



General Guidelines for Inactive Well – Waiver

Policy Goal:

The North Dakota Industrial Commission (NDIC) is charged with "fostering, ... encouraging, and ... promoting the development, production, and utilization of the *state's* natural resources of oil and gas in the state in such a manner as will prevent waste." The Commission is promulgating this Policy to prevent waste.

North Dakota Century Code (NDCC) § 38-08-04 (1) (l) and North Dakota Administrative Code (NDAC) § 43-02-03-55 (1) define what constitutes abandonment of a well and the operator's obligation to plug such a well and reclaim its site.

NDAC § 43-02-03-55 (3) allows the Director to give the operator of an abandoned well sufficient time either to restore production or plug and reclaim the well.

Due to extremely low commodity prices resulting in financial hardship, some operators have opted to temporarily shut-in injection and producing wells until oil prices rebound. The Director's guidelines contained herein outline the procedure necessary to protect the environment and correlative rights and was authorized by the Commission on March 24, 2020. The relief granted shall expire when crude oil prices exceed \$50 (WTI) per barrel for 90 days.

Inactive Well - Waiver (IAW) Status may only be given to wells that have met the following criteria.

1. Proposed IAW Approval Procedure

- A. The operator must submit a Sundry Notice intent to request a waiver to plug and reclaim an abandoned well pursuant to NDAC § 43-02-03-55 Part (3). The request must include:
 1. Documentation of why the well is currently in an inactive or abandoned status.
 2. A statement that the well is uneconomic to produce at current crude oil prices.
 3. A statement that wellhead equipment complies with NDAC §§ 43-02-03-28 and 43-02-03-29 with regard to subsurface pressure control and well and lease equipment are in good working order.
 4. The current casing and tubing pressure.
 5. Wells in abandoned status prior to March 1, 2020, will not be considered for IAW status.
- B. A file review and review of the field activity system must be performed.



2. IAW Extension Requirements

- A. The operator must submit for approval an annual request to extend the IAW status by including an updated Sundry Notice with the information required in items (1) through (5) above.

3. Revocation of IAW Status

- A. Reason for IAW no longer valid.
- B. Consideration of mineral/landowner/NDIC (including field inspector) concerns.
- C. Removal of any production or injection equipment.
- D. The status of the well prior to IAW application will be re-instated.

4. Access to Well Sites

Reasonable access to IAW, well sites must be maintained.

Note: The foregoing are guidelines only and may be altered for good cause to meet specific conditions.

Reference

Requirements of NDAC § 43-02-03-55

1. *The removal of production equipment or the failure to produce oil or gas, or the removal of production equipment or the failure to produce water from a source well, for one year constitutes abandonment of the well. The removal of injection equipment or the failure to use an injection well for one year constitutes abandonment of the well. The failure to plug a stratigraphic test hole within one year of reaching total depth constitutes abandonment of the well. The removal of treating plant equipment or the failure to use a treating plant for one year constitutes abandonment of the treating plant. An abandoned well must be plugged and its site must be reclaimed and an abandoned treating plant must be removed and its site must be reclaimed, pursuant to sections 43-02-03-34 and 43 02-03-34.1.*
3. *...the director may also waive the duty to plug and reclaim an abandoned well for any other good cause found by the director. If the director exercises this discretion, the director shall set a date or circumstance upon which the waiver expires.*