

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999

As Engrossed: S3/17/99

A Bill

SENATE BILL 634

4
5 By: Senators Harriman, Mahony
6 By: Representatives Carson, Ammons, Sheppard, Cleveland, Files

For An Act To Be Entitled

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10 "AN ACT TO AMEND ARKANSAS CODE 15-71-110 TO CLARIFY
11 THE JURISDICTIONAL AUTHORITY OF THE OIL AND GAS
12 COMMISSION AND TO PROVIDE NECESSARY DEFINITIONS."

Subtitle

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14
15 "AN ACT TO AMEND ARKANSAS CODE 15-71-110
16 TO CLARIFY THE JURISDICTIONAL AUTHORITY
17 OF THE OIL AND GAS COMMISSION AND TO
18 PROVIDE NECESSARY DEFINITIONS."

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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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23 SECTION 1. Arkansas Code 15-71-110 is amended to read as follows:
24 "15-71-110. Powers and duties - Rules and regulations.

25 (a) The commission shall have jurisdiction and authority of and over
26 all persons and property necessary to administer and enforce effectively the
27 provisions of this act and all other acts relating to the production and
28 conservation of oil and gas. Production of natural gas includes both the
29 production facilities and production process. This jurisdiction includes but
30 is not limited to jurisdiction over production facilities, natural gas
31 production facilities, wherein natural gas contains one hundred (100) or more
32 parts per million of hydrogen sulfide.

33 (1) 'Production facilities' includes without limitation, piping
34 or equipment used in the production, extraction, recovery, lifting,
35 stabilization, separation, or treatment of natural gas or associated storage
36 or measurement from the wellhead to a meter where the gas is transferred to a

1 custodian other than the well operator for gathering or transport, commonly
2 known as a 'custodial transfer meter'.

3 (2) 'Production process' means the extraction of gas from the
4 geological source of supply to the surface of the earth, thence through the
5 lines and equipment used to treat, compress, and measure the gas between the
6 wellhead and the meter where it is either sold or delivered to a custodian
7 other than the well operator for gathering and transportation to a place of
8 sale, sometimes called 'custodial transfer meter'.

9 (b) The commission shall have the authority and it shall be its duty to
10 make inquiries as it deems proper to determine whether or not waste over which
11 it has jurisdiction exists or is imminent. In the exercise of such power the
12 commission shall have the authority to:

- 13 (1) Collect data;
14 (2) Make investigations and inspections;
15 (3) Examine properties, leases, papers, books, and records;
16 (4) Examine, check, test, and gauge oil and gas wells, tanks,
17 refineries, and means of transportation;
18 (5) Hold hearings;
19 (6) Provide for the keeping of records and the making of reports;

20 and

21 (7) Take action as reasonably necessary to enforce this act.

22 (c) The commission shall have authority to make, after hearing and
23 notice as hereinafter provided, such reasonable rules, regulations, and orders
24 as necessary from time to time in the proper administration and enforcement of
25 this act, including rules, regulations, or orders for the following purposes:

26 (1)(A) To require the drilling, casing, and plugging of wells to
27 be done in such a manner as to:

28 (i) Prevent the escape of oil or gas out of one (1)
29 stratum to another;

30 (ii) Prevent the intrusion of water into an oil or
31 gas stratum from a separate stratum;

32 (iii) Prevent the pollution of fresh water supplies
33 by oil, gas, or salt water; and

34 (B) To require reasonable bond conditioned for the
35 performance of the duty to plug each dry or abandoned well;

36 (2) To require the making of reports showing the location of oil

1 and gas wells, and the filing of logs and drilling records;

2 (3) To prevent the drowning by water of any stratum or part
3 thereof capable of producing oil or gas in paying quantities and to prevent
4 the premature and irregular encroachment of water which reduces, or tends to
5 reduce, the total ultimate recovery of oil or gas from any pool;

6 (4) To require the operation of wells with efficient gas-oil
7 ratios and to fix such ratios;

8 (5) To prevent 'blow outs', 'caving', and 'seepage' in the sense
9 that conditions indicated by such terms are generally understood in the oil
10 and gas business;

11 (6) To prevent fires;

12 (7) To identify the ownership of all oil or gas wells, producing
13 leases, refineries, tanks, plants, structures, and all storage and
14 transportation equipment and facilities;

15 (8) To regulate the 'shooting', perforating, and chemical
16 treatment of wells;

17 (9) To regulate secondary recovery methods, including the
18 introduction of gas, air, water, or other substances into producing
19 formations;

20 (10) To limit and prorate the production of oil or gas or both
21 from any pool or field for the prevention of waste as herein defined;

22 (11) To require, either generally, or in or from particulate
23 areas, certificates of clearance or tenders in connection with the
24 transportation of oil or gas;

25 (12) To regulate the spacing of wells and to establish drilling
26 units;

27 (13) To prevent, so far as is practical, reasonably avoidable
28 drainage from each developed unit which is not equalized by counter drainage,
29 regarding oil and gas;

30 (14) With respect to the drilling of wells for production and
31 disposal of salt water, the commission shall have jurisdiction and authority
32 of and over all persons and property to the extent necessary to effectively
33 make and enforce rules, regulations, and orders for the following purposes:

34 (A) To require that the operator shall, before drilling any
35 well in search of salt water or for the injection of salt water into the
36 earth, obtain from the commission a permit authorizing such drilling;

1 (B) To require that casing and cementing of supply wells
2 and injection wells be done in accordance with such rules and regulations as
3 may be promulgated by the commission;

4 (C) To require the plugging of wells to be done in such a
5 manner so as to:

6 (i) Prevent the escape of salt water out of one (1)
7 stratum into another;

8 (ii) Prevent the intrusion of salt water into an oil
9 and gas stratum; and

10 (iii) Prevent the pollution of fresh water supplies
11 by salt water;

12 (D) To require the making of reports showing the completion
13 data, volume of water injected, and the filing of electrical logs of all wells
14 with the commission;

15 (E) To regulate the 'shooting' and perforating of all
16 wells;

17 (F) To require the operation of wells in a manner designed
18 to prevent 'blow outs', 'caving', and 'seepage';

19 (G) To physically identify at the site the ownership of all
20 salt water wells, plants, ponds, structures, and all storage facilities; and

21 (H) To require the annual payment of twenty-five dollars
22 (\$25.00) per well for each salt water well and each well into which
23 debrominated brine is injected. All moneys so collected shall be used solely
24 to pay the expenses and other costs in the administration of this law;

25 (15) To administer and enforce the applicable provisions of the
26 Natural Gas Policy Act of 1978, Public Law 95-621;

27 (16) To acquire primary enforcement responsibility either
28 singularly or jointly with the Department of Pollution Control and Ecology for
29 the control of underground injection under the applicable provisions of the
30 Safe Drinking Water Act, Public Law 93-523, as amended; ~~and~~

31 (17)(A)(i) To require the payment of a fee of two hundred fifty
32 dollars (\$250) or a sum the commission may prescribe for each application for
33 hearing or other proceeding before it under this act; provided, that in no
34 event shall the fee exceed five hundred dollars (\$500); and

35 (ii) To prescribe a reasonable and necessary charge
36 or fee per copy and per subscription for notices and reports prepared and

1 published by the commission deemed necessary to reimburse the commission for
2 the cost thereof.

3 (B) All moneys so collected shall be used solely to pay the
4 expenses and other costs in the administration of this law; and

5 (18) To administer and enforce any applicable provisions of the
6 Natural Gas Pipeline Safety Act of 1968, Public Law 90-481 and to specifically
7 empower the Oil and Gas Commission to submit any satisfactory certification
8 required by the Natural Gas Pipeline Safety Act of 1968 in connection with any
9 production process or production facility as defined herein.

10 (d) Nothing in this section is to affect any hydrogen sulfide emission
11 standards or ambient air standards enacted by the General Assembly."

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13 SECTION 2. All provisions of this act of a general and permanent nature
14 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
15 Revision Commission shall incorporate the same in the Code.

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17 SECTION 3. If any provision of this act or the application thereof to
18 any person or circumstance is held invalid, such invalidity shall not affect
19 other provisions or applications of the act which can be given effect without
20 the invalid provision or application, and to this end the provisions of this
21 act are declared to be severable.

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23 SECTION 4. All laws and parts of laws in conflict with this act are
24 hereby repealed.

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26 SECTION 5. EMERGENCY CLAUSE. It is hereby found and determined by the
27 Eighty-second General Assembly that confusion exists concerning the proper
28 state agency to have jurisdiction over natural gas production facilities and
29 that the confusion has subjected natural gas production companies to
30 conflicting jurisdictions of the Oil and Gas Commission and the Arkansas
31 Public Service Commission. Therefore, in order to promote the most efficient
32 regulation of natural gas production facilities and remove any conflict as to
33 jurisdiction, an emergency is declared to exist and this act being immediately
34 necessary for the preservation of the public peace, health and safety shall
35 become effective on the date of its approval by the Governor. If the bill is
36 neither approved nor vetoed by the Governor, it shall become effective on the

1 expiration of the period of time during which the Governor may veto the bill.
2 If the bill is vetoed by the Governor and the veto is overridden, it shall
3 become effective on the date the last house overrides the veto.

4 */s/ Harriman*

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