

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

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

CAUSE NO. RM 202100003

**FILED**  
FEB 23 2021

COURT CLERK'S OFFICE - OKC  
CORPORATION COMMISSION  
OF OKLAHOMA

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**RULE IMPACT STATEMENT**

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Pursuant to 75 O.S. § 303(D) of the Oklahoma Administrative Procedures Act, the Oil & Gas Conservation Division ("OGCD") of the Oklahoma Corporation Commission ("Commission") submits the following Rule Impact Statement for its proposed rules regarding Title 165, Chapter 10 of the Oklahoma Administrative Code ("OAC").

**I. Brief description of the purpose of the proposed rules:**

The purpose of the proposed rules is to update, streamline, and clarify the Oil & Gas Conservation rules, modify allowables for horizontal gas wells, change general well testing requirements, reduce the frequency of gas well tests, and address permitted rates of production for unallocated gas wells.

**II. Description of the classes of persons who most likely will be affected by the proposed rules, including classes that will bear the costs of the proposed rules, and any information on cost impacts received by the agency from any private or public entities:**

The persons who will most likely be affected by, and bear the costs of, the proposed rules include operators of wells, and working interest owners. In its Notice of Proposed Rulemaking, the OGCD invited public comment and requested business entities which may be impacted by the proposed rules to provide written comments stating such cost impacts. To date, no information regarding any cost impacts has been received from any private or public entity.

**III. Classes of persons who will benefit from the proposed rules:**

Some operators and owners of wells doing business in the State will benefit from proposed amendments to OAC 165:10-3-28 modifying allowables for horizontal gas wells; OAC 165:10-17-6 extending the time period to submit initial test results for gas wells; OAC 165:10-17-7 reducing the frequency of gas well tests, and OAC 165:10-17-11 clarifying permitted rates of production for unallocated gas wells. The proposed rules could encourage operators to drill and produce additional wells, which would result in increased tax revenue for the State of Oklahoma, and ultimately lead to increased revenues that would benefit citizens of the State.

**IV. Description of the probable economic impact of the proposed rules upon affected classes of persons or political subdivisions, including a listing of all fee changes and, whenever possible, a separate justification for each fee change:**

It is anticipated that the proposed rules will result in cost savings to operators and owners of wells doing business in the State, and that the proposed rules may encourage the drilling of additional wells. Well operators and owners should experience increased revenue associated with production from such wells. It is not anticipated that the proposed rules will have an adverse economic impact upon political subdivisions. The proposed rules contain no fee changes.

**V. Probable costs and benefits to the agency and to any other agency of the implementation and enforcement of the proposed rules, the source of revenue to be used for implementation and enforcement of the proposed rules, and any anticipated effect on state revenues, including a projected net loss or gain in such revenues if it can be projected by the agency:**

The Commission will benefit from the proposed rules through increased efficiency and streamlining of processes. It is not anticipated that the proposed rules will result in increased costs to the Commission, as such proposed rules will be implemented and enforced by the Commission through its existing resources and personnel. The proposed rules should have no effect on any other agency. The proposed rules contain no fee changes, and any increase in production from wells would result in additional tax revenue for the State of Oklahoma.

**VI. Determination of whether implementation of the proposed rules will have an economic impact on any political subdivisions or require their cooperation in implementing or enforcing the rules:**

It is not anticipated that implementation and enforcement of the proposed rules will have an economic impact on any political subdivisions or require their cooperation in implementing or enforcing the rules.

**VII. Determination of whether implementation of the proposed rules may have an adverse economic effect on small business as provided by the Oklahoma Small Business Regulatory Flexibility Act:**

It is not anticipated that the proposed rules will have an adverse economic impact on small businesses. In its Notice of Proposed Rulemaking, the OGCD invited business entities to submit comments describing the potential cost impacts of the proposed rules. To date, no information regarding any potential cost impacts has been received.

**VIII. Explanation of the measures the agency has taken to minimize compliance costs and a determination of whether there are less costly or nonregulatory methods or less intrusive methods for achieving the purpose of the proposed rules:**

There are no known less costly, nonregulatory methods or less intrusive methods for achieving the purpose of the proposed rules.

**IX. Determination of the effect of the proposed rules on the public health, safety and environment and, if the proposed rules are designed to reduce significant risks to the public health, safety and environment, an explanation of the nature of the risk and to what extent the proposed rules will reduce the risk:**

It is anticipated that the proposed rules will not have a negative effect on public health, safety and the environment.

**X. Determination of any detrimental effect on the public health, safety and environment if the proposed rules are not implemented:**

It is anticipated that the proposed rules will not have a negative effect on public health, safety and the environment.

**XI. Date of preparation of Rule Impact Statement:**

This Rule Impact Statement was prepared on the 23rd day of February, 2021.

Prepared by:



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