

**BEFORE THE CORPORATION COMMISSION
OF THE STATE OF OKLAHOMA**

IN THE MATTER OF A PERMANENT)
RULEMAKING OF THE OKLAHOMA)
CORPORATION COMMISSION)
AMENDING OAC 165:10, OIL AND)
GAS CONSERVATION)

Cause No. RM 201600019

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CORPORATION COMMISSION
OF OKLAHOMA

PUBLIC COMMENT

of

Oklahoma Oil & Gas Association

February 1, 2017



BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

TO: Chair Dana Murphy, Oklahoma Corporation Commission
Vice Chair Todd Hiatt, Oklahoma Corporation Commission
Commissioner Bob Anthony, Oklahoma Corporation Commission

CC: Tim Baker, Director of Oil & Gas Conservation Division; Virginia Hullinger,
Technical Manager; Susan Conrad, Deputy General Counsel; Brenda Loggins

FROM: Arnella Karges, Executive Vice President of OKOGA

DATE: February 2, 2017

SUBJECT: Public Comment in the Matter of a Permanent Rulemaking of the Oklahoma
Corporation Commission Amending **OAC 165:10, Oil and Gas Conservation** –
Cause No. RM 201600019

OCC Revised Proposed Rules dated January 24, 2017

PUBLIC COMMENTS

The Oklahoma Oil & Gas Association (OKOGA) submits the following comments to the Oklahoma Corporation Commission (OCC) in consideration of Revised Proposed Rules for Title 165. Corporation Commission, Chapter 10. Oil and Gas Conservation, dated January 24, 2017.

The Oklahoma Oil & Gas Association, founded in 1919 as the Mid-Continent Oil & Gas Association, is the oldest energy trade association in the United States. Nearly a century later, the association remains dedicated to the advancement and improvement of the oil and natural gas industry within the state of Oklahoma and throughout the nation. It is a non-profit association composed of oil and gas producers, operators, purchasers, pipelines, transporters, processors, refiners, marketers and service companies which represent a substantial sector of the oil and natural gas industry within Oklahoma. The activities of OKOGA include support for legislative and regulatory measures designed to promote both the well-being and best interests of the citizens of this state and a strong and vital petroleum industry within the State of Oklahoma and throughout the United States.

OKOGA's membership represents the most active drillers in the state with individual company investment ranging from \$800 million to \$1.5 billion per member company over the next year. Many OKOGA member companies have focused 60 percent to some having 100 percent of their planned capital investment focused on operations in Oklahoma. OKOGA submits these comments and asks for thoughtful consideration on the impact of operators.

OCC Proposed Rules for 165:10 – Oil and Gas Conservation

Extension of Time for Well Completion Reports (Form 1002A): Regarding the draft amendment found in 165:10-1-7 (a) (6), on Page 5, OKOGA requested a change to extend the time for completion reports to be filed from thirty (30) days to ninety (90) days. The OCC Proposed Rule would allow up to sixty (60) days for well completion reports to be filed. OKOGA is supportive of this proposed change. Thirty days is often a very tight timeline to compile all the paperwork that is required for Form 1002A submission. Considering today's completion practices it is common for wells to take longer to establish a stabilized flow rate that would be representative of what the well is capable of producing. Additionally, it is also common for a well to have its classification change in the period from thirty days to ninety days as the Gas/Oil ratio (GOR) changes.

Reporting of Hydraulic Fracturing Releases: Regarding the draft amendment found in 165:10-3-10 (b) (4), on Page 16, OKOGA had previously stated opposition to this required reporting in the rules. The current proposed amendment has been improved by indicating which operator needs to report the nature and impact of completion fluid and/or additives releases on other wells and reservoirs. (A completion fluid and/or additives release is loosely defined as an event where fracture stimulation fluid used during the completion of a horizontal well enters into, or otherwise impacts, other existing wellbores.) The proper venue to address impacted well complaints and issues is district court. A review of such filed and settled cases may assist OCC Oil & Gas Conservation Division (OGCD) staff in assessing the number of instances a completion fluid and/or additive release may occur and if there is a problem with how impacted wells and releases are currently addressed. Upon further review and recognizing the benefit of encouraging reporting of this information to determine if additional regulation is necessary or not needed, OKOGA does not oppose the proposed rule encouraging reporting of completion fluid and/or additives releases.

Providing Copies of Directional Surveys: Regarding the draft amendment found in 165:10-3-10 (b) (5), on Page 16, OKOGA has stated opposition to the requirement of submitting directional surveys to the Commission prior to completion. By OCC rule, offset operators are already given notice of the potential risks from fracture stimulation. Operators must give notice at least five (5) business days prior to any hydraulic fracturing operation in any horizontal well to operators of producing wells within one-half (½) mile of the completion interval of the horizontal well and which are completed in the same common source of supply as the horizontal well (165:10-3-10(b)). Because this notice must be sent directly to the operators of existing wells, this notice is much more effective than requiring operators have directional surveys prepared in the instance of a request from operators of producing wells in the area. Even in the rare event an offset operator would request the directional survey, an offset operator would need the information as to the exact surface location of the well, the XY coordinates of the corners of the relevant tracts of land and a copy of the log to properly evaluate the directional survey. The proposed rule again requires much additional and unnecessary effort on behalf of operators, but solves no problem that is not already addressed in 165:10-3-10(b).