion request, and which is only able to produce less than 75 MCF per day absolute open flow; and
 - 6) If ownership within the wells in the common source of supply within the unit is not common, but evidence of agreement between the owners is provided with the additional completion application; and
 - 7) If an objection is not received within 15 days of the receipt of the application, the Director of Production and Conservation shall approve the application.
- g) If an objection is received or if the application does not satisfy the requirements of section (f) above, the application will be denied. If an application is denied, or if the reason for an additional completion request is not addressed by this rule, 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-19 - Additional Completions Within Common Sources Of Supply Within A Drilling Unit

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 process.

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 _____ \$0	Total _____ \$0

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