

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 202200002

FILED
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CORPORATION COMMISSION
OF OKLAHOMA

RULE IMPACT STATEMENT

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 streamline and clarify the Oil & Gas Conservation rules, update the list of OGCD prescribed forms and eliminate forms, change requirements regarding operator agreements, modify Permit to Drill requirements, allow the Commission to issue a Permit to Drill prior to the issuance of an order under certain circumstances, establish parameters concerning cementing of wells and submission of cementing reports, revise provisions pertaining to notice of hydraulic fracturing operations and eliminate a reference to citations, clarify requirements regarding submission of well logs, update specifications concerning approval of underground injection wells, increase the amount and type of information to be supplied in connection with applications for approval of underground injection wells, modify requirements pertaining to simultaneous injection wells, augment requirements regarding testing and other actions concerning wells that have not produced in over twelve months, and streamline provisions pertaining to issuance of licenses for pulling casing and plugging 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 oil, gas, disposal, and enhanced recovery injection wells, and working interest owners.

In the Notice of Proposed Rulemaking, the OGCD requested that business entities submit written comments to the Commission with cost impact information. As of the date of preparation of this Rule Impact Statement, the OGCD has received no cost impact statements from any private or public entity.

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

Operators of wells doing business in the State will benefit from proposed amendments to OAC 165:10-1-7 updating the list of OGCD prescribed forms and eliminating forms; OAC 165:10-1-10 modifying requirements regarding operator agreements, including elimination of driver license numbers; OAC 165:10-3-1 requiring the OGCD to send an approved Permit to Drill by electronic mail to the operator applying for the Permit to Drill at the electronic mail address(es) listed in the operator agreement filed by the operator, or by mail if no electronic mail address is specified in the operator agreement; OAC 165:10-3-26 clarifying the format for digital submission of well logs; and OAC 165:10-5-15 eliminating the filing of multiple copies of applications for simultaneous injection wells, in addition to eliminating filing of annual reports regarding surface casing pressure, production casing pressure, and fluid levels pertaining to such wells. Applicants for licenses for pulling casing and plugging wells will benefit from proposed amendments to OAC 165:10-11-1 streamlining the issuance of such licenses.

Citizens of the State and well operators will benefit from proposed amendments to OAC 165:10-3-4 establishing parameters concerning cementing of well casing strings; OAC 165:10-5-2 augmenting requirements for approval of proposed underground injection wells, and prohibiting approval of commercial disposal wells within a designated wellhead protection area as identified by the Wellhead Protection Program, or within one mile of a public water supply well for which a wellhead protection area has not been delineated; OAC 165:10-5-5 requiring additional information to be submitted regarding applications to approve underground injection wells; OAC 165:10-5-15 enhancing specifications for approval of simultaneous injection wells; and OAC 165:10-7-5 augmenting requirements regarding testing and other actions concerning wells that have not produced in over twelve months.

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:

Although the proposed rules could have an economic impact on entities regulated by the Commission, it is anticipated that the benefits obtained from the updates, increased efficiency, streamlining, and clarifications provided by such rules will outweigh any potential expenses associated with such proposed rules. It is not anticipated that the proposed rules will have an adverse economic impact upon political subdivisions. The proposed rules do not propose any 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 or any other agency, as such proposed rules will be implemented and enforced

by the Commission through its existing resources and personnel. The proposed rules contain no fee changes. There is no anticipated effect on State revenue.

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. Although the proposed rules could have an economic impact on entities regulated by the Commission, it is anticipated that the benefits obtained from the updates, increased efficiency, streamlining, and clarifications provided by such rules will outweigh any potential expenses associated with such proposed rules.

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:

Proposed amendments to OAC 165:10-3-4 establishing parameters concerning cementing of well casing strings; OAC 165:10-5-2 augmenting requirements for approval of proposed underground injection wells, and prohibiting approval of commercial disposal wells within a designated wellhead protection area as identified by the Wellhead Protection Program, or within one mile of a public water supply well for which a wellhead protection area has not been delineated; OAC 165:10-5-5 requiring additional information to be submitted regarding applications to approve underground injection wells; OAC 165:10-5-15 enhancing specifications for approval of simultaneous injection wells; and OAC 165:10-7-5 augmenting requirements regarding testing and other actions concerning wells that have not produced in over twelve months will have a positive effect on public health, safety, and the environment.

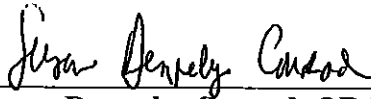
X. Determination of any detrimental effect on the public health, safety, and environment if the proposed rules are not implemented:

The public would be denied the positive impact the proposed rules will have on public health, safety, and the environment if the proposed rules are not implemented.

XI. Date of preparation of Rule Impact Statement:

This Rule Impact Statement was prepared on February 23, 2022.

Prepared by:



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