

FINAL

RULE B-11 - DOMESTIC NATURAL GAS WELLS AND CONVERSION OF PERMITTED OIL AND NATURAL GAS WELLS FOR USE AS DOMESTIC NATURAL GAS OR FRESH WATER SUPPLY WELLS

- a) Domestic Natural Gas Wells
 - 1) Any well drilled by persons for use as a domestic, livestock or agriculture natural gas source, is not under the jurisdiction of the Commission and is not subject to permitting or regulation by the Commission, provided such natural gas is not sold or gathered for sale to others. Such wells may be subject to other applicable State laws.
 - 2) If the gas produced from a well operating as a domestic use well is gathered for resale to others, that well is under the jurisdiction of the Commission and shall be subject to all applicable regulatory requirements of the Commission and any other applicable state laws regarding the production, gathering and distribution of natural gas for use by consumers.

- b) Domestic Use Transfer(s) after November 16, 2008.
 - 1) A controlled natural gas production well, required to be permitted by the Commission, may be transferred to a surface owner for use as a domestic natural gas supply well if the well has not produced commercial quantities of natural gas during the previous twenty four (24) calendar months provided:
 - A) The operator files, on a form prescribed by the Director, a request to transfer the well to the surface owner, which shall include written documentation from the surface owner accepting transfer of the well for use as a domestic natural gas supply well; and
 - B) A statement by the surface owner and the operator that the natural gas from the well will be used on the property where the well is located and that any natural gas production from the well will not be sold; and
 - C) Written documentation from all owner(s), as defined in Ark. Code Ann. § 15-72-102 (9), and all mineral owners in the drilling unit upon which the well is located, stating that they do not object to the transfer of the well to the surface owner.
 - 2) An oil or natural gas production well may be transferred to a surface owner for use as a domestic or livestock freshwater supply well provided:
 - A) The operator files, on a form prescribed by the Director, a request to transfer the well to a surface owner prior to commencing plugging operations, which shall include written documentation from the surface owner accepting transfer of the well for use as a freshwater supply well; and

- B) The well is plugged in accordance with current Commission plugging requirements with respect to all oil and natural gas producing zones and a cement plug is placed, on the inside and outside of the production casing if left in the well, from 100 feet below the base of the fresh water extending up to the base of the fresh water in the well; and
 - C) All related surface production equipment is removed from the well site.
- 3) Following completion of the above domestic use well transfer requirements, all regulatory oversight of the well by the Commission shall terminate and the well shall become the sole responsibility of the surface owner. The well shall be subject to any applicable state laws regarding private fresh water wells or domestic natural gas supply wells administered by state and or federal agencies other than the Arkansas Oil and Gas Commission.
- c) Uncontrolled natural gas production wells may not be transferred for domestic use, unless otherwise approved the Commission after notice and a hearing. Notice shall be given to all owner(s), as defined in Ark. Code Ann. § 15-72-102 (9), and all mineral owners in the leasehold upon which the well is located. Any person requesting a transfer of an uncontrolled natural gas production well shall file an application in accordance with General Rules A-2, A-3, and other applicable hearing procedures.
 - d) Domestic Use Transfer(s) prior to November 16, 2008.

Any natural gas production well transferred to a surface owner for use as a domestic natural gas supply well prior to November 16, 2008, shall no longer be subject to the regulatory oversight by the Commission as long the natural gas from the well is used only on the property where the well is located and that any natural gas production from the well is not sold.