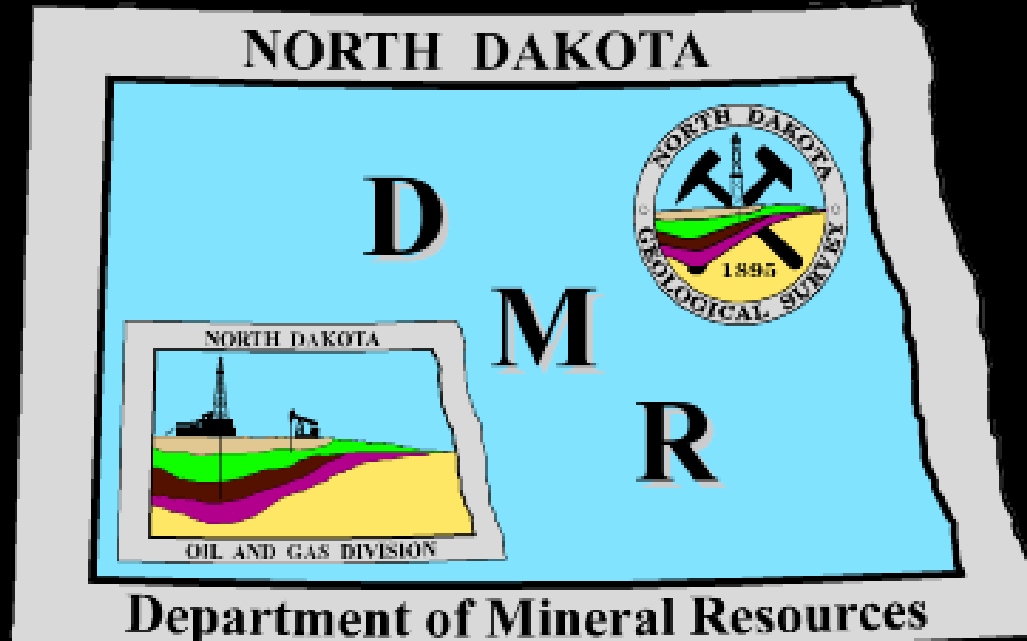


North Dakota Department of Mineral Resources



<http://www.oilgas.nd.gov>

<http://www.state.nd.us/ndgs>

600 East Boulevard Ave. - Dept 405

Bismarck, ND 58505-0840

(701) 328-8020 (701) 328-8000

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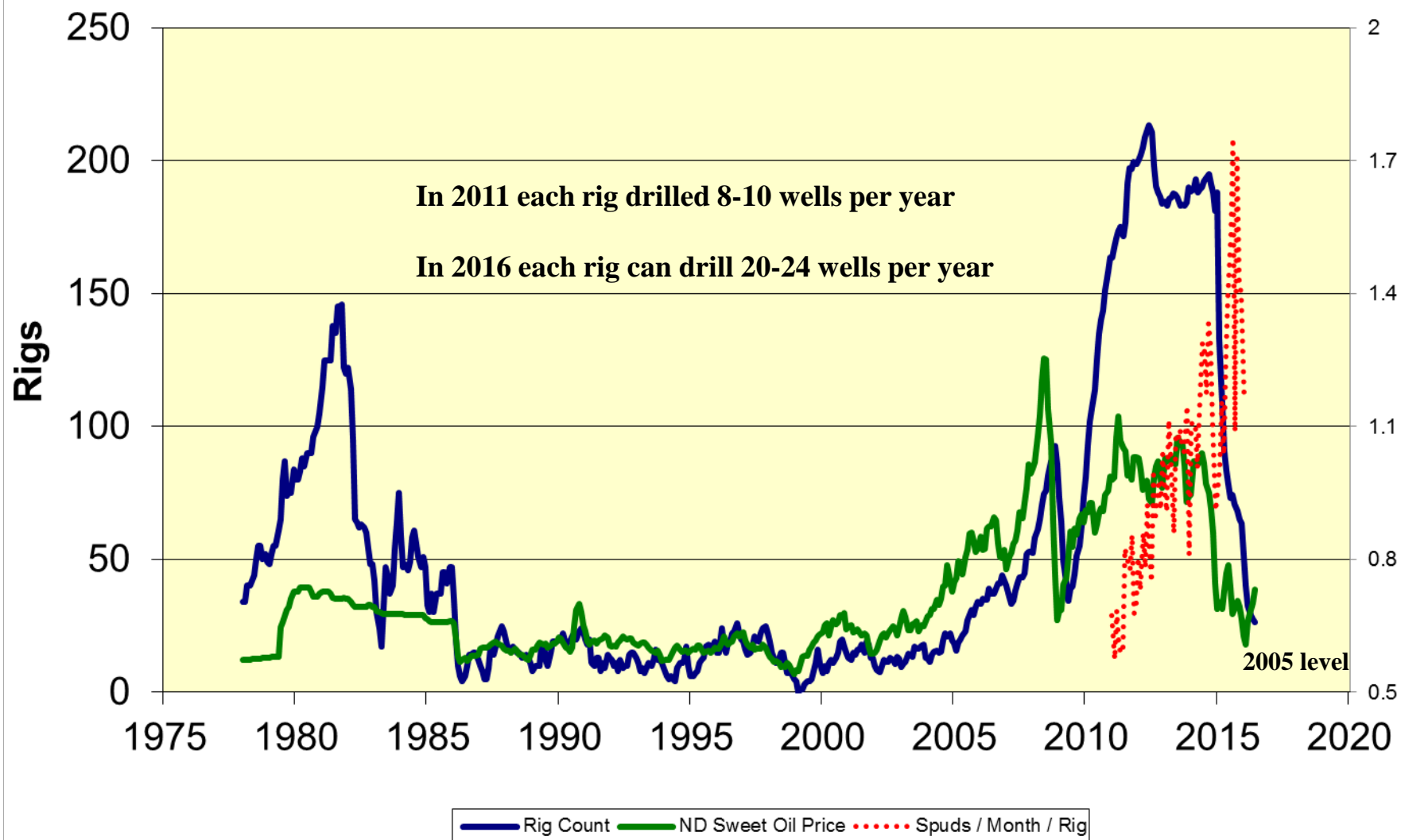
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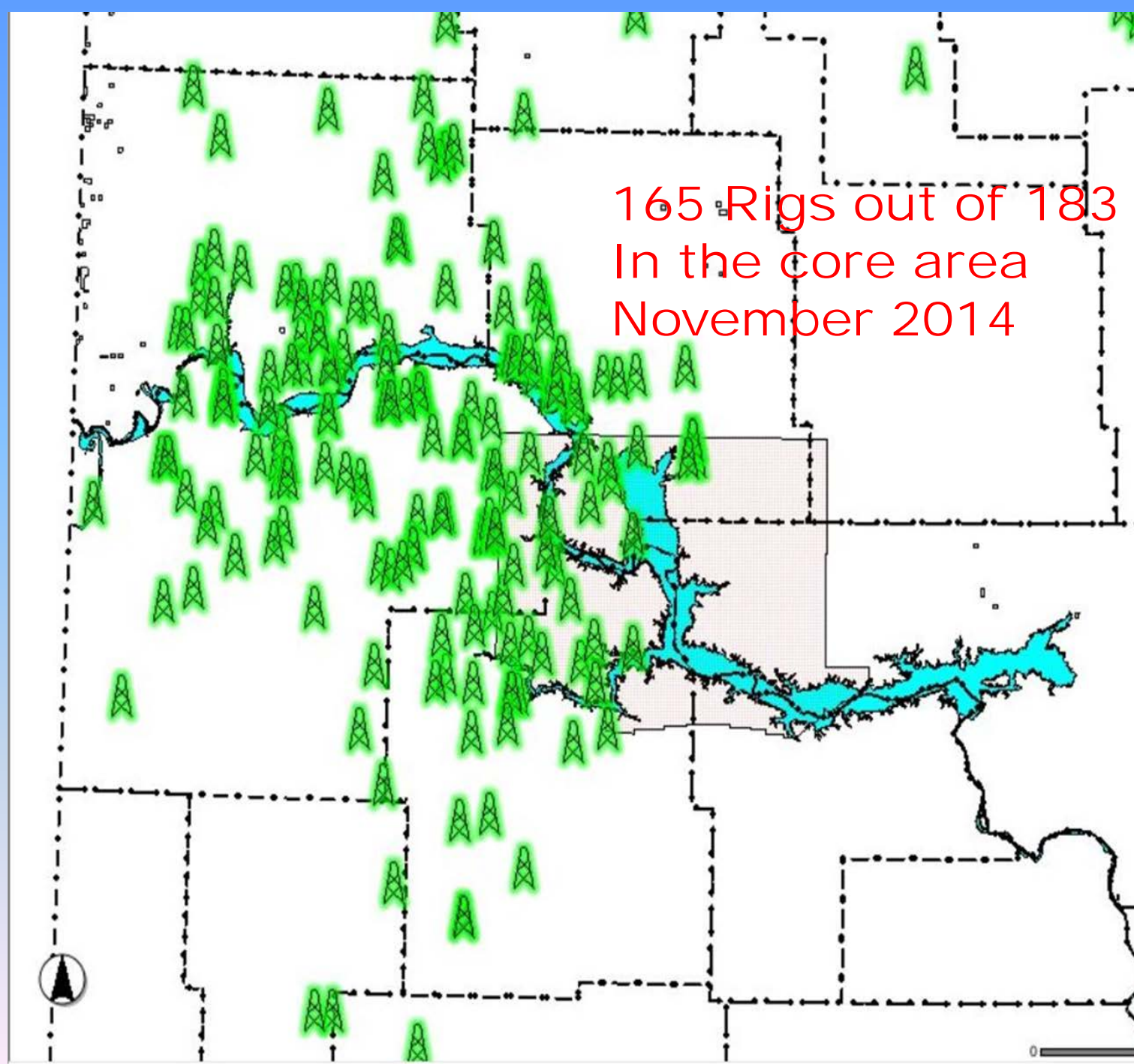


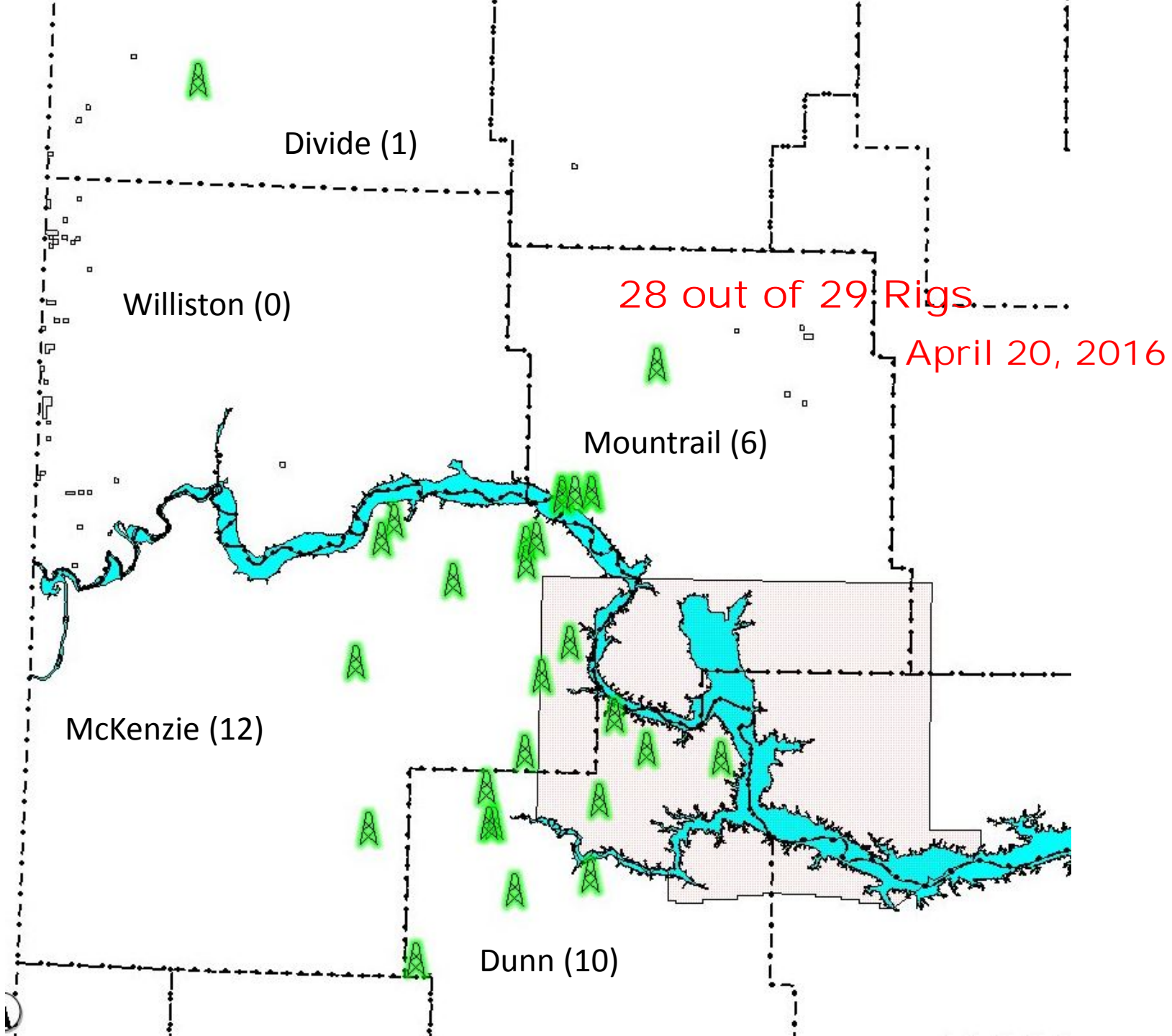


North Dakota Average Monthly Rig Count



165 Rigs out of 183
In the core area
November 2014





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) was drafted to give the operator of an abandoned well sufficient time either to restore production or plug and reclaim the well.

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

1. Proposed IAW Approval Procedure

1. The operator must submit a Sundry Notice – Form 4 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:
 - a. Documentation of why the well is currently in an inactive or abandoned status.
 - b. A statement that the well is uneconomic to produce at current crude oil price.
 - c. 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 is in good working order.
 - d. The current casing and tubing pressure.
 - e. If the well was in abandoned status prior to January 1, 2016 (last production prior to October 2014), document why the well was not returned to production at that time.

As of 4/30/16 there were 1,590 inactive wells

The estimated price point for return to production is >\$40-45 per barrel WTI

General Guidelines for Not Completed - Waiver of Wells

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 (2) was drafted to give the operator of an abandoned well sufficient time either to restore production or plug and reclaim the well.

This Policy does nothing to change the existing text or application of NDAC § 43-02-03-55 (2) to a well which has previously produced oil or gas.

NDAC § 43-02-03-55 (3) and this policy are drafted to eliminate the waste which would otherwise occur by application of NDAC § 43-02-03-55 (2) to horizontal Bakken wells for which completions have been deferred.

Not Completed – Waiver (NCW) Status may only be given to wells that have been drilled but whose casing has not yet been perforated (i.e. the well is incapable of producing oil or gas because completion operations have not yet been performed).

As of 4/30/16 there were 890 Not Completed wells

The estimated price point for completion is \$50-60 / barrel WTI

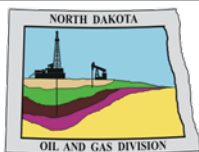
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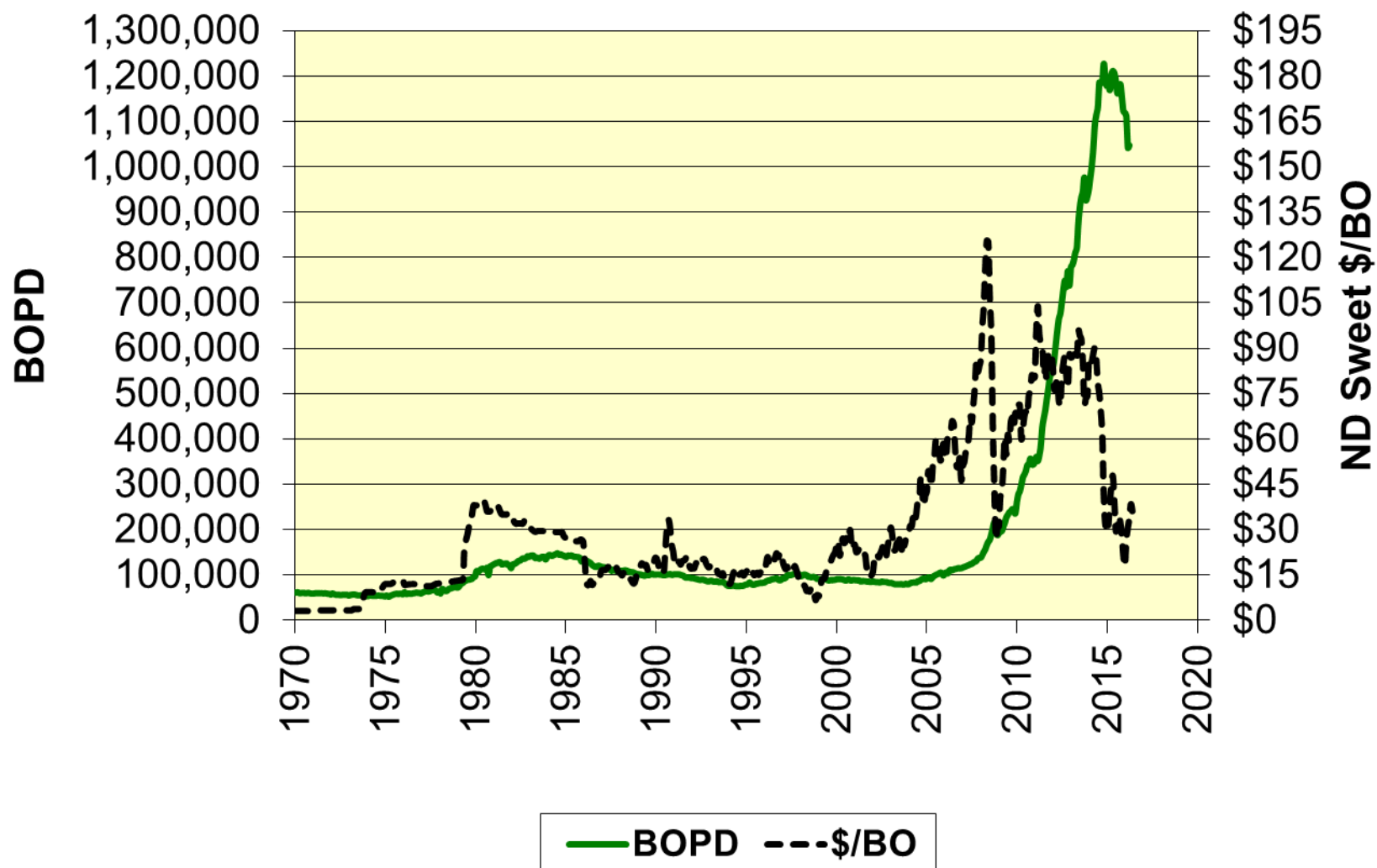




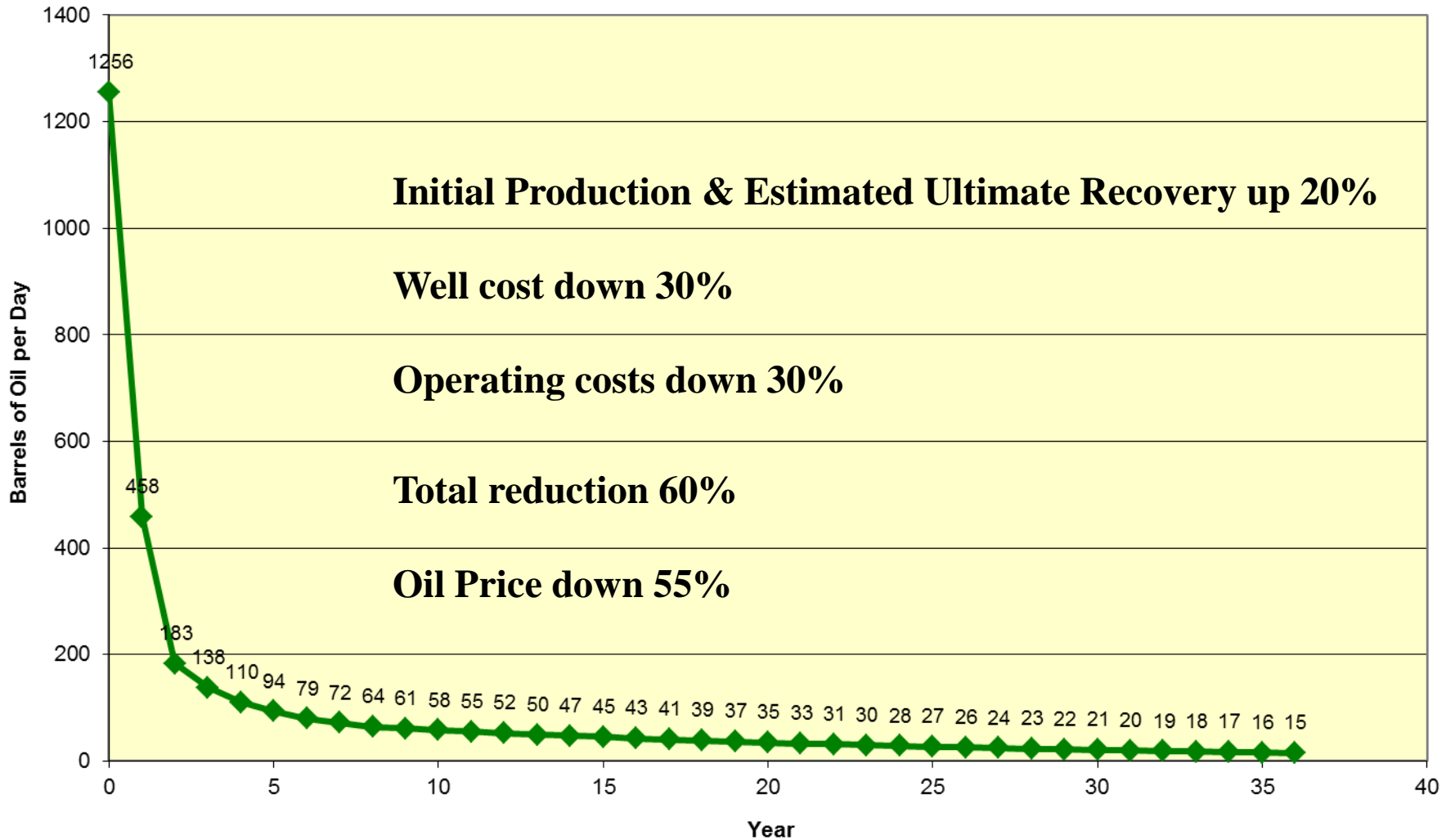




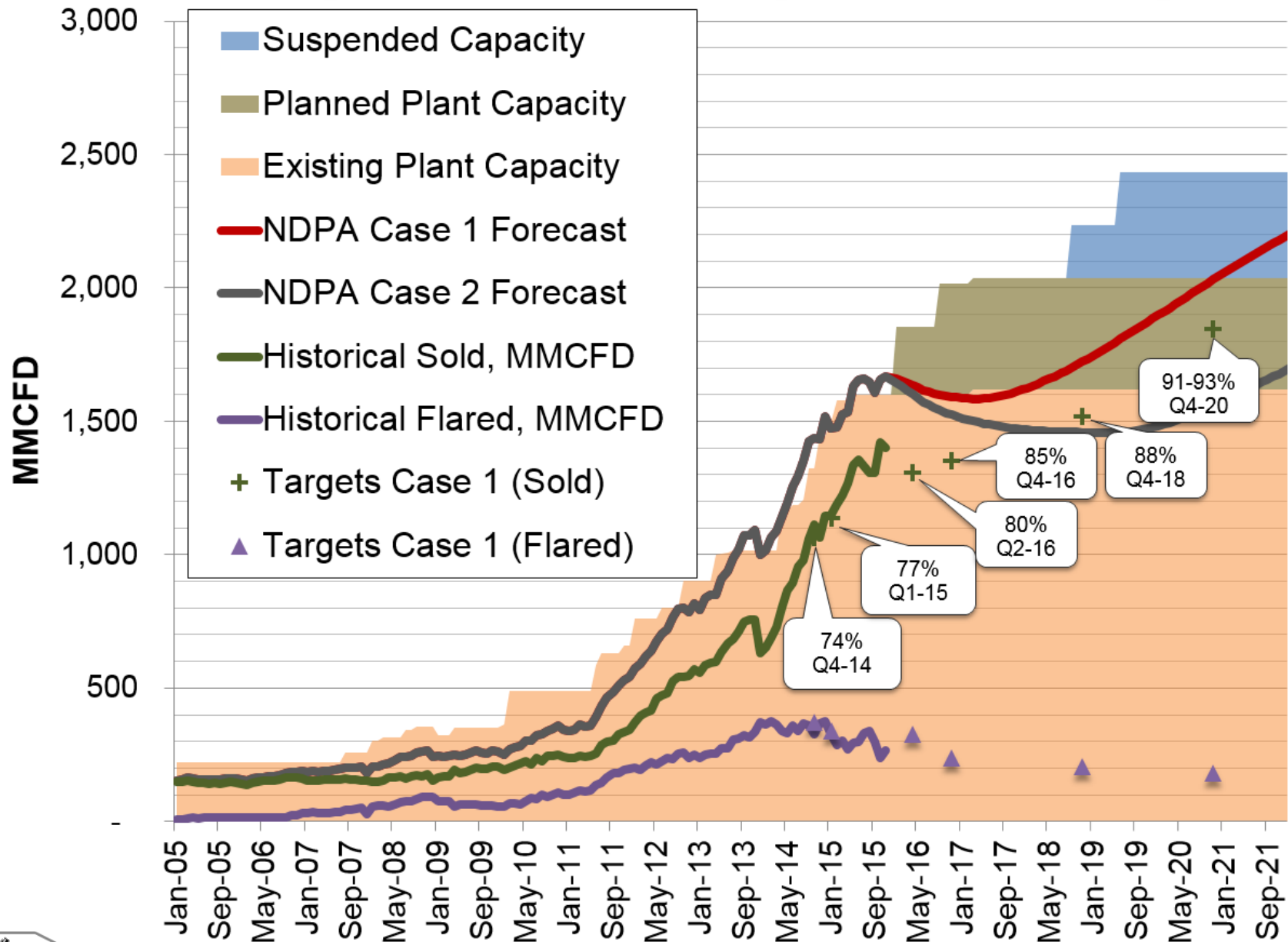
North Dakota Daily Oil Produced and Price



Typical Bakken Well Production



Solving the Flaring Challenge



Bakken Forward > > >





Bakken Forward > > >

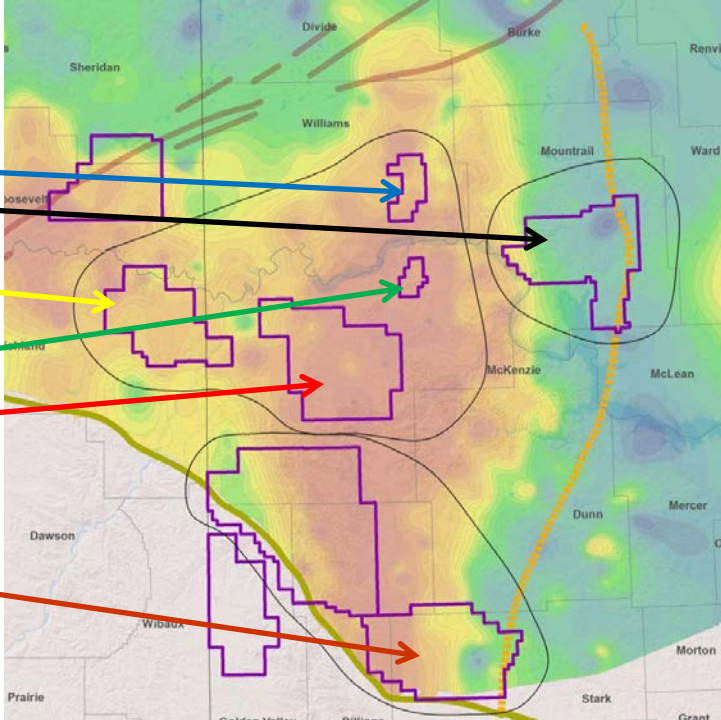
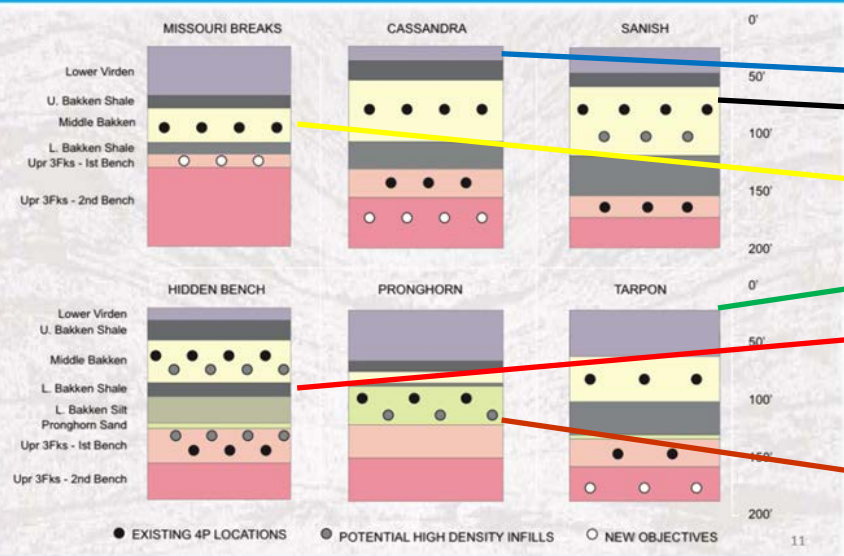




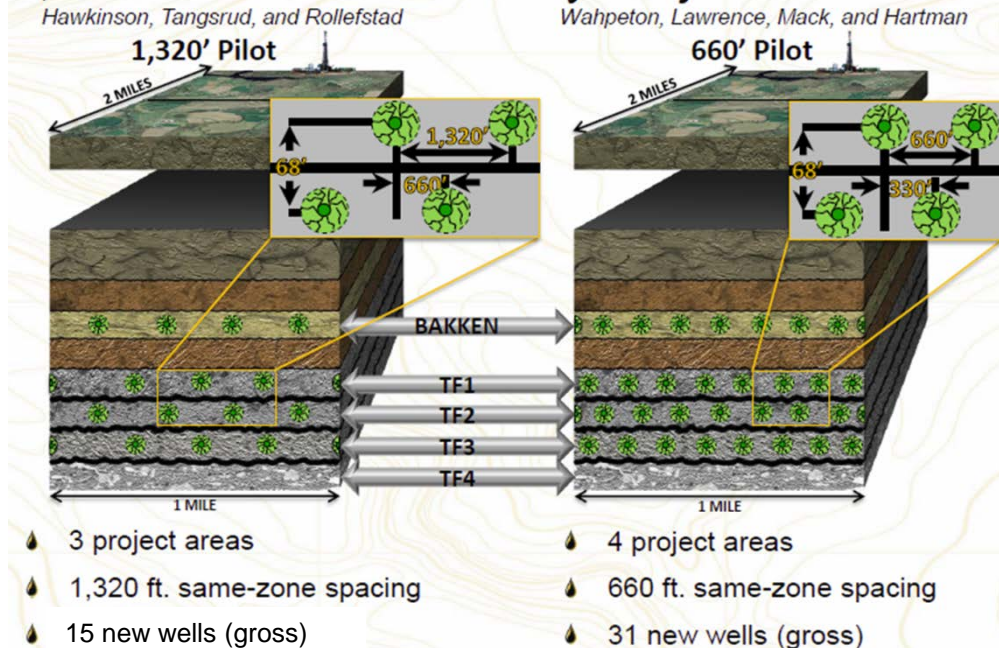
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Williston Basin Primary and Prospective Drilling Plan by Area

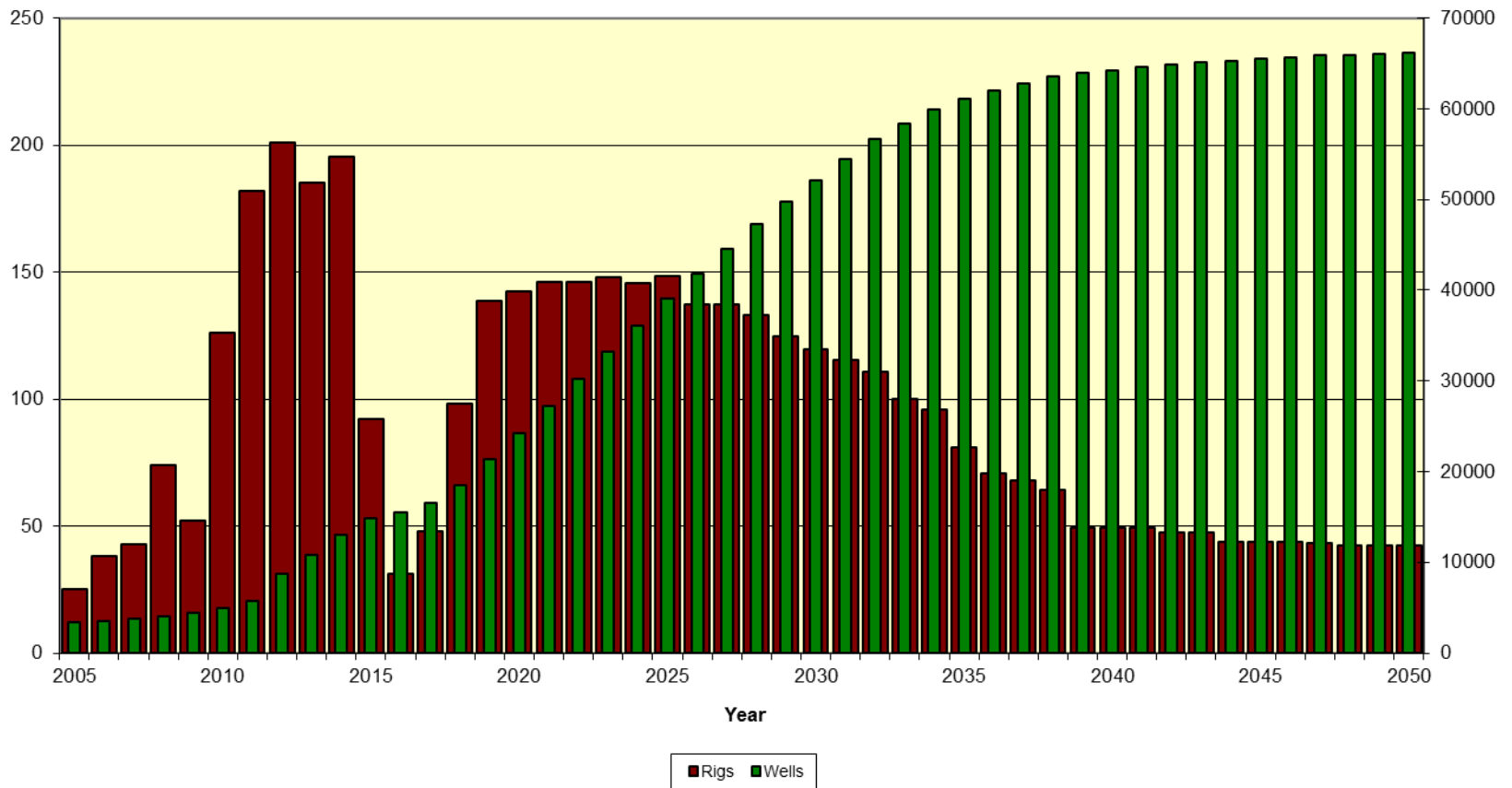


1,320' & 660' Pilot Density Projects: 2013-14



55,000-65,000 wells

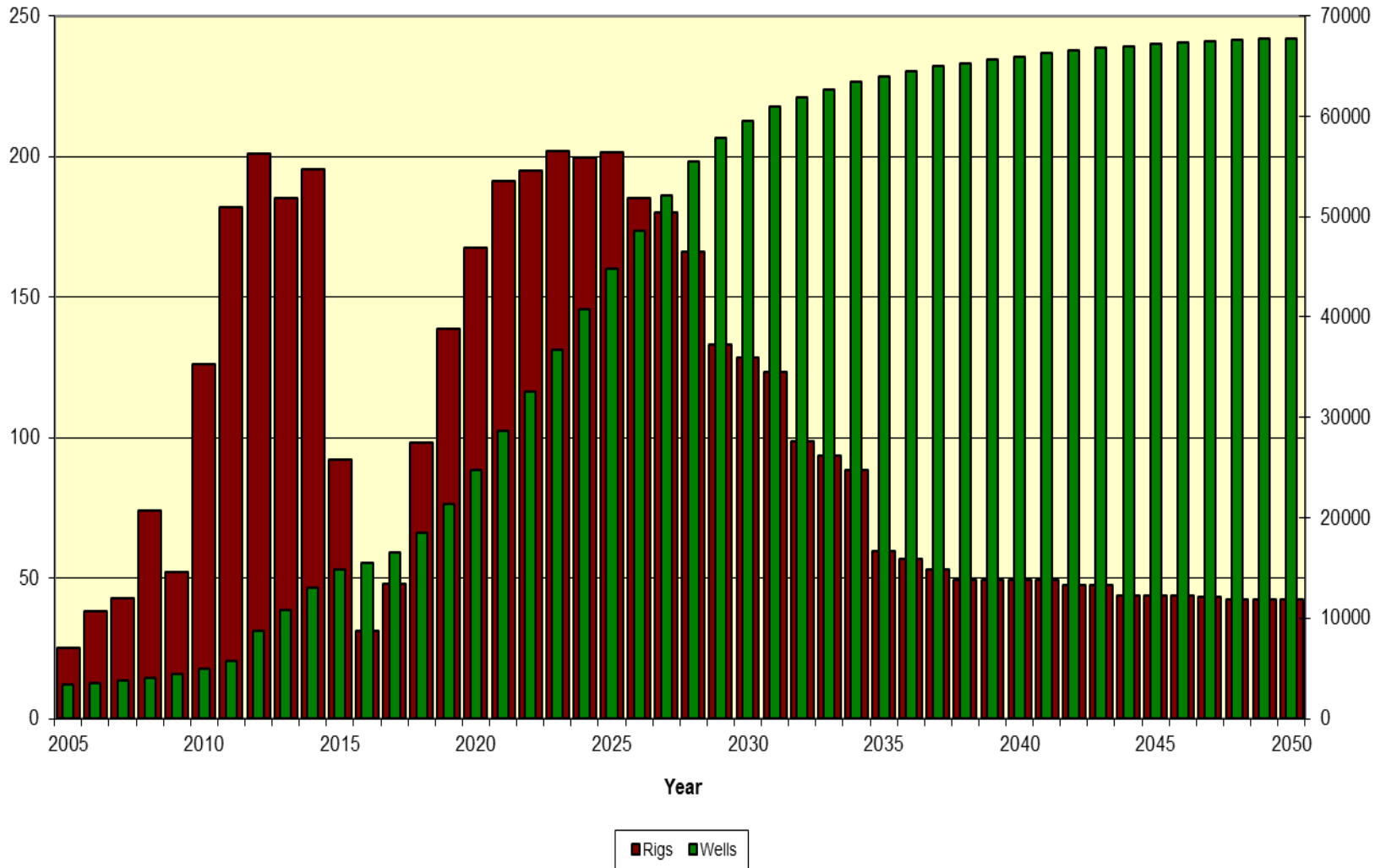
North Dakota Rigs and Wells



Bakken Forward > > >



North Dakota Rigs and Wells



Wells

13,167 active

2,089 conventional

11,078 Bakken/Three Forks

1,584 inactive

+\$40 for 90 days

(4/11/16) 9 days ago

931 waiting on completion

+\$50 for 90 days

NYMEX April 2017

1,971 permitted

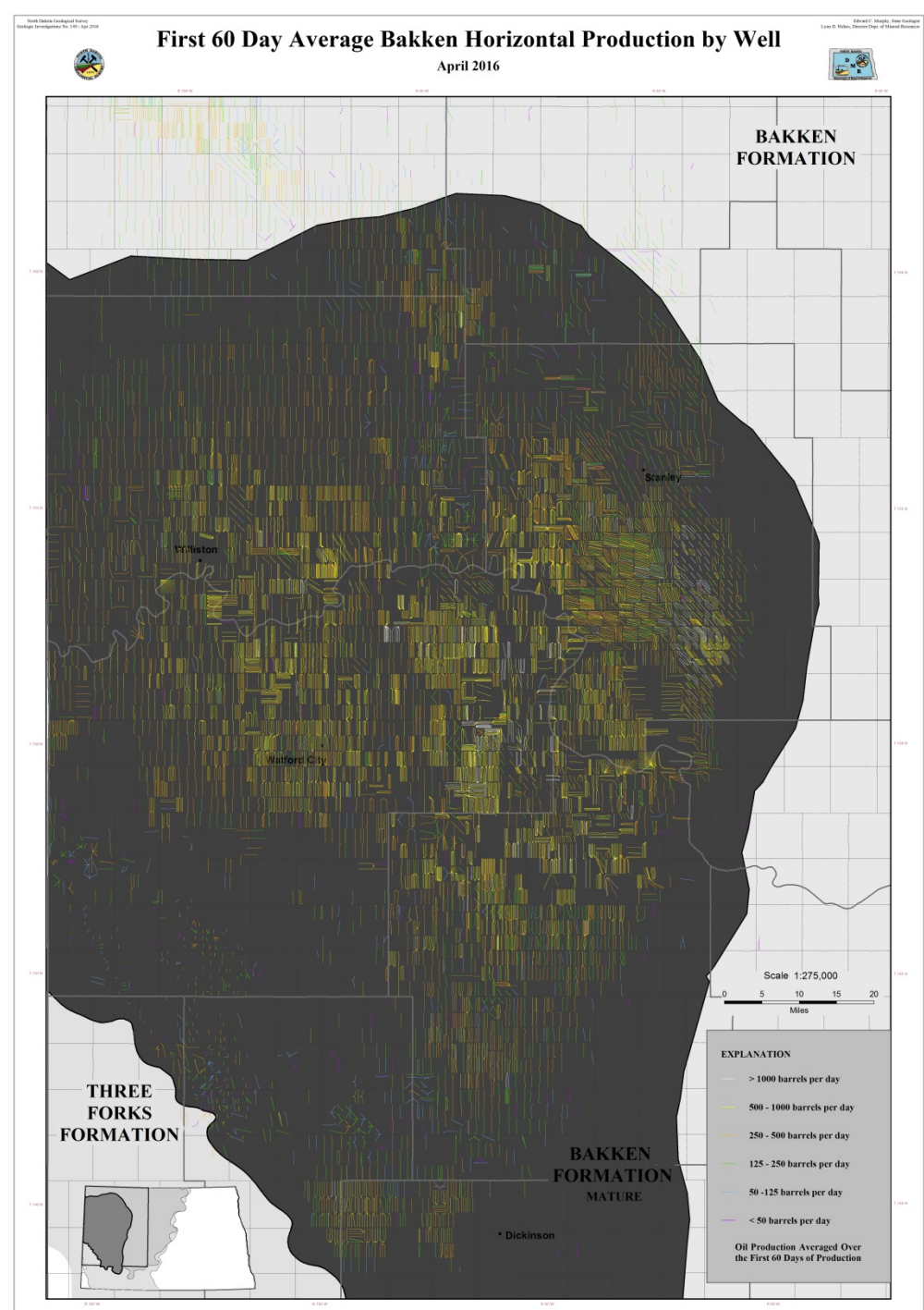
+\$60 for 90 days

NYMEX \$56 max

13,532 increased density approved

31,185 total

55,000-65,000 estimated ultimate



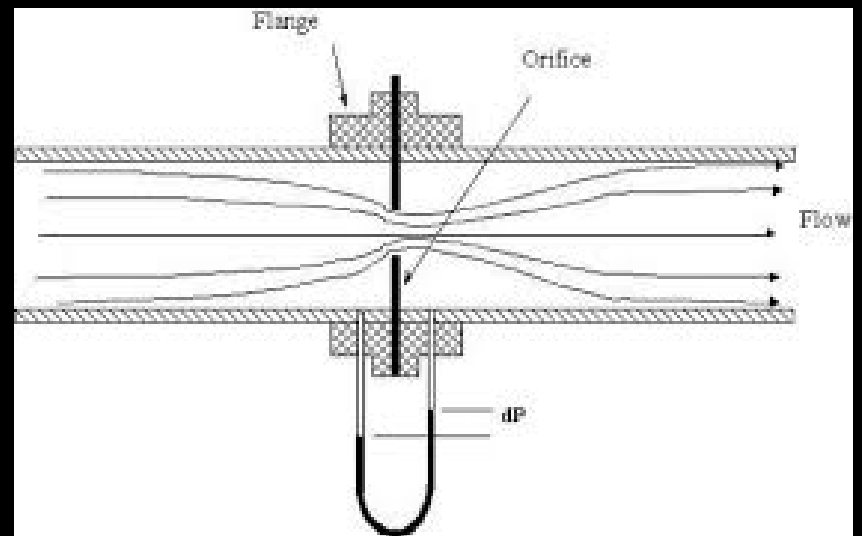


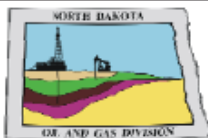
43-02-03-48. MEASUREMENT OF OIL. Oil production may not be transported from a well premises or central production facility until its volume has been determined through the use of properly calibrated meter measurements or tank measurements. All meter and tank measurements, and volume determinations must conform to **American petroleum institute standards** and be corrected to a base temperature of sixty degrees Fahrenheit [15.56 degrees Celsius] and fourteen and seventy-three hundredths pounds per square inch absolute [1034.19 grams per square centimeter].





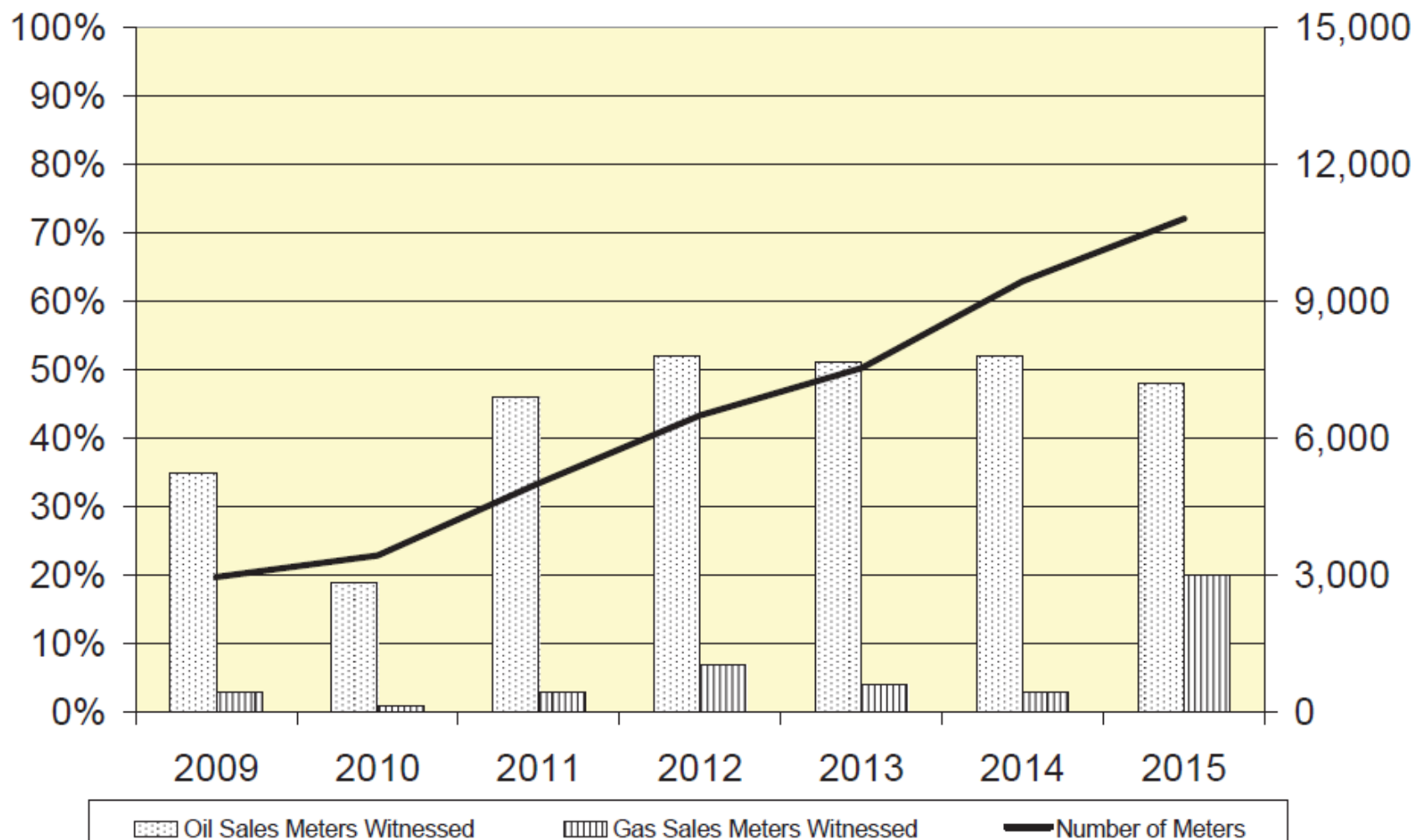
43-02-03-44. METERED CASINGHEAD GAS. All casinghead gas produced shall be reported monthly to the director in units of one thousand cubic feet [28.32 cubic meters] computed at a pressure of fourteen and seventy-three hundredths pounds per square inch absolute [1034.19 grams per square centimeter] at a base temperature of sixty degrees Fahrenheit [15.56 degrees Celsius]. Associated gas production may not be transported from a well premises or central production facility until its volume has been determined through the use of properly calibrated measurement equipment. All measurement equipment and volume determinations must conform to **American gas association standards**. The operator of a well shall notify the director of the connection date to a gas gathering system, the metering equipment, transporter, and purchaser of the gas. Any gas produced and used on lease for fuel purposes or flared must be estimated and reported on a gas production report (form 5b) in accordance with section 43-02-03-52.1.





Sales Meter Tests

The Oil and Gas Division regulates oil and gas meter accuracy and royalty owner information.
We witness tests on approximately half of all oil sales meters.



43-02-03-52. REPORT OF OIL PRODUCTION. The operator of each well in every pool shall, on or before the first day of the second month succeeding the month in which production occurs, file with the director the amount of production made by each such well upon form 5 or approved computer sheets no larger than eight and one-half by eleven inches [21.59 by 27.94 centimeters]. The report shall be signed by both the person responsible for the report and the person witnessing the signature. The printed name and title of both the person signing the report and the person witnessing the signature shall be included. Wells for which reports of production are not received by the close of business on said first day of the month may be shut in for a period not to exceed thirty days. The director shall notify, by certified mail, the operator and authorized transporter of the shut-in period for such wells. Any oil produced during such shut-in period shall be deemed illegal oil and subject to the provisions of North Dakota Century Code section 38-08-15.

Form 5

Monthly volume of oil stored, produced, and sold

Monthly volume of water produced

43-02-05-12. REPORTING AND MONITORING REQUIREMENTS.

1. The operator of an injection well shall meter or use an approved method to keep records and shall report monthly to the industrial commission, oil and gas division, the volume and nature, i.e., produced water, makeup water, etc., of the fluid injected, the injection pressure, and such other information as the commission may require. The operator of each injection well shall, on or before the fifth day of the second month succeeding the month in which the well is capable of injection, file with the director a sworn statement showing the amount of injection by each well upon forms furnished therefor, or approved computer sheets. The operator shall retain all records required by the industrial commission for at least six years.

Form 16

Monthly disposal water total volume and source volumes

Form 5SWD

Monthly volume of oil recovered from each produced water disposal well

43-02-03-80. REPORTS OF PURCHASERS AND TRANSPORTERS OF CRUDE OIL. On or before the first day of the second month succeeding that in which oil is removed, purchasers and transporters, including truckers, shall file with the director the appropriate monthly reporting forms. The purchaser shall file on form 10 and the transporter on form 10a the amount of all crude oil removed and purchased by them from each well or central production facility during the reported month. The transporter shall report the disposition of such crude oil on form 10b. All meter and tank measurements, and volume determinations of crude oil removed and purchased from a well or central production facility must conform to American petroleum institute standards and corrected to a base temperature of sixty degrees Fahrenheit [15.56 degrees Celsius] and fourteen and seventy-three hundredths pounds per square inch absolute [1034.19 grams per square centimeter]. Prior to removing any oil from a well or central production facility, purchasers and transporters shall obtain an approved copy of a producer's authorization to purchase and transport oil from a well or central production facility (form 8) from either the producer or the director.

The operator of any oil rail facility shall report the amount of oil received and shipped out of such facility on form 10rr.

Form 10

Monthly volume purchased from each source well

Form 10A

Monthly volume transported from each source well

43-02-03-83. GAS PROCESSING PLANT REPORTS. Each operator of a gas processing plant, cycling plant, or any other plant at which gas processing, gasoline, butane, propane, condensate, kerosene, oil, or other products are extracted from gas shall furnish to the director a report containing the amount of gas received from each lease or well on form 12a. Crude oil recovered shall be reported to the director, on form 5 on or before the close of business on the first day of the second month succeeding that in which oil is removed. Other operations shall be reported to the director, on form 12 and 12a, on or before the fifth day of the second month following that in which gas is processed.

Form 12

Monthly volume of gas processed and products recovered

Form 12A

Monthly volume of gas from each source well

IOGCC Survey of States

Ongoing – results to date 16 of 36 states and provinces

Two states do not require production reporting:

Illinois, Indiana

Eleven states require reporting of production volumes but do not audit:

Alaska, Arkansas, California, Florida, Kentucky, Michigan, Nevada, Oregon, Pennsylvania, Virginia, West Virginia

Three states require production reporting and have processes to audit reports:

North Dakota, Ohio, Utah

43-02-03-48.1. CENTRAL PRODUCTION FACILITY - COMMINGLING OF PRODUCTION.

1. The director shall have the authority to approve requests to consolidate production equipment at a central location.
2. Commingling of production from two or more wells in a central production facility is prohibited unless approved by the director. There are two types of central production facilities in which production from two or more wells is commingled that may be approved by the director.
 - a. A central production facility in which all production going into the facility has common ownership (working interests, royalty interests, and overriding royalties).
 - b. A central production facility in which production going into the facility has diverse ownership.
3. The commingling of production in a central production facility from two or more wells having common ownership may be approved by the director provided the production from each well can be accurately determined at reasonable intervals. Commingling of production in a central production facility from two or more wells having diverse ownership may be approved by the director provided the production from each well is accurately metered prior to commingling. Commingling of production in a central production facility from two or more wells having diverse ownership that is not metered prior to commingling may only be approved by the commission after notice and hearing.

43-02-03-48.1. CENTRAL PRODUCTION FACILITY - COMMINGLING OF PRODUCTION.

a. Common ownership central production facility. The application for permission to commingle oil and gas in a central production facility with common ownership must be submitted on a sundry notice (form 4) and shall include the following:

(1) A plat or map showing thereon the location of the central facility and the name, well file number, and location of each well and flow lines from each well that will produce into the facility.

(2) A schematic drawing of the facility which diagrams the testing, treating, routing, and transferring of production. All pertinent items such as treaters, tanks, flow lines, valves, meters, recycle pumps, etc., should be shown.

(3) An affidavit executed by a person who has knowledge as to the state of title indicating ownership is common.

(4) An explanation of the procedures or method to be used to determine, accurately, individual well production at periodic intervals. Such procedures or method shall be performed at least once every three months. A copy of all tests are to be filed with the director on form 11 within thirty days after the tests are completed.

43-02-03-48.1. CENTRAL PRODUCTION FACILITY - COMMINGLING OF PRODUCTION.

b. Diverse ownership central production facility. The application for permission to commingle oil and gas in a central production facility having diverse ownership must be submitted on a sundry notice (form 4) and shall include the following:

(1) A plat or map showing thereon the location of the central facility and the name, well file number, and location of each well, and flow lines from each well that will produce into the facility.

(2) A schematic drawing of the facility which diagrams the testing, treating, routing, and transferring of production. All pertinent items such as treaters, tanks, flow lines, valves, meters, recycle pumps, etc., should be shown.

(3) The name of the manufacturer, size, and type of meters to be used. The meters must be proved at least once every three months and the results reported to the director within thirty days following the completion of the test.

(4) An explanation of the procedures or method to be used to determine, accurately, individual well production at periodic intervals. Such procedures or method shall be performed monthly. A copy of all tests are to be filed with the director on form 11 within thirty days after the tests are completed.

4. Any changes to a previously approved central production facility must be reported on a sundry notice (form 4) and approved by the director.

2016 Rules Changes

Changes to 38 sections total

Changes to 5 Sections received significant comments

FAQ and Answer document available at our booth and at
<https://www.dmr.nd.gov/oilgas/rulechangesfaq2016.asp>

The purpose of the proposed amendments to **NDAC § 43-02-03-01** is to clarify who can testify at a Commission hearing and to update obsolete language in the current definition. **The proposed amendments identifying what interest a party must have to be allowed to testify has been eliminated.**

Also clearly define a saltwater handling facility currently utilized by the oil and gas industry. The proposed amendments are not expected to have an impact on the regulated. **Definitions for commercial injection well, flowline, and injection pipeline were added.**

2016 Rules Changes

The purpose of the proposed amendments to **NDAC § 43-02-03-15** is to ensure all wells used in enhanced recovery operations, all saltwater handling facilities, and all crude oil and produced water underground gathering pipelines are bonded, and to identify bond limitations. The proposed amendments require **source wells used for enhanced recovery operations** to be bonded, clarifies that an abandoned well could be a well producing in nonpaying quantities, and outlines bonding requirements for **saltwater handling facilities**. It also outlines the bonding requirements for **crude oil and produced water underground gathering pipelines, pursuant to House Bill 1358**.

2016 Rules Changes

The purpose of the adoption of **NDAC § 43-02-03-29.1** is to improve underground gathering pipeline safety and integrity **pursuant to House Bill 1358**. The proposed addition includes all underground gathering pipeline requirements previously under NDAC § 43-02-03-29. The addition further requires **notification** prior to new construction, **installation, reclamation** of the pipeline right-of-way, **inspection by third-party independent inspectors, operating at safe pressure, a leak detection and monitoring plans, data sharing plans, spill response plans, corrosion control, pipeline integrity demonstration plans, repairs, and abandonment.**

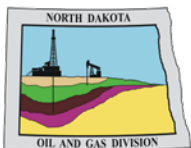
2016 Rules Changes

The purpose of the proposed amendments to **NDAC § 43-02-03-49** is to increase environmental protection around oil tanks. The proposed amendments require oil tanks and equipment to be resistant to produced fluids, dikes to be constructed around such tanks, and a **perimeter berm** to be constructed around all oil storage and production sites.

NDAC § 43-02-03-49 perimeter berms

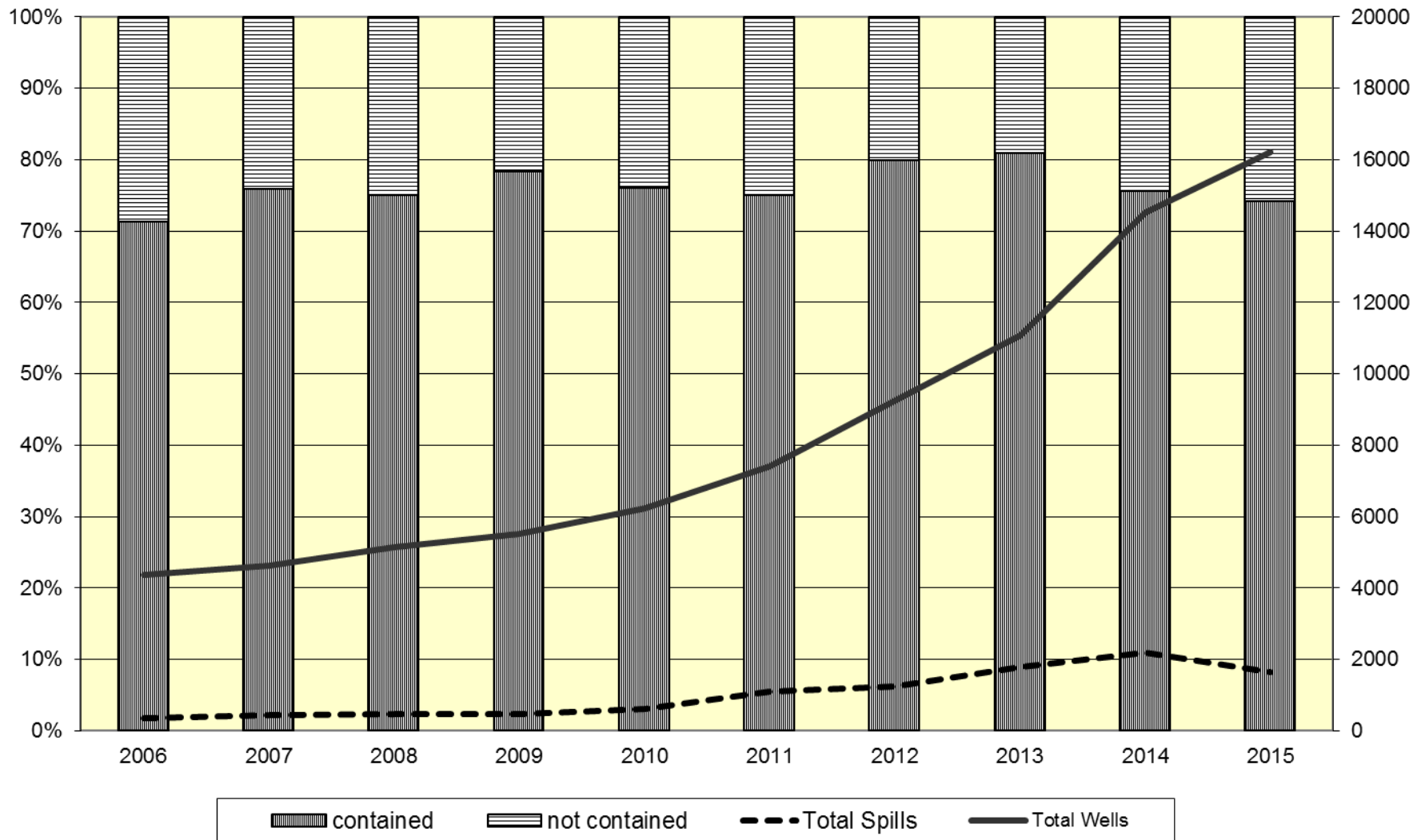
The director may consider an extension of time to implement these requirements if conditions prevent timely construction; or a modification of these requirements if the site is void of tankage, if the current daily throughput is less than 100 barrels of fluid per day, if all production equipment and load lines are properly diked, or if other factors are present that provide sufficient protection from environmental impacts.

Modifications expected to reduce cost for each location and reduce the number of impacted locations from 4,000 to the 1,735 or less that are most necessary.



Surface Spills

The Oil and Gas Division regulates spill containment through diking and site construction rules.



2016 Rules Changes

The purpose of the proposed amendment to **NDAC § 43-02-05-07** is to assure proper remedial work is performed on an injection well. The proposed amendment requires the applicant to obtain **approval from the Director prior to performing any workover project on an existing injection well that effects the packer or isolation of the tubing-casing annulus.**

2016 Rules Changes

The purpose of the proposed amendments to **NDAC § 43-02-03-01** is to clarify who can testify at a Commission hearing and to update obsolete language in the current definition. **The proposed amendments identifying what interest a party must have to be allowed to testify has been eliminated.**

Also clearly define a saltwater handling facility currently utilized by the oil and gas industry. The proposed amendments are not expected to have an impact on the regulated. **Definitions for commercial injection well, flowline, and injection pipeline were added.**

The purpose of the proposed amendment to NDAC § 43-02-03-11 is to require owners of underground gathering pipelines to submit contact information to the Director. The proposed amendment requires the owner of an underground gathering pipeline to file an organization report.

The purpose of the proposed amendment to NDAC § 43-02-03-14 is to assure the Commission staff has access to pipeline right-of-ways and records of underground gathering pipeline owners. The proposed amendment authorizes the Commission and Director to have access to all records wherever located.

2016 Rules Changes

The purpose of the proposed amendments to **NDAC § 43-02-03-15** is to ensure all wells used in enhanced recovery operations, all saltwater handling facilities, and all crude oil and produced water underground gathering pipelines are bonded, and to identify bond limitations. The proposed amendments require **source wells used for enhanced recovery operations** to be bonded, clarifies that an abandoned well could be a well producing in nonpaying quantities, and outlines bonding requirements for **saltwater handling facilities**. It also outlines the bonding requirements for **crude oil and produced water underground gathering pipelines, pursuant to House Bill 1358**.

The purpose of the proposed amendment to NDAC § 43-02-03-16 is to remove language that is burdensome to local emergency service offices. The proposed amendment removes the requirement that an operator must request a legal street address for any proposed well.

The purpose of the proposed amendments to NDAC § 43-02-03-17 is to require identification on facilities with important information for emergency services. The proposed amendments require signs on storage and treating facilities processing oil, gas and water. The file number on a well site is important for location identification by emergency services, therefore all signs must now include the file number.

2016 Rules Changes

The purpose of the proposed amendments to NDAC § 43-02-03-19 is to assure proper amounts of topsoil are being stockpiled and identified, and the Commission is notified of work done to reduce the size of the location. The proposed amendments require up to twelve inches of topsoil to be stockpiled and identified on a site diagram. A notice and site diagram must also be filed with the Director when the unused portion of a site is reduced.

The purpose of the proposed amendments to NDAC § 43-02-03-19.3 is to update obsolete language and allow new technology when flowing back a well after hydraulic stimulation. The proposed amendments remove the authority for the Director to allow temporary earthen pits or open receptacles during well servicing and completions but allow portable-collapsible receptacles to be used for storage of fluids used in completion and well servicing operations.

The purpose of the proposed amendments to NDAC § 43-02-03-28 is to provide additional protection and safety consistent with NDAC § 43-02-03-16. The proposed amendment requires saltwater handling facilities and treating plants to be at least 500 feet from an occupied dwelling unless the owner agrees or approved by order of the Commission after notice and hearing. The proposed amendment removes the legal street address requirement for well sites or facilities.

2016 Rules Changes

The purpose of the proposed amendments to NDAC § 43-02-03-29 is to eliminate ambiguity in the rule so it only addresses well and lease equipment. The proposed amendments remove all language pertaining to underground gathering pipelines that will now be included in the newly created NDAC § 43-02-03-29.1.

The purpose of the adoption of **NDAC § 43-02-03-29.1** is to improve underground gathering pipeline safety and integrity **pursuant to House Bill 1358**. The proposed addition includes all underground gathering pipeline requirements previously under NDAC § 43-02-03-29. The addition further requires **notification** prior to new construction, **installation, reclamation** of the pipeline right-of-way, **inspection by third-party independent inspectors, operating at safe pressure, a leak detection and monitoring plans, data sharing plans, spill response plans, corrosion control, pipeline integrity demonstration plans, repairs, and abandonment.**

The purpose of the proposed amendments to NDAC § 43-02-03-30 is to eliminate ambiguity in the rule. The proposed amendments clarify that persons controlling underground gathering pipelines, treating plants or receptacles associated with production, injection, processing, or well servicing must report an incident, along with the root cause of the incident, to the Director.

2016 Rules Changes

The purpose of the proposed amendment to NDAC § 43-02-03-30.1 is to eliminate ambiguity in the rule. The proposed amendment clarifies that all responsible parties must respond with appropriate resources to contain and clean up spills.

The purpose of the proposed amendments to NDAC § 43-02-03-31 is to eliminate ambiguity in the rule, allow certain information to be available on a confidential well, and assure that cement evaluation is timely. The proposed amendments require a log to be run to evaluate cement bonding within six months of drilling a well, clarify that the permit date and confidentiality period cannot be held confidential, and remove injection volumes from confidentiality.

The purpose of the proposed amendment to NDAC § 43-02-03-34 is to assist in the identification of plugged wells. The proposed amendment requires the file number to be inscribed on the metal cap welded on the casing when plugging a well.

The purpose of the proposed amendments to NDAC § 43-02-03-34.1 is to clarify that facilities and treating plants must be reclaimed. The proposed amendments require all decommissioned treating plants and facilities to be reclaimed and provide documentation when certain roads and sites are allowed to remain.

2016 Rules Changes

The purpose of the proposed amendment to NDAC § 43-02-03-40 is to assure operators are submitting accurate gas-oil ratio tests. The proposed amendment requires an operator to perform gas-oil ratio tests when a pool appears to reach bubble point.

The purpose of the proposed amendment to NDAC § 43-02-03-48 is to assure oil production is properly measured. The proposed amendment requires oil to be measured before it is transported from a treating plant or saltwater handling facility.

The purpose of the proposed amendments to **NDAC § 43-02-03-49** is to increase environmental protection around oil tanks and allow oil seal flexibility. The proposed amendments require oil tanks and equipment to be resistant to produced fluids, dikes to be constructed around such tanks, and a **perimeter berm** to be constructed around all oil storage and production sites. The proposed amendments also allow flexibility to use weather-resistant security seals.

2016 Rules Changes

NDAC § 43-02-03-49 perimeter berms

The director may consider an extension of time to implement these requirements if conditions prevent timely construction; or a modification of these requirements if the site is void of tankage, if the current daily throughput is less than 100 barrels of fluid per day, if all production equipment and load lines are properly diked, or if other factors are present that provide sufficient protection from environmental impacts.

The purpose of the proposed amendments to NDAC § 43-02-03-51.1 is to provide consistency with NDAC § 43-02-03-16 and justify diking capacities. The proposed amendments require schematic drawings to include calculated containment volumes but remove the requirement that an operator submit the legal street address of a treating plant.

The purpose of the proposed amendments to NDAC § 43-02-03-51.3 is to provide consistency concerning perimeter berm requirements and eliminate unnecessary reports. The proposed amendments require a perimeter berm but eliminate the need to file an annual treating plant report.

2016 Rules Changes

The purpose of the proposed amendment to NDAC § 43-02-03-52 is to clarify that monthly oil production reports are required for every well completed in any pool. The proposed amendment clarifies an oil production report must be filed even if no production occurs in a particular month.

The purpose of the proposed amendment to NDAC § 43-02-03-52.1 is to clarify that monthly gas production reports are required for every well completed in any pool. The proposed amendment clarifies a gas production report must be filed even if no production occurs in a particular month.

The purpose of the proposed amendments to NDAC § 43-02-03-53 is to clarify and streamline the saltwater handling facility rules and assure that saltwater handling facilities are being properly regulated. The proposed amendments require a permit unless the saltwater handling facility is bonded as an appurtenance to a well or treating plant. This clarifies that saltwater handling facilities constructed by service companies must conform to the rule. The amendments also move some of the present language to other newly created sections of the Administrative Code.

2016 Rules Changes

The purpose of the adoption of NDAC § 43-02-03-53.1 is to clarify the saltwater handling facility rule currently under NDAC § 43-02-03-53 by addressing saltwater handling facility requirements in this new section. This section will ease confusion of what information is necessary to file a complete application. The proposed adoption outlines the general requirements to be included in a saltwater handling facility application.

The purpose of the adoption of NDAC § 43-02-03-53.2 is to clarify the saltwater handling facility rule currently under NDAC § 43-02-03-53 by addressing saltwater handling facility siting in this new section. The proposed adoption states a saltwater handling facility cannot be sited in a geologically or hydrologically sensitive area.

The purpose of the adoption of NDAC § 43-02-03-53.3 is to assure all saltwater handling facilities are bonded and to clarify the rule currently under NDAC § 43-02-03-53 by addressing saltwater handling facility requirements in this new section. The proposed adoption outlines the general construction and operational requirements for a saltwater handling facility including diking around tanks and a perimeter berm around the facility.

2016 Rules Changes

The purpose of the adoption of NDAC § 43-02-03-53.4 is to assure all saltwater handling facilities are properly abandoned. The proposed adoption outlines the requirements for abandoning a saltwater handling facility including prior approval of the Director.

The purpose of the proposed amendment to NDAC § 43-02-03-55 is to clarify when a saltwater handling facility is considered abandoned. The proposed amendment clarifies that the removal of saltwater handling facility equipment or the failure to use a saltwater handling facility for one year constitutes abandonment of the saltwater handling facility.

The purpose of the proposed amendment to NDAC § 43-02-03-80 is to clarify treating plants and saltwater handling facilities are subject to the rule. The proposed amendment requires the purchaser and transporter of crude oil to report the amount of oil removed and purchased by them monthly.

The purpose of the proposed amendment to NDAC § 43-02-03-81 is to clarify saltwater handling facility operators are subject to the rule. The proposed amendment requires the operator of a saltwater handling facility to obtain the Director's approval before any oil is transported from the facility.

2016 Rules Changes

The purpose of the proposed amendment to NDAC § 43-02-03-90 is to compensate the Commission on lengthy newspaper notices if the applicant requests the case to be continued. The proposed amendment requires the applicant to pay the cost of republication if the cost exceeds fifty dollars.

The purpose of the proposed amendments to NDAC § 43-02-03-90.2 is to clarify the record and provide the Commission valuable well information when determining if correlative rights are being protected. The proposed amendments will include the injection records into the evidence of each case heard by the Commission, unless excluded by the hearing officer. They also clarify that settlement negotiations between parties to a contested case are governed by statute although the hearing officer may strike such testimony from the record.

The purpose of the proposed amendment to NDAC § 43-02-05-04 is to assure proper containment on or around an injection well. The proposed amendment requires the applicant to include a calculated containment volume provided by the proposed diking.

2016 Rules Changes

The purpose of the proposed amendment to **NDAC § 43-02-05-07** is to assure proper remedial work is performed on an injection well. The proposed amendment requires the applicant to obtain **approval from the Director prior to performing any workover project on an existing injection well that effects the packer or isolation of the tubing-casing annulus.**

The purpose of the proposed amendments to NDAC § 43-02-05-11 is to eliminate ambiguity in the rule. The proposed amendments clarify that commercial injection wells are bonded pursuant to the statutes.

The purpose of the proposed amendment to NDAC § 43-02-08-02.1 is to comply with the statute change addressing stripper well determinations, pursuant to House Bill 1476. The amendment removes language that terminates the stripper well property status if a well previously qualified is reentered and recompleted as a horizontal well.

The purpose of the proposed amendment to NDAC § 43-02-08-03 is to eliminate ambiguity in the rule. The proposed amendment clarifies that stripper well status can be granted if the well(s) were shut-in for a portion of the qualifying period, as long as the stripper well production threshold could not have been exceeded.