

**TITLE 165: CORPORATION COMMISSION
CHAPTER 10: OIL AND GAS CONSERVATION**

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spacing units within the oil portion of the reservoir shall be of approximately uniform size and shape, and the drilling and spacing units within the gas portion of the reservoir shall be of approximately uniform size and shape; provided, however, the drilling and spacing units within the gas portion of a combination reservoir along the gas-oil contact line or transition zone may be of nonuniform size and shape.

[SOURCE: Amended at 9 Ok Reg 2337, eff 6-25-92]

165:10-1-23. Extension of pool rules

(a) Any application to establish pool rules for a common source of supply shall include the entire common source of supply.

(b) To extend pool rules to a drilling and spacing unit, an application shall be filed and notice provided in the same manner as required to establish pool rules. In the event that more than one set of pool rules are in effect within a field, the Commission shall extend the appropriate pool rules consistent with available geological and engineering reservoir information.

165:10-1-24. Permitted well locations within standard drilling and spacing units

(a) The permitted well location within any standard square drilling and spacing unit shall be the center of the unit. The permitted well locations within standard rectangular drilling and spacing units shall be the centers of alternate square tracts constituting the units (alternate halves of the units); provided, however, a well will be deemed drilled at the permitted location if drilled within the following tolerance areas:

(1) Not less than 165 feet from the boundary of any standard 10-acre drilling and spacing unit or the proper square 10-acre tract within any standard 20-acre drilling and spacing unit.

(2) Not less than 330 feet from the boundary of any standard 40-acre drilling and spacing unit or the proper square 40-acre tract within any standard 80-acre drilling and spacing unit.

(3) Not less than 660-feet from the boundary of any standard 160-acre drilling and spacing unit or the proper square 160-acre tract within any standard 320-acre drilling and spacing unit.

(4) Not less than 1320 feet from the boundary of any standard 640-acre drilling and spacing unit.

(b) The proper square tract of a rectangular drilling and spacing unit established prior to January 1, 1971, for which a slot drilling pattern was prescribed, shall be the northeast quarter and the southwest quarter of the governmental section, quarter section, or quarter quarter section containing two abutting rectangular drilling and spacing units; provided, slot patterns may be established or re-established upon application, notice, and hearing where consistent with available geological and engineering information when necessary to prevent waste or protect correlative rights.

(c) The permitted well location tolerance areas set out in (a) of this Section shall apply to each standard drilling and spacing unit heretofore or hereafter established, notwithstanding the provisions of any special order of the Commission prescribing a different permitted well location tolerance area; provided, however, this Section shall not affect any adjusted allowable or penalty applied to any well by special order of the Commission prior to the effective date of this Section, nor shall any well heretofore drilled within a then permitted tolerance area be deemed outside the permitted tolerance area by reason of this Section.

(d) Wells drilled offpattern without first obtaining an exception after notice and hearing by the Commission are hereby prohibited from producing either oil or gas.

(e) Whenever permission is granted to drill a well at a location other than specified in this Chapter, the allowable or production therefrom, or both, may be adjusted for the protection of the correlative rights of all persons entitled to share in the common source of supply.

(f) Unless the order granting a well location exception provides otherwise, the permission to drill the well at the excepted location shall expire twelve (12) months after the date of the order, unless a well was commenced at the excepted location on or before the expiration date. The order granting the well location exception will thereafter expire when the well is plugged, abandoned, or converted.

(g) An application for an emergency order granting a well location exception may be granted if the applicant has obtained the written consent of the operator of each adjoining or cornering tract of land or drilling and spacing unit, currently producing from the same formation, toward which the well location is proposed to be moved. Provided, however, if the applicant is the operator of the well in an adjoining or cornering tract of land or drilling and spacing unit, currently producing from the same formation, toward which the well location is proposed to be moved, the applicant shall obtain the written consent of each working interest owner in such well.

(1) Letters evidencing the written consent of off-set operators and working interest parties as described in this subsection shall be introduced and received into evidence at the time of the emergency hearing and reviewed. Copies of said letters shall be filed with the Court Clerk of the Commission.

(2) If the written consent described in this subsection cannot be obtained, the applicant may send written notice to said non-consenting party giving that party at least five business days notice of the emergency hearing. If said non-consenting party fails to appear, then the emergency application shall be considered and may be granted without the non-consenting party's written consent. The applicant shall file an affidavit of mailing with the Court Clerk to prove the mailing of the five day notice.

(h) If a spacing application is currently pending and the applicant or any party who owns the right to drill needs to commence a well prior to issuance of the spacing order, the applicant or party shall obtain an emergency order to commence such well and an emergency location exception order if:

(1) The proposed well is offpattern according to the existing spacing for any formation involved, or

(2) The well is offpattern according to 165:10-1-21 governing well patterns for unspaced areas.

(i) Whenever an order permits an offpattern well with a percentage penalty, the order permitting said well may provide, at the request of a party entitled to notice in the cause, for said party to have the right, at his sole cost and risk, to attend and monitor the initial potential testing and all subsequent annual testing of the proposed offpattern well to ensure proper testing. If the order permits witnessing of tests as prescribed above, then the order shall further provide that at least five days prior to the initial potential testing and each subsequent annual testing of the proposed well, the operator of the well shall notify, in writing, all parties entitled to notice in the cause who requested to attend and monitor these tests of the date and time upon which said testing shall commence.

[Source: Amended at 28 Ok Reg 1949, eff 7-11-11 (RM 201000007); Amended at 32 Ok Reg 767, eff. 8-27-15 (RM 201500001)]

165:10-1-25. Replacement well

(a) Approval by the Conservation Division of a Notice of Intent to Drill (Form 1000) for a second well to be drilled in a common source of supply in a single drilling and spacing unit as a replacement well may be permitted when:

- (1) The replacement well is to be drilled at a location permitted for the common source of supply by either an order or rule of the Commission; and
- (2) The operator of the replacement well is either the operator or a working interest owner in the original unit well; and
- (3) The Notice of Intent to Drill for the replacement well is accompanied by an affidavit from the operator, stating that on completion of the second well as a commercial producer, the common source of supply in the first well shall be plugged off immediately. The affidavit shall be attached to Notice of Intent to Drill.

(b) A replacement well shall not receive an allowable to produce oil or gas from the same common source of supply as the first well until:

- (1) Said common source of supply in the original well in the drilling and spacing unit is plugged off; or
- (2) The Commission issues an order authorizing the replacement well as an increased density well for said common source of supply; or
- (3) The Commission issues an order reforming the drilling and spacing units in said common source of supply thereby placing the original well and the replacement well in different drilling and spacing units for the common source of supply.

165:10-1-26. Permitted producing well location within an enhanced recovery project

Any well drilled for or used for the production of oil or gas within any enhanced recovery project shall be located not less than 165 feet from the lease or project line, whichever is the outside boundary.

165:10-1-27. Increased density well

Upon application after notice and hearing, the Commission may issue an order permitting one or more additional wells within a drilling and spacing unit, if each additional well will prevent or assist in preventing the various types of waste prohibited by statute or if each additional well will protect or assist in protecting the correlative rights of interest owners in said common source of supply.

165:10-1-28. Geological correlation chart

The chart initially prepared by Phillips Petroleum and maintained by the Oklahoma City Geologic Society entitled "Geologic Section of Oklahoma and Northern Arkansas", along with ensuing revisions, shall be used as a guideline for stratigraphic nomenclature in all oil and gas conservation applications which are submitted to the Commission.

PART 7. MARKET DEMAND

165:10-1-35. Market demand [RESERVED]

165:10-12-10. Reimbursement of expenditures

(a) The Commission may seek reimbursement of expenditures made by the Commission from a responsible party. Any monies received as reimbursement shall be deposited to the credit of the Commission Gas Seep Fund.

(b) The Rule shall not relieve any person or persons otherwise legally responsible from any obligation to properly abate hazards associated with seeping natural gas.

[**SOURCE:** Added at 24 Ok Reg 1806 (RM 200700004), eff 7-1-2007]

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SUBCHAPTER 13. DETERMINATION OF ALLOWABLES - OIL AND GAS WELLS

Section

- 165:10-13-1. Oil and gas production [RESERVED]
- 165:10-13-2. Classification of wells for allowable purposes
- 165:10-13-3. Production tests on new, re-entered, and recompleted wells
- 165:10-13-4. Reservoir performance tests
- 165:10-13-5. Most efficient rate
- 165:10-13-6. Load oil
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- 165:10-13-10. Applications for reinstatement of cancelled underage for oil wells and for unallocated gas wells

165:10-13-1. Oil and gas production [RESERVED]

165:10-13-2. Classification of wells for allowable purposes

- (a) For purposes of this Subchapter the terms gas, oil, and gas-oil ratio are defined in 165:10-1-2.
- (b) Any well having a gas-oil ratio of 15,000 to one or more shall be classified as a gas well for allowable purposes.
- (c) Any well having a gas-oil ratio of less than 15,000 to one shall be classified as an oil well for allowable purposes.
- (d) If a well is a multiply completed well under 165:10-3-35, then each zone of the completion shall be classified separately for allowable purposes.
- (e) If a well is commingled under 165:10-3-39, the classification of the well for allowable purposes shall be determined by the gas-oil ratio of the commingled production.

165:10-13-3. Production tests on new, re-entered, and recompleted wells

- (a) On all new wells, re-entered wells, and recompleted wells classified as oil wells for allowable purposes, in any regular spacing unit(s) and reservoir dewatering oil spacing unit(s), initial production tests shall be performed and reported to the Commission on Form 1029A for discovery oil wells, Form 1002A for other oil wells, unless otherwise specified by order of the Commission. The test shall not commence until after recovery of a volume of oil equivalent to or greater than the amount of load oil or other liquids introduced into the well.
- (b) On all new wells, re-entered wells, and recompleted wells classified as gas wells for allowable purposes, initial production tests shall be performed and reported to the Commission on Form 1016 unless otherwise specified by order of the Commission or by OAC 165:10-17-7(b)(1).
- (c) If special pool rules prescribe, by order of the Commission, the manner in which production tests are to be performed in any separate common source of supply, the production or gas-oil ratio test shall be performed and reported to the Commission in accordance with such special pool rules.

[**SOURCE:** Amended at 19 Ok Reg 639, eff 1-14-02 (emergency); Amended at 19 Ok Reg 966, eff 7-1-02 (RM 200100009); Amended at 25 OK Reg 2187, eff 7-11-08 (RM 200800003) ; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-13-4. Reservoir performance tests

The Commission may require, from time to time, the presentation of such data and facts as may be necessary to indicate reservoir performance and conditions in any oil or gas pool. The Commission may witness or supervise the taking of such reservoir performance tests and keep such records as it deems necessary to properly regulate the operation of any oil or gas pool. Any test requested by the Commission may be witnessed by any operator in the pool. When special pool rules require bottom hole pressure tests, the tests shall be reported to the Conservation Division on Form 1027.

165:10-13-5. Most efficient rate

Subject to the procedural requirements of 165:5-7-12, the Commission may issue an order increasing or decreasing the rate of oil and gas production in an oil pool to correspond to the most efficient rate of production which is consistent with sound engineering and conservation practices as may be justified by the circumstances and evidence submitted.

165:10-13-6. Load oil

Load oil used in well completions which is not produced from the same lease or spacing unit shall not be charged against the well, lease, or unit. The well shall be allowed to produce such load oil in addition to the current monthly allowable. Operators claiming credit for load oil for allowable purposes may file Oklahoma Tax Commission Form 317 not more than 6 months after treating the well.

[**SOURCE:** Amended in Rule Making 980000033, eff 7-1-99]

165:10-13-7. Production from different pools

(a) In the event there are two or more common sources of supply produced through a well or wells on the same lease or drilling and spacing unit and which are not commingled under 165:10-3-39, the production from each common source of supply shall be separately produced, measured, and/or accounted for to the Commission.

(b) If one or more of the zones produced are classified as oil for allowable purposes, the operator of the well shall submit to the Conservation Division a multi-zone report on Form 1011 showing the production from each oil-bearing common source of supply on or before the last day of the succeeding proration period.

165:10-13-8. Transfer of allowables

Subject to the procedural requirement of 165:5-7-12, the Commission may issue an order transferring, after proper adjustment, all or part of an allowable from a well with a high gas-oil ratio or high water-oil ratio to a well having a lower gas-oil ratio or water-oil ratio, if:

- (1) The wells produce from the same common source of supply.
- (2) The wells are located on the same lease or in the same drilling and spacing unit.

165:10-13-9. Allowable for increased density well

(a) **Allowable production.** Except as otherwise provided by rule or order of the Commission, the allowable production for permitted wells within a drilling and spacing unit producing from the same common source(s) of supply shall be determined as follows:

(1) Each individual well shall be classified for allowable purposes by gas-oil ratio under 165:10-13-2.

(2) Permitted wells of the same classification for allowable purposes shall share a single well allowable.

(3) Permitted wells of different classifications for allowable purposes shall receive allowables as provided by the order of the Commission authorizing the additional well(s).

(b) **Shared single allowable.** If two or more wells in a single drilling and spacing unit are classified as gas wells for allowable purposes, the shared single allowable for the unit shall be determined by the greater of:

(1) A minimum allowable; or

(2) A normal allowable based on the wellhead absolute open flow potential of the best well in the drilling and spacing unit producing from the same common source of supply.

(c) **Additional well.** If an additional well is not of the same classification as any prior permitted well, it shall receive an allowable as provided by the order permitting the well.

(d) **Effect of penalties.** If the allowable for a well in a drilling and spacing unit is subject to a percentage penalty or lid on production, the penalty or lid on production shall apply to the ratable share of production of the shared single allowable for the penalized well as opposed to the entire shared single allowable for the unit.

(1) The ratable share of production of the shared single allowable for an unallocated gas well is that volume of gas which bears the same ratio to the shared single allowable as the wellhead absolute open flow potential for the well bears to the sum of the wellhead absolute open flow potentials for all wells in the drilling and spacing unit of the same classification for allowable purposes.

(2) The ratable share of production of the shared single allowable for a special allocated gas well is that volume of gas which bears the same ratio to the shared single allowable as the unpenalized monthly allowable the well would receive if it were the only well in the unit bears to the sum of such allowables for all the wells in the drilling and spacing unit of the same classification for allowable purposes.

(3) No special allocated well shall receive an allowable less than the defined minimum unit allowable divided by the number of wells in the drilling and spacing unit of the same classification for allowable purposes.

(4) The ratable share of production of the shared single allowable for an oil well is that volume of oil which bears the same ratio to the shared single allowable as the potential for the well bears to the sum of the potentials for all wells in the drilling and spacing unit of the same classification for allowable purposes. If the oil well was assigned a separate allowable under (c) of this Section, the penalty shall apply to the allowable assigned to the well.

(5) The portion of the shared single allowable representing the reduction in the allowable for the penalized well is not allocable to other wells in the drilling and spacing unit.

(e) **Which operator shall file required tests.** If the operators of the wells in a drilling and spacing unit cannot agree as to which operator shall file the required tests and production reports for the unit or as to what proportion of a shared single allowable shall be attributable to each well of the same classification for allowable purposes, the Commission may, after application, notice, and hearing, issue an order determining which operator shall file the tests

and reports or what the proportional share of the shared single allowable is attributable to each well or the maximum rate of allowable production for each well.

(f) **Wellhead absolute open flow potential.** For the purpose of this Section, the wellhead absolute open flow potential for a test exempt gas well shall be presumed to equal:

(1) The average daily production for the previous calendar year (or that portion of the previous calendar year if the first sales date was after January 1 of that year), or the minimum allowable that would otherwise be assigned to an unallocated gas well under applicable rules of the Commission as if such well were the only well in the unit, whichever is less, for an unallocated well; or

(2) The product of two multiplied by the monthly allowable for the well under 165:10-17-9 for a special allocated well.

(g) **Testing or reporting requirements.** This Section shall not exempt any well from any testing or reporting requirement imposed by rule or order of the Commission.

[SOURCE: Amended at 9 Ok Reg 2337, eff 6-25-92; Amended in Rule Making 980000033, eff 7-1-99]

165:10-13-10. Applications for reinstatement of cancelled underage for oil wells and for unallocated gas wells

(a) **Oil well.**

(1) With respect to an oil well, all underage for the proration period in excess of 15 percent of the allowable shall be automatically cancelled at the end of the proration period, except underage accrued under (4) of this subsection because of the failure to split a tank.

(2) A producer may apply to reinstate cancelled underage if the well is capable of producing in excess of its allowable. The procedure for applying for reinstatement of cancelled underage is described in (c) of this Section.

(3) Except in situations where the operator has failed to comply with applicable well testing and reporting requirements of the Commission, failure or refusal of the purchaser to take the allowable shall be grounds for reinstatement of any underage accumulated because of such failure or refusal. Underage of this nature may be accumulated until balanced by future runs.

(4) The operator shall not be required to sell less than a full stock tank of oil by the end of the proration period to avoid cancellation of underage. Instead, such underage may be accrued until the operator accumulates and sells a volume of oil from the tank amounting to a full tank, and the sale of oil representing such underage shall not be considered as overage.

(b) **Unallocated gas well.**

(1) With respect to any unallocated gas well, of the total underage for the well or unit existing at the end of the proration period, 75% shall be automatically cancelled and 25% shall be automatically carried forward to the next prorationing period.

(2) Said underage carried forward to the next balancing period must be utilized in said balancing period, with that amount of underage carried forward but not used, to be cancelled at the end of the prorationing period.

(c) **Procedure for reinstatement of cancelled underage.**

(1) The operator of an oil well may apply for reinstatement of cancelled underage by application for administrative approval on Form 1010 within 90 days after cancellation of the underage.

(2) If the Conservation Division declines to approve the Form 1010 application, the applicant shall be notified in writing that application, notice, and hearing under 165:5-7-1 are necessary to obtain reinstatement of cancelled underage.

[**SOURCE:** Amended in Rule Making 980000033, eff 7-1-99]

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SUBCHAPTER 15. OIL WELL PRODUCTION AND ALLOWABLES

Section

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- 165:10-15-5. Discovery oil allowables
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- 165:10-15-8. Allocated oil pools [RESERVED]
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- 165:10-15-13. Production tests and reports for unallocated oil wells
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- 165:10-15-15. Production tests and reports for enhanced oil recovery projects
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- 165:10-15-18. Production tests and reports for reservoir dewatering oil spacing units

165:10-15-1. Classification of oil pools and projects

(a) **Types of oil pools.** Each producing oil pool shall be classified by the Commission into one of the following categories:

- (1) Discovery oil pool (165:10-15-5).
- (2) Allocated oil pool (165:10-15-9).
- (3) Unallocated oil pool (165:10-15-12).
- (4) Enhanced oil recovery project (165:10-15-14).
- (5) Excessive water exempt oil project (165:10-15-16).
- (6) Reservoir dewatering oil spacing unit (165:10-15-18).

(b) **Treatment of an oil well located in a gas pool.** An oil well located in a gas pool shall be treated as an unallocated oil well, unless the oil well is subject to one of the following:

- (1) Pool rules controlled by volumetric withdrawal.
- (2) Discovery oil pool rules.
- (3) Allocated oil pool rules.
- (4) Some other order of the Commission.

(c) **Discovery oil pools.**

(1) A new oil pool which has complied with the provision of 165:10-15-5 may be granted discovery allowable production rates, administratively, subject to either:

- (A) Spacing requirements.
- (B) Order of the Commission.

(2) Each permitted discovery oil well shall be subject to discovery oil pool rules until either:

- (A) Expiration of the discovery allowable period.
- (B) Reclassification of the well or pool.

(d) **Allocated oil pool.**

- (1) The Commission shall classify an oil pool as an allocated oil pool when:
 - (A) At any market demand hearing the total production from an oil pool or from any well within the pool needs to be regulated; or
 - (B) For good cause shown, upon application, notice, and hearing.
- (2) A gas well located in an allocated oil pool that is reclassified as an oil well for allowable purposes shall be subject to allocated oil pool rules.
- (3) Each allocated oil well shall be subject to the allocated oil pool rules until the Commission reclassifies the well or pool.

(e) **Unallocated oil pools.**

- (1) Classification of unallocated oil pool:
 - (A) Any pool or area which does not require specific regulation and control by the Commission to restrict production to the market demand, aid in the prevention of waste, assure the maximum ultimate recovery of oil and gas from the pool, or protect correlative rights shall be classified as an unallocated pool.
 - (B) The Commission shall determine which discovery and allocated pools will be placed in the unallocated classification at each market demand hearing.
- (2) Each unallocated oil well shall be subject to unallocated oil pool rules until the Commission reclassifies the well or pool.

(f) **Enhanced oil recovery projects.**

- (1) **Authorized pressure maintenance.** The Commission may, upon application, notice, and hearing, authorize the pressure maintenance of a pool or the production of oil by the injection of fluid, fluids, gas, gases, or other material into a common source of supply or a portion thereof, whether unitized or not, where substantial quantities of additional oil may be recovered which could not be recovered under ordinary primary depletion methods. When so authorized, the project will be classified as an Enhanced Oil Recovery Project with one of the following classifications:
 - (A) Pressure Maintenance Project
 - (B) Gas Repressuring Project
 - (C) Waterflood Project
 - (D) Other Enhanced Recovery Projects
- (2) **Status of a gas well reclassified as an oil well.** If a well classified as a gas well in an enhanced oil recovery project is reclassified as an oil well for allowable purposes, the well shall be subject to the appropriate enhanced oil recovery project rules.
- (3) **Termination of enhanced oil recovery status.** Each enhanced oil recovery well shall be subject to enhanced oil recovery project rules until one of the following occurs:
 - (A) Termination of the enhanced oil recovery project.
 - (B) The well is reclassified as a gas well for allowable purposes.
 - (C) The Commission issues an order reclassifying the well or project.
 - (D) The well is abandoned.

(g) **Excessive water exempt oil projects.**

- (1) **Oil production rates.** The Director of Conservation may administratively authorize the production of oil at rates greater than the normal allowable provided the water-oil ratio of the well and/or pool is greater than or equal to 3:1. All applications shall comply with 165:5-7-12.
- (2) **Status of a gas well reclassified as an oil well.** If a well classified as a gas well in an excessive water exempt oil project is reclassified as an oil well for allowable purposes, the well shall be subject to excessive water exempt oil project rules.

(3) **Termination of excessive water exempt status.** Each excessive water exempt well shall be subject to excessive water exempt oil project rules until at least one of the following occurs:

- (A) The water-oil ratio declines below 3:1.
- (B) Termination of the excessive water exempt oil project.
- (C) The well is reclassified as a gas well.
- (D) The Commission issues an order reclassifying the well or project.

(h) **Allowable for reservoir dewatering oil spacing unit.**

(1) **Oil production rates.** To set an allowable for a well in a reservoir dewatering oil spacing unit, the operator shall refer to Appendix J and submit the appropriate forms and/or application as provided in OAC 165:10-15-18.

(2) **Reclassification of oil well as gas well.** If a well in a reservoir dewatering oil spacing unit is later subject to reclassification as a gas well for allowable purposes, such reclassification will be determined according to general classification procedures based on the its gas/oil ratio pursuant to OAC 165:10-1-6(d) and (e) and 165:10-13-2. If the subject well is designated an excessive water exempt oil project pursuant to OAC 165:10-15-1(g) and 165:10-15-16, reclassification shall be determined by OAC 165:10-15-1(g)(2). If the subject well is assigned an allowable based upon its most efficient rate pursuant to OAC 165:10-13-5, such allowable shall remain in effect under the order establishing the production rate, so that the well will not be reclassified, until its status is modified or terminated by the terms of the instant or a subsequent Commission order.

(3) **Termination of reservoir dewatering oil spacing unit allowable.** The oil allowable assigned a reservoir dewatering oil spacing unit shall remain in effect until one of the following occurs:

- (A) The subject well is reclassified as a gas well pursuant to OAC 165:10-1-6 and 165:10-13-2.
- (B) The subject well's status as an excessive water exempt oil project is terminated pursuant to OAC 165:10-15-1(g)(3).
- (C) The subject well's status under a most efficient rate order is modified or terminated by the terms of the instant or a subsequent Commission order.

[SOURCE: Amended in Rule Making 200100009, eff 7-1-02]

165:10-15-2. Overage adjustments for oil wells

No well, lease, unit, or project shall be overproduced in excess of 15 percent of the allowable for the proration period. All overage accrued at the end of the proration period shall be deducted from the allowable for the second succeeding proration period.

165:10-15-3. Effect of percentage penalty on oil wells

If a percentage penalty has been assigned to an oil well, the penalty shall, depending on the status of the well, be subtracted from:

- (1) **Discovery status.** The applicable allowable from the Discovery Allowable Table (Appendix B to this Chapter) or the capacity of the well to produce as reported, whichever is less.
- (2) **If allocated or unallocated per-well status.** The applicable allowable from the Allocated Well Allowable Table (Appendix A to this Chapter) multiplied by the current market demand factor or the capacity of the well to produce as reported, whichever is less.

(3) **If unallocated per-lease status.** The shallowest ten acre or less allowable from the Allocated Well Allowable Table (Appendix A to this Chapter) multiplied by the current market demand factor for the penalized well only. The penalty shall be subtracted from the lease allowable.

[SOURCE: Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-15-4. Discovery oil pools [RESERVED]

165:10-15-5. Discovery oil allowables

(a) **Number of barrels of oil per day and duration of the discovery allowable period.** The maximum number of barrels of oil per day and the duration of the discovery allowable period shall be determined from the Discovery Allowable Table (Appendix B to this Chapter) or the Allocated Well Allowable (Appendix A to this Chapter), whichever is greater, provided that the well is in compliance with the other provisions of this Section and other rules pertaining to allowables. If the well is not capable of producing at the discovery rate without causing preventable waste, the temporary discovery allowable shall be the capacity of the well to produce as reported, unless otherwise limited by the Commission.

(b) **Effective date of discovery allowable.**

(1) The discovery allowable period for the pool shall begin with the date of first completion of the discovery well of the pool and extend as provided in the Discovery Well Allowable Table (Appendix B to this Chapter).

(2) The discovery allowable period for each well in the pool shall run from the date specified under 165:10-15-7 for each well to the date of termination of the pool, if granted administratively.

(3) If application, notice, and hearing are required, the effective date of the discovery allowable period shall be specified by an order of the Commission, provided that such date shall not precede the date of filing of the application. The date of expiration of the discovery allowable shall still be determined as set forth in (1) of this subsection.

(c) **Gross allowable production.** The gross allowable production for any proration period from a well in a discovery pool may, at the option of the operator, be produced at any time during the proration period; however, in no event shall the production exceed the maximum efficient rate of flow.

[SOURCE: Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-15-6. Production tests and reports for discovery oil pools

(a) **Initial test requirements.** The operator of each well in each discovery pool shall perform an initial potential test and furnish the Conservation Division the results of such test not later than 30 days after completion of each well. Each individual well shall be tested for not less than six hours and not more than 24 hours with the production calculated and reported at a daily rate (24 hours).

(b) **Witnessing of tests.**

(1) With respect to initial test, the operator shall give twenty-four (24) hour notice of the opportunity to witness said test to the Conservation Division and the offset operator(s) producing from the same pool, but no waiver or signature of Conservation Division personnel is required.

(2) Any operator in the pool may witness any official test for any well in the pool. However, any person other than a Commission employee witnesses a test at their sole risk and expense.

[**SOURCE:** Amended at 9 Ok Reg 2337, eff 6-25-92; Amended in Rule Making 980000033, eff 7-1-99; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-15-7. Procedure for obtaining discovery allowable

(a) Any operator desiring a discovery allowable shall file Form 1028 with the material and information specified below:

- (1) A resistivity and a porosity type wireline survey of the well in question, if run.
- (2) A Completion Report (Form 1002A) and Cementing Report (Form 1002C), completed in detail.
- (3) A Potential Test (Form 1029A), completed in detail.
- (4) A plat of the area showing all of the following information for each well within one and one-half (1 1/2) miles of the subject well:
 - (A) Operator.
 - (B) Well name and number.
 - (C) Total depth.
 - (D) Current status of the well (dry, oil, gas, injection, disposal, temporarily abandoned).
 - (E) Name of interval open, if any.
 - (F) Perforations, top and bottom, if any.
 - (G) Average daily production.
- (5) An isopach contour map of the productive interval and/or a structural contour map of a nearby marker bed or formation, not separated from the producing interval by an unconformity, which is commonly used in the area. The Conservation Division may require either or both types of maps to determine the discovery status. The Commission may also require additional geological and/or engineering data, such as: stratigraphic cross-sections, structural cross-sections, production, and pressure information.

(b) The Conservation Division may administratively designate a discovery allowable for a well when the operator furnishes the Technical Department with the information specified in (a) of this Section. If the information is provided within 30 days of the date of first production and the application is approved, the effective date of the discovery allowable shall be the date of first production. If the information is provided more than 30 days after the date of first production and the application is approved, the discovery allowable shall be effective the date of filing.

(c) If a gas well in a discovery oil pool is reclassified as an oil well for allowable purposes, the operator must file the appropriate form, information and material specified in (a) of this Section within 30 days of reclassifying the well to obtain a discovery allowable. The allowable shall be effective the date the well was reclassified as an oil well as indicated on Form 1002A. If the application is not received within the specified time period, the application will be processed in accordance with (b) of this Section.

165:10-15-8. Allocated oil pools [RESERVED]

165:10-15-9. Allocated oil allowables

(a) **Effective date of allowables.** The allowable for an allocated well completed or recompleted on or after the first day of the proration period shall become effective the date of completion of the well, provided the operator has complied with the provisions of this Section and other rules governing allowables. In situations where the operator fails to comply, the allowable shall become effective the date the operator complies with this Section and other rules governing allowables.

(b) **Allowables in allocated pools.** Allowables in allocated pools shall be granted on an individual well basis, subject to appropriate spacing requirements, unless otherwise specified by order of the Commission. The allowable for each allocated well shall be determined as if the well was an unallocated well operating under 165:10-15-12(b) or 165:10-15-12(c)(1), whichever is appropriate, unless adjusted by order of the Commission. The operator shall produce the allowable on each well from that well and no part thereof from any other well.

(c) **Application.** Upon application by the Director of Conservation or any interested party, and after notice and hearing, the Commission may order the wells in a common source of supply to be produced under allowables established by special pool rules in lieu of the provisions of this Section. All requirements as to production tests and allowables shall be set forth by the order of the Commission establishing such special pool rules.

165:10-15-10. Production tests and reports for allocated oil wells

All production tests and reports shall be filed as if the allocated well were an unallocated well operating on a per-well basis allowable under 165:10-15-13(a).

165:10-15-11. Unallocated oil pools [RESERVED]

165:10-15-12. Unallocated oil allowables

(a) **Effective date of allowable.** The allowable for a well completed or recompleted on or after the first day of a proration period shall become effective the date of completion of the well, provided the operator has complied with the provisions of this Section and other rules governing allowables. In situations where the operator fails to comply, the allowable shall become effective the date the operator complies with this Section and other rules governing allowables.

(b) **Well in an unallocated pool.** Each well in an unallocated pool in which drilling and spacing units have been established shall be assigned the applicable allowable on a per-well basis from the Allocated Well Allowable Table (Appendix A to this Chapter) multiplied by the current market demand factor unless adjusted by order of the Commission. The production from each well shall be separately accounted for to the Commission.

(c) **Lease in an unallocated pool.** Each individual lease in an unallocated pool in which drilling and spacing units have not been established shall be assigned allowables, at the option of the operator, on either of the following basis:

(1) **A per-well basis.** If the operator elects to accept the per-well basis allowable, each well on the lease shall be assigned an allowable applicable to a ten-acre or less allowable at the appropriate depth from the Allocated Well Allowable Table (Appendix A to this Chapter) multiplied by the current market demand factor unless adjusted by order of the Commission. The production from each well shall be separately accounted for to the Commission.

(2) **A per-lease basis.** If the operator elects to accept the per-lease basis allowable, the allowable for the lease shall be the shallowest ten-acre or less allowable from the

Allocated Well Allowable Table (Appendix A to this Chapter) multiplied by the current market demand factor multiplied by the number of wells on the lease unless adjusted by order of the Commission. The production from each lease shall be separately measured and accounted for to the Commission.

165:10-15-13. Production tests and reports for unallocated oil wells

(a) Per-well basis allowable.

(1) If the well is an allocated well, or an unallocated well located on lands in which drilling and spacing units have not been established and the operator elected to accept allowables on a per-well basis, or an unallocated well located on lands in which drilling and spacing units have been established, the operator shall file a production test no later than 30 days after the earlier of:

- (A) Making the election,
- (B) Completion of the well, or
- (C) Recompletion of the well.

Each individual well shall be tested for not less than six hours and not more than 24 hours with the production calculated and reported at a daily rate (24 hours).

(2) Each new well shall be given an allowable equal to the allowable for an unallocated per-well basis well until the production test has been performed with the results reported to the Conservation Division. The allowable shall be effective for a period not longer than 30 days from completion of the well. A Form 1002A Completion Report may be used in lieu of a Form 1029A to establish an oil allowable if oil and gas production rates reported on Form 1002A establish the well's classification as an oil well. No further allowable shall be assigned to the well until compliance with this subsection.

(3) Until an operator submits the required test results for any well, as provided in subsection (a)(1), no allowable shall be assigned to the well. If said test results are filed late, then the allowable shall be effective the first day of the following month after the Conservation Division accepts the test.

(4) All initial tests shall be conducted in the manner set forth in (1) of this subsection.

(5) Annual testing shall not be required.

(b) Per-lease basis allowables.

(1) If the well is an unallocated well located on lands in which drilling and spacing units have not been established and the operator elects to accept allowables on a per-lease basis, the operator shall file a production test with the Conservation Division not later than 30 days after:

- (A) Making the election,
- (B) Completion of the initial well on the lease,
- (C) Completion of a subsequent well on the lease,
- (D) Recompletion of any well on the lease, or
- (E) Retesting of any well on the lease.

Each well on the lease shall be tested for not less than six hours and not more than 24 hours with the production calculated and reported at a daily rate (24 hours).

(2) Each lease shall be given an additional allowable equivalent to the shallowest ten-acre or less allowable from the Allocated Well Allowable Table (Appendix A to this Chapter) multiplied by the current market demand factor for each new producing well added to the lease until the production test has been performed with the results reported to the Conservation Division. The additional allowable shall be effective for a period not

longer than 30 days from completion of the well. No further additional allowable shall be assigned to the lease until compliance with this subsection.

(3) If an operator fails to submit the required test results for any lease with allowables calculated on a per-lease basis, no allowable shall be assigned to the lease. The operator may submit the results of the test to the Conservation Division to reinstate the allowable. A Form 1002A Completion Report may be used in lieu of a Form 1029A to establish an oil allowable if oil and gas production rates reported on Form 1002A establish the well's classification as an oil well. The allowable shall be effective the first day of the following month after the Conservation Division accepts the test.

(4) No lease shall be granted underage resulting from failure to perform a required test in compliance with this Section.

(5) All initial tests, annual tests and retests shall be conducted in the manner set forth in (1) of this subsection.

[**SOURCE:** Amended at 9 Ok Reg 2337, eff 6-25-92; Amended in Rule Making 980000033, eff 7-1-99; Amended at 26 Ok Reg 2498, eff 7-11-09 (RM 200900001)]

165:10-15-14. Enhanced oil recovery project allowables

(a) **Effective date of allowable.** The allowable for an enhanced oil recovery project shall be effective on the date operations commenced or the date specified by order of the Commission authorizing the project, whichever is later, provided the operator has complied with the provisions of this Section and other rules governing allowables. In situations where the operator fails to comply, the allowable shall become effective the date the operator complies with this Section and other rules governing allowables.

(b) **Qualification for enhanced oil recovery allowable.** For any project to qualify for an enhanced oil recovery allowable, an order of the Commission authorizing the project must be obtained.

(c) **Allowable for enhanced oil recovery project.** The allowable for an enhanced oil recovery project shall be on a project basis and shall be the capacity of the project to produce.

(d) **Wells on a project producing from another reservoir.** Oil wells within the boundaries of a project which do not produce from the project shall not be permitted to produce any portion of the allowable of such enhanced oil recovery project. The oil produced by non-project wells shall be separately produced, measured, and reported.

165:10-15-15. Production tests and reports for enhanced oil recovery projects

(a) Within 30 days of commencement of any enhanced oil recovery project, the operator shall file with the Conservation Division an inventory of all the wells located within the boundaries of the project completed in the approved common source of supply showing the name of the project and the new OTC Production Unit Number (including merge number) and the following for each well:

(1) Previous OTC Production Unit Number.

(2) API Number.

(3) Well Name and Number.

(4) Legal location, including quarter quarter quarter quarter section.

(5) Current status (producer, injector, observation, or temporarily abandoned).

The inventory shall also include the current daily (24 hour) production and injection rates for the project.

- (Q) All sections of Township 14 North, Range 19 West;
- (R) Sections 1-3, 10-14 and 23-25 of Township 14 North, Range 20 West;
- (S) All sections of Township 15 North, Range 14 West;
- (T) All sections of Township 15 North, Range 15 West;
- (U) All sections of Township 15 North, Range 16 West;
- (V) All sections of Township 15 North, Range 17 West;
- (W) All sections of Township 15 North, Range 18 West;
- (X) All sections of Township 15 North, Range 19 West;
- (Y) Sections 1-3, 10-15, 22-27 and 34-36 of Township 15 North, Range 20 West.

(7) IN DEWEY COUNTY

- (A) All sections of Township 16 North, Range 14 West;
- (B) All sections of Township 16 North, Range 15 West;
- (C) All sections of Township 16 North, Range 16 West;
- (D) All sections of Township 16 North, Range 17 West;
- (E) All sections of Township 16 North, Range 18 West;
- (F) All sections of Township 16 North, Range 19 West;
- (G) Sections 1-3, 10-15, 22-27 and 34-36 of Township 16 North, Range 20 West;
- (H) All sections of Township 17 North, Range 14 West;
- (I) All sections of Township 17 North, Range 15 West;
- (J) All sections of Township 17 North, Range 16 West;
- (K) All sections of Township 17 North, Range 17 West;
- (L) All sections of Township 17 North, Range 18 West;
- (M) All sections of Township 17 North, Range 19 West;
- (N) Sections 12-14, 23-26, 35 and 36 of Township 17 North, Range 20 West;
- (O) Sections 31-36 of Township 18 North, Range 14 West;
- (P) Sections 31-36 of Township 18 North, Range 15 West;
- (Q) Sections 31-36 of Township 18 North, Range 16 West;
- (R) Sections 31-36 of Township 18 North, Range 17 West;
- (S) Sections 31-36 of Township 18 North, Range 18 West;
- (T) Sections 31-36 of Township 18 North, Range 19 West.

(8) IN GRADY COUNTY

- (A) Sections 19, 20 and 29-32 of Township 3 North, Range 6 West;
- (B) All sections of Township 3 North, Range 7 West;
- (C) All sections of Township 3 North, Range 8 West;
- (D) Sections 4-36 of Township 4 North, Range 7 West;
- (E) All sections of Township 4 North, Range 8 West;
- (F) Sections 27-29 and 31-34 of Township 5 North, Range 7 West;
- (G) Sections 2-11, 14-23 and 26-36 of Township 5 North, Range 8 West;
- (H) Sections 7-11, 14-23 and 25-26 of Township 6 North, Range 8 West.

(9) IN KIOWA COUNTY

- (A) Sections 1-6 and 9-14 of Township 7 North, Range 14 West;
- (B) Sections 1-3 of Township 7 North, Range 15 West;
- (C) All sections of Township 8 North, Range 14 West.

(10) IN STEPHENS COUNTY

- (A) Sections 5 and 6 of Township 2 North, Range 6 West;
- (B) Sections 1-12 of Township 2 North, Range 7 West;

- (C) Sections 1-6 and 10-12 of Township 2 North, Range 8 West;
- (D) Section 1 of Township 2 North, Range 9 West.

(11) IN WASHITA COUNTY

- (A) Sections 1-6 of Township 7 North, Range 14 West;
- (B) All sections of Township 8 North, Range 14 West;
- (C) All sections of Township 8 North, Range 15 West;
- (D) Sections 1-30, 35 and 36 of Township 8 North, Range 16 West;
- (E) Sections 1-30 of Township 8 North, Range 17 West;
- (F) Sections 1-26 of Township 8 North, Range 18 West;
- (G) Sections 1-24, 30 and 31 of Township 8 North, Range 19 West;
- (H) All sections of Township 8 North, Range 20 West;
- (I) All sections of Township 9 North, Range 14 West;
- (J) All sections of Township 9 North, Range 15 West;
- (K) Sections 1-5, 8-17 and 20-36 of Township 9 North, Range 16 West;
- (L) Sections 31-36 of Township 9 North, Range 17 West;
- (M) Sections 31-36 of Township 9 North, Range 18 West;
- (N) Sections 31-36 of Township 9 North, Range 19 West;
- (O) Sections 31-36 of Township 9 North, Range 20 West;
- (P) All sections of Township 10 North, Range 14 West;
- (Q) All sections of Township 10 North, Range 15 West;
- (R) Sections 1-5, 8-17, 20-29 and 32-36 of Township 10 North, Range 16 West;
- (S) All sections of Township 11 North, Range 14 West;
- (T) All sections of Township 11 North, Range 15 West;
- (U) Sections 1-30 and 32-36 of Township 11 North, Range 16 West;
- (V) Sections 1, 2 and 11-13 of Township 11 North, Range 17 West.

(b) **Commercial pits prohibited.** The construction, enlargement, reconstruction or operation of any commercial pit (as defined in OAC 165:10-9-1) in any area listed in subsection (a) above, is prohibited.

[**SOURCE:** Added at 29 OK Reg 950, eff 7-1-12 (RM 201200005)]

APPENDIX A. ALLOCATED WELL ALLOWABLE TABLE* [REVOKED]

[SOURCE: Revoked at 28 OK Reg 1949, eff. 7-11-11 (RM 201000007)]

APPENDIX A. ALLOCATED WELL ALLOWABLE TABLE* [NEW]

DEPTH OF COMPLETION INTERVAL**	A C R E A G E			
	10 or less	20	40	80 160
To-3000	30	45	57	
3001-3200	31	45	57	
3201-3400	32	46	58	
3401-3600	33	47	59	
3601-3800	34	48	60	
3801-4000	35	49	61	
4001-4200	36	49	61	71
4201-4400	37	50	62	73
4401-4600	38	51	63	75
4601-4800	39	52	64	77
4801-5000	40	53	65	79
5001-5200	41	54	67	82
5201-5400	42	55	69	85
5401-5600	43	56	71	88
5601-5800	45	58	73	91
5801-6000	47	60	75	94
6001-6200	49	62	77	97
6201-6400	51	64	79	100
6401-6600	53	66	82	103
6601-6800	55	68	85	107
6801-7000	57	70	88	110
7001-7200	59	72	90	113
7201-7400	61	74	92	116
7401-7600	63	76	95	119
7601-7800	65	78	98	122
7801-8000	67	80	101	126
8001-8200	69	83	104	130
8201-8400	71	86	107	134
8401-8600	73	89	111	139

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DEPTH OF COMPLETION INTERVAL**	A C R E A G E				10	160
	or less	20	40	80		
8601-8800	75	92	115	144		
8801-9000	77	95	119	149		
9001-9200	79	98	123	154		
9201-9400	81	101	127	159		
9401-9600	84	105	131	164		
9601-9800	87	109	136	170		
9801-10000	90	113	141	176		
10001-10200	95	119	148	185	333	
10201-10400	100	125	156	195	351	
10401-10600	105	131	164	205	369	
10601-10800	110	137	172	215	387	
10801-11000	115	144	180	225	405	
11001-11200	122	153	190	239	431	
11201-11400	129	162	202	254	458	
11401-11600	137	171	214	269	485	
11601-11800	145	181	226	284	512	
11801-12000	153	191	239	299	539	
12001-12200	163	203	254	318	573	
12201-12400	173	215	269	338	609	
12401-12600	183	228	285	358	645	
12601-12800	193	241	301	378	681	
12801-13000	203	254	317	398	717	
13001-13200	213	266	333	416	749	
13201-13400	223	278	349	436	785	
13401-13600	233	290	365	455	819	
13601-13800	243	303	380	475	855	
13801-14000	253	316	395	494	890	
14001-14200	263	328	410	514	926	
14201-14400	273	340	426	534	962	
14401-14600	283	353	441	554	998	

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DEPTH OF COMPLETION INTERVAL**	A C R E A G E				
	10 or less	20	40	80	160
14601-14800	293	366	457	573	1032
14801-15000	303	379	473	593	1068

* Allowables currently are established at 200 percent of market demand. To determine the allowable for any well, the number in the appropriate column of the chart in the appendix must be doubled (multiplied by 2). The minimum allocated well is therefore 60 BOPD (from the 10 acre column, depth to 3,000 feet, 30 BOPD times 2) (Market Demand).

** Depth in feet from the surface of the ground to the top of the completion interval.

[SOURCE: New at 28 OK Reg 1949, eff. 7-11-11 (RM 201000007)]

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APPENDIX B. DISCOVERY WELL ALLOWABLE TABLE [REVOKED]

[SOURCE: Revoked at 28 OK Reg 1949, eff. 7-11-11 (RM 201000007)]

APPENDIX B. DISCOVERY WELL ALLOWABLE TABLE [NEW]
 (100 percent of market demand)

DEPTH OF COMPLETION INTERVAL*	BARRELS PER DAY	DAYS AFTER DISCOVERY
0-1000	100	365
1001-1200	105	391
1201-1400	110	416
1401-1600	115	442
1601-1800	120	467
1801-2000	125	493
2001-2200	130	518
2201-2400	135	545
2401-2600	140	569
2601-2800	145	596
2801-3000	150	621
3001-3200	155	647
3201-3400	160	672
3401-3600	165	698
3601-3800	170	723
3801-4000	175	749
4001-4200	180	774
4201-4400	185	800
4401-4600	190	825
4601-4800	195	851
4801-5000	200	876
5001-5200	205	910
5201-5400	210	942
5401-5600	215	975
5601-5800	225	1007
5801-6000	235	1041
6001-6200	245	1073
6201-6400	255	1107
6401-6600	265	1139
6601-6800	275	1172
6801-7000	285	1205
7001-7200	295	1245
7201-7400	305	1285
7401-7600	315	1326
7601-7800	325	1365

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DEPTH OF COMPLETION INTERVAL*	BARRELS PER DAY	DAYS AFTER DISCOVERY
7801-8000	335	1406
8001-8200	345	1445
8201-8400	355	1486
8401-8600	365	1526
8601-8800	375	1567
8801-9000	385	1606
9001-9200	395	1650
9201-9400	405	1694
9401-9600	420	1737
9601-9800	435	1781
9801-10000	450	1825
10001-10200	475	1837
10201-10400	500	1847
10401-10600	525	1859
10601-10800	550	1869
10801-11000	575	1880
11001-11200	610	1888
11201-11400	645	1895
11401-11600	685	1902
11601-11800	725	1910
11801-12000	765	1917
12001-12200	815	1917
12201-12400	865	1917
12401-12600	915	1917
12601-12800	965	1917
12801-13000	1015	1917
13001-13200	1065	1917
13201-13400	1115	1917
13401-13600	1165	1917
13601-13800	1215	1917

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DEPTH OF COMPLETION INTERVAL*	BARRELS PER DAY	DAYS AFTER DISCOVERY
13801-14000	1265	1917
14001-14200	1315	1917
14201-14400	1365	1917
14401-14600	1415	1917
14601-14800	1465	1917
14801-15000	1515	1917

* Depth in feet from the surface of the ground to the top of the completion interval.

[**SOURCE:** New at 28 OK Reg 1949, eff. 7-11-11 (RM 201000007)]