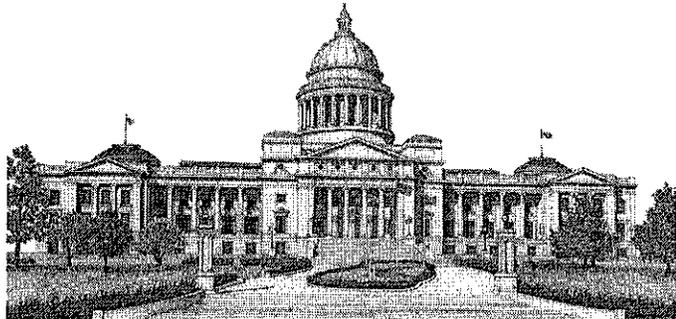


# ARKANSAS REGISTER

## Transmittal Sheet

Use only for **FINAL** and **EMERGENCY RULES**



Secretary of State  
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**For Office**

**Use Only:**

Effective Date \_\_\_\_\_ Code Number \_\_\_\_\_

Name of Agency Arkansas Oil & Gas Commission

Department 04440

Contact Shane Khoury E-mail Shane.Khoury@aogc.state.ar.us Phone 501-683-5814

Statutory Authority for Promulgating Rules A.C.A 15-71-110

**Rule Title:** General Rule A3 Additional Requirements for Specific Types of Hearings

**Intended Effective Date**

(Check One)

Emergency (ACA 25-15-204)

10 Days After Filing (ACA 25-15-204)

Other 7/1/16  
(Must be more than 10 days after filing date.)

Legal Notice Published ..... 11/20/15

Final Date for Public Comment ..... 12/19/15

Reviewed by Legislative Council ..... \_\_\_\_\_

Adopted by State Agency ..... 7/1/16

Electronic Copy of Rule e-mailed from: (Required under ACA 25-15-218)

Shannon Hunter Shannon.Hunter@aogc.state.ar.us 5/26/2016

Contact Person

E-mail Address

Date

### CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted  
In Compliance with the Arkansas Administrative Act. (ACA 25-15-201 et. seq.)

Signature

501-683-5814 shane.khoury@aogc.state.ar.us

Phone Number E-mail Address

Deputy Director

Title

5/26/16

Date

Revised 7/2015 to reflect new legislation passed in the 2015 Regular Session (Act 1258). This act changed the effective date from 30 days to 10 days after filing the rule.

## **RULE A-3: ADDITIONAL REQUIREMENTS FOR SPECIFIC TYPES OF HEARINGS**

- a) Abandoned Well and Emergency Response Hearings
- 1) Unless otherwise specified below, General Rule A-2 shall apply to all abandoned well and emergency response hearing proceedings pursuant to Ark. Code Ann. § 15-72-217.
  - 2) The Director shall only provide notice to the permit holder named in the application, in accordance with General Rule A-2 (b) (2).
  - 3) The Director shall have the burden of proof at the hearing. A decision shall be supported by a substantial evidence standard.

b) Integration Hearings

- 1) Unless otherwise specified below, General Rule A-2 shall apply to all drilling unit integration proceedings heard by the Commission.
- 2) Commencement of Action

Where the oil or gas rights within a drilling unit are separately owned and the owners of those rights have not voluntarily agreed to integrate or pool those rights to develop the oil or gas, an owner may petition the Commission for an order integrating those rights, pursuant to Ark. Code Ann. § 15-72-302 and §15-72-303. The application for an order integrating interests shall contain the following:

- A) The name and address of the applicant;
- B) The applicant's reasons for desiring to integrate the separately owned interests;
- C) A legal land description of the drilling unit sought to be established;
- D) A geologic report of the area where the proposed drilling unit is to be located indicating the potential presence of reservoirs;
- E) If the application is for the integration of an exploratory drilling unit, as contemplated by Ark. Code Ann. § 15-72-302:
  - i) the names of all owners named in the application who have not agreed to integrate their interests in the right to drill and produce oil or gas, or both, in the proposed drilling unit as of the date of filing the petition, as disclosed by the records in the office of the clerk for the county or counties in which the drilling unit is situated, and;
  - ii) a statement that the persons who own at least an undivided fifty percent (50%) interest in the right to drill and produce oil or gas or both, from the total proposed unit agree thereto at the time of the filing of the application;
- F) If the application is for the integration of an established drilling unit, as contemplated by Ark. Code Ann. § 15-72-303, and created in accordance with

applicable Commission Orders or General Rules; the names of all owners named in the application who have not agreed to integrate their interests in the right to drill and produce oil or gas, or both, in the proposed drilling unit as of the date of filing the petition, as disclosed by the records in the office of the clerk for the county or counties in which the drilling unit is situated;

G) Unleased mineral owners.

i) A resume of efforts showing that the applicant has exercised due diligence, to locate each unleased mineral owner, and that a bona fide effort was made to reach an agreement with each owner as to how the unit would be developed, as follows:

aa) Due diligence, regarding non-industry owners (persons who are not actively involved in the oil and gas business) means, except for good cause shown, to be determined at the discretion of the Commission, that the Applicant attempted to contact said owners and that bona fide efforts to reach an agreement commenced at least sixty (60) days prior to the date of the hearing; and that there are sufficient contacts to show that the Applicant has exhausted all reasonable efforts to reach an agreement. However, the Applicant shall not be required to contact an owner that the Applicant is precluded by law from contacting, or an owner who has expressly stated that the Applicant is not to contact said owner.

bb) Due diligence, regarding industry owners (person who as an active business practice are involved in the oil and gas business) means that the Applicant has provided industry owners notice, including an Authorization for Expenditure (“AFE”) and Well Proposal, prior to filing the integration application.

ii) An affidavit indicating what the highest and/or best cash bonus and royalty terms that the Applicant has knowledge of that have been offered and accepted, or contracted for, for any acreage within the unit(s) where the well is located (as defined in Section (a)(2) of General Rule B-3), including any acreage within the unit(s) subject to leases or other agreements with a fee mineral owner covering lands located in more than one unit. If this information changes prior to the hearing, the Applicant shall inform the Commission of any changes. If no affidavit is provided prior to or at the time of the hearing, the Applicant shall provide sworn testimony as to the highest and/or best cash bonus and royalty terms that the Applicant has knowledge of that have been offered and accepted, or contracted for, for any acreage within the unit(s) where the well is located (as defined in Section (a)(2) of General Rule B-3), including any acreage within the unit(s) subject to leases or other agreements with a fee mineral owner covering lands located in more than one unit.

H) Uncommitted Leasehold Working Interest Owners.

A resume of efforts showing that the applicant has exercised due diligence, to locate each uncommitted leasehold working interest owner and that a bona fide effort, was made to reach an agreement with each owner as to how the unit would be developed, by providing the uncommitted leasehold working interest owners notice, including an AFE and Well Proposal, prior to filing the integration application.

I) Any other information relevant to protect correlative rights of the parties sought to be affected by the order.

c) Appeal of Director's Decision.

- 1) Any interested party may appeal a permit denial, any enforcement action, or rule interpretation decision made by the Director to the Commission.
- 2) Unless otherwise specified below, General Rule A-2 shall apply to all hearings requested to appeal a decision of the Director.
- 3) The application to appeal a Director's decision shall be accompanied by a two hundred and fifty dollar (\$250.00) filing fee.

d) Exceptional Well Location

- 1) Unless otherwise specified below, General Rule A-2 shall apply to all hearings for an application which has been referred to the Commission in accordance with General Rule B-40, or for which General Rule B-40 is not applicable.
- 2) The application shall include proof of notice to each owner within the unit in which the well is located and within the units offsetting the boundary line or lines, or in the case of wells in uncontrolled fields within the boundaries of mineral lease lines and the offsetting lease(s), which shall be encroached upon by the exceptional well location.
- 3) If the application has been referred to the Commission in accordance with General Rule B-40, no application fee is required to be submitted with the application.

e) Authority to Commingle and Additional Completions

- 1) Unless otherwise specified below, General Rule A-2 shall apply to all hearings for which the applicant has requested a hearing for an application which has been denied in accordance with General Rule D-18 or General Rule D-19, or for which General Rules D-18 or D-19 are not applicable.
- 2) If the applicant requests the hearing in accordance with General Rule D-18, the application shall include proof of notice to all offset operators in all adjacent units.
- 3) If the applicant requests the hearing in accordance with General Rule D-19, the application shall include proof of 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.

f) Establishment of Field Rules

- 1) Unless otherwise specified below, General Rule A-2 shall apply to all hearings for the creation of field rules, as provided by General Rule B-38.
- 2) The application shall include proof of notice to each owner, as defined in Ark. Code Ann. § 15-72-102 (9), within the proposed unit(s) in which the well(s) is/are located and within all units offsetting the boundary line or lines of the proposed unit(s).
- 3) The application shall include a geologic report of the proposed field, specifying the geologic setting of the proposed field and including at a minimum a completion report of the discovery and other wells located within the proposed field, a type geophysical log from a well(s) in the proposed field and a structure and isopach map of the productive zone(s) within the proposed field.