

FINAL

General Rule D-22 - Requirements for Lease Rights Gas Supply Lines

a) Definitions

- 1) “Director” shall mean the Director of the Oil and Gas Commission.
- 2) “Lease Rights Gas Supply Line” shall mean a pipeline, under jurisdiction of the Arkansas Oil and Gas Commission (“AOGC”) as defined in Ark. Code Ann. § 15-71-110, which transports natural gas from a Well Operator Connection, located at a natural gas well, or other natural gas production equipment located upstream of the production meter on the well location to a single end user.
- 3) “Lease Rights Gas Supply Line Operator” shall mean a Lease Rights Gas Supply Line owner who has an agreement authorizing natural gas supply, who accesses directly from the Well Operator Connection, and who owns or operates and is responsible for the construction, operation and maintenance of a Lease Rights Gas Supply Line.
- 4) “Lease Rights Gas” shall mean the gas owned and controlled by the Lease Rights Gas Supply Line Operator once it passes the Well Operator Connection.
- 5) “Well Operator Connection” shall mean the point at which the Operator provided access point connects to the Lease Rights Gas Supply Line and at which point the control of the gas by the Operator terminates and is assumed by the Lease Rights Gas Supply Line Operator.

b) All Lease Rights Gas Supply Lines located downstream of a production meter at the natural gas well or other natural gas production equipment located on the well location, and which is under the jurisdiction of AOGC as defined in Ark. Code Ann. § 15-71-110, are not subject to the provisions of this rule, but shall be subject to all other applicable Federal and State rules and regulations governing natural gas pipelines.

c) All new Lease Rights Gas Supply Lines originating at a Well Operator Connection, constructed after the effective of this rule, are subject to the provisions of this rule at the time of construction.

d) Within ninety (90) days of the effective date of this Rule, for all existing Lease Rights Gas Supply Lines, the Operators providing a Well Operator Connection shall provide the Director with a list of names and addresses of the legally entitled recipients of the Lease Rights Gas, as reflected in the records of the Operator. The Director shall send a letter to each Lease Rights Gas Supply Line Operator notifying them of the requirements of this Rule

e) Within six (6) months from the date the notification letter was sent in accordance with subparagraph (d) above, all Lease Rights Gas Supply Line Operators existing at the time this Rule is adopted, shall document compliance with items 1 through 6 below, by the submission of documentation to the Director or his or her designee demonstrating compliance. If the Lease Rights Gas Supply Line Operator fails to submit the required

documentation demonstrating compliance with items 1 through 6 below, or if the Lease Rights Gas Supply Line Operator fails to comply with items 1 through 6 below, the Director or his or her designee may authorize the Operator to disconnect the Lease Rights Gas Supply Line until such time as the Lease Rights Gas Supply Line Operator is in full compliance with the provisions of this Rule. The Lease Rights Gas Supply Line Operator shall:

- 1) Utilizing the services of a plumber licensed by the State of Arkansas, properly install one or more properly-sized regulator(s) on the Lease Rights Gas Supply Line at the Well Operator Connection point and all necessary piping to accommodate appropriate odorization, gas utilization metering equipment, and a properly-sized regulator at the dwelling or structure where the natural gas is utilized. All materials used shall be designed for natural gas service and provide structural integrity where necessary;
- 2) Utilizing the services of a plumber licensed by the State of Arkansas, properly install an excess flow valve on the Lease Rights Gas Supply Line as close to the Well Operator Connection as feasible;
- 3) Utilizing the services of a plumber licensed by the State of Arkansas, properly install appropriate dehydration and odorization facilities on the Lease Rights Gas Supply Line downstream from the Well Operator Connection;
- 4) Utilizing the services of a plumber licensed by the State of Arkansas, properly install a new Lease Rights Gas Supply Line or test an existing Lease Rights Gas Supply Line, as follows:
 - A) New Lease Rights Gas Supply Lines shall be constructed of steel or plastic which is designed, manufactured and intended for natural gas service in accordance with industry standards. Each newly constructed gas supply line must be tested and free of leaks prior to placing into service. Each test shall be at a pressure of fifty (50) psig for a period of thirty (30) minutes. All piping shall be installed in a manner which will minimize strain or external loading. If plastic pipe is used, it shall be installed so as to minimize tensile stresses and must have a tracer wire or means of locating the pipe while underground. Tracer wire may not be wrapped around the plastic pipe and contact with the pipe should be avoided with at least two (2) inches between the wire and the Lease Rights Gas Supply Line;
 - B) All newly constructed Lease Rights Gas Supply Lines shall be buried and have a minimum of eighteen (18) inches of cover or greater if necessary to not pose a safety hazard to surface activities conducted along the Lease Rights Gas Supply Line right-of-way;
 - C) All existing Lease Rights Gas Supply Lines must be pressure tested in accordance with e) 4) A) above; and
 - D) All repairs or relocation of a Lease Rights Gas Supply Line must be performed by a plumber licensed by the State of Arkansas and be in accordance with all applicable above provisions.

- 5) Install and maintain signage within the line of sight along the Lease Rights Gas Supply Line, with such signs to include words 1” in height and ¼” in stroke “WARNING – DANGER – NATURAL GAS PIPELINE”, and including the name, address and 24-hour contact information of the Lease Rights Gas Supply Line Operator; and
- 6) Provide the Director, or his or her designee, and the Operator written notification of the name, address, and telephone number that should be used to notify the Lease Rights Gas Supply Line Operator of any emergency condition. The Lease Rights Gas Supply Line Operator shall ensure that this information is kept current with the Director, or his or her designee, and the Operator.
- f) The Lease Rights Gas Supply Line Operator shall, utilizing the services of a plumber licensed by the State of Arkansas, inspect the Lease Rights Gas Supply Line and associated equipment on an annual basis, make proper repairs as necessary and provide evidence of such inspection and repair to both the Operator and the Director or his or her designee.
- g) Produced fluids collected by the Lease Rights Gas Supply Line Operator shall be removed from the site and disposed in accordance with applicable Arkansas Oil and Gas Commission and Arkansas Department of Environmental Quality rules and regulations. Produced fluids shall not be discharged onto the ground surface or into waters of the state. Any spill of produced fluids shall be remediated in accordance with applicable Arkansas Oil and Gas Commission and Arkansas Department of Environmental Quality rules and regulations.
- h) All Lease Rights Gas Supply Lines existing at the time this Rule is adopted which are servicing multiple domestic or end users are prohibited, and within six (6) months from the date the notification letter sent in accordance with subparagraph (d) above, the Lease Rights Gas Supply Line Operator shall reconfigure the Lease Rights Gas Supply Line to only allow for a single domestic or end user per Lease Rights Gas Supply Line.
- i) Lease Rights Gas Supply Lines Operators shall maintain compliance with the provisions of this Rule. If a Lease Rights Gas Supply Line Operator fails to comply with the provisions of this Rule, the Director or his or her designee shall give Notice of the Violation, in accordance with General Rule A-5, to the Lease Rights Gas Supply Line Operator. The Lease Rights Gas Supply Line Operator shall have thirty (30) days to comply with the Notice of Violation. If the Lease Rights Gas Supply Line Operator fails to comply or properly request a review or appeal in accordance with General Rule A-5, then the Director or his or her designee may authorize the Operator to disconnect the Lease Rights Gas Supply Line until such time as the Lease Rights Gas Supply Line Operator is in full compliance with the provisions of this Rule. Any appeal of a Director’s Decision for a Notice of Violation issued in accordance with this subparagraph shall not be subject to the filing fee required in accordance with General Rule A-2 or A-3.
- j) Lease Rights Gas Supply Line Operators are no longer subject to the provisions of this rule if the well, where the Well Operator Connection is located, is transferred to the Lease Rights Gas Supply Line Operator in accordance with General Rule B-11.