

**WEST VIRGINIA**  
**SECRETARY OF STATE**  
**KEN HECHLER**  
**ADMINISTRATIVE LAW DIVISION**

Form #1

Do Not Mark In this Box

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951 AUG 22 AM 11:13

OFFICE OF WEST VIRGINIA  
SECRETARY OF STATE

**NOTICE OF PUBLIC HEARING ON A PROPOSED RULE**

AGENCY: Dept. of CLER - Division of Energy TITLE NUMBER: 38

RULE TYPE: Legislative; CITE AUTHORITY 22-1-15; 22B-1-2

AMENDMENT TO AN EXISTING RULE: YES  NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: NA

TITLE OF RULE BEING AMENDED: NA

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: 21

TITLE OF RULE BEING PROPOSED: Operator's Designation of Bona Fide  
Future Use of Oil and Gas Wells  
Qualification for Inactive Status

DATE OF PUBLIC HEARING: October 2, 1991 TIME: 10:00 AM

LOCATION OF PUBLIC HEARING: WV Division of Energy Conference Room  
1615 Washington Street East  
Charleston, WV 25311

COMMENTS LIMITED TO: ORAL , WRITTEN , BOTH

COMMENTS MAY ALSO BE MAILED TO THE FOLLOWING ADDRESS: Division of Oil & Gas

1615 Washington St., E.  
Charleston, WV 25311

The Department requests that persons wishing to make  
comments at the hearing make an effort to submit written  
comments in order to facilitate the review of these comments.

Attn: Ted Streit

The issues to be heard shall be limited to the proposed rule.

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL

  
Director-Section of  
Oil & Gas

3,200

WEST VIRGINIA DIVISION OF ENERGY

SECTION OF OIL AND GAS

Title 38 Series 21

Operator's Designation of Bona Fide  
Future Use of Oil and Gas Wells  
Qualification for Inactive Status

August 22, 1991

The purpose of these rules is to require operators of oil and gas wells to file a bona-fide future use application on any well that is presumed abandoned under WV Code 22B-1-19. It also provides the operator with possible future uses and the Section of Oil and Gas with assurances that the well is environmentally sound. These regulations are all new.

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FISCAL NOTE FOR PROPOSED RULES AUG 22 AM 11:13

OFFICE OF WEST VIRGINIA  
SECRETARY OF STATE

Rule Title: Operator's Designation of Bona Fide Future Use of Oil and Gas Wells -- Qualification for Inactive Status

Type of Rule:  Legislative  Interpretive  Procedural

Agency Division of Energy Address 1615 Washington St., E.  
Charleston, WV 25311

| 1. Effect of Proposed Rule | ANNUAL   |          | FISCAL YEAR |      |            |
|----------------------------|----------|----------|-------------|------|------------|
|                            | Increase | Decrease | Current     | Next | Thereafter |
| Estimated Total Cost       | \$       | \$       | \$          | \$   | \$         |
| Personal Services          | 30,000   |          | 30,000      |      |            |
| Current Expense            | 15,000   |          | 15,000      |      |            |
| Repairs and Alterations    |          |          |             |      |            |
| Equipment                  | 5,000    |          | 5,000       |      |            |
| Other                      |          |          |             |      |            |

2. Explanation of above estimates.  
We anticipate hiring a bona fide future use application reviewer
3. Objectives of these rules:  
To make oil and gas operators come forward and affirm their intentions and responsibilities concerning plugging or non-producing wells

4. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic Impact on State Government.

Presently there are hundreds of wells being abandoned each year. These wells, if not plugged by the operator of the well, will have to be plugged by the state at the cost of \$5,000-\$10,000 per well.

B. Economic Impact on Political Subdivisions; Specific Industries; Specific groups of citizens.


This will require the oil and gas industry to affirmatively declare that they have a use for any well that has not produced in the past year. Cost per filing approximately \$50.00 - \$100.00

C. Economic Impact on Citizens/Public at Large.

Very little impact except to pay for increased personnel for DOE

Date August 22, 1991

Signature of Agency Head or Authorized Representative



Director-Section of Oil and Gas



STATE OF WEST VIRGINIA

**DIVISION OF ENERGY**  
**DEPARTMENT OF COMMERCE, LABOR AND ENVIRONMENTAL RESOURCES**

1615 WASHINGTON STREET, EAST • CHARLESTON, WEST VIRGINIA 25311 • TELEPHONE: (304) 348-3500 • FAX: (304) 348-2452

GASTON CAPERTON, \_\_\_\_\_  
GOVERNOR

E. W. "WOODY" WAYLAND  
COMMISSIONER

August 14, 1991

Mr. John Ranson  
Secretary  
Department of Commerce, Labor  
and Environmental Resources  
Room R-151  
Capitol Complex  
Charleston, West Virginia 25305

Dear Secretary Ranson:

I submit herewith a request to file new regulations concerning Abandon Wells (CSR-38-21). The regulations are the result of a task force on abandon wells that have meeting for the last year.

The group made up of IOGA, WVONGA, the coal association and citizen groups have put together this regulatory change and will be proposing changes to the statute.

Sincerely,

Theodore M. Streit  
Director  
Section of Oil and Gas

TMS:cr

Encl. as stated

Approved:  
John M. Ranson  
8/16/91

To Ted Streit  
for [unclear]



STATE OF WEST VIRGINIA  
DIVISION OF ENERGY

DEPARTMENT OF COMMERCE, LABOR AND ENVIRONMENTAL RESOURCES

1615 WASHINGTON STREET, EAST • CHARLESTON, WEST VIRGINIA 25311 • TELEPHONE: (304) 348-3500 • FAX: (304) 348-2452

7/22/91  
Doug  
Ted discuss these briefly  
with me. Would you give them  
a moderate review and then  
advise me verbally what your  
opinion is. Thank you.  
J.W.

GASTON CAPERTON  
GOVERNOR

E. W. "WOODY" WAYLAND  
COMMISSIONER

DOE/SO&G-0977

July 17, 1991

E. W. "Woody" Wayland, Commissioner  
Division of Energy  
1615 Washington Street East  
Charleston, West Virginia 25311

Dear Commissioner Wayland:

I am proposing to promulgate the enclosed regulations on Abandoned wells, under the powers granted to me in West Virginia Code 22-1-12.

This section requires you to decide whether or not you wish to review these regulations, and if so, to file a notice of review with me within 30 days. If you choose not to review them, you can either mark them approved or do nothing which will be considered an approval.

If you have any further questions on this procedure or the regulations, please feel free to contact me.

Sincerely,

Theodore M. Streit  
Director  
Section of Oil and Gas

TMS:las

Encls. (as stated)

TITLE 38  
DIVISION OF ENERGY  
SECTION OF OIL AND GAS  
SERIES 21  
OPERATOR'S DESIGNATION OF BONA FIDE  
FUTURE USE OF OIL AND GAS WELLS  
QUALIFICATION FOR INACTIVE STATUS

FILED  
1931 AUG 22 AM 11:13  
OFFICE OF WEST VIRGINIA  
SECRETARY OF STATE

§38-21-1 General

1.1 Scope -- This legislative rule establishes requirements pertaining to the operator's designation of bona fide future use of wells and certification of inactive status and information and data to be required by the Director as necessary to such designation.

1.2 Authority -- W. Va. Code §§ 22B-1-1; 22B-1-2; 22B-1-3; 22B-1-4; 22B-1-5; 22B-1-6; 22B-1-7; 22B-1-11; 22B-1-19; 22B-1-23; 22B-1-24; 22B-1-26; 22B-1-28; 22B-1-29; 22B-1-30; 22B-1-32; 22B-1-34; 22B-4-5.

1.3 Filing Date --

1.4 Effective Date --

1.5 Forms -- An index of all current forms and copies of any forms currently used under or required by this rule may be obtained from the Director. The Section of Oil and Gas reserves the right to amend any forms prospectively to accord more fully with West Virginia Code Chapter 22B and this rule.

§38-21-2 Definitions

Unless the context in which used clearly requires a different meaning, the definitions contained in West Virginia Code §§22-1-3 and 22B-1-1 shall apply to this rule in addition to the definitions set forth below:

2.1 "W. Va. Code" shall mean the West Virginia Code of 1931, as amended.

2.2 "Abandoned well" shall mean any well which is completed as a dry hole or which has not produced in commercial quantities for a period of twelve consecutive months.

2.3 "Active Status" shall mean any well producing oil or gas in commercial quantities, or being operated pursuant to underground injection control permits, or being operated in conjunction with the underground storage of hydrocarbons.

2.4 "Barrel" shall mean forty-two (42) U. S. gallons of two hundred thirty-one (231) cubic inches each of liquid, including slurries, at a temperature of sixty (60) degrees Fahrenheit.

2.5 "Completion of the drilling process" shall mean the date on which a drilling rig ceases operation on the drilling site for more than thirty (30) consecutive days.

2.6 "Cubic foot of gas" shall mean the volume of gas contained in one (1) cubic foot at a standard pressure base of fourteen point seven three (14.73) pounds per square inch (absolute) and a standard temperature of sixty (60) degrees Fahrenheit.

2.7 "Gas-oil ratio test" shall mean a test, by any means generally accepted in the industry, to determine the number of cubic feet of gas produced per barrel of oil produced.

2.8 "Gas well" shall mean any well which produces or appears capable of producing a ratio of six thousand (6,000) cubic feet of gas or more to each barrel of oil on the basis of the initial gas-oil ratio test.

2.9 "Initial gas-oil ratio test" shall mean the gas-oil ratio test performed for the purpose of completing Form WR-36, "Well Operator's Report of Initial Gas-Oil Ratio Test," to designate the type of well.

2.10 "Log or Well log" shall mean a systematic, detailed geologic record of all formations, including coal, fresh water, and salt water encountered in the drilling of a well.

2.11 "Oil well" shall mean any well which produces or appears capable of producing a ratio of less than six thousand (6,000) cubic feet of gas to each barrel of oil on the basis of the initial gas-oil ratio test.

2.12 "Payout ratio" shall mean for the purposes of these regulations, the ratio of the estimated gross receipts of income from the well divided by the estimated cost of completing and placing the well into production.

2.13 "Production in commercial quantities" shall mean production of natural gas or oil or both from a well or reservoir which is either sold or delivered to one other than the

operator, or retained by the operator or any owner of the production at severance for beneficial economic use: Provided, that natural gas used for the testing of natural gas wells or for other field uses which are production related, shall not be considered produced in commercial quantities.

**§38-21-3 Operational Requirements for Designation of Bona Fide Future Use**

3.1 An operator wishing to demonstrate bona fide future use of a well and therefore avoid having such well deemed abandoned under West Virginia Code §22B-1-19, must file with the Director a Designation of Bona Fide Future Use for each such well. To establish a bona fide future use and maintain the well in inactive status the operator shall, in addition to any other information requested by the Director, submit such information as the operator believes establishes the bona fide future use, and shall consider the following information as appropriate:

- 3.1.1 The API number of the well.
- 3.1.2 The date on which the well was completed.
- 3.1.3 Whether the well is covered by a bond.
- 3.1.4 The date on which the well first produced.
- 3.1.5 The results of the initial gas-oil ratio test, if available.
- 3.1.6 The last date on which the well was produced.
- 3.1.7 The average monthly production at the time production ceased.
- 3.1.8 The formation(s) from which the well produced.
- 3.1.9 The estimated remaining recoverable reserves associated with the well without reworking the well.
- 3.1.10 Whether reworking the well to recover additional reserves is possible.
- 3.1.11 The estimated remaining recoverable reserves associated with the well after reworking.
- 3.1.12 The method used to establish reserve estimates in sections 3.1.9 and 3.1.11.

- 3.1.13 Whether secondary recovery is possible.
- 3.1.14 Whether production from other formations is possible.
- 3.1.15 Whether the well can be drilled deeper.
- 3.1.16 The estimated cost to deepen the well.
- 3.1.17 Whether "free gas" is being provided from the well.
- 3.1.18 Whether the well is covered by a gas sales contract.
- 3.1.19 Whether the well is connected to a gas meter or how it is measured at the transfer of ownership or custody.
- 3.1.20 Other equipment connected to the well.
- 3.1.21 Whether the well is connected to a pipeline system.
- 3.1.22 A description of the line pressure of the receiving pipeline.
- 3.1.23 Whether a compressor is in place and whether it is in use on the well.
- 3.1.24 If the well is not connected to a pipeline, the distance to the nearest pipeline that would accept production from the well.
- 3.1.25 Whether a shut-in royalty is being paid.
- 3.1.26 The operator's schedule for putting the well into production.
- 3.1.27 Whether the well is currently used for or capable of use for gas storage.
- 3.1.28 Whether the well is capable of being used as a liquid injection well.
- 3.1.29 Whether money has been escrowed for use to plug the well in the future.
- 3.1.30 Any other information which the operator considers relevant.

## §38-21-4 Inactive Status

4.1 Upon a completed operator's designation of bona fide future use to the Director, any permitted well which satisfies the following requirements, as reflected in the data and information provided in the designation, will be deemed to be in inactive status:

4.1.1 the condition of the well is sufficient to prevent waste of oil or gas, and to prevent the pollution of waters of the State;

4.1.2 the operator, in the designation of bona fide future use, presents a viable plan for utilizing the well within a reasonable time; and

4.1.3 the operator satisfies the bonding requirements of West Virginia Code Chapter 22B.

4.2 Upon receipt of a designation of bona fide future use, the Oil and Gas Section will conduct a review of the submitted data along with other information available to it, and prepare a report for the Director.

4.3 The Director will consider whether sufficient data and information concerning inactive status of the well in question has been provided.

4.4 The Director may require the operator of any well in inactive status to monitor the mechanical integrity of such well and to report the same to the Director on forms provided by the Director for that purpose.

4.5 The inactive status of any well will be valid for the time period requested by the operator, not to exceed five (5) years from the date of filing with the Director, or unless and until the Director terminates such inactive status upon finding the operator has failed to satisfy the requirements of this series.

4.6 Any well that is not in active or inactive status shall be deemed abandoned and shall be promptly plugged by the operator.

## §38-21-5 Reports

5.1 The operator shall file a designation of bona fide future use for each well.

5.2 The operator's designation of bona fide future use will be filed with the Director and made on such forms as the Director may approve.

5.3 Should the operator desire to extend the inactive status period, the operator shall file a new designation of bona fide future use on forms prescribed by the Director, within two (2) weeks prior to the end of the inactive status period.

#### **§38-21-6 Variance**

Upon request or the Director's own initiative, the Director may grant a variance from requirements of this Series upon a showing by an operator that alternative practices will satisfy the requirements of West Virginia Code Chapter 22B.