

Oil Conditioning Order 29398 Policy/Guidance

Version 011819

Policy Goals:

- 1) Provide safe transportation of crude oil produced from the Bakken Petroleum System
- 2) Improve marketability of crude oil produced from the Bakken Petroleum System

Action items:

- 1) Require production equipment of ample capacity that effectively separates the production into gaseous and liquid hydrocarbons;
- 2) From October 1 through March 31, require production facilities utilizing a gas-liquid separator and/or an emulsion heater-treater operating at a pressure of no more than 50 psi on the final stage of separation and heating the produced fluids to a temperature of no less than 110 degrees Fahrenheit; or
- 3) From October 1 through March 31, require production facilities utilizing a gas-liquid separator and/or an emulsion heater-treater operating at a pressure greater than 50 psi on the final stage of separation and heating the produced fluids to a temperature of no less than 110 degrees Fahrenheit while utilizing a vapor recovery system; or
- 4) From October 1 through March 31, require production facilities utilizing a gas-liquid separator and/or an emulsion heater-treater operating at pressures and temperatures other than outlined above, to have a valid vapor pressure test on file with the Commission that demonstrates such system is producing a crude oil Vapor Pressure of Crude Oil (VPCR₄) no greater than 13.7 psi or 1 psi less than the vapor pressure of stabilized crude oil as defined in the latest version of ANSI/API RP3000, whichever is lower, although VPCR₄ testing will not be required on any crude oil that is transported from the point of custody transfer via a transporter implementing a tariff specification as stringent as the Commission's VPCR₄ requirement—such tariff must be stated on the Authorization To Purchase And Transport Oil From Lease (Form 8) or verified by the submission of supporting documents if deemed necessary by the Commission;
- 5) All required VPCR₄ tests must be performed twice annually in accordance with the latest version of ASTM D6377 by a person sufficiently trained to perform the test and sampled in accordance with ASTM D5842 or D8009 at the point of custody transfer, once between October 1 and December 31 and once between January 1 and March 31 and at least 30 days apart, although additional VPCR₄ testing may be required if deemed necessary the Commission;
- 6) A Sundry Notice (Form 4) shall be submitted to the Director within 15 days of conducting any required VPCR₄ test which includes a copy of the VPCR₄ test performed and details the operating capacities, pressures, and temperatures of all well site conditioning equipment at the time of the test;
- 7) Require public hearings to consider alternative oil conditioning methods;
- 8) Periodically inspect production facilities and confirm operator compliance with Commission standards and requirements;
- 9) Prohibit blending crude oil with natural gas liquids;
- 10) Request transload rail facilities to notify the Commission of violators of any federal standards;

On the Fort Berthold Indian Reservation, many Bakken Pools are also within the jurisdiction of the Mandan, Hidatsa and Arikara (MHA) Nation and Bureau of Land Management (BLM). In some cases, companies must comply with MHA Nation, BLM, and Commission rules. The Commission should work with federal and tribal authorities to ensure that restrictions imposed herein provide clarity and protection of correlative rights for the oil and gas companies operating in the respective jurisdictions.



AUTHORIZATION TO PURCHASE AND TRANSPORT OIL FROM LEASE -

INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
600 EAST BOULEVARD DEPT 405
BISMARCK, ND 58505-0840
SFN 5698 (03-2000)

Well File No.

PLEASE READ INSTRUCTIONS BEFORE FILLING OUT FORM.
PLEASE SUBMIT THE ORIGINAL.

Well Name and Number	Qtr-Qtr	Section	Township	Range	County
Operator	Telephone Number		Field		
Address	City			State	Zip Code

Name of First Purchaser		% Purchased	Date Effective
Principal Place of Business	City		State Zip Code
Field Address	City		State Zip Code
Name of Transporter		% Transported	Date Effective
Address	City		State Zip Code

The above named producer authorizes the above named purchaser to purchase the percentage of oil stated above which is produced from the lease designated above until further notice. The oil will be transported by the above named transporter.

Other First Purchasers Purchasing From This Lease	% Purchased	Date Effective
Other First Purchasers Purchasing From This Lease	% Purchased	Date Effective
Other Transporters Transporting From This Lease	% Transported	Date Effective
Other Transporters Transporting From This Lease	% Transported	Date Effective
Comments		

I hereby swear or affirm that all transporters of Bakken Petroleum System oil listed above implement or adhere to a tariff specification as stringent as the Commission's VPCR₄ requirement. _____ VPCR₄ Tariff Specification _____ Tariff Authority

I hereby swear or affirm that the information provided is true, complete and correct as determined from all available records.		Date
Signature	Printed Name	Title

Above Signature Witnessed By		
Witness Signature	Witness Printed Name	Witness Title

NDIC CTB NO

AUTHORIZATION TO PURCHASE AND
TRANSPORT OIL FROM LEASE - FORM 8
SFN 5698

1. The operator shall file and receive an approved Authorization to Purchase and Transport Oil from Lease - Form 8 (SFN 5698) before any crude oil is transported from a well, central production facility, or any other facility that oil is sold from. Please refer to Section 43-02-03-81 of the North Dakota Administrative Code (NDAC).

2. If necessary, the operator may obtain verbal approval to transport oil prior to receipt of an approved Authorization to Purchase and Transport Oil from Lease - Form 8 (SFN 5698) by contacting the Bismarck office of the Commission.

3. An Authorization to Purchase and Transport Oil from Lease - Form 8 (SFN 5698) will not be approved until the Commission is in receipt of a completed Well Completion or Recompletion Report - Form 6 (SFN 2468).

4. Oil transported before authorization is obtained or if such authorization has been revoked shall be considered illegal oil.

5. The Director may revoke the Authorization to Purchase and Transport Oil from Lease - Form 8 (SFN 5698) for failure to comply with any rule, regulation, or order of the Commission.

6. The operator shall file a new Authorization to Purchase and Transport Oil from Lease - Form 8 (SFN 5698) for approval if there is any change of information contained therein on an approved Form 8 (SFN 5698) on file with the Commission.

7. The well file number, NDIC Central Tank Battery number, well name and number, well location, operator, and field shall coincide with the official records on file with the Commission.

8. The original of this report shall be filed with the Industrial Commission of North Dakota, Oil and Gas Division, 600 East Boulevard, Dept. 405, Bismarck, ND 58505-0840.

9. If the method of transportation changes such that VPCR₄ tariffs are no longer as stringent as those set forth by the Commission, the operator must adhere to other methods to obtain compliance as authorized in Oil Conditioning Order 29398, Policy/Guidance Version 011819.