



A Guide to State Oil & Gas Regulatory Entities in the South





OUR MISSION

Through innovations in energy and environmental policies, programs, and technologies, the Southern States Energy Board enhances economic development and the quality of life in the South.





PREFACE

Our intention as we compiled *A Guide to State Oil & Gas Regulatory Entities in the South* was to highlight how states conserve and maximize oil and gas resources, while protecting health, safety and the environment. Each of our Southern States Energy Board member states, who have appointed entities for oil and gas regulation, organize their board, commission or council differently; however, they share a common goal. Our member states understand that the responsible and environmental-ly safe development of our resources not only strengthens our economy by creating and maintaining jobs, but also lessens our dependence on foreign resources, making oil and natural gas more affordable for consumers and businesses.



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ALABAMA

Alabama Oil and Gas Board

Mission

The State Oil and Gas Board of Alabama is a regulatory agency of the State of Alabama with the statutory charge of preventing waste and promoting the conservation of oil and gas while ensuring the protection of both the environment and the correlative rights of owners. The Board is granted broad authority in Alabama oil and gas conservation statutes to promulgate and enforce rules and regulations to ensure the conservation and proper development of Alabama's petroleum resources.

In Title 9 of the Alabama Code, the Board's statutory charge is stated as follows:

In recognition of past, present, and imminent evils occurring in the production and use of oil and gas, as a result of waste in the production and use thereof and as a result of waste in the absence of co-equal or correlative rights of owners of crude oil or natural gas in a common source of supply to produce and use the same, this law is enacted for protection against such evils by prohibiting waste and compelling ratable production. "Waste" is defined in Section 9-17-1(9) of the Code of Alabama (1975) to include:

- (a) The inefficient, excessive, or improper use or dissipation of reservoir energy; and the locating, spacing, drilling, equipping, operating, or producing of any oil or gas well or wells in a manner which results, or tends to result, in reducing the quantity of oil or gas ultimately to be recovered from any pool in this State.*
- (b) The inefficient storing of oil; and the locating, spacing, drilling, equipping, operating, or producing of any oil or gas well or wells in a manner causing, or tending to cause, unnecessary or excessive surface loss or destruction of oil or gas.*
- (c) Abuse of the correlative rights and opportunities of each owner of oil and gas in a common reservoir due to non-uniform, disproportionate, and unratable withdrawals causing undue drainage between tracts of land.*
- (d) Producing oil or gas in such manner as to cause unnecessary water channeling or coning.*
- (e) The operation of any oil well or wells with an inefficient gas-oil ratio.*
- (f) The drowning with water of any stratum or part thereof capable of producing oil or gas.*
- (g) Underground waste however caused and whether or not defined.*
- (h) The creation of unnecessary fire hazards.*
- (i) The escape into the open air, from a well producing both oil and gas, of gas in excess of the amount which is necessary in the efficient drilling or operation of the well.*
- (j) The use of gas, except sour gas, for the manufacture of carbon black.*
- (k) Permitting gas produced from a gas well to escape into the air.*
- (l) Production of oil and gas in excess of reasonable market demand.*

In order to prevent waste, the Board has been given broad authority to promulgate and enforce rules and regulations.

Organizational Structure

The Board consists of three members appointed by the Governor of the State for a term of six years. The State Geologist serves as State Oil and Gas Supervisor and ex officio Secretary of the Board. The Supervisor is charged



with the duty of enforcing all rules, regulations, and orders promulgated by the Board.

Alabama Code § 9-17-3 Oil and Gas Board—Created; composition; qualifications, appointment, terms of office, compensation and expenses of members; vacancies; meetings or hearings; nonvoting member emeritus.

(a) There is hereby created and established a board, to be known as the State Oil and Gas Board, to be composed of three members to be appointed by the Governor for terms of the following duration: one member for a term of two years; one member for a term of four years; and one member for a term of six years. At the expiration of the term for which each of the original appointments is made, each successor member shall be appointed for a term of six years; and, in the event of a vacancy, the Governor shall by appointment fill such unexpired term. Each member shall be eligible for reappointment at the discretion of the Governor. Each member of the board shall be a resident of the State of Alabama and shall be a qualified voter therein. Each member shall qualify by taking an oath of office and shall hold office until his successor is appointed and qualified. The board shall elect from its number a chairman. The board shall meet or hold hearings at such times and places as may be found by the board to be necessary to carry out its duties. Each member of the board shall receive as compensation for his services an annual salary of \$3,600.00 and, in addition thereto, each member shall be entitled to a travel and office expense allowance of \$500.00 per month. The compensation and travel and office expense allowance as above set forth shall be paid from the Oil and Gas Fund.

(b) Any person who has served 19 or more years continuously on the board shall be a nonvoting member emeritus of the board. A member emeritus shall receive no compensation, salary, or travel or expense allowance or reimbursement for his or her service on the board. (Acts 1945, No. 1, p. 1, § 3; Acts 1965, 2nd Ex. Sess., No. 82, p. 112, § 1; Acts 1967, No. 219, p. 584, § 1; Acts 1990, No. 90-104, p. 114, § 3; Acts 1994, No. 94-593, p. 1100, § 3.)

Alabama Code §9-17-9. State Oil and Gas Supervisor.

The State Geologist shall be, ex officio, the State Oil and Gas Supervisor and shall perform all of the duties of and is hereby vested with all the powers imposed upon and vested in the State Oil and Gas Supervisor under and by the terms and provisions of this article. The State Oil and Gas Supervisor shall be charged with the duty of enforcing this article and all rules, regulations and orders promulgated by the board. The State Oil and Gas Supervisor shall be, ex officio, secretary of the board and shall keep all minutes and records of the board. He shall, as secretary, give bond in such sum as the board may direct with corporate surety to be approved by the board, conditioned that he will well and truly account for any funds coming into his hands. The State Geologist shall receive \$3,600.00 per annum for the performance of his duty under this article. (Acts 1945, No. 1, p. 1, § 4; Acts 1949, No. 671, p. 1033, § 1; Acts 1969, No. 1033, p. 1916, § 2.)

Powers and Duties

Alabama § 9-17-6. Oil and Gas Board—Powers and duties generally.

(a) The board shall have jurisdiction and authority over all persons and property necessary to administer and enforce effectively the provisions of this article and all other articles relating to the conservation of oil and gas.

(b) The board shall have the authority and it shall be its duty to make such inquiries as it may think proper to determine whether or not waste, over which it has jurisdiction, exists or is imminent. In the exercise of such power the board shall have the authority to perform the following:

(1) Collect data.

(2) Make investigation and inspection.

(3) Examine properties, leases, papers, books and records, including drilling records, logs, and other geological and geophysical data.



(4) Examine, check, test and gauge oil and gas wells, tanks, plants, processing facilities, structures, natural gas pipelines and gathering lines, and storage and transportation equipment and facilities, and other modes of transportation.

(5) Hold hearings.

(6) Appoint a hearing officer for the purpose of conducting public hearings on behalf of the board and making recommendations to the board.

(7) Require the keeping of records and making of reports.

(8) Take such action as may be reasonably necessary to enforce this article.

(c) The board shall have the authority to make, after hearing and notice as provided in this article, such reasonable rules, regulations, and orders as may be necessary from time to time in the proper administration and enforcement of this article, including rules, regulations, and orders for the following purposes:

(1) To require the drilling, casing, and plugging of wells to be done in such a manner as to prevent the escape of oil or gas out of one stratum to another.

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(2) To prevent the intrusion of water into an oil or gas stratum from a separate stratum.

(3) To prevent the pollution of fresh water supplies by oil, gas, salt water, or other contaminants resulting from oil and gas operations.

(4) To require the making of reports showing the location of oil and gas wells and to require the filing of logs, including electrical logs, and drilling records and the lodgment in the office of the State Oil and Gas Supervisor of typical drill cuttings or cores, if cores are taken, within six months from the time of the completion of any well.

(5) To require reasonable bond, with good and sufficient surety, or other financial security approved by the board, conditioned for the performance of the duties outlined in subdivisions (1), (2), (3), and (4) of this subsection, including the duty to plug each dry or abandoned well and to restore the well site for each dry or abandoned well and associated production and processing facility and plant upon the abandonment of such well, facility, or plant.

(6) To prevent wells from being drilled, operated, or produced in such a manner as to cause injury to neighboring leases or property.

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

(8) To require the operation of wells with efficient gas-oil ratios and to fix such ratios.

(9) To prevent "blowouts," "caving" and "seepage" in the sense that conditions indicated by such terms are generally understood in the oil and gas business.

(10) To prevent fires.

(11) To identify the ownership of all oil and gas wells, producing leases, tanks, plants, processing facilities, structures, natural gas pipelines and gathering lines, and storage and transportation equipment and facilities.

(12) To regulate the "shooting," perforating, and chemical treatment of wells.

(13) To regulate enhanced recovery methods, which include Class II injection wells as defined in the Federal Safe Drinking Water Act, 42 U.S.C. 300f et seq.

(14) To establish drilling units, to determine the spacing of wells, to establish oil and gas fields for each oil and gas pool, to establish the spacing of wells for each pool, and to establish drainage or production units.

(15) To limit and prorate the production of oil or gas or both from any pool or field for the prevention of waste as defined in this article.

(16) To require, either generally or in or from particular areas, certificates of clearance or tenders in connection with the transportation of oil, gas or any product.



(17) To prevent, so far as is practical, reasonably avoidable drainage from each developed unit which is not equalized by counterdrainage.

(18) To require the placing of meters of a type approved by the board wherever the board may designate in plants and processing facilities on all pipelines, gathering systems, barge terminals, loading racks, or other places deemed necessary or proper to prevent waste and the transportation of illegally produced oil or gas. Such meters at all times shall be under the supervision and control of the board; and it shall be a violation of this article, subject to the penalties provided in this article, for any person to refuse to attach or install such meter when ordered to do so by the board or in any way to tamper with such meter so as to produce a false or inaccurate reading or to have any bypass at such a place where the oil or gas can be passed around such meter, unless expressly authorized by written permit of the board. (Acts 1945, No. 1, p. 1, § 9; Acts 1988, No. 88-576, p. 893, § 1; Act 2000-714, p. 1517, § 1; Act 2008-450)

Legislative History/Date of Formation

The Alabama Legislature enacted the first oil and gas statute for the state in 1911. The Legislature, in Act No. 1 of the 1945 Acts of Alabama, established the Oil and Gas Board. The position of State Geologist had been established in 1848, and in the 1945 act, the Legislature provided that the State Geologist would serve as the State Oil and Gas Supervisor. Since 1945, the Alabama Legislature has periodically revised and amended the State's oil and gas statutes. The current Alabama statutory laws as well as rules and regulations concerning oil and gas are set forth in a document commonly known as the *Gold Book*, which was last amended in November 2011.

Contact Information

Tuscaloosa Office
Regular Mail
P.O. Box 869999
Tuscaloosa, AL 35486-6999

Overnight Deliveries, Fed-Ex, UPS, etc
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205-349-2852
205-349-2861 Fax

Mobile Office
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Mobile, AL 36615-1421
251-438-4848
251-432-9267
251-.438-4805 Fax

*The official records of the agency are housed in the Board's main office in Tuscaloosa, and a regional office is located in Mobile.

<http://www.gsa.state.al.us/ogb/ogb.html>



ARKANSAS

Arkansas Oil and Gas Commission

Mission

The purpose of the Arkansas Oil and Gas Commission is to serve the public regarding oil and gas matters, prevent waste, encourage conservation, and protect the correlative rights of ownership associated with the production of oil, natural gas and brine, while protecting the environment during the production process, through the regulation and enforcement of the laws of the State of Arkansas.

At the beginning of *Chapter 72 of Title 15 of the Arkansas Code*, it states “*in recognition of past, present, and imminent evils occurring in the production and use of oil and gas as a result of waste in the production and use thereof in the absence of coequal or correlative rights of owners of crude oil or natural gas in a common source of supply to produce and use the crude oil or natural gas, this law is enacted for the protection of public and private interests against such evils by prohibiting waste and compelling ratable production.*”

Organizational Structure

Arkansas Code §15-71-101. Creation.

There is created the Oil and Gas Commission, hereinafter in this act called the “commission”, to be appointed by the Governor.

Arkansas Code §15-71-102.Members.

(a) The Oil and Gas Commission shall consist of nine (9) members, each to be appointed for a term of six (6) years, and, in event of a vacancy, the Governor shall by appointment fill the unexpired term.

(b) All of the members of the commission shall be residents and citizens of the State of Arkansas and at least twenty-one (21) years of age, at least a majority of whom shall be experienced in the development, production, or transportation of oil or gas.

(c) Each member shall qualify by taking an oath of office and shall hold office until his or her successor is appointed and qualified.

(d) Each member may receive expense reimbursement and stipends in accordance with § 25-16-901 et seq.

HISTORY: Acts 1939, No. 105, § 2; 1979, No. 113, § 1; 1985, No. 680, § 1; A.S.A. 1947, §§ 53-102, 53-102.2; Acts 1997, No. 250, § 112; 2009, No. 389, § 1.

Arkansas Code §15-71-104. Counsel for the commission.

(a) (1) The Oil and Gas Commission may employ an attorney to provide specialized professional services in matters requiring legal representation.

(2) However, any contract for legal representation shall be subject to approval by the Attorney General, who shall otherwise be attorney for the commission.

(b) Any member of the commission or the secretary thereof shall have power to administer oaths to any witness in any hearing, investigation, or proceeding contemplated by this act or by any other law of this state relating to the conservation of oil or gas.

HISTORY: Acts 1939, No. 105, § 4; A.S.A. 1947, § 53-104; Acts 2001, No. 1189, § 1.



Arkansas Code §15-71-105. Director of Production and Conservation.

(a) (1) The Oil and Gas Commission may appoint one (1) Director of Production and Conservation.

(2) The appointment under subdivision (a)(1) of this section is with the approval of the Governor.

(3) The director serves at the pleasure of the Governor at the salary set by law.

(b) The commission may authorize the director to employ other assistants, petroleum and natural gas engineers, bookkeepers, auditors, gaugers, and stenographers and other employees as necessary to properly administer and enforce the provisions of this act.

(c) The director shall:

(1) Be the ex officio secretary of the commission;

(2) Keep all minutes and records of the commission;

(3) Collect and remit to the Treasurer of State all moneys collected by the commission;

(4) Be the executive officer and administrator for all oil and gas activities regulated by the commission;

(5) Initiate and settle a civil or an administrative action to compel compliance with:

(A) A law administered by the commission; or

(B) An order, rule, or regulation issued by the commission;

(6) Administer the day-to-day activities of the commission, including without limitation the commission's fiscal and personnel activities; and

(7) Perform any other duty or act required or authorized by law or the rules, regulations, or orders of the commission.

HISTORY: Acts 1939, No. 105, § 5; 1979, No. 113, § 2; 1983, No. 691, § 10; A.S.A. 1947, §§ 53-102.1, 53-105; Acts 2009, No. 1175, § 2.

Powers and Duties

The Arkansas Oil and Gas Commission performs the following functions:

- Issue permits to drill oil, natural gas and brine production wells and other types of exploratory holes.
- Issue authority to operate and produce wells through approval of:
 - Well completions and recompletions
 - Initial production test to establish production allowable
 - Conduct compliance inspections during drilling process and operational life of well.
- Issue authority to plug and abandon wells to insure protection of fresh water zones and production intervals.
- Issue permits to conduct seismic operations for exploration of oil and natural gas.
- Issue permits to drill and operate Class II UIC enhanced oil recovery injection wells and saltwater disposal wells.
- Issue permits to drill and operate Class V UIC brine injection wells for the disposal of spent brine fluids following removal of bromine and other minerals.
- Conduct monthly administrative hearings to enforce provisions of the oil and gas statutes and regulations.

These powers and duties are outlined throughout *Chapters 71-73 of Title 15 of the Arkansas Code.*



Legislative History/Date of Formation

The Arkansas oil and gas industries, which include exploration and the production, refinement, and distribution of petroleum-based products, exploded onto the state's economic scene in the early 1920s, and local production expanded into an international business. The state established the Arkansas Oil and Gas Commission in 1939 to regulate the state's oil and natural gas industry. The commission regularly holds hearings and issues permits for natural gas and oil exploration and well development. Originally a seven-member commission, the state legislature expanded it to nine members in 1985. The commission lists among its duties the prevention of waste; the encouragement of conservation of oil, natural gas, and brine and the protection of the property rights of producers. Since 1939, the commission has issued 38,000 permits to drill oil, gas, and brine wells. The commission currently has offices El Dorado, Fort Smith, and Little Rock.

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501-683-5818 Fax

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El Dorado, Arkansas 71730
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3309 Phoenix Ave.
Ft. Smith, Arkansas 72903
479-646-6611
479-649-7656 Fax

<http://www.aogc.state.ar.us/>

KENTUCKY

Kentucky Oil and Gas Conservation Commission

Mission

The mission of the Division of Oil and Gas of Kentucky's Department of Natural Resources is to regulate the crude oil and natural gas industry in the Commonwealth; protect the correlative rights of mineral owners, fresh water zones and minable coal seams; and conserve and protect oil and gas reserves in Kentucky. In the *Kentucky Revised Statutes* at the "Declaration of policy of KRS 353.500 to 353.720," which contains both organizational framework and applicable laws for the Oil and Gas Conservation Commission, it is stated "It is hereby declared to be the public policy of this Commonwealth to foster conservation of all mineral resources, to encourage exploration for such resources, to protect correlative rights of land and mineral owners, to prohibit waste and unnecessary surface loss and damage and to encourage the maximum recovery of oil and gas from all deposits thereof now known and which may hereafter be discovered; and to promote safety in the operation thereof."

Organizational Structure

Kentucky Revised Statute 353.565 Kentucky Oil and Gas Conservation Commission.

(1) *There is hereby created in the Department for Natural Resources, the "Kentucky Oil and Gas Conservation Commission" which shall be composed of five (5) members. Four (4) of the members shall be appointed by the Governor and the fifth member, who shall serve as chairman of the commission, shall be the director of the Division of Oil and Gas and who shall serve in an ex officio capacity as a nonvoting member except in the case of a tie. The four (4) members appointed by the Governor shall be residents of this state and not more than one (1) of them may be directly employed in the exploration for or the production of oil or gas, or deriving more than fifty percent (50%) of that person's income from the exploration for or production of oil or gas, or engaged in a business directly servicing or supplying these activities. No member of the commission shall participate in the deliberations of the commission or vote on any matter before the commission in which he, his employer, or any business unit in which he has a financial interest is an interested party, but a member of the commission is not prohibited from deliberating or voting on matters of general interest, such as the fixing of statewide spacing patterns, affecting him, his employer, or a business unit in which he has financial interest as a member of a class of persons to be affected by an administrative regulation or order of the commission. The commission shall not contain more than one (1) representative from any one (1) operator, including subsidiaries or affiliates. Of the four (4) members appointed by the Governor, two (2) shall be residents of eastern Kentucky and two (2) shall be residents of western Kentucky. Longitude 84 deg. 30 min. shall be deemed as the division line between eastern Kentucky and western Kentucky.*

(2) *The members of the commission, except the chairman, shall be appointed for terms of four (4) years each, except that:*

(a) *The original appointments shall be for terms of one (1), two (2), three (3), and four (4) years respectively; and*
(b) *Of the members appointed after July 15, 1998, one (1) member appointed to fill the term expiring June 21, 1999, shall serve until January 21, 2000; one (1) member appointed to fill the term expiring June 21, 2000, shall serve until January 21, 2001; one (1) member appointed to fill one (1) of the two (2) terms expiring June 21, 2001, shall serve until January 21, 2002; and one (1) member appointed to fill the second of the two (2) terms expiring June 21, 2001, shall serve until January 21, 2003; and subsequent appointments shall be for four (4) year terms ending on*



January 21. Each member appointed by the Governor shall serve until his successor has been appointed and qualified. Members may be reappointed by the Governor to serve successive terms. The members of the commission, before performing any duty hereunder, shall take an oath which shall be certified by the officer administering it. The oath in writing and the certificate shall be filed in the office of the Secretary of State. Vacancies in the membership appointed by the Governor shall be filled by appointment by him and for the unexpired term of the member whose office shall be vacant, and the appointment shall be made by the Governor within sixty (60) days of the occurrence of a vacancy. Any member appointed by the Governor may be removed by the Governor in case of incompetency, neglect of duty, gross immorality, or malfeasance of office.

(3) The commission shall meet at times and places as shall be designated by the chairman. The chairman may call a meeting of the commission at any time, and he shall call a meeting of the commission upon the written request of two (2) members. Notification of each meeting shall be given in writing to each member by the chairman at least five (5) days in advance of the meeting. Any three (3) members, one (1) of which may be the chairman, shall constitute a quorum for the transaction of any business, including the holding of hearings. A majority of the commission present shall be required to determine any issue brought before it for decision.

(4) Each member of the commission, except the chairman, shall receive one hundred fifty dollars (\$150) per diem not to exceed one hundred (100) days per calendar year while actually engaged in the performance of his duties as a member of the commission. Each member of the commission, including the chairman, shall also be reimbursed for all reasonable and necessary expenses actually incurred in the performance of his duties as a member of the commission.

Powers and Duties

Kentucky Revised Statute 353.565 Kentucky Oil and Gas Conservation Commission

(5) The commission shall execute and carry out, administer, and enforce the provisions of KRS 353.651 and 353.652 [pooling of interests]. The commission may make any investigation of records and facilities as it deems proper.

(6) If an emergency is found to exist by the commission which, in its judgment, requires the making, changing, renewal, or extension of an administrative regulation or order without first having a hearing, an emergency regulation may be promulgated in accordance with KRS Chapter 13A and an emergency order may be issued in accordance with KRS 13B.125.

(7) The commission shall have specific authority to:

(a) Promulgate and enforce reasonable administrative regulations and issue orders reasonably necessary to prevent waste, protect correlative rights, govern the practice and procedure before the commission, and otherwise administer the provisions of KRS 353.651 and 353.652; and

(b) Issue subpoenas for the attendance of witnesses and subpoenas duces tecum for the production of any books, records, maps, charts, diagrams, and other pertinent documents, and administer oaths and affirmations to witnesses, whenever, in the judgment of the commission, it is necessary to do so for the effective discharge of its duties under the provisions of KRS 353.651 and 353.652.

(8) Any interested person may have the commission call a hearing for the purpose of taking action in respect to any matter within the jurisdiction of the commission by making a request therefor in writing. Upon the receipt of any request, the commission promptly shall call a hearing thereon, and, after the hearing and with all convenient speed, and in any event within thirty (30) days after the conclusion of the hearing, shall take appropriate action with regard to the subject matter thereof as it may deem appropriate. If the hearing is adjudicatory in nature, it shall be conducted in accordance with KRS Chapter 13B.

(9) Agreements made in the interest of conservation of oil or gas, or both, or for the prevention of waste, between



and among owners or operators, or both, owning separate holdings in the same field or pool, or in any area that appears from geologic or other data to be underlaid by a common accumulation of oil or gas, or both, and agreements between and among these owners or operators, or both, and royalty owners therein, for the purpose of bringing about the development and operation of the field, pool, or area, or any part thereof, as a unit, and for establishing and carrying out a plan for the cooperative development and operation thereof, when the agreements are approved by the commission, are hereby authorized and shall not be held or construed to violate any of the laws of this state relating to trusts, monopolies, or contracts and combinations in restraint of trade.

(10) Nothing in this section shall be construed as giving to the commission the right or authority to supersede the authority of the department in the administration of KRS 353.060.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1906, effective July 15, 2010. -- Amended 2000 Ky. Acts ch. 139, sec. 2, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 194, sec. 11, effective July 15, 1998. -- Amended 1996 Ky. Acts ch. 318, sec. 340, effective July 15, 1996. -- Amended 1984 Ky. Acts ch. 111, sec. 145, effective July 13, 1984. -- Amended 1978 Ky. Acts ch. 154, sec. 39, effective June 17, 1978. -- Created 1974 Ky. Acts ch. 45, sec. 3.

Legislative History/Date of Formation

In 1818, the Martin Beatty well was drilled in McCreary County, Ky., by the salt-making industry in search of brine. It produced commercial quantities of oil that were shipped in wooden barrels by barge on the Cumberland River. In 1960, the Division of Oil and Gas was created by the General Assembly and charged with the duties of fostering conservation of all mineral resources, encouraging exploration of such resources, protecting the correlative rights of land and mineral owners, prohibiting waste and unnecessary surface loss and damage, and encouraging the maximum recovery of oil and gas from all deposits. The Division of Oil and Gas began permitting all oil and gas-related wells at that time. The Kentucky Oil and Gas Conservation Commission was created in 1974 by the Kentucky Legislature under the Division of Oil and Gas. It was significantly restructured in 2000.

Contact Information

Kentucky Oil and Gas Conservation Commission
DNR Division of Oil and Gas
1025 Capital Center Drive
Frankfort, KY 40601
502-573-0147
502-573-1099 Fax

<http://oilandgas.ky.gov/Pages/Welcome.aspx>



LOUISIANA

Louisiana Department of Natural Resources and Louisiana State Mineral and Energy Board

Mission

The mission of the Louisiana Department of Natural Resources (DNR) is to preserve and enhance the nonrenewable natural resources of the state, consisting of land, water, oil, gas, and other minerals, through conservation, regulation, management and development to ensure that the state of Louisiana realizes appropriate economic benefit from its asset base. The department serves as one of state government's major revenue-generating agencies by way of oil and gas bonuses, rentals, and royalties.

DNR's aim is to exercise prudent and effective management, using a business plan approach, through long-range planning strategies. The department's governing philosophy is open and receptive to innovative ideas, technologies and the promotion of a cleaner, safer environment. The department strives to facilitate an excellent working relationship with industry, with a strong emphasis on reaching mutual goals.

Lastly, DNR endeavors to assist the citizens of the state through education, its many services, and its public outreach efforts.

The mission of the Office of Conservation at DNR is to regulate the exploration and production of oil, gas, and other natural resources, and thereby protect public health and the environment. (Louisiana Constitution Article IX, Section 1; L.S.A.-R.S.30:1 et seq).

The Office of Mineral Resources at DNR was established to manage the state's mineral assets and to provide staff to advise the State Mineral and Energy Board in granting and administering leases on state-owned lands and water bottoms for the development and production of minerals, primarily oil and gas, for the purpose of optimizing revenue to the state from the royalties, bonuses and rentals.

Organizational Structure

Louisiana's resources of oil and gas are overseen by the Office of Conservation and the Office of Mineral Resources at DNR, which are managed by the Office of the Secretary.

The Office of the Secretary was created by R.S. 36:354(A)(4) and provides leadership, guidance, and coordination to ensure consistency within the Department, as well as externally. The program serves to promote the Department, implement the Governor's and Legislature's directives, and functions as Louisiana's natural resources ambassador to the world. Its customers are the Governor, Legislature, oil and gas industry, alternative energy industries, coastal management stakeholders, employees of the Department and the Office of Coastal Protection and Restoration, other governmental entities and the citizens of the state of Louisiana.

Staff members in the Office of the Secretary include: an Assistant Director, Technology Assessment Division; an



Acting Undersecretary; a Secretary; a General Counsel; a Deputy Undersecretary; a Policy Director; a Fiscal Officer; a Deputy Secretary; a Contracts & Grants Reviewer Supervisor; an Internal Auditor; and a Public Information Director.

Office of Conservation

The Office of Conservation is lead by a Commissioner and his staff. The Commissioner of Conservation is responsible for administering all activities involving the conservation and development of all natural and mineral resources of the state, including oversight of statutory responsibilities and regulations, professional service contracts, budget, personnel, information, safety, and emergency matters. The Commissioner also oversees the administration of six divisions and three district offices within the Office of Conservation.

TITLE 30

MINERALS, OIL, AND GAS AND ENVIRONMENTAL QUALITY

SUBTITLE I. MINERALS, OIL, AND GAS

CHAPTER 1. COMMISSIONER OF CONSERVATION

PART I. DEPARTMENT OF CONSERVATION

§1. Department established; appointment of commissioners; term; vacancies; jurisdiction; salary

A. There is established the state Department of Conservation, hereinafter referred to as the department. The department shall be directed and controlled by a commissioner of conservation, who shall be appointed by the governor, with the consent of the Senate, for a term of four years. In case of vacancy for any cause the governor shall, with consent of the Senate, fill the office by appointment for the unexpired term.

B. Notwithstanding the provisions of any other law to the contrary, the salary of the commissioner of conservation shall be fixed by the governor.

C. All natural resources of the state not within the jurisdiction of other state departments or agencies are within the jurisdiction of the department.

D. The disposal of any waste product into the subsurface by means of a disposal well and the regulation of all surface and storage waste facilities incidental to oil and gas exploration and production, shall be within the jurisdiction of the department.

Amended by Acts 1959, No. 100, §1; Acts 1965, No. 53, §3; Acts 1970, No. 20, §1; Acts 1975, No. 388, §1; Acts 1976, No. 116, §1; Acts 1976, No. 122, §1; Acts 1978, No. 681, §1, eff. July 12, 1978; Acts 1979, No. 379, §1.

Office of Mineral Resources

The Office of Mineral Resources was established to manage the state's mineral assets and to provide staff to advise the State Mineral and Energy Board. The Office is headed by the Assistant Secretary, who also serves as the Secretary of the State Mineral and Energy Board. The staff consists of professionals such as landmen, GIS personnel, geologists, engineers, accountants, auditors, attorneys and administrative employees who conduct the day-to-day operations of the Board's business and provide it with the information and technical advice necessary for the accomplishment of business at its monthly meetings.

The State Mineral and Energy Board administers the state's proprietary interest in minerals and is composed of the governor, the secretary of the Department of Natural Resources, ex officio, and nine members appointed by the governor. Six members constitute a quorum. The governor may appoint board members engaged in the industry and related business activity and each appointment shall be submitted to the Senate for confirmation. Each appointed member shall serve a term concurrent with that of the governor making the appointment.



Powers and Duties

Office of Conservation

The Office of Conservation is charged with conserving and regulating oil, gas, and lignite resources of the state. This statutory responsibility is to regulate the exploration and production of oil, gas and other hydrocarbons and lignite; to control and allocate energy supplies and distribution; and to protect public safety and the environment from oilfield waste, including regulation of underground injection and disposal practices. The Commissioner of Conservation is responsible for administering all activities involving the conservation and development of all natural and mineral resources of the state. The Commissioner also oversees the administration of six divisions and three district offices within the Office of Conservation.

Louisiana Revised Statutes

TITLE 30

MINERALS, OIL, AND GAS AND ENVIRONMENTAL QUALITY

SUBTITLE I. MINERALS, OIL, AND GAS

CHAPTER 1. COMMISSIONER OF CONSERVATION

PART I. DEPARTMENT OF CONSERVATION

§4. Jurisdiction, duties, and powers of the assistant secretary; rules and regulations

A. The commissioner has jurisdiction and authority over all persons and property necessary to enforce effectively the provisions of this Chapter and all other laws relating to the conservation of oil or gas.

B. The commissioner shall make such inquiries as he thinks proper to determine whether or not waste, over which he has jurisdiction, exists or is imminent. In the exercise of this power the commissioner has the authority to collect data; to make investigations and inspections; to examine properties, leases, papers, books, and records; to examine, survey, check, test, and gauge oil and gas wells, tanks, refineries, and modes of transportation; to hold hearings; to provide for the keeping of records and the making of reports; to require the submission of an emergency phone number by which the operator may be contacted in case of an emergency; and to take any action as reasonably appears to him to be necessary to enforce this Chapter.

C. The commissioner has authority to make, after notice and hearings as provided in this Chapter, any reasonable rules, regulations, and orders that are necessary from time to time in the proper administration and enforcement of this Chapter, including rules, regulations, or orders for the following purposes:

(1)(a)(i) To require the drilling, casing, and plugging of wells to be done in such a manner as to prevent the escape of oil or gas out of one stratum to another;

(ii) To prevent the intrusion of water into oil or gas strata;

(iii) To prevent the pollution of fresh water supplies by oil, gas, or salt water;

(iv) To require the plugging of each dry and abandoned well and the closure of associated pits, the removal of equipment, structures, and trash, and to otherwise require a general site cleanup of such dry and abandoned wells; and

(v) To require reasonable bond with security for the performance of the duty to plug each dry or abandoned well and to perform the site cleanup required by this Paragraph.

(b) Only an owner as defined in R.S. 30:3(8) shall be held or deemed responsible for the performance of any actions required by the commissioner.

(2) To require the making of reports showing the location of all oil and gas wells, and the filing of logs, electrical surveys, and other drilling records.

(3) To prevent wells from being drilled, operated, and produced in a manner to cause injury to neighboring leases or property.



- (4) To prevent the drowning by water of any stratum or part thereof capable of producing oil or gas in paying quantities, and to prevent the premature and irregular encroachment of water which reduces, or tends to reduce, the total ultimate recovery of oil or gas from any pool.
- (5) To require the operation of wells with efficient gas-oil ratios, and fix these ratios.
- (6) To prevent blow outs, caving and seepage in the sense that conditions indicated by these terms are generally understood in the oil and gas business.
- (7) To prevent fires.
- (8) To identify the ownership of all oil or gas wells, producing leases, refineries, tanks, plants, structures, and all storage and transportation equipment and facilities.
- (9) To regulate the shooting and chemical treatment of wells.
- (10) To regulate secondary recovery methods, including the introduction of gas, air, water, or other substance into producing formations.
- (11) To limit and prorate the production of oil or gas or both from any pool or field for the prevention of waste.
- (12) To require, either generally or in or from particular areas, certificates of clearance or tenders in connection with the transportation of oil, gas, or any product.
- (13) To regulate the spacing of wells and to establish drilling units, including temporary or tentative spacing rules and drilling units in new fields.
- (14) To require interested persons to place uniform meters of a type approved by the commissioner wherever the commissioner designates on all pipelines, gathering systems, barge terminals, loading racks, refineries, or other places necessary or proper to prevent waste and the transportation of illegally produced oil or gas. These meters shall be under the supervision and control of the department of conservation. It shall be a violation of this Chapter, subject to the penalties provided in R.S. 30:18, for any person to refuse to attach or install a meter when ordered to do so by the commissioner, or in any way to tamper with the meters so as to produce a false or inaccurate reading, or to have any device through which the oil or gas can be passed around the meter, unless expressly authorized by written permit of the commissioner.
- (15) To require that the product of all wells shall be separated into so many million cubic feet of gaseous hydrocarbons and barrels of liquid hydrocarbons, either or both, and accurately measured wherever separation takes place. Gaseous hydrocarbon measurement shall be corrected to ten ounces above atmospheric pressure. Liquid hydrocarbons shall be measured into barrels of forty-two gallons each. Both measurements shall be corrected to sixty degrees fahrenheit.
- (16)(a) To regulate by rules, the drilling, casing, cementing, disposal interval, monitoring, plugging and permitting of disposal wells which are used to inject waste products in the subsurface and to regulate all surface and storage waste facilities incidental to oil and gas exploration and production, in such a manner as to prevent the escape of such waste product into a fresh groundwater aquifer or into oil or gas strata; may require the plugging of each abandoned well or each well which is of no further use and the closure of associated pits, the removal of equipment, structures, and trash, and other general site cleanup of such abandoned or unused well sites; and may require reasonable bond with security for the performance of the duty to plug each abandoned well or each well which is of no further use and to perform the site cleanup required by this Subparagraph. Only an owner as defined in R.S. 30:3(8) shall be held or deemed responsible for the performance of any actions required by the commissioner.
- (b) Provided that before a permit to operate a new commercial operations' waste disposal well may be granted, a public hearing shall be held on the application for a permit, and shall fix the date, time, and place therefor. The operator or owner, prior to such public hearing, shall give public notice on three separate days within a period of thirty days prior to the public hearing, with at least five days between each publication of the notice, both in the official state journal and in the official journal of the parish in which the well is to be located, that application for a permit



for a new commercial operations' waste disposal well has been made and that a public hearing on the matter will be held on the date and at the time and place which shall be stated in the public notice. The assistant secretary shall prescribe the form of the advertisement. In addition, the applicant for a permit shall place an advertisement in the same newspapers but not in the classified advertisement or public notice section of the newspapers, in a form which shall be not less than one-half page in size and printed in bold face type; which shall inform the public that application for a permit has been made for a new commercial operations' waste disposal well and that a public hearing, at which all interested persons are charged to be present and to present their views and which shall state the date, time, and place at which the meeting will be held. The content of both the public notice and the one-half page announcement or advertisement also shall include the name of the owner or operator; location of the proposed well, materials to be disposed in the well, a statement that comments may be sent to the assistant commissioner of the Office of Conservation prior to the public meeting, and the mailing address of the assistant secretary.

"Commercial operations" as defined in this Section pertains to those who dispose of waste materials off the site where produced by others. "Waste materials" is defined as any material, excluding drilling muds, produced waters and crude oil residues, for which no use or reuse is intended and which is to be discarded.

(c) To regulate the hours of operation of offsite treatment, storage and disposal facilities for waste material as defined in Subparagraph (b) of this Paragraph.

(17)(a) To regulate the construction design and operation of pipelines transmitting carbon dioxide to serve secondary and tertiary recovery projects for increasing the ultimate recovery of oil or gas, including the issuance of certificates of public convenience and necessity for pipelines serving such projects approved hereunder.

(b) No person shall exercise the right of expropriation under the laws of this state in connection with the construction or operation of such a carbon dioxide pipeline until the enhanced recovery project has been approved by the commissioner and a certificate of public convenience and necessity for the pipeline has been issued. If the enhanced recovery project is located in another state or jurisdiction, the commissioner's approval shall consist of confirmation that the applicable regulatory authority of that state or jurisdiction has approved or authorized the injection of carbon dioxide in association with such project.

D. The assistant secretary shall make, after notice and public hearing as provided in this Chapter, any reasonable rules, regulations, and orders that are necessary:

(1) To require that all pipelines, excluding field transmission, flow, and gathering lines; all wells; and associated structures, including any fittings, tie-overs, appliances, and equipment, which are constructed on state water bottoms pursuant to the grant of a right-of-way by the secretary of the Department of Natural Resources or the issuance of a lease by the State Mineral and Energy Board shall conform to the following provisions:

(a) The owner or operator of a pipeline constructed on a right-of-way granted on state water bottoms shall be responsible for burying the line to a depth consistent with regulations promulgated by the office of conservation and for maintaining it at said depth to the extent feasible and practical, as determined by the assistant secretary, taking into account the changes wrought by natural forces.

(b) Upon abandonment of a pipeline, well, or associated structure, the owner or operator thereof shall be responsible for removing any related object above the mudline which may unduly interfere with other uses of state waters or water bottoms, including navigation or fishing, or shall adequately mark it for the duration of the obstruction according to regulations of the United States Coast Guard and regulations promulgated by the assistant secretary. If necessary for environmental reasons or to prevent undue interference with other uses of state waters or water bottoms, the owner of an abandoned buried pipeline, well, or associated structure; an abandoned pipeline, well, or associated structure; or portions thereof shall cause removal of that which constitutes an obstruction or hazard to navigation or fishing, as determined necessary by the assistant secretary after a public hearing.

(c) If an inspection by the office of conservation discloses an exposed pipeline, the owner thereof shall be required



to rebury the line at its original depth, to the extent feasible and practical, to remove the pipeline, or to install and maintain for the duration of the line adequate marking in accordance with rules and regulations of the United States Coast Guard, United States Corps of Engineers, and the office of conservation. The appropriate course for such remedial action shall be made by the commissioner after a public hearing taking into account environmental issues and other issues.

(d) If determined by the governor and the secretary of the Department of Natural Resources to be in the best interests of the state, the owner or operator of a pipeline, well, or associated structure shall not be required to have it removed but shall be required to adequately mark it for the duration of the obstruction according to regulations of the Coast Guard and of the assistant secretary.

(e) At regular intervals subsequent to the abandonment of any pipeline, well, or associated structure constructed on a right-of-way or lease established on state waterbottoms, the owner or operator of such facility shall cause and be responsible for inspection of that property if the assistant secretary requires it to ensure compliance with applicable rules and regulations of state and federal agencies. The assistant secretary shall require an inspection if he determines that the public interest requires that an inspection is necessary.

(f) A person shall not construct any pipeline, well, or associated structure on a right-of-way or lease established on state waterbottoms unless he has obtained a permit from the assistant secretary prior to the initiation of construction.

(g) An owner or operator of any pipeline, well, or associated structure constructed on state water bottoms pursuant to a right-of-way or lease shall report to the assistant secretary any activities, incidents, developments, or accidents creating an obstruction to navigation or fishing, and any permanent abandonments.

(2) To require that all field transmissions, flow, and gathering lines constructed on state water bottoms pursuant to the grant of a right-of-way by the secretary of the Department of Natural Resources or the issuance of a lease by the State Mineral and Energy Board shall meet all requirements of the United States Army Corps of Engineers for burial and shall be located, installed, marked, and maintained in a proper manner, to be approved by the assistant secretary, so as to minimize undue interference with persons making other uses of state waters or water bottoms, including mariners and fishermen.

(3) To require that all equipment, machinery, and materials associated with the construction, operation, maintenance, or abandonment of all pipelines, including field transmission, flow, and gathering lines; all wells; and all associated structures, which are constructed on state water bottoms pursuant to the grant of a right-of-way by the secretary of Department of Natural Resources or the issuance of a lease by the State Mineral and Energy Board shall conform to the following provisions:

(a)(i) The owner or operator of a pipeline, well, or associated structure constructed on a right-of-way or lease upon state waterbottoms shall cause and be responsible for inspection of that property if the assistant secretary requires it to determine whether any equipment, machinery, or material associated with activity on the lease or right-of-way, including sunken boats and barges, has been discarded or abandoned above the mudline. The assistant secretary shall require an inspection if he determines that the public interest requires that an inspection is necessary.

(ii) If the inspection reveals any equipment, machinery, or material above the mudline, the owner shall be responsible for its removal to avoid its constituting an obstruction which may unduly interfere with other uses, including navigation or fishing. However, the assistant secretary may by rule grant such exceptions or variances from this requirement if the location of the equipment, machinery, or material would cause removal to be extraordinarily onerous or impractical. Moreover, removal shall not be required if the governor and the secretary of the Department of Natural Resources determine that in the best interests of the state removal shall not be required. However, the owner shall be required to mark it for the duration of the obstruction according to regulations of the Coast Guard and the assistant secretary.



(b) *The owner or operator of any pipeline, well, or associated structure shall promptly notify and report to the assistant secretary concerning any discarded or abandoned equipment, machinery, or materials, including sunken barges and boats, known to be remaining on state waterbottoms as a result of activities conducted pursuant to a state right-of-way or lease. He shall also report to the assistant secretary the removal of any such equipment, machinery, or materials.*

(4) *The provisions of this Subsection shall be limited in their scope and application to those leases and rights-of-way existing on state waterbottoms within the area delineated by the coastal zone of Louisiana as described in R.S. 49:213.4.*

(5) *To provide that the office of conservation shall conduct such inspections as the assistant secretary may deem necessary or appropriate in carrying out the provisions of this Subsection.*

E. *The commissioner shall make, after notice and public hearing as provided in this Chapter, any reasonable rules, regulations, and orders that are necessary to require that all other pipelines not covered by Subsection D of this Section, together with any fittings, tie-overs, appliances, and equipment, which are constructed in this state shall be buried, maintained, or removed from the right-of-way or lease according to the following provisions:*

(1) *Pipelines in active use and those not in active use but whose owner anticipates reuse shall be buried to a depth consistent with regulations promulgated by the office of conservation and shall be maintained during the course of the useful and active life of the lines at a depth determined by the commissioner to be substantially equivalent to the original depth of burial. The commissioner may by rule grant such exceptions or variances from this provision as may be necessary for pipelines buried under navigable streams or water bottoms as provided for in Subsection D of this Section.*

(2) *When a pipeline is abandoned, the commissioner shall make a preliminary investigation to determine if the line, or any portion thereof, constitutes an obstruction which may unduly interfere with other uses of state waters or water bottoms, or if allowed to remain in its present state will constitute such an obstruction. If the initial determination of the commissioner is that corrective action or removal of the pipeline, or any portion thereof, is necessary to eliminate or prevent the obstruction and if the owner of the pipeline does not agree with the commissioner's determination and to abide by it, the commissioner shall call a public hearing for the purpose of determining finally what action, if any, he will require the owner of the pipeline to take.*

(3) *Field transmission, flow and gathering lines shall be installed, located, marked, maintained, and removed after abandonment in a proper manner, to be approved by the commissioner, so as to minimize undue interference with persons, including mariners and fishermen, making other uses of state waters or water bottoms.*

F. *For the purposes of Subsection E, the word "pipeline" shall mean all intrastate pipelines used in the transportation of oil and gas, including by-products and waste therefrom, but shall not include field transmission, flow, and gathering lines, except as provided in Subsection E(3). The commissioner shall require each pipeline operator to employ in his periodic inspection of the line, which shall be not less than once each year, a procedure to determine the depth of cover over the line and to report such information to the commissioner; however, the commissioner may by rule grant such exceptions or variances from this requirement as may be necessary for pipelines buried or installed in locations where such a requirement would be extraordinarily onerous or impractical. The commissioner shall further require the owners of all pipelines in the state to notify the office of conservation of the abandonment of said pipeline or non-use of said pipeline for a period of six months or more.*

G. *The office of conservation of the Department of Natural Resources through the commissioner, shall implement the provisions of Subsections D, E, and F of this Section as to interstate pipelines insofar as those requirements may be consistent with the regulations for interstate pipelines adopted by the United States Department of Transportation. In such event, the office shall further implement the provisions of Subsections D, E, and F of this Section insofar as those requirements may be consistent with the regulations for interstate pipelines adopted by the United States Department of Energy.*



H. Any pipeline owner required to construct a levee, dam, or weir in connection with a pipeline, shall maintain that levee, dam, or weir in a condition as near as practicable to its original condition, however, the commissioner may grant such exceptions or variances from this requirement if he determines that maintenance of the dam, levee, or weir no longer serves the purposes intended and will not serve to protect the environment of the area. The commissioner may require the owner to inspect the levee, dam, or weir on a periodic basis and to file reports of such inspections. The commissioner may order the removal or alteration of any such dam, levee, or weir when he determines that such action is necessary to avoid undue interference with persons making other uses of state waters or water bottoms.

I. The commissioner shall make, after notice and public hearing as provided in this Chapter, any reasonable rules, regulations, and orders that are necessary to control the offsite disposal at commercial facilities of drilling mud, saltwater and other related nonhazardous wastes generated by the drilling and production of oil and gas wells. Such regulations shall contain provisions identifying the waste materials to be regulated. Such regulations shall at a minimum require:

(1) Every person who intends to open and operate a new offsite commercial facility for the disposal of nonhazardous wastes produced in oil and gas drilling operations, shall file an application, with the office of conservation for a permit to conduct such operation.

(2) At least thirty days prior to filing such application with the office, the applicant shall publish a notice of intent to file the application, which notice shall contain sufficient information to identify the applicant, the proposed site at which disposal operations will occur, the nature and content of the waste streams to be disposed of, and the method of disposal to be used. Such notice shall be published on three separate days in the official journal of the parish in which the proposed facility will be located, and in the official journal of the state, not less than one quarter of a page in size and printed in boldface type.

(3) Upon notice to the applicant by the office of conservation that the application is complete, the applicant shall file with the local governing authority of the parish in which the proposed facility is to be located, six copies of the complete application.

(4) Upon acceptance of the application as complete, the office of conservation shall publish in the next available issue of the State Register, a notice of the filing and the location, date and time of a public hearing to be held in the affected parish, which hearing shall not be less than thirty days from the date of notice in the Register. The applicant shall publish a substantially similar notice in the official journal of the parish affected on three separate days at least fifteen days prior to the date set by the office of conservation for such public hearing. Such notice shall be not less than one quarter page in size in boldface type.

(5) The public hearing shall be fact-finding in nature and shall not be subject to the procedural requirements of the Louisiana Administrative Procedure Act relative to rule making or adjudication, provided that the office of conservation shall allow any interested person to present testimony, facts or evidence related to the application, and shall make a record of the hearing.

(6) Standards applicable to generators of such waste materials.

(7) Criteria for the location, design and operation of commercial offsite disposal facilities.

(8) A manifest system for all wastes transported from site of generation to a commercial offsite disposal facility.

(9) The closure of all commercial offsite disposal facilities in a manner approved by the commissioner to insure protection of the public and the environment.

(10) Bonding to insure the adequate closure of any commercial offsite disposal facility.

(11) Evidence of financial responsibility acceptable to the commissioner for any liability for damages which may be caused by the escape or discharge of waste materials from a commercial offsite disposal facility.

(12) All existing commercial offsite disposal facilities to comply with the criteria in such regulations within a specified time.



J. Notwithstanding any other provisions of law to the contrary, the department shall require all abandoned well and platform locations on state water bottoms in the Gulf of Mexico and adjacent bays and inlets to be cleared of all related obstructions by the owner of such facilities and that such clearance be verified at the cost of such owner. The clearance and verification requirements and procedures shall be substantially the same, where applicable, as those required by the United States Department of the Interior Minerals Management Service for abandoned oil and gas structures in the Gulf of Mexico. Such clearance and verification requirements shall take into account the different characteristics of the water bodies from which the obstructions are to be removed. The department shall adopt rules to implement this Subsection no later than January 1, 1992. The provisions of this Subsection and the rules adopted pursuant thereto shall supersede any conflicting provision of law, particularly Subsections D, E, F, G, and H of this Section.

K. The commissioner shall not authorize or issue any permit which allows the use or withdrawal of three million gallons or more of ground water per day from the Chicot aquifer that shall be injected into the subsurface in a parish whose population is more than seventy thousand and less than seventy-five thousand.

Acts 1976, No. 122, §3; Acts 1979, No. 378, §1; Acts 1979, No. 461, §1; Acts 1979, No. 674, §1; Acts 1980, No. 804, §1; Acts 1981, No. 760, §2; Acts 1983, No. 664, §1, eff. July 21, 1983; Acts 1985, No. 242, §1, eff. July 6, 1985; Acts 1990, No. 192, §1; Acts 1991, No. 957, §1; Acts 1999, No. 618, §1; Acts 2007, No. 428, §2, eff. July 11, 2007; Acts 2008, No. 241, §1; Acts 2009, No. 196, §2, eff. July 1, 2009.

Office of Mineral Resources

The State Mineral and Energy Board is the exclusive body with the authority to lease for development and production of minerals, oil, and gas, any lands belonging to the State of Louisiana, or the title to which is in the public, including road beds, water bottoms, vacant state lands, and land adjudicated to the state at tax sale. The Board may lease state agency lands as well, upon agency request, and may grant exclusive and non-exclusive permits to conduct geophysical and geological surveys of any kind on state-owned lands and water bottoms.

The Board is also authorized to explore and develop state lands and water bottoms subject to its leasing authority on its own behalf or through others contracted for that purpose. It may conduct geological and geophysical surveys of any kind; equip, drill, and operate wells or mines for the production of minerals; construct, operate, and maintain necessary or convenient facilities for saving, transporting, and marketing mineral production; enter into operating agreements; and do all other things which may appear to be necessary or desirable for the state's benefit.

The State Mineral and Energy Board has the responsibility for administering all existing mineral leases on such state lands to ensure maximum development and production and to ensure full compliance with the terms and conditions of the respective leases. It may act to recover nonproducing leased acreage, annul or amend leases, join in pooling and unitization agreements, elect to receive in lieu unit production or proceeds or in kind royalty, or enter into agreements to offset, compensate, or recover from royalty underpayment or overpayment.

The Board has final approval of transfers and assignments relating to state mineral leases or state-owned mineral rights, of state agency mineral leases issued by the agency directly, and of mineral leases entered into by state banks in liquidation. It also executes division orders directly or through staff and ensures proper statutory-mandated parish and dedicated funds transfers.



Legislative History/Date of Formation

In 1906, the Louisiana Legislature passed the first oil and gas laws and in 1908 the first natural gas pipeline was laid in Louisiana. The Department of Conservation was originally created in 1912 by the Legislature and eventually several entities were incorporated into the current Department of Natural Resources, which was formed in 1976. L.S.A.- R.S.36:351. The Louisiana Legislature enacted a law establishing an oil spill response program 1991, partially in response to a serious oil tanker spill in Alaska's Prince William Sound.

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MISSISSIPPI

Mississippi State Oil and Gas Board

Mission

The Program Objective of the State Oil and Gas Board is to promulgate and enforce rules to regulate and promote oil and gas drilling, production and storage so as to protect the coequal and correlative rights of all owners of interests; and to promulgate and enforce rules to regulate the disposal of nonhazardous oil field waste in an environmentally safe manner consistent with federal and state regulations.

Organizational Structure

Mississippi Code Annotated § 53-1-5. BOARD CREATED.

(1) There is hereby created and established a board to be known as the State Oil and Gas Board composed of five (5) members: one (1) member shall be appointed by the Lieutenant Governor for a term of four (4) years, and one (1) member shall be appointed by the Attorney General of the State of Mississippi for a term of four (4) years, which said two (2) members shall be appointed, one (1) from each of the United States District Court districts. From and after the effective date of Senate Bill No. 2577, 1992 Regular Session, such appointments by the Lieutenant Governor and the Attorney General shall be from the state at large rather than each United States district court district. Three (3) members of whom shall be appointed by the Governor, one (1) from each of the Supreme Court Districts for terms of the following duration:

One (1) member from the First Supreme Court District for a term of two (2) years; one (1) member from the Second Supreme Court District for a term of four (4) years; and one (1) member from the Third Supreme Court District for a term of six (6) years.

At the expiration of the term of the members appointed by the Lieutenant Governor and Attorney General, each successor member shall be appointed for a term of four (4) years by the incumbent of the respective office. At the expiration of a term for which each of the original appointments of the Governor is made, each successor member shall be appointed for a term of six (6) years.

In the event of a vacancy, the Governor, Lieutenant Governor or Attorney General, as the case may be, shall, by appointment, fill such unexpired term. All members shall be confirmed by the Senate. Each member shall be eligible for reappointment at the discretion of the appointing officer. The board shall elect from its number a chairman and a vice chairman. Each member of the board shall be a citizen of the United States and a resident of the State of Mississippi, and a qualified elector therein, of integrity and sound and nonpartisan judgment. Each member shall qualify by taking the oath of office and shall hold office until his successor is appointed and qualified. The board shall establish its principal office at Jackson, Mississippi, at which the records of the board shall be kept.

Each member of the board shall receive as compensation for his services an annual salary of Seven Thousand Two Hundred Dollars (\$7,200.00), except the chairman of the board who shall receive as compensation for his services an annual salary of Nine Thousand Six Hundred Dollars (\$9,600.00). The receipt of said compensation shall not entitle members of the board to receive or be eligible for any state employee group insurance or retirement benefits.

(2) The board shall meet and hold hearings at such times and places as may be found by the board, or a majority thereof, to be necessary to carry out its duties. A majority of the board shall constitute a quorum, and three (3) affirmative votes shall be necessary for adoption or promulgation of any rule, regulation or order. Any member who shall not attend three (3) consecutive regular meetings of the board, for any reason other than illness of such mem-



ber, shall be removed from office by the Governor. The chairman of the board shall notify the Governor in writing when any such member has failed to attend three (3) consecutive regular meetings.

(3) Where a question which has been presented or has arisen to be acted upon by the board directly affects the interest of a member or members of the board, such member or members shall recuse himself or themselves from acting upon such question.

(4) The board shall adopt an official seal, and may sue and be sued.

SOURCES: Codes, 1942, § 6132-02; Laws, 1932, Ch. 117; Laws, 1948, Ch. 256, § 2; Laws, 1950, Ch. 213; Laws, 1966, Ch. 279, § 1; Laws, 1982, Ch. 485, § 3; Laws, 1983, Ch. 536, § 4; Laws, 1988, Ch. 590; Reenacted, 1990, Ch. 357, § 2; Reenacted without change, Laws, 1991, Ch. 340, § 3; Laws, 1992, Ch. 310 § 1, eff from and after passage (approved April 15, 1992).

Cross references- As to powers and duties of State Oil and Gas Board, see § 53-1-17.

As to surface mining and reclamation of land, see § 53-7-1 et seq.

As to the duty of the board to administer and enforce provisions relating to surface mining and reclamation of land, see § 53-7-19.

As to Supreme Court districts, see § 9-3-1.

As to copies of maps or plats of state's territorial waters, made and adopted for mineral leasing purposes, see § 29-7-3.

As to representation on the Mississippi Energy and Transportation Advisory Council, see § 57-39-5.

Powers and Duties

Mississippi Code Annotated § 53-1-17. POWERS OF BOARD.

(1) The board shall have jurisdiction and authority over all persons and property necessary to enforce effectively the provisions of this chapter and all other laws relating to the conservation of oil and gas.

(2) The board shall have the authority, and it shall be its duty, to make such inquiries as it may think proper to determine whether or not waste, over which it has jurisdiction, exists or is imminent. In the exercise of such power the board shall have the authority to collect data; to make investigations and inspections; to examine properties, leases, papers, books and records, including drilling records and logs; to examine, check, test and gauge oil and gas wells, tanks, refineries, and modes of transportation; to hold hearings; to require the keeping of records and the making of reports; and to take such action as may be reasonably necessary to enforce the provisions of Sections 53-1-1 through 53-1-47, inclusive, and Sections 53-3-1 through 53-3-21, inclusive.

(3) The board shall have the authority, and it shall be its duty, to make, after notice and hearing as hereinafter provided, such reasonable rules, regulations and orders as may be necessary from time to time in the proper administration and enforcement of the provisions of Sections 53-1-1 through 53-1-47, inclusive, and Sections 53-3-1 through 53-3-21, inclusive, and to amend the same after due notice and hearing, including but not limited to rules, regulations and orders for the following purposes:

(a) To require that the drilling, casing and plugging of wells be done in such a manner as to prevent the escape of oil or gas out of one stratum to another; to prevent the intrusion of water into an oil or gas stratum from a separate stratum; to prevent the pollution of freshwater supplies by oil, gas or saltwater; and generally to prevent waste as herein defined. The duty is hereby imposed upon the State Oil and Gas Board to make suitable and adequate rules and regulations, subject to the approval of the Mississippi Commission on Environmental Quality, requiring the disposal of waste products such as, but not limited to, mud, acids, saltwater, or any corrosive products brought to the surface from any oil, gas or condensate well in this state, to prevent seepage, overflow, or damage and injury to the topsoil or surface. The Commission on Environmental Quality shall have the exclusive authority to regulate the commercial disposal of such waste products pursuant to Section 17-17-47. However, the board shall have the exclu-



sive authority to regulate and promulgate rules and regulations pertaining to commercial and noncommercial Class II underground injection wells. It is the policy of the state not only to conserve minerals but to conserve and protect its surface lands for agriculture, timber, and any and all other beneficial purposes, and the destruction of surface lands where reasonable means of their protection exist shall no longer be permitted.

(b) To require the making of reports showing the location of oil and gas wells; to require the filing, within thirty (30) days from the time of the completion of any wells drilled for oil or gas, of logs and drilling records.

(c) To require adequate proof of financial responsibility in a form acceptable to the board and conditioned for the performance of the duties outlined in paragraphs (a) and (b) of this subsection, including the duty to plug each dry or abandoned well.

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

(e) To require the operation of wells with efficient gas oil ratios, and to fix the limits of such ratios.

(f) To prevent "blowouts", "caving", and "seepage" in the sense that conditions indicated by such terms are generally understood in the oil and gas business.

(g) To prevent the creation of unnecessary fire hazards.

(h) To identify the ownership of all oil and gas wells producing leases, refineries, tanks, plants, structures, and storage and transportation equipment and facilities.

(i) To regulate the shooting, perforating and chemical treatment of wells.

(j) To regulate secondary recovery methods, including the introduction of gas, air, water or other substances into producing formations.

(k) To regulate the spacing of wells and to establish drilling units.

(l) To allocate and apportion the production of oil or gas, or both, from any pool or field for the prevention of waste as herein defined, and to allocate such production among or between tracts of land under separate ownership in such pool on a fair and equitable basis to the end that each such tract will be permitted to produce not more than its just and equitable share from the pool. The owners and producers of each discovery well located in a new field or pool shall certify to the Oil and Gas Board an itemized list of the expenses incurred in the actual drilling of such well. The Oil and Gas Board shall investigate such cost and shall certify the amount found by them to be correct. The discovery well shall not be liable to the restrictions of Sections 53-1-1 through 53-1-47, inclusive, and Sections 53-3-1 through 53-3-21, inclusive, until the cost of drilling such well shall have been recovered in oil or gas from said discovery well. Such cost having been recovered, the discovery well shall be subject to the terms of said sections as are other wells in the field.

(m) To prevent, so far as is practicable, reasonably avoidable drainage from each developed unit which is not equalized by counter drainage.

(n) To require all of those making settlements with the owners of oil or gas interests to render statements to such owners showing the quantity and gravity purchased and the price per barrel of oil or one thousand (1,000) cubic feet of gas.

(o) To require, either generally or with respect to particular areas, certificates of clearance in connection with the transportation or delivery of oil, gas, or any product thereof.

(p) To promulgate rules and regulations governing the safety of storage of gas, liquefied petroleum gases, refined hydrocarbons and/or oil in underground storage wells, but the jurisdiction of the State Oil and Gas Board regarding safety shall cease upon reaching header on flow line beyond associated wellhead facilities, which includes the wellhead, manual and automatic safety valves, automatic shut in safety devices, flow lines from wellhead to header, brine lines, and tanks or pits and flares.



(q) To make such determinations of oil and/or natural gas maximum lawful ceiling prices as allowed by federal or state law.

(4) In order to carry out its duties and responsibilities as fixed by law, the board is authorized and empowered to purchase, own and operate automobiles in the number and in the manner specified in Section 25-1-85. The board is further authorized and empowered to purchase, in the manner specified by law, operate and maintain in good order the necessary and suitable equipment required to install a complete radio base station, including mobile units to be installed in automobiles owned by the board.

(5) The board shall have the authority, and it shall be its duty, to promulgate official policies of the board.

(6) The board shall continue to have the power to make rules, regulations and orders necessary to prevent and protect against discrimination in the purchase, production and sale of oil and gas and against the unratable withdrawal of same, including as provided in Statewide Rule 48.

(7) Notwithstanding any other provision contained in the Laws of the State of Mississippi, the board shall have exclusive jurisdiction and authority, and it shall be its duty, to make, after notice and hearing as hereinafter provided, such reasonable rules, regulations, standards and orders, and to issue such permits as may be necessary, to regulate the use, management, manufacture, production, ownership, investigation and noncommercial disposal of oil field exploration and production waste in order to prevent, eliminate or reduce waste by pollution to acceptable levels in order to protect the public health, safety and the environment.

SOURCES: Codes, 1942, §§ 6132-10, 6132-10.5; Laws, 1932, Ch. 117; Laws, 1948, Ch. 256, § 6; Laws, 1956, Ch. 163, §§ 1, 2; Laws, 1970, Ch. 301, § 1; Laws, 1975, Ch. 419, § 1; Reenacted and amended, 1982, Ch. 485, § 9; Laws, 1983, Ch. 359, § 1, Ch. 506, § 1; Reenacted, 1990, Ch. 357, § 8; Reenacted without change, Laws, 1991, Ch. 340, § 9; Laws, 1991, Ch. 605 § 2; Laws, 1992, Ch. 344 § 2; Laws, 1995, Ch. 356, § 2, eff from and after July 1, 1995.

Cross references- As to promulgation of regulations for transportation of petroleum substances, see § 53-3-201.

As to exclusive authority of State Oil and Gas Board to make rules and regulations pertaining to disposal of oil field waste deposits under solid wastes disposal law, see § 17-17-47.

As to jurisdiction of board regarding underground storage of gases in reservoirs dissolved in salt beds, see § 75-57-13.

Legislative History/Date of Formation

The Mississippi Oil and Gas Board was formed by the Mississippi Legislature in 1942 foster, encourage, and promote the development, production, and utilization of the natural resources of oil and gas in the State of Mississippi; and to protect the public and private interests against the evils of waste in the production and utilization of oil and gas by prohibiting waste. It is one of the oldest oil and gas boards in the Southeast.

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MISSOURI

Missouri State Oil and Gas Council

Mission

The State Oil and Gas Council publishes rules and regulations that apply to oil and gas drilling and producing operations to foster and promote orderly and economic development, production and use of natural resources of oil and gas.

Organizational Structure

The State Oil and Gas Council is composed of the director and his or her appointees of the following agencies:

- Missouri Department of Natural Resources' Division of Geology and Land Survey
- Missouri Department of Economic Development Division of Commerce and Economic Development
- Missouri Public Service Commission
- Clean Water Commission
- A representative of the Missouri Independent Oil and Gas Association
- A professor from Missouri University of Science and Technology Petroleum Engineering Program
- Two public members, one of which must live in a third or fourth classification county.

Also, the governor appoints two persons to the Council who are knowledgeable about the oil and gas industry.

See Revised Statutes of Missouri, Title 10—DEPARTMENT OF NATURAL RESOURCES Division 50—Oil and Gas Council Chapter 1—Organization, Purpose and Definitions, 10 CSR 50-1.010 Organization.

Powers and Duties

10 Code of State Regulations 50-1.020 General Procedures and Purpose

PURPOSE: This rule provides for the general practice and procedure of the council, the application of rules promulgated by the council and declares the purpose of these rules.

- (1) All rules promulgated shall be statewide in application unless otherwise specifically excepted by a written order of the council.*
- (2) Special rules will be promulgated when required and shall take precedence over general rules if in conflict therewith.*
- (3) No order or amendment, except in an emergency, shall be made by the council without a public hearing upon at least ten (10) days' notice. The public hearing shall be held at a time and place as may be prescribed by the council and any interested person shall be entitled to be heard.*
- (4) When an emergency requiring immediate action is found to exist, the council is authorized to issue an emergency order without notice of hearing, which shall be effective upon promulgation. No emergency order shall remain effective for more than fifteen (15) days.*
- (5) It is hereby declared to be in the public interest—*
 - (A) To foster, to encourage and to promote the orderly and economic development, production and utilization of natural resources of oil and gas;*
 - (B) To authorize and to provide for the operation and development of oil and gas properties in a manner that a greater ultimate recovery of oil and gas be had and that the*



correlative rights of all owners be fully protected;

(C) To encourage and to authorize the development and use of physical processes to obtain the greatest possible economic recovery of oil and gas in so-called primary, secondary and tertiary operations;

(D) To provide for complete protection of strata containing fresh water or water of present value or probable future value in all wells; and

(E) To provide for the elimination of surface or subsurface pollution or waste during and after drilling, producing and abandonment procedures in all wells.

(6) In the interest of conservation of natural resources, waste of oil and gas is prohibited.

(7) The state geologist, member of the council or authorized representative shall have the authority to enter property, with the consent of the owner or person in possession, to conduct investigations or inspections as are consistent with the intent of Chapter 259, RSMo.

AUTHORITY: sections 259.070 and 259.140, RSMo 1986. Original rule filed Oct. 11, 1966, effective Oct. 21, 1966. Amended: Filed Sept. 12, 1973, effective Sept. 22, 1973. Amended: Filed Sept. 13, 1983, effective Dec. 11, 1983.*

**Original authority: 259.070, RSMo 1965, amended 1972, 1983 and 259.140, RSMo 1965.*

Legislative History/Date of Formation

Oil was discovered in Missouri shortly after the Civil War when water wells were being drilled near Kansas City. Missouri has seen a marked increase in the production of oil in the last two fiscal years. Fiscal year 2010 figures total 127,000 barrels of oil produced. Missouri has potentially large quantities of “unconventional” energy resources that include: coalbed methane, oil sand and oil shale. Although Missouri has limited supplies of traditional hydrocarbons, relatively large deposits of “heavy oil” exist that are of increasing interest to producers. New technologies and efficient, environmentally responsible oil production strengthen Missouri’s future and result in increased economic benefit to the state through jobs and revenue. Production numbers have been collected by the state’s Geological Survey since 1933. The Missouri Oil and Gas Council was formed in 1966.

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NORTH CAROLINA

North Carolina Mining and Energy Commission (Established July 2012)

Mission

The Mining and Energy Commission, working in conjunction with some specific rule-making authority specifically reserved to the Environmental Management Commission, will establish a modern regulatory program for the management of oil and gas exploration and development in the State and the use of horizontal drilling and hydraulic fracturing treatments for that purpose. The program will be designed to protect public health and safety; protect public and private property; protect and conserve the State's air, water, and other natural resources; promote economic development and expand employment opportunities; and provide for the productive and efficient development of the State's oil and gas resources.

Organizational Structure

The North Carolina Mining and Energy Commission will consist of 15 members appointed as follows:

- (1) The Chair of the North Carolina State University Minerals Research Laboratory Advisory Committee, or the Chair's designee, ex officio.
- (2) The State Geologist, or the State Geologist's designee, ex officio.
- (3) The Assistant Secretary of Energy for the Department of Commerce, ex officio.
- (4) One appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives who is a member of a nongovernmental conservation interest.
- (5) One appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives who is an elected official of a municipal government located in the Triassic Basin of North Carolina.
- (6) One appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives who is a member of the Environmental Management Commission and knowledgeable in the principles of water and air resources management.
- (7) One appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives who shall be a geologist with experience in oil and gas exploration and development.
- (8) One appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate who is a member of a nongovernmental conservation interest.
- (9) One appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate who is a member of a county board of commissioners of a county located in the Triassic Basin of North Carolina.
- (10) One appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate who is a member of the Commission for Public Health and knowledgeable in the principles of waste management.
- (11) One appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate who shall be an engineer with experience in oil and gas exploration and development.
- (12) One appointed by the Governor who shall be a representative of a publicly traded natural gas company.
- (13) One appointed by the Governor who shall be a licensed attorney with experience in legal matters associated with oil and gas exploration and development.
- (14) One appointed by the Governor who is a representative of the mining industry.
- (15) One appointed by the Governor who is a representative of the mining industry.

The term of office of members of the Commission is three years. A member may be reappointed to no more than two



consecutive three-year terms. The term of a member who no longer meets the qualifications of their respective appointment, will terminate but the member may continue to serve until a new member who meets the qualifications is appointed. The terms of members appointed under numbers (4), (6), (9), and (12) will expire on June 30 of years evenly divisible by three. The terms of members appointed under numbers (7), (10), (13), and (14) will expire on June 30 of years that precede by one year those years that are evenly divisible by three. The terms of members appointed under numbers (5), (8), (11), and (15) will expire on June 30 of years that follow by one year those years that are evenly divisible by three. The Mining and Energy Commission shall have a chair and a vice-chair. The Commission shall elect one of its members to serve as chair and one of its members to serve as vice-chair. The chair and vice-chair shall serve one-year terms beginning August 1 and ending July 31 of the following year. The chair and vice-chair may serve any number of terms, but not more than two terms consecutively. No member of a committee may hear or vote on any matter in which the member has an economic interest. The North Carolina Mining and Energy Commission shall meet at least quarterly and may hold special meetings at any time and place within the State at the call of the chair or upon the written request of at least nine members. A majority of a committee shall constitute a quorum for the transaction of business.

Powers and Duties

The Mining and Energy Commission will adopt rules for all of the following purposes:

- (1) Regulation of pre-drilling exploration activities, including seismic and other geophysical and stratigraphic surveys and testing.*
- (2) Regulation of drilling, operation, casing, plugging, completion, and abandonment of wells.*
- (3) Prevention of pollution of water supplies by oil, gas, or other fluids used in oil and gas exploration and development.*
- (4) Protection of the quality of the water, air, soil, or any other environmental resource against injury or damage or impairment.*
- (5) Regulation of horizontal drilling and hydraulic fracturing treatments for the purpose of oil and gas exploration. Such rules shall, at a minimum, include standards or requirements related to the following:*
 - a. Information and data to be submitted in association with applications for permits to conduct oil and gas exploration and development activities using horizontal drilling and hydraulic fracturing treatments, which may include submission of hydrogeological investigations and identification of mechanisms to prevent and diagnose sources of groundwater contamination in the area of drilling sites. In formulating these requirements, the Commission shall consider (i) how North Carolina's geology differs from other states where oil and gas exploration and development activities using horizontal drilling and hydraulic fracturing treatments are common and (ii) the routes of possible groundwater contamination resulting from these activities and the potential role of vertical geological structures such as dikes and faults as conduits for groundwater contamination.*
 - b. Collection of baseline data, including groundwater, surface water, and air quality in areas where oil and gas exploration and development activities are proposed. With regard to rules applicable to baseline data for groundwater and surface water, the Commission shall adopt rules that, at a minimum, establish standards to satisfy the pre-drilling testing requirements, including contaminants for which an operator or developer must test and necessary qualifications for persons conducting such tests.*
 - c. Appropriate construction standards for oil and gas wells, which shall address the additional pressures of horizontal drilling and hydraulic fracturing treatments. These rules, at a minimum, shall include standards for casing and cementing sufficient to handle highly pressurized injection of hydraulic fracturing fluids into a well for purposes of fracturing bedrock and extraction of gas and construction standards for other gas production infrastructure, such as storage pits and tanks.*
 - d. Appropriate siting standards for wells and other gas production infrastructure, such as storage pits and tanks, including appropriate setback requirements and identification of areas, such as floodplains, where oil and gas exploration and*



production activities should be prohibited. Siting standards adopted shall be consistent with any applicable water quality standards adopted by the Environmental Management Commission or by local governments pursuant to water quality statutes, including standards for development in water supply watersheds.

e. Limits on water use, including, but not limited to, a requirement that oil and gas operators prepare and have a water and wastewater management plan approved by the Department, which, among other things, limits water withdrawals during times of drought and periods of low flows. Rules adopted shall be (i) developed in light of water supply in the areas of proposed activity, competing water uses in those areas, and expected environmental impacts from such water withdrawals and (ii) consistent with statutes, and rules adopted by the Environmental Management Commission pursuant to those statutes, which govern water quality and management of water resources, including, but not limited to, statutes and rules applicable to water withdrawal registration, interbasin transfer requirements, and water quality standards related to wastewater discharges.

f. Management of wastes produced in connection with oil and gas exploration and development and use of horizontal drilling and hydraulic fracturing treatments for that purpose. Such rules shall address storage, transportation, and disposal of wastes that may contain radioactive materials or wastes that may be toxic or have other hazardous wastes' characteristics that are not otherwise regulated as a hazardous waste by the federal Resource Conservation and Recovery Act (RCRA), such as top-hole water, brines, drilling fluids, additives, drilling muds, stimulation fluids, well servicing fluids, oil, production fluids, and drill cuttings from the drilling, alteration, production, plugging, or other activity associated with oil and gas wells. Wastes generated in connection with oil and gas exploration and development and use of horizontal drilling and hydraulic fracturing treatments for that purpose that constitute hazardous waste under RCRA shall be subject to rules adopted by the Commission for Public Health to implement RCRA requirements in the State.

g. Prohibitions on use of certain chemicals and constituents in hydraulic fracturing fluids, particularly diesel fuel.

h. Disclosure of chemicals and constituents used in oil and gas exploration, drilling, and production, including hydraulic fracturing fluids, to State regulatory agencies and to local government emergency response officials, and, with the exception of those items constituting trade secrets, as defined in G.S. 66-152(3), and that are designated as confidential or as a trade secret under G.S. 132-1.2, requirements for disclosure of those chemicals and constituents to the public.

i. Installation of appropriate safety devices and development of protocols for response to well blowouts, chemical spills, and other emergencies, including requirements for approved emergency response plans and certified personnel to implement these plans as needed.

j. Measures to mitigate impacts on infrastructure, including damage to roads by truck traffic and heavy equipment, in areas where oil and gas exploration and development activities that use horizontal drilling and hydraulic fracturing technologies are proposed to occur.

k. Notice, record keeping, and reporting.

l. Proper well closure, site reclamation, post-closure monitoring, and financial assurance. Rules for financial assurance shall require that an oil or gas developer or operator establish financial assurance that will ensure that sufficient funds are available for well closure, post-closure maintenance and monitoring, any corrective action that the Department may require, and to satisfy any potential liability for sudden and nonsudden accidental occurrences, and subsequent costs incurred by the Department in response to an incident involving a drilling operation, even if the developer or operator becomes insolvent or ceases to reside, be incorporated, do business, or maintain assets in the State.

(6) To require surveys upon application of any owner who has reason to believe that a well has been unlawfully drilled by another person into land of the owner without permission. In the event such surveys are required, the costs thereof shall be borne by the owner making the request.

(7) To require the making of reports showing the location of oil and gas wells and the filing of logs and drilling records.

(8) To prevent "blowouts," "caving," and "seepage," as such terms are generally understood in the oil and gas industry.

(9) To identify the ownership of all oil or gas wells, producing leases, refineries, tanks, plants, structures, and all storage and transportation equipment and facilities.



- (10) To regulate the “shooting,” perforating, and chemical treatment of wells.
- (11) To regulate secondary recovery methods, including the introduction of gas, air, water, or other substances into producing formations.
- (12) To regulate the spacing of wells and to establish drilling units.
- (13) To regulate and, if necessary in its judgment for the protection of unique environmental values, to prohibit the location of wells in the interest of protecting the quality of the water, air, soil, or any other environmental resource against injury, damage, or impairment.
- (14) Any other matter the Commission deems necessary for implementation of a modern regulatory program for the management of oil and gas exploration and development in the State and the use of horizontal drilling and hydraulic fracturing for that purpose.

In addition to the matters for which the Commission is required to adopt rules, the Commission may adopt rules as it deems necessary for any of the following purposes:

- (1) To require the operation of wells with efficient gas-oil ratios and to fix such ratios.
- (2) To limit and prorate the production of oil or gas, or both, from any pool or field for the prevention of waste.
- (3) To require, either generally or in or from particular areas, certificates of clearance or tenders in connection with the transportation of oil or gas.
- (4) To prevent, so far as is practicable, reasonably avoidable drainage from each developed unit which is not equalized by counter-drainage.

Legislative History/ Formation

With passage of House Bill 242 in 2011, the General Assembly directed the Department of Environment and Natural Resources, in conjunction with the Department of Commerce, the Department of Justice, and the Rural Advancement Foundation (RAFI-USA), to study the issue of oil and gas exploration in the State and the use of horizontal drilling and hydraulic fracturing for that purpose, including the study of all of the following:

- (1) Oil and gas resources present in the Triassic Basins and in any other areas of the State.
- (2) Methods of exploration and extraction of oil and gas, including directional and horizontal drilling and hydraulic fracturing.
- (3) Potential environmental, economic, and social impacts arising from such activities, as well as impacts on infrastructure.
- (4) Appropriate regulatory requirements for management of oil and gas exploration activities, with particular attention to regulation of horizontal drilling and hydraulic fracturing for that purpose; and

The Department of Environment and Natural Resources, in conjunction with the Department of Commerce, the Department of Justice, and the Rural Advancement Foundation (RAFI-USA), issued a final report on April 30, 2012; and the final report set forth a number of recommendations, including all of the following:

- (1) Development of a modern oil and gas regulatory program, taking into consideration the processes involved in hydraulic fracturing and horizontal drilling technologies, and long-term prevention of physical or economic waste in developing oil and gas resources.
- (2) Collection of baseline data for areas near proposed drill sites concerning air quality and emissions, as well as groundwater and surface water resources and quality.
- (3) Requirements that oil and gas operators prepare and have approved water management plans that limit water withdrawals during times of low-flow conditions and droughts.
- (4) Enhancements to existing oil and gas well construction standards to address the additional pressures of horizontal drilling and hydraulic fracturing.



- (5) *Development of setback requirements and identification of areas where oil and gas exploration and development activities should be prohibited.*
- (6) *Development of a State stormwater regulatory program for oil and gas drilling sites.*
- (7) *Development of specific standards for management of oil and gas wastes.*
- (8) *Requirements for disclosure of hydraulic fracturing chemicals and constituents to regulatory agencies and the public.*
- (9) *Prohibitions on use of certain chemicals or constituents in hydraulic fracturing fluids.*
- (10) *Improvements to data management capabilities.*
- (11) *Development of a coordinated permitting program for oil and gas exploration and development activities within the Department of Environment and Natural Resources where it will benefit from the expertise of State geological staff and the ability to coordinate air, land, and water permitting.*
- (12) *Development of protocols to ensure that State agencies, local first responders, and industry are prepared to respond to a well blowout, chemical spill, or other emergency.*
- (13) *Adequate funding for any continued work on the development of a State regulatory program for the natural gas industry.*
- (14) *Appropriate distribution of revenues from any taxes or fees that may be imposed on oil and gas exploration and development activities to support a modern regulatory program for the management of all aspects of oil and gas exploration and development activities using the processes of horizontal drilling and hydraulic fracturing in the State, and to support local governments impacted by the activities, including, but not limited to, sufficient funding for improvements to and repair of roads subject to damage by truck traffic and heavy equipment from these activities.*
- (15) *Closure of gaps in regulatory authority over the siting, construction, and operation of gathering pipelines.*
- (16) *Clarifications needed to address local government regulatory authority over oil and gas exploration and development activities and use of horizontal drilling and hydraulic fracturing for that purpose.*
- (17) *Additional research required on impacts to local governments and local infrastructure, as well as potential economic impacts from oil and gas exploration and development activities.*
- (18) *Development of provisions to address liability of the oil and gas industry for environmental contamination caused by exploration and development activities, particularly with regard to groundwater contamination.*
- (19) *Establishment of a process that affords additional public participation in connection with development of a modern oil and gas regulatory program.*

The North Carolina Legislature passed Senate Bill 820 in July of 2012 with the intent to establish a modern regulatory program based on the recommendations of the final report and the following principles:

- (1) *Protection of public health and safety.*
- (2) *Protection of public and private property.*
- (3) *Protection and conservation of the State's air, water, and other natural resources.*
- (4) *Promotion of economic development and expanded employment opportunities.*
- (5) *Productive and efficient development of the State's oil and gas resources.*

Contact Information

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OKLAHOMA

Oklahoma Corporation Commission

Mission

The mission of the Oil and Gas Conservation Division of the Oklahoma Corporation Commission is to provide information, permitting, investigation, and compliance services to the oil and gas industry, mineral interests, landowners, and the general public so Oklahomans can develop the oil and gas resources of the state in a fair and orderly manner while protecting the environment and ensuring public safety.

Organizational Structure

According to Title 17 of the Oklahoma Statutes, the Corporation Commission has judicial, legislative and administrative authority. Three commissioners elected by statewide vote rule on all regulatory matters within Corporation Commission jurisdiction. Commission orders are appealable only to the Oklahoma Supreme Court.

The Corporation Commission comprises three commissioners who are elected by statewide vote to serve six-year terms. The terms are staggered so one commissioner vacancy occurs every two years. The election pattern was established when the Commission was created by the state constitution. The first three elected commissioners drew lots for two-year, four-year and six-year terms.

In-term vacancies are filled by gubernatorial appointment. Appointed commissioners serve until the next regular election. Fifteen commissioners have been seated by appointment.

Powers and Duties

The Oil and Gas Conservation Division promulgates and enforces rules in furtherance of the public policy and statutory laws of the State of Oklahoma to prevent the waste of oil and gas, to assure the greatest ultimate recovery from the State's reservoirs, to protect the correlative rights of all interest owners, and to prevent pollution.

Code of Oklahoma Regulations 165:10-1-6. Duties and authority of the Conservation Division

(a) It shall be the duty of the Conservation Division to administer and enforce the statutes of this State and the rules, regulations, and orders of the Commission relating to the conservation of oil and gas and the prevention of pollution in connection with the exploration, drilling, producing, transporting, purchasing, processing, and storage of oil and gas, and to administer and enforce the applicable provisions of the Natural Gas Policy Act of 1978.

(b) The Conservation Division shall have the right at all times to go upon and inspect any oil and gas properties, pipelines, tank farms, refineries, and other processing plants and pump stations for the purpose of making any investigations or tests to ascertain whether the rules, regulations, and orders of the Commission are being complied with, and shall report to the Commission any violation thereof.

(c) The Conservation Division may require the testing or retesting of any oil, gas, injection, or disposal well upon 48-hour notice. Until the test is completed or excused, no allowable will be assigned the well and the purchaser or taker of oil or gas from such well shall not run oil or gas until authorized by the Conservation Division.

(d) The Director of the Conservation Division may administratively reclassify a well according to the gas-oil ratio as specified in 165:10-13-2 if the retesting of a well pursuant to this Section indicates a change in the original gas-oil



ratio. This administrative reclassification shall only be used for allowable or priority purposes pursuant to 165:10-17-12. The operator shall be notified in writing by the Conservation Division within 15 days of the effective date of any change in classification.

(e) If the operator of the well which has been reclassified objects to said reclassification, he may file a written objection with the Conservation Division within 15 days of receiving notice of the reclassification. At the same time that the objection is filed, the operator shall file an application and notice setting cause for hearing with the Court Clerk Commission. The notice shall be published one time at least 15 days prior to the hearing in a newspaper of general circulation published in Oklahoma County and in a newspaper of general circulation published in each county in which lands embraced in the application are located.

(f) The Conservation Division shall have access to all well records, wherever located. All companies, operators, drilling contractors, drillers, service companies, or other persons shall permit any authorized employee of the Commission to come upon any lease or property operated or controlled by them, and to inspect the records of wells; provided, that information so obtained shall be confidential. Any person who attempts, by means of any threat or violence, to deter or prevent any authorized employee of the Commission from performing any duty hereunder shall be prosecuted to the fullest extent of the law.

(g) Upon request of the Conservation Division, service companies or other persons shall furnish and file reports and records showing gun perforating, hydraulic fracturing, cementing, shooting, chemical treatment, and all other service operations on any well.

[SOURCE: Amended at 9 Ok Reg 2337, eff 6-25-92; Amended at 26 Ok Reg 2498, eff 7-11-09, (RM 200900001)]

Legislative History/Date of Formation

The Corporation Commission was established in 1907 by Article 9 of the Oklahoma Constitution, and the First Legislature gave the Commission authority to regulate public service corporations, those businesses whose services are considered essential to the public welfare.

The legal principle for such regulation had been established in 1877 when the United States Supreme Court upheld a lower court ruling, *Munn v. Illinois*, that when a private company's business affects the community at large, it becomes a public entity subject to state regulation.

Initially, the Corporation Commission regulated transportation and transmission companies, mostly railroads and telephone and telegraph companies. The Commission also was directed to collect and maintain records of the stockholders, officers and directors of all corporations chartered or licensed to do business in Oklahoma (about 12,500 at statehood).

As the state grew, the records collection task became larger than one agency could handle. The Commission kept authority for public service companies, and responsibility for other corporations was allocated to the Secretary of State and other state commissions and agencies according to business type.

The Second Legislature put oil pipelines under regulation. The Commission began regulating the prices of telephone calls in 1908 and telegrams in April 1912. Regulation of water, heat, light and power rates began in 1913.

The Commission began regulating oil and gas in 1914 when it restricted oil drilling and production in the Cushing and Healdton fields to prevent waste when production exceeded pipeline transport capacity. In 1915, the Legislature passed the Oil and Gas Conservation act. This expanded oil and gas regulation to include the



protection of the rights of all parties entitled to share in the benefits of oil and gas production. Also in 1915, the Legislature declared cotton gins to be public utilities and extended Corporation Commission authority over utility companies to include practices as well as rates.

While the basic regulatory responsibility of the Corporation Commission has remained intact, many changes in state and federal laws have changed what is regulated. The Commission presently regulates public utilities, except those under municipal or federal jurisdiction or exempt from regulation; oil and gas drilling, production and environmental protection; the safety aspects of motor carrier, rail and pipeline transportation and the environmental integrity of petroleum storage tank systems.

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TENNESSEE

Tennessee State Oil and Gas Board

Organizational Structure

Tennessee Code Annotated §60-1-201. State oil and gas board.

There is created and established a state oil and gas board, composed of the commissioner of environment and conservation or the commissioner's designee, who shall act as chair, the designee of the commissioner of economic and community development, the chair of the conservation commission, a member from the oil and gas industry appointed by the governor, an owner of oil or gas property appointed by the governor, and a member from the mineral industry appointed by the governor. The member from the oil and gas industry, the oil or gas property owner and the member from the mineral industry shall each serve four-year terms. In the absence of the commissioner of environment and conservation, the board shall elect one (1) of its members to serve as chair.

[Acts 1943, ch. 64, § 1; C. Supp. 1950, § 5240.1; impl. am. Acts 1959, ch. 9, § 14; Acts 1978, ch. 791, § 2; impl. am. Acts 1978, ch. 754, § 1; T.C.A. (orig. ed.), § 60-103; Acts 1982, ch. 654, § 3; 1983, ch. 429, § 23; 1987, ch. 257, § 6; 1991, ch. 94, § 1; 1992, ch. 693, § 22.]

Powers and Duties

Tennessee Code Annotated §60-1-202. Powers of board.

(a) The board has jurisdiction and authority:

(1) Over all persons and property necessary to enforce the provisions of this chapter;

(2) To make such inquiries as necessary to determine whether or not waste exists or is imminent;

(3) To collect data; to make investigations and inspections; to examine properties, leases, papers, books, and records including drilling records and logs; to examine, check, test, and gauge oil and gas wells, tanks, refineries, and modes of transportation; to hold hearings; to provide for the keeping of records and making of reports; and to take such action as may be necessary to enforce the provisions of this chapter;

(4) To make rules, regulations, and orders for the following purposes:

(A) To require the drilling, casing, and plugging of wells in such manner as to prevent the escaping of oil and gas out of one (1) stratum to another; to prevent intrusion of water to oil and gas strata; to prevent pollution of fresh water by oil, gas, or salt water; to protect potentially minable coal and other minerals; and to require bond for the plugging of each dry or abandoned well;

(B) To require notification to the supervisor, upon such forms as the supervisor may prescribe, of the intention to drill any well for oil or gas;

(C) To require the filing of logs, including electrical logs and drilling records, cores and drill cutting samples, and all other downhole surveys and information, within thirty (30) days following the cessation of drilling operations of the well;

(D) To prevent wells from being drilled, operated, and produced in such manner as to cause injury to neighboring leases or property;

(E) To prevent the drowning by water of any oil and gas stratum in paying quantities, and to prevent the premature and irregular encroachment of water which would affect the total ultimate recovery of oil and gas;

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

(G) To prevent "blow outs," "caving" and "seepage" in the same sense that conditions indicated by such terms are



generally understood in the oil and gas business;

(H) To prevent fires;

(I) To identify ownership of oil and gas wells, producing leases, refineries, tanks, plants, structures, and all storage and transportation equipment and facilities;

(J) To regulate the “shooting” and chemical treatment of wells;

(K) To regulate secondary recovery methods;

(L) To regulate the spacing of wells;

(M) To provide for the forced integration of separately owned tracts and other property ownership into drilling and production units;

(N) To provide that the board may, in the absence of a voluntary agreement and after a sixty-day notice to owners, force a volumetric or surface poolwide unit, provided that the pool producers owning more than fifty percent (50%) of the pool acreage request such unitization of the pool;

(O) In the absence of an acceptable plan of unitization by the operators, the board may shut in the pool to prevent waste and to protect correlative rights until an acceptable plan is presented by the operators;

(P) To regulate and prescribe procedures with respect to applications for and determinations of whether natural gas produced from a well qualifies for a requested status under § 102, 103, 107 or 108 of the Natural Gas Policy Act of 1978, Public Law No. 95-621, 92 Stat. 3350 (including any act of Congress which amends or supersedes those sections of that act);

(Q) To require that any person conducting oil or gas operations, or causing surface disturbances preparatory to or incidental to such operations, conduct such operations in a manner which will prevent or mitigate adverse environmental impacts, such as soil erosion and water pollution, and perform reclamation of all areas disturbed by the operations, including access roads, as prescribed by part 7 of this chapter; and

(R) To require that any person conducting oil and gas operations, or causing surface disturbances preparatory to or incidental to such operations, for wells permitted and drilled after July 1, 1987, post a bond or bonds to secure compliance with the requirements of this chapter and the rules promulgated under this chapter, both for plugging of the wells and reclamation of the surface in an amount not to exceed fifteen thousand dollars (\$15,000) per single well site. At sites with more than one (1) well, the portion of the bond or bonds to secure compliance with plugging requirements shall not exceed ten thousand dollars (\$10,000) per well. The bond shall be filed with the supervisor at the time an operator’s permit application is submitted, and shall be effective from the time the initial surface disturbances begin. As an alternative to the performance bond required in this subdivision (a)(4)(R), a person may submit:

(i) A federally insured certificate of deposit issued by any financial institution in this state to be placed in a separate departmental account that shall not revert to the general fund;

(ii) An irrevocable letter of credit issued by any federally insured bank or savings and loan association; or

(iii) Other cash or securities in an amount mutually agreed to by the supervisor and the operator, to be placed in a separate departmental account that shall not revert to the general fund.

(b) All facts set out in any application for a permit to drill or deepen a well, or reopen a plugged or abandoned well, under the rules made by the oil and gas board pursuant to this title, shall be sworn to by the applicant for such permit.

[Acts 1943, ch. 64, § 5; C. Supp. 1950, § 5240.5; Acts 1971, ch. 280, §§ 2-4; 1972, ch. 541, § 1; 1977, ch. 46, § 1; T.C.A. (orig. ed.), § 60-104; Acts 1984, ch. 677, § 2; 1987, ch. 257, § 2; 1992, ch. 618, § 1; 2007, ch. 362, §§ 4-7.]



Legislative History/Date of Formation

The Legislature formed the Tennessee Oil and Gas Board in 1972. The Board promulgated its first set of rules in 1974. Currently, Governor Haslam is proposing to combine the Solid Waste Disposal and the Petroleum Underground Storage Tank boards; the Water Quality Control and Oil and Gas boards; and the Conservation Commission and Tennessee Heritage Conservation Trust Fund board.

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TEXAS

Texas Railroad Commission

Mission

The Railroad Commission of Texas regulates the oil and gas industry to prevent the waste of resources and to protect property rights and the environment.

Organizational Structure

Railroad Commissioners are elected to six-year terms with one Commissioner seeking election every two years. When a Commissioner is appointed by the Governor to fill an unexpired term, the appointee serves until the next General Election at which time the appointee may run for the remainder of the unexpired term. Chapter 81 of Title 3 of the Texas Natural Resources Code outlines the Commission's structure as well as the organization's functions.

Powers and Duties

The Oil and Gas Division works to prevent the waste of oil, gas, and geothermal resources and to prevent the pollution of fresh water from oil and gas operations. The division holds statewide hearings on market demand and provides for equitable production among operators by establishing monthly production allowables. It issues drilling permits, reviews and approves oil and gas well completions, collects data on oil and gas operations, and promotes public safety. It also protects underground drinking water through regulation of the underground injection of fluids in oil field operations, a program approved by the U.S. Environmental Protection Agency under the Federal Safe Drinking Water Act. It oversees well plugging operations, site remediation, underground hydrocarbon storage, hazardous waste management, and maintains a large amount of data on wells - their location, production, etc. The division also investigates complaints and conducts other investigations. This division maintains 10 district offices where field enforcement and support personnel monitor oil and gas operations. The commission does not have the authority to set oil and gas prices at the wellhead. The departments within the Oil and Gas Division are: Administration, Technical Permitting, Field Operations, Administrative Compliance, and the Oil Field Cleanup Program, which includes Site Remediation and Well Plugging.

Texas Code § 81.051. JURISDICTION OF COMMISSION.

(a) The commission has jurisdiction over all:

- (1) common carrier pipelines defined in Section 111.002 of this code in Texas;*
- (2) oil and gas wells in Texas;*
- (3) persons owning or operating pipelines in Texas; and*
- (4) persons owning or engaged in drilling or operating oil or gas wells in Texas.*

(b) Persons listed in Subsection (a) of this section and their pipelines and oil and gas wells are subject to the jurisdiction conferred by law on the commission.

Acts 1977, 65th Leg., p. 2510, ch. 871, art. I, § 1, eff. Sept. 1, 1977. Amended by Acts 1977, 65th Leg., p. 2694, ch. 871, art. II, § 5, eff. Sept. 1, 1977.



Texas Code § 81.053. COMMISSION POWERS.

In the discharge of its duties and the enforcement of its jurisdiction under this title, the commission shall:

- (1) institute suits;*
- (2) hear and determine complaints;*
- (3) require the attendance of witnesses and pay their expenses out of funds provided for that purpose;*
- (4) obtain the issuance of writs and process which may be necessary for the enforcement of its orders; and*
- (5) punish for contempt or disobedience of its orders in the manner provided for the district courts.*

Acts 1977, 65th Leg., p. 2510, ch. 871, art. I, § 1, eff. Sept. 1, 1977.

Legislative History/Date of Formation

The Railroad Commission of Texas regulates the exploration, production, and transportation of oil and natural gas in Texas. Its statutory role is to prevent waste of the state's natural resources, to protect the correlative rights of different interest owners, to prevent pollution, and to provide safety in matters such as hydrogen sulfide. It oversees hazardous materials pipelines and natural gas pipelines and distribution systems as well as propane, butane, compressed natural gas, and liquefied natural gas. It works to make sure a continuous, safe supply of natural gas is available to Texas consumers at the lowest reasonable price. Additionally, the Commission regulates surface mining for coal, uranium, and iron ore gravel, and conducts a program for reclaiming lands that were mined and abandoned before 1975.

The Railroad Commission of Texas had its origin in the demands of the shipping public in the late 1880s that insisted that railroads be subject to regulation based on public interest. An advocate for governmental regulation, Attorney General James Stephen Hogg ran for Governor in 1890 with the issue of railroad regulation as the focal point of the campaign. Hogg was elected Governor in the general election and the voters also approved an amendment to Article X, Section 2 of the Texas Constitution that empowered the Legislature to enact statutes creating regulatory agencies. These elections paved the way for the Legislature to enact on April 3, 1891 "An Act to Establish a Railroad Commission of the State of Texas," that later was placed in the Texas Revised Civil Statutes under article 6444 et seq. (House Bills 1, 3, and 58, 22nd Texas Legislature, Regular Session).

The Commission originally consisted of three members appointed by the Governor for three-year terms. Governor Hogg appointed the first three Commissioners in 1891 including John H. Reagan, who resigned as U.S. Senator from Texas to serve as the first Chairman. The Texas Constitution, Article XIX, Section 30 was amended in 1894 to provide for elective six-year overlapping terms for the Commissioners. That same year John H. Reagan was elected and served until his retirement in 1903.

The Texas Railroad Commission was the first regulatory agency created in the State of Texas and originally had jurisdiction over the rates and operations of railroads, terminals, wharves and express companies. The legal focus was on intrastate passenger and freight activities. Interstate jurisdiction fell under the U.S. Interstate Commerce Commission. For the first twenty-five years of its existence, the Railroad Commission was largely concerned with regulating railroads, setting rates, receiving complaints, and making investigations. As other controversies arose where the Legislature deemed that the public interest could best be served by regulation, additional duties were assigned to the Railroad Commission.



The Railroad Commission's authority was broadened beginning in 1917 with the passage of the Pipeline Petroleum Law (Senate Bill 68, 35th Legislature, Regular Session) that declared pipelines to be common carriers like railroads and placed them under the Commission's jurisdiction. This was the first act to designate the Railroad Commission as the agency to administer conservation laws relating to oil and gas. The Commission's regulatory and enforcement powers in oil and gas were increased by the Oil and Gas Conservation Law (Senate Bill 350 of the 36th Legislature, Regular Session), effective June 18, 1919. This act gave the Railroad Commission jurisdiction to regulate the production of oil and gas. Acting upon this legislation, the Commission adopted in 1919 the first statewide rules regulating the oil and gas industry to promote conservation and safety, including Rule 37. This rule requires minimum distances between wells at drilling sites in order to protect field pressure and correlative rights.

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VIRGINIA

Virginia Oil and Gas Board

Mission

The Division of Gas and Oil's responsibilities include regulating the effects of gas and oil operations both on and below the surface, issuing permits, client assistance programs, inspection of well sites and gathering pipelines, reclamation of abandoned well sites, protection of correlative rights, and promotion of resource conservation practices.

The following Code Section appears at the beginning of the *Virginia Oil and Gas Act*:

Code of Virginia § 45.1-361.3. Construction.

The provisions of this chapter shall be liberally construed so as to effectuate the following purposes:

- 1. To foster, encourage and promote the safe and efficient exploration for and development, production, utilization and conservation of the Commonwealth's gas and oil resources;*
- 2. To provide a method of gas and oil conservation for maximizing exploration, development, production and utilization of gas and oil resources;*
- 3. To recognize and protect the rights of persons owning interests in gas or oil resources contained within a pool;*
- 4. To ensure the safe recovery of coal and other minerals;*
- 5. To maximize the production and recovery of coal without substantially affecting the right of a gas or oil owner proposing to drill a gas or oil well to explore for and produce gas or oil;*
- 6. To protect the citizens and the environment of the Commonwealth from the public safety and environmental risks associated with the development and production of gas or oil; and*
- 7. To recognize that use of the surface for gas or oil development shall be only that which is reasonably necessary to obtain the gas or oil.*

(1982, c. 347, § 45.1-290; 1990, c. 92.)

Organizational Structure

Code of Virginia § 45.1-361.13. Virginia Gas and Oil Board; membership; compensation.

A. The Virginia Gas and Oil Board is hereby established. The Board shall be composed of seven members and shall have the powers and duties as specified under this chapter.

B. The Governor shall appoint, subject to confirmation by the General Assembly, the chairman and six additional members of the Board as follows: two for an initial term of two years, two for an initial term of four years, and three for an initial term of six years. Thereafter, the members shall be appointed for terms of six years. At all times, the Board shall consist of the following qualified members: the Director or his designee; one but not more than one individual who is a representative of the gas and oil industry; one but not more than one individual who is a representative of the coal industry; and four other individuals who are not representatives of the gas, oil or coal industry. All vacancies occurring on the Board shall be filled by the Governor, subject to confirmation by the General Assembly, for the unexpired term within sixty days of the occurrence of the vacancy. As the terms of office, respectively, of the members expire, the Governor shall appoint, subject to confirmation by the General Assembly, to fill the vacancies so occasioned, qualified persons whose terms shall be for six years from the day on which that of their immedi-



ate predecessor expired. The Governor shall seek to appoint persons who reside in localities with significant oil or gas production or storage.

C. Each member of the Board shall receive compensation and expenses in accordance with the provisions of § 2.2-2813.

(1982, c. 347, § 45.1-295; 1985, c. 448; 1987, c. 452; 1988, c. 483; 1989, c. 529; 1990, c. 92; 1998, c. 159.)

Powers and Duties

Code of Virginia § 45.1-361.15. Additional duties and responsibilities of the Board.

A. In executing its duties under this chapter, the Board shall:

1. Foster, encourage and promote the safe and efficient exploration for and development, production and conservation of the gas and oil resources located in the Commonwealth;
2. Administer a method of gas and oil conservation for the purpose of maximizing exploration, development, production and utilization of gas and oil resources;
3. Administer procedures for the recognition and protection of the rights of gas or oil owners with interests in gas or oil resources contained within a pool;
4. Promote the maximum production and recovery of coal without substantially affecting the right of a gas owner proposing a gas well to explore for and produce gas; and
5. Hear and decide appeals of Director's decisions and orders issued under Article 3 of this chapter.

B. Without limiting its general authority, the Board shall have the specific authority to issue rules, regulations or orders pursuant to the provisions of the Administrative Process Act (§ 2.2-4000 et seq.) in order to:

1. Prevent waste through the design spacing, or unitization of wells, pools, or fields.
 2. Protect correlative rights.
 3. Enter spacing and pooling orders.
 4. Establish drilling units.
 5. Establish maximum allowable production rates for the prevention of waste and for the protection of correlative rights.
 6. Provide for the maximum recovery of coal.
 7. Classify pools and wells as gas, oil, gas and oil, or coalbed methane gas.
 8. Collect data, make investigations and inspections, examine property, leases, papers, books and records and require or provide for the keeping of records and the making of reports.
 9. Set application fees.
 10. Govern practices and procedures before the Board.
 11. Require additional data from parties to any hearing.
 12. Take such actions as are reasonably necessary to carry out the provisions of this chapter.
- (1982, c. 347, § 45.1-296; 1987, c. 452; 1990, c. 92.)

Code of Virginia § 45.1-361.27. Duties, responsibilities and authority of the Director.

A. The Director shall promulgate and enforce rules, regulations and orders necessary to ensure the safe and efficient development and production of gas and oil resources located in the Commonwealth. Such rules, regulations and orders shall be designed to:

1. Prevent pollution of state waters and require compliance with the Water Quality Standards adopted by the State Water Control Board;
2. Protect against off-site disturbances from gas, oil, or geophysical operations;
3. Ensure the restoration of all sites disturbed by gas, oil, or geophysical operations;
4. Prevent the escape of the Commonwealth's gas and oil resources;



5. Provide for safety in coal and mineral mining and coalbed methane well and related facility operations;
6. Control wastes from gas, oil, or geophysical operations;
7. Provide for the accurate measurement of gas and oil production and delivery to the first point of sale; and
8. Protect the public safety and general welfare.

B. In promulgating rules and regulations, and when issuing orders for the enforcement of the provisions of this article, the Director shall consider the following factors:

1. The protection of the citizens and environment of the Commonwealth from the public safety and environmental risks associated with the development and production of gas or oil;
2. The means of ensuring the safe recovery of coal and other minerals without substantially affecting the right of coal, minerals, gas, oil, or geophysical operators to explore for and produce coal, minerals, gas, or oil; and
3. The protection of safety and health on permitted sites for coalbed methane wells and related facilities.

C. In promulgating rules, regulations and orders, the Director shall be authorized to set and enforce standards governing the following: gas or oil ground-disturbing geophysical exploration; the development, drilling, casing, equipping, operating and plugging of gas or oil production, storage, enhanced recovery, or disposal wells; the development, operation and restoration of site disturbances for wells, gathering pipelines and associated facilities; and gathering pipeline safety.

D. Whenever the Director determines that an emergency exists, he shall issue an emergency order without advance notice or hearing. Such orders shall have the same validity as orders issued with advance notice and hearing, but shall remain in force no longer than thirty days from their effective date. After issuing an emergency order, the Director shall promptly notify the public of the order by publication and hold a public hearing for the purposes of modifying, repealing or making permanent the emergency order. Emergency orders shall prevail as against general regulations or orders when in conflict therewith. Emergency orders shall apply to gas, oil, or geophysical operations and to particular fields, geographical areas, subject areas, subject matter or situations.

E. The Director shall also have the authority to:

1. Issue, condition and revoke permits;
2. Issue notices of violation and orders upon violations of any provision of this chapter or regulation adopted thereunder;
3. Issue closure orders in cases of imminent danger to persons or damage to the environment or upon a history of violations;
4. Require or forfeit bonds or other financial securities;
5. Prescribe the nature of and form for the presentation of any information and documentation required by any provision of this article or regulation adopted thereunder;
6. Maintain suit in the city or county where a violation has occurred or is threatened, or wherever a person who has violated or threatens to violate any provision of this chapter may be found, in order to restrain the actual or threatened violation;
7. At reasonable times and under reasonable circumstances, enter upon any property and take such action as is necessary to administer and enforce the provisions of this chapter; and
8. Inspect and review all properties and records thereof as are necessary to administer and enforce the provisions of this chapter.

(1982, c. 347, § 45.1-293; 1987, c. 452; 1989, c. 164; 1990, c. 92; 1997, c. 421.)

Code of Virginia § 45.1-361.28. Powers, duties and responsibilities of the Inspector.

A. The Inspector shall administer the laws and regulations and shall have access to all records and properties necessary for this purpose. He shall perform all duties delegated



by the Director pursuant to § 45.1-161.5 and maintain permanent records of the following:

1. Each application for a gas, oil, or geophysical operation and each permitted gas, oil, or geophysical operation;
2. Meetings, actions and orders of the Board;
3. Petitions for mining coal within 200 feet of or through a well;
4. Requests for special plugging by a coal owner or coal operator; and
5. All other records prepared pursuant to this chapter.

B. The Inspector shall serve as the principal executive of the staff of the Board.

C. The Inspector may take charge of well or corehole, or pipeline emergency operations whenever a well or corehole blowout, release of hydrogen sulfide or other gases, or other serious accident occurs.

(1982, c. 347, § 45.1-293; 1987, c. 452; 1989, c. 164; 1990, c. 92.)

Legislative History/Date of Formation

Virginia's first commercial natural gas well was drilled near Bristol in 1931, in what would become known as the Early Grove Gas Field. Since that time the majority of Virginia's natural gas production has originated from a region known as the Appalachian Plateau, which consists primarily of the coalfields in Buchanan, Dickenson, Russell, Scott, Tazewell and Wise Counties in southwestern Virginia. The Virginia Legislature enacted the Virginia Oil and Gas Act in 1982 with many subsequent significant modifications due to technological innovations in recent years. Natural gas produced in Virginia may be broken down into two categories. Today, approximately 1,487 wells produce gas from conventional hydrocarbon deposits or formations, while 3,677 wells produce coalbed methane gas from coal seams. Coalbed methane gas was first produced in Virginia in 1988, and through utilization of recent technology, production has increased dramatically to account for over 79% of the natural gas produced in Virginia.

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WEST VIRGINIA

West Virginia Oil and Gas Conservation Commission

Mission

The West Virginia Oil and Gas Conservation Commission (OGCC) regulates the drilling of deep wells in the state. The OGCC approves drilling permits and conducts hearings on matters relating to the exploration for or production of oil and gas from deep wells. Hearings are held to determine the optimum spacing of wells and to pool the interests of royalty owners and operators of a drilling unit. Objectives of the OGCC are to: Foster, encourage and promote exploration for and development, production, utilization and conservation of oil and gas resources; Prohibit waste of oil and gas resources and unnecessary surface loss of oil and gas; Encourage the maximum recovery of oil and gas; and Safeguard, protect and enforce the correlative rights of operators and royalty owners in a pool of oil or gas to the end that each operator and royalty owner may obtain his just and equitable share and production from such pool of oil or gas.

Organizational Structure

West Virginia Code § 22C-9-4. Oil and gas conservation commissioner and commission; commission membership; qualifications of members; terms of members; vacancies on commission; meetings; compensation and expenses; appointment and qualifications of commissioner; general powers and duties.

(a) The “oil and gas conservation commission” shall be composed of five members. The director of the division of environmental protection and the chief of the office of oil and gas shall be members of the commission ex officio. The remaining three members of the commission shall be appointed by the governor, by and with the advice and consent of the Senate, and may not be employees of the division of environmental protection. Of the three members appointed by the governor, one shall be an independent producer and at least one shall be a public member not engaged in an activity under the jurisdiction of the public service commission or the federal energy regulatory commission. The third appointee shall possess a degree from an accredited college or university in petroleum engineering or geology and must be a registered professional engineer with particular knowledge and experience in the oil and gas industry and shall serve as commissioner and as chair of the commission.

(b) The members of the commission appointed by the governor shall be appointed for overlapping terms of six years each, except that the original appointments shall be for terms of two, four and six years, respectively. Each member appointed by the governor shall serve until the members successor has been appointed and qualified. Members may be appointed by the governor to serve any number of terms. The members of the commission appointed by the governor, before performing any duty hereunder, shall take and subscribe to the oath required by section 5, article IV of the constitution of West Virginia. Vacancies in the membership appointed by the governor shall be filled by appointment by the governor for the unexpired term of the member whose office is vacant and such appointment shall be made by the governor within sixty days of the occurrence of such vacancy. Any member appointed by the governor may be removed by the governor in case of incompetency, neglect of duty, gross immorality or malfeasance in office. A commission member’s appointment shall be terminated as a matter of law if that member fails to attend three consecutive meetings. The governor shall appoint a replacement within thirty days of the termination. (c) The commission shall meet at such times and places as shall be designated by the chair. The chair may call a meeting of the commission at any time, and shall call a meeting of the commission upon the written request of two members or upon the written request of the oil and gas conservation commissioner or the chief of the office of oil and gas.



Notification of each meeting shall be given in writing to each member by the chair at least fourteen calendar days in advance of the meeting. Three members of the commission, at least two of whom are appointed members, shall constitute a quorum for the transaction of any business.

(d) The commission shall pay each member the same compensation as is paid to members of the Legislature for their interim duties as recommended by the citizens legislative compensation commission and authorized by law for each day or portion thereof engaged in the discharge of official duties and shall reimburse each member for actual and necessary expenses incurred in the discharge of official duties.

Powers and Duties

West Virginia Code § 22C-9-4. Oil and gas conservation commissioner and commission; commission membership; qualifications of members; terms of members; vacancies on commission; meetings; compensation and expenses; appointment and qualifications of commissioner; general powers and duties.

(e) The commission is hereby empowered and it is the commission's duty to execute and carry out, administer and enforce the provisions of this article in the manner provided herein. Subject to the provisions of section three of this article, the commission has jurisdiction and authority over all persons and property necessary therefor. The commission is authorized to make such investigation of records and facilities as the commission deems proper. In the event of a conflict between the duty to prevent waste and the duty to protect correlative rights, the commission's duty to prevent waste shall be paramount.

(f) Without limiting the commission's general authority, the commission shall have specific authority to:

(1) Regulate the spacing of deep wells;

(2) Make and enforce reasonable rules and orders reasonably necessary to prevent waste, protect correlative rights, govern the practice and procedure before the commission and otherwise administer the provisions of this article;

(3) Issue subpoenas for the attendance of witnesses and subpoenas duces tecum for the production of any books, records, maps, charts, diagrams and other pertinent documents, and administer oaths and affirmations to such witnesses, whenever, in the judgment of the commission, it is necessary to do so for the effective discharge of the commission's duties under the provisions of this article; and

(4) Serve as technical advisor regarding oil and gas to the Legislature, its members and committees, to the chief of office of oil and gas, to the division of environmental protection and to any other agency of state government having responsibility related to the oil and gas industry.

(g) The commission may delegate to the commission staff the authority to approve or deny an application for new well permits, to establish drilling units or special field rules if:

(1) The application conforms to the rules of the commission; and

(2) No request for hearing has been received.

(h) The commission may not delegate its authority to:

(1) Propose legislative rules;

(2) Approve or deny an application for new well permits, to establish drilling units or special field rules if the conditions set forth in subsection (g) of this section are not met; or

(3) Approve or deny an application for the pooling of interests within a drilling unit.

(i) Any exception to the field rules or the spacing of wells which does not conform to the rules of the commission, and any application for the pooling of interests within a drilling unit, must be presented to and heard before the commission.



Legislative History/Date of Formation

The West Virginia Legislature created the Oil and Gas Conservation Commission in 1972. In late 2011, the Legislature determined that oil and natural gas found in West Virginia in shallow sands or strata had been produced continuously for more than one hundred years; that oil and gas deposits in such shallow sands or strata have geological and other characteristics different than those found in deeper formations; and that in order to encourage the maximum recovery of oil and gas from all productive formations in this state, it is not in the public interest, with the exception of shallow wells utilized in a secondary recovery program, to enact statutory provisions relating to the exploration for or production from oil and gas from shallow wells, as defined in section two of this article, but that it is in the public interest to enact statutory provisions establishing regulatory procedures and principles to be applied to the exploration for or production of oil and gas from deep wells. Upon this finding, the Oil and Gas Conservation Commission was given a supervisory role in fracking activities in the *Marcellus Shale Development Act of 2011*.

Contact Information

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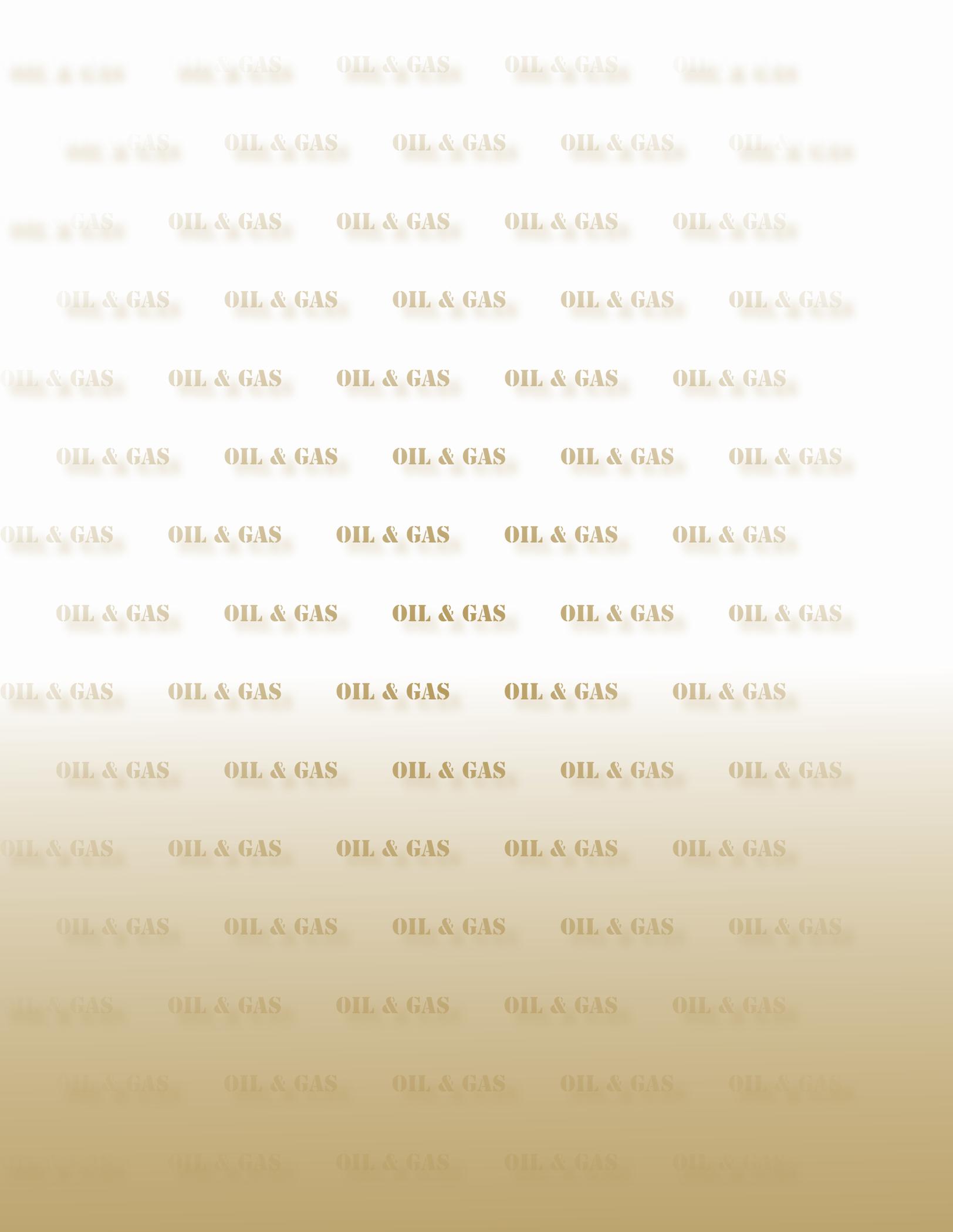
<http://www.dep.wv.gov/oil-and-gas/Pages/default.aspx>

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A Guide to State Oil & Gas Regulatory Entities in the South



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