

FINAL

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) “Existing 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 an end user(s), and was constructed before the initial effective date of this rule (January 15, 2015).
 - 3) “New 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 an end user(s), and was constructed after the effective date of this rule (January 15, 2015).
 - 4) “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.
 - 5) “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.
 - 6) “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 Well Operator terminates and is assumed by the Lease Rights Gas Supply Line Operator.
- b) All Existing and New 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, are subject to the following provisions:
- 1) Utilizing the services of a plumber licensed by the State of Arkansas, the New Lease Rights Gas Supply Line Operator shall properly install one or more properly-sized regulator(s) on the Lease New 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, the New Lease Rights Gas Supply Line Operator shall properly install an excess flow valve on the New 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, the New Lease Rights Gas Supply Line Operator shall properly install appropriate dehydration facilities on the New Lease Rights Gas Supply Line downstream from the Well Operator Connection, and the Well Operator shall properly install and maintain odorization facilities upstream of the New Lease Rights Gas Supply Line;
- 4) Utilizing the services of a plumber licensed by the State of Arkansas, New Lease Rights Gas Supply Lines shall be:
 - A) Constructed of steel or plastic which is designed, manufactured and intended for natural gas service in accordance with industry standards and 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 New 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 repairs or relocation of a New 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 New 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 New Lease Rights Gas Supply Line Operator; and
- 6) Provide the Director, or his or her designee, and the Well Operator written notification of the name, address, and telephone number that should be used to notify the New Lease Rights Gas Supply Line Operator of any emergency

condition. The New 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.

- d) For all Existing Lease Rights Gas Supply Lines, the Well 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 Well Operator. The Director shall send a letter to each Existing Lease Rights Gas Supply Line Operator notifying them of the requirements of this Rule. Within six (6) months from the date the notification letter was sent, all Existing Lease Rights Gas Supply Line Operators shall document compliance with items 1 through 6 below, by the submission of documentation to the Director, or his or her designee. If the Existing Lease Rights Gas Supply Line Operator fails to demonstrate compliance with items 1 through 6 below, or if the Existing 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 Existing Lease Rights Gas Supply Line Operator is in full compliance with the following:
- 1) The Lease Rights Gas Supply Line Operator shall affirm that the Existing Lease Rights Gas Supply Line is:
 - A) Constructed of steel or plastic which is designed, manufactured and intended for natural gas service in accordance with industry standards, that all piping was installed in a manner which will minimize strain or external loading, and is free of leaks; and
 - B) Buried and have at least a minimum of eighteen (18) inches of cover or greater if necessary so as not to pose a safety hazard to surface activities conducted along the Lease Rights Gas Supply Line right-of-way; and
 - 2) The Lease Rights Gas Supply Line Operator shall also affirm that all plastic piping has a tracer wire installed with the piping, or other means of locating the pipe 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. Trace wire or other means of locating the pipe underground, is required when the Existing Lease Rights Gas Supply Line:
 - A) Crosses public or private roads, or creeks; or
 - B) Crosses any property not owned by the Lease Rights Gas Supply Line Operator; or
 - C) Is within twenty-five (25) feet of the Lease Rights Gas Supply Line Operator's property line(s).
 - 3) Existing Lease Rights Gas Supply Line Operators shall properly install, or maintain, one or more properly sized regulators on the Lease Rights Gas Supply Line at the Well Operator Connection, and properly install, or maintain, an excess flow valve as close to the Well Operator Connection as reasonably possible.

- 4) All repairs or relocation of an Existing Lease Rights Gas Supply Lines must be performed by a plumber licensed by the State of Arkansas and be in accordance with all applicable above provisions.
 - 5) Existing Lease Rights Gas Supply Line Operators shall install and maintain signage within the line of sight along the Existing 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) Existing Lease Rights Gas Supply Line Operator shall 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.
 - 7) The Well Operator shall properly install and maintain odorization facilities upstream of the Lease Rights Gas Supply Line.
- e) Produced fluids collected by the New or Existing 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.
 - f) Unless otherwise authorized in the agreement authorizing the natural gas supply, all Existing Lease Rights Gas Supply Lines 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. Unless otherwise authorized in the agreement authorizing the natural gas supply, New Lease Rights Gas Supply lines shall only allow for a single domestic or end user per Lease Rights Gas Supply Lines.
 - g) All 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.

- h) 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.