

ARKANSAS REGISTER

Proposed Rule Cover Sheet



Secretary of State
John Thurston
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Little Rock, Arkansas 72201-1094
(501) 682-5070
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Name of Department _____

Agency or Division Name _____

Other Subdivision or Department, If Applicable _____

Previous Agency Name, If Applicable _____

Contact Person _____

Contact E-mail _____

Contact Phone _____

Name of Rule _____

Newspaper Name _____

Date of Publishing _____

Final Date for Public Comment _____

Location and Time of Public Meeting _____

**QUESTIONNAIRE FOR FILING PROPOSED RULES WITH
THE ARKANSAS LEGISLATIVE COUNCIL**

DEPARTMENT Department of Energy and Environment
BOARD/COMMISSION Oil and Gas Commission
BOARD/COMMISSION DIRECTOR Lawrence Bengal
CONTACT PERSON Lauren Ballard
ADDRESS 5301 Northshore Drive, North Little Rock, AR 72118
PHONE NO. (501) 682-0581 EMAIL lauren.ballard@arkansas.gov
NAME OF PRESENTER(S) AT SUBCOMMITTEE MEETING
Lauren Ballard Lawrence Bengal
PRESENTER EMAIL(S) lauren.ballard@arkansas.gov lawrence.bengal@aogc.state.ar.us

INSTRUCTIONS

In order to file a proposed rule for legislative review and approval, please submit this Legislative Questionnaire and Financial Impact Statement, and attach (1) a summary of the rule, describing what the rule does, the rule changes being proposed, and the reason for those changes; (2) both a markup and clean copy of the rule; and (3) all documents required by the Questionnaire.

If the rule is being filed for permanent promulgation, please email these items to the attention of Rebecca Miller-Rice, miller-ricer@blr.arkansas.gov, for submission to the Administrative Rules Subcommittee.

If the rule is being filed for emergency promulgation, please email these items to the attention of Director Marty Garrity, garritym@blr.arkansas.gov, for submission to the Executive Subcommittee.

Please answer each question completely using layman terms.

1. What is the official title of this rule?
Rule B-2: "Proof of Financial Responsibility Required to be Furnished"
2. What is the subject of the proposed rule? Any operator who submits an application to drill or assume owners
3. Is this rule being filed under the emergency provisions of the Arkansas Administrative Procedure Act? Yes ☐ No ☒

If yes, please attach the statement required by Ark. Code Ann. § 25-15-204(c)(1).

If yes, will this emergency rule be promulgated under the permanent provisions of the Arkansas Administrative Procedure Act? Yes ☐ No ☐

4. Is this rule being filed for permanent promulgation? Yes ☒ No ☐

If yes, was this rule previously reviewed and approved under the emergency provisions of the Arkansas Administrative Procedure Act? Yes ☐ No ☒

If yes, what was the effective date of the emergency rule? _____

On what date does the emergency rule expire? _____

5. Is this rule required to comply with a *federal* statute, rule, or regulation? Yes ☐ No ☒

If yes, please provide the federal statute, rule, and/or regulation citation.

6. Is this rule required to comply with a *state* statute or rule? Yes ☒ No ☐

If yes, please provide the state statute and/or rule citation.

[Ark. Code Ann. Sec. 15-72-204](#)

7. Are two (2) rules being repealed in accord with Executive Order 23-02? Yes ☐ No ☒

If yes, please list the rules being repealed.

If no, please explain.

[The Oil and Gas Commission has previously repealed all unnecessary rules. The current rules are all necessary for the exercise of the regulatory authority of the commission. This rule amendment is necessary to satisfy the financial responsibility requirements established in Ark. Code Ann. Sec. 15-72-204. The Oil and Gas Commission](#)

8. Is this a new rule? Yes ☐ No ☒

Does this repeal an existing rule? Yes ☐ No ☒

If yes, the proposed repeal should be designated by strikethrough. If it is being replaced with a new rule, please attach both the proposed rule to be repealed and the replacement rule.

Is this an amendment to an existing rule? Yes ☒ No ☐

If yes, all changes should be indicated by strikethrough and underline. In addition, please be sure to label the markup copy clearly as the markup.

9. What is the state law that grants the agency its rulemaking authority for the proposed rule, outside of the Arkansas Administrative Procedure Act? Please provide the specific Arkansas Code citation(s), including subsection(s).

The Oil and Gas Commission has rulemaking authority pursuant to Ark. Code Ann. Sec. 15-71-110(d).

10. Is the proposed rule the result of any recent legislation by the Arkansas General Assembly?
Yes ☐ No ☒

If yes, please provide the year of the act(s) and act number(s).

11. What is the reason for this proposed rule? Why is it necessary?

The Oil and Gas Commission proposes amending General Rule B-2, "Proof of Financial Responsibility Required to be Furnished." The rule amendments expand the application of the financial responsibility requirements to add additional types of wells and to fulfill the obligations required in Ark. Code Ann. Sec. 15-72-204. The new amendments also clarify the conditions that must be met in order to release the operator from the financial responsibility requirements. Although the operators of wells are required under existing rules to plug and restore well sites, the purpose of the expansion of this rule is to ensure there is adequate bonding in-place for the State to use to plug the well and restore the site should the operator fail to do so due to insolvency. The amendments assure clean-up of unused facilities without the use of public funds. The rule amendments also increase the financial responsibility requirements for brine production associated with Lithium extraction because of the increased cost of plugging these wells.

12. Please provide the web address by which the proposed rule can be accessed by the public as provided in Ark. Code Ann. § 25-19-108(b)(1).

<https://www.aogc.state.ar.us/rules/new.aspx>

13. Will a public hearing be held on this proposed rule? Yes ☒ No ☐

If yes, please complete the following:

Date: 08/29/2024

Time: 3:00 pm

Place: Commission Room, 5301 Northshore Drive, North Little Rock, AR 72118

Please be sure to advise Bureau Staff if this information changes for any reason.

14. On what date does the public comment period expire for the permanent promulgation of the rule? Please provide the specific date. 09/02/2024

15. What is the proposed effective date for this rule? December, 2024

16. Please attach (1) a copy of the notice required under Ark. Code Ann. § 25-15-204(a)(1) and (2) proof of the publication of that notice.

17. Please attach proof of filing the rule with the Secretary of State, as required by Ark. Code Ann. § 25-15-204(e)(1)(A).

18. Please give the names of persons, groups, or organizations that you anticipate will comment on these rules. Please also provide their position (for or against), if known.

19. Is the rule expected to be controversial? Yes ☐ No ☒

If yes, please explain.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY.

DEPARTMENT Department of Energy and Environment

BOARD/COMMISSION Oil and Gas Commission

PERSON COMPLETING THIS STATEMENT Lawrence Bengal

TELEPHONE NO. (501) 683-5814 **EMAIL** larry.bengal@aogc.state.ar.us

To comply with Ark. Code Ann. § 25-15-204(e), please complete the Financial Impact Statement and email it with the questionnaire, summary, markup and clean copy of the rule, and other documents. Please attach additional pages, if necessary.

TITLE OF THIS RULE Rule B-2: "Proof of Financial Responsibility Required to be Furnished"

1. Does this proposed, amended, or repealed rule have a financial impact?
Yes ☒ No ☐
2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule?
Yes ☒ No ☐
3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes ☒ No ☐

If no, please explain:

(a) how the additional benefits of the more costly rule justify its additional cost;

(b) the reason for adoption of the more costly rule;

(c) whether the reason for adoption of the more costly rule is based on the interests of public health, safety, or welfare, and if so, how; and

(d) whether the reason for adoption of the more costly rule is within the scope of the agency's statutory authority, and if so, how.

4. If the purpose of this rule is to implement a *federal* rule or regulation, please state the following:
 - (a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

Total \$0.00

Next Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

Total \$0.00

(b) What is the additional cost of the state rule?

Current Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

Total \$0.00

Next Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

Total \$0.00

5. What is the total estimated cost by fiscal year to any private individual, private entity, or private business subject to the proposed, amended, or repealed rule? Please identify those subject to the rule, and explain how they are affected.

Current Fiscal Year

\$ _____

Next Fiscal Year

\$ _____

The OGC currently requires that operators of Class II UIC wells, Class II Commercial Disposal wells and brine production and injection wells provide financial assurance. The rule will require additional bonding for the extensive surface facilities associated with the Class II UIC wells, Class II Commercial Disposal wells, which are now not covered by reclamation bonds. The rule will also require additional bonding amounts for brine production and injection wells due to the increased cost of plugging these wells. Because the cost of this financial assurance

6. What is the total estimated cost by fiscal year to a state, county, or municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

\$ 0.00

Next Fiscal Year

\$ 0.00

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes ☐ No ☒

If yes, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
 - (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

**RULE B-2: PROOF OF FINANCIAL RESPONSIBILITY REQUIRED TO BE
FURNISHED**

- a. For purposes of this rule, the person, operator, producer, or owner designated by the Director of Production and Conservation or his designee as the party responsible for compliance, and whom is the entity required to hold the permit to drill, produce, dispose or inject will be referred to as the permit holder.
- b. Financial Assurance is required to be submitted with the following applications:
 - 1. An application to drill an oil and/or gas well, Class II disposal well, injection well, brine production well, Class V brine disposal well, water supply well or other type of exploratory hole(s) or well(s); or
 - 2. An application to transfer ownership or operations of any existing oil and/or gas well, Class II disposal well, injection well, brine production well, Class V brine disposal well, water supply well or other type of exploratory hole(s) or well(s) to another permit holder.
- c. Financial Assurance is required to remain in full force and effect by the designated permit holder:
 - 1. for a minimum of one year after the issuance of the permit to drill in accordance with A.C.A. 15-72-214 if the well is not drilled; or
 - 2. if the well is drilled, until the well(s) have been plugged and associated production site(s) restored in accordance with Commission rules; or
 - 3. until the well(s) have been transferred to a new permit holder in accordance with Commission rules; ~~or~~
- d. Financial Assurance no longer required to remain in full force and effect in accordance with (c) above, shall only be released, if at the time of request to release, the following conditions have been satisfied:
 - ~~41.~~ all outstanding notices of violation or orders of compliance issued against the permit holder have been satisfied; ~~or~~
 - ~~52.~~ if applicable, the permit holder has paid annual fee assessments to the Commission in accordance with section (h) of this rule for two consecutive years; ~~and such permit holder is not in violation of the Commission's rules or statutes; or and~~
 - ~~63.~~ all permit holders of record with the Commission on January 1, 2006 who were assessed annual fees in accordance with section (h) of this rule and paid such fees, and who were not in violation of any Commission order or rule at the time the fees were paid.
- e. Financial Assurance shall be submitted and payable to the Commission in the form of:
 - 1. A surety bond issued by a surety company authorized to transact business in Arkansas; or
 - 2. An irrevocable letter of credit subject to the following conditions:

- A. The letter of credit shall be issued by a bank whose deposits are insured by the Federal Deposit Insurance Corporation.
- B. The letter of credit shall provide on its face that the Commission, its lawful assigns, or the attorneys for the Commission or its assigns, may sue, waive notice and process, appear on behalf of, and confess judgment against the issuing bank (and any confirming bank) in the event that the letter of credit is dishonored. The letter of credit shall be deemed to be made in Union County, Arkansas for the purpose of enforcement and any actions thereon shall be enforceable in the Courts of Arkansas, and shall be construed under Arkansas law.
- C. The letter of credit shall be on a form prescribed by the Director of Production and Conservation.

3. A Certificate of Deposit subject to the following conditions:

- A. The Director of Production and Conservation or his designee shall require that certificate of deposit be made payable to or assigned to the Commission both in writing and upon the records of the bank issuing the certificate. If assigned, the Director of Production and Conservation or his designee shall require the banks issuing these certificates to waive the rights of setoff or liens against those certificates.
- B. The Director of Production and Conservation or his designee shall not accept an individual certificate of deposit in an amount in excess of the maximum insurable amount as determined by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.
- C. Any interest accruing on a certificate of deposit shall be for the benefit of the permit holder except that accrued interest shall first be applied to any prepayment penalty when a certificate of deposit is forfeited by the Commission.
- D. The Certificate of deposit, if a negotiable instrument, shall be placed in the Commission's possession. If the certificate of deposit is not a negotiable instrument, a withdrawal receipt, endorsed by the permit holder, shall be placed in the Commission's possession.

4. Cash submitted in the form of personal or corporate check, money order, or cashiers check to be deposited in the Commission's authorized bank account.

f. Financial Assurance shall be required for:

- 1. all holders of permits to drill and/or operate gas well(s), and all Class II disposal wells injecting fluids associated with dry gas production wells; and
- 2. all permit holders of commercial Class II disposal wells; and
- 3. all permit holders of brine production and Class V brine disposal well(s), and
- 4. all permit holders of other types of wells or exploratory holes or wells, and

5. all permit holders of liquid hydrocarbons production wells and Class II disposal and enhanced oil recovery injection wells operated in conjunction with liquid hydrocarbon wells, whom have not been a permit holder of record with the Commission for a minimum of two calendar years preceding the date of the application specified in section (b) above.

g. When a permit holder is required to submit Financial Assurance, the minimum amount of the Financial Assurance shall be:

1. \$3,000 per well for an oil ~~and~~/or gas production well, Class II UIC SWD well associated with liquid hydrocarbon wells, Class II UIC Enhanced Recovery well; ~~brine production well, or~~ water supply well used in connection with an enhanced oil recovery project, or other type of exploratory hole or well; or a blanket financial assurance for oil or gas production, Class II Enhanced Recovery and water supply wells as follows:

- A. \$25,000 for 1-25 wells; or
B. \$50,000 for 26-100 wells; or
C. \$100,000 for 101 or more wells.

2. \$25,000 per well for a brine production or blanket financial assurance for brine production or supply wells as follows:

- A. \$250,000 for 1-25 wells; or
B. \$500,000 for 26-50 wells; or
C. \$1,000,000 for 51 or more wells.

32. \$25,000 per well for a Class II Disposal not associated with liquid hydrocarbon wells, or Class V Brine ~~Disposal~~ Injection wells; ~~or~~

- 43 \$50,000 per well for a Class II Commercial Disposal well; ~~or~~, plus an additional financial assurance for the associated surface facilities as follows:

- A. \$50,000 for 1,000 bbls of on-site tank storage; or
B. \$100,000 for over 1,000 up to 2,000 bbls of on-site tank storage; or
C. \$250,000 for over 2,000 bbls of on-site tank storage, plus
D. An additional \$150,000 if a sump or dump vat is utilized at the site to off-load fluids.

4. ~~A blanket financial assurance as follows:~~

- E. ~~— \$25,000 for 1-25 wells; or~~

~~F. — \$50,000 for 26-100 wells; or~~

~~G. — \$100,000 for 101 or more wells.~~

5. The Director of Production and Conservation or his designee is authorized to approve administratively each financial assurance instrument required to be filed with the Commission. The Director is further authorized to require additional financial assurance based on but not limited to how long a permit holder has operated in the State, environmental consideration of the well location or surface storage facilities, and other environmental, engineering or geological factors impacting the cost of plugging the well and restoring the associated well site or storage facility, and the compliance history of the permit holder.

~~h. — The Director of Production and Conservation or his designee is authorized to approve administratively each financial assurance instrument required to be filed with the Commission. The Director is further authorized to require additional financial assurance based on but not limited to how long a permit holder has operated in the State, environmental consideration of the well location, and other factors impacting the cost of plugging the well and restoring the associated well site, and the compliance history of the permit holder.~~

- h. Effective January 1, 2006, financial assurance in the form of annual fees shall be paid, by all permit holders of liquid hydrocarbon wells and any Class II Disposal or Class II Enhanced Recovery wells associated with liquid hydrocarbon wells, as follows:

1. Fees shall be assessed annually for all issued permits and wells of record as of January 1 of each year.
2. All assessed fees shall be paid in full by March 1 of each year, after which time the permit holder's Authority to Produce and Transport and Authority to Dispose and/or Inject will be terminated until all delinquent fees are paid.
3. The permit holder shall remain liable for the payment of such fees until the well or wells under permit to the permit holder are plugged and restored; or the well or wells have been transferred to a new permit holder pursuant to Commission rules. Liability for payment of annual well fees ceases on the date when the well has been plugged and restored, or on the effective date stated on the Commission's Notification of Transfer form.
4. If a permit holder's fee check is returned due to insufficient funds or because payment was stopped, the permit holder is required to repay fees for that year by cashiers check or money order.

- i. A permit holder may administratively contest the amount of the fee assessment as follows:

1. By submitting a written objection to the assessment amount on or before March 1 of each year. The objection must be accompanied by the full assessed amount.
2. The objection must be in writing, signed by the permit holder, or by an individual authorized to sign for the permit holder, and must identify the nature of the objection.

The written objection must include a statement of the facts supporting the objection and copies of any relevant documents to support the objection.

3. The Director of Production and Conservation or his designee shall review the application, and has the authority to amend the fee assessment and refund any monies due the permit holder.
- j. The amount of annual fees assessed each January 1 to all permit holders of liquid hydrocarbon and associated Class II wells shall be as follows:
- | | | |
|----|------------------------------|------------------|
| 1. | 1–5 Permits or Wells | \$100/Well |
| 2. | 6–15 Permits or Wells | \$750/Operator |
| 3. | 16-50 Permits or Wells | \$1,250/Operator |
| 4. | 51-150 Permits or Wells | \$2,000/Operator |
| 5. | 151-300 Permits or Wells | \$3,000/Operator |
| 6. | 301 or more Permits or Wells | \$4,000/Operator |
- k. Permit holder's failure to comply with the Commission's order to plug, replug or repair a well, or to restore a well site, within thirty (30) days of the issuance of such order constitutes grounds for forfeiture of the financial assurance held by the Commission, as follows:
1. The Director shall send written notification by certified mail, return receipt requested, to the Permit Holder and the issuer of the financial assurance, if any, informing them of the Director's determination to forfeit the financial assurance for failure to comply with the above Commission Order.
 2. The Director may allow the financial assurance issuer to undertake necessary plugging, replugging, repair or site restoration work if the financial assurance issuer can demonstrate an ability to complete such work in accordance with Commission rules. No financial assurance liability shall be released until the successful completion of all plugging, replugging, repair or site restoration ordered by the Commission.
 3. In the event forfeiture of the financial assurance is warranted under the provisions of this rule, the Director shall afford the permit holder the right to a hearing, if such hearing is requested in writing by the Permit Holder within fifteen (15) days after the forfeiture notification is mailed in accordance with subsection (1). If the permit holder does not request a hearing within the fifteen (15) day period, the Director shall issue a final decision ordering forfeiture and collection of funds. If a hearing is requested by the permit holder, the hearing shall be docketed for the next regularly scheduled Commission hearing.
 4. At the forfeiture hearing, the Director shall present evidence in support of the determination for financial assurance forfeiture. The Permit Holder shall present evidence contesting the Director's determination. The Commission may administer oaths and affirmations, subpoena witnesses and written or printed materials, compel attendance

of witnesses or production of those materials, compel discovery, and take evidence, necessary to render a decision.

5. Within thirty (30) days after the close of the record for the forfeiture hearing, the Commission shall issue findings of fact, conclusions of law and the disposition of the case.

(Source: 1992 rule book; amended (Order 27-95) June 20, 1995; amended (Order 4-99) March 23, 1999; amended January 15, 2006; amended October 15, 2006; amended November 16, 2008; amended June 5, 2009)



OIL & GAS COMMISSION

Sarah Huckabee Sanders
GOVERNOR

Shane E. Khoury
SECRETARY

Proposed amendment to OGC GENERAL RULE B-2: “PROOF OF FINANCIAL RESPONSIBILITY REQUIRED TO BE FURNISHED”

April, 2024

PURPOSE AND AUTHORITY

The Department of Energy and Environment, Oil and Gas Commission (“OGC” or “Commission”) proposes this rulemaking regarding General Rule B-2: “Proof of Financial Responsibility Required to be Furnished.” This rule establishes the specific financial responsibility requirements and procedures that must be met in order to satisfy the requirement of furnishing proof of financial responsibility set forth in Ark. Code Ann. § 15-72-204. The Oil and Gas Commission has rulemaking authority pursuant to Ark. Code Ann. § 15-71-110(d).

BACKGROUND

OGC General Rule B-2: “Proof of Financial Responsibility Required to be Furnished,” sets-forth the standards and procedures for furnishing proof of financial responsibility regarding oil, gas and disposal wells, and surface facilities servicing those wells. The rule implements the statutory financial responsibility requirement referred to above. The rule allows for the Commission to require financial responsibility for all operators and applicants for drill permits or to transfer ownership, and to require that the operators ultimately provide the financial resources necessary to plug wells and restore the surface after the production has ended. The rule distributes the responsibility for restoration to the entities that have benefitted financially from the production or operation of the well facility.

THE PROPOSED RULE AMENDMENTS

Subsection (c) of General Rule B-2 is amended to clarify that the financial assurance may remain in place for longer than one (1) year if the well is not drilled. Subsection (d) is amended to provide greater clarity regarding the conditions that must be met in order to release the financial assurance. Subsection (g)(1) is amended to add Class II UIC SWD wells associated with liquid hydrocarbons, water supply wells associated with an enhanced oil recovery project, and blanket financial assurance for oil or gas production or Class II Enhanced Recovery and water supply wells. Subsection (g)(2) is added to require for financial assurance for brine production wells. Section (g)(4) is amended to require for additional financial assurance for the surface facilities of Class II Commercial Disposal wells.

NECESSITY AND PRACTICAL IMPACT OF RULE AMENDMENTS

The rule amendment will allow the Commission to satisfy its statutory duties as set forth in Ark. Code Ann. § 15-72-204. This statute requires that before a permit to drill is issued, all operators doing business in this state file a proof of financial responsibility with the Commission. The rule amendments provide the

standards and methods to allow operators of all covered wells to satisfy this statutory duty.

Specifically, the rule is being amended to allow for the bonding of salt water disposal (SWD) well surface facilities that will be regulated by the Commission with the amendment of General Rule H-1. These facilities are currently regulated by the Division of Environmental Quality and owners are not required to post a bond or covered under any other form of financial assurance. The rule amendment will streamline the regulatory process so that adequate financial bonding is in place to facilitate remediation of the well and surface facilities of the drilling site should the site be abandoned, and the operator become insolvent.

Rule B-2 is also being amended to increase the bonding requirements for brine production wells in response to increased brine production resulting for Lithium processing. These brine production wells require a greater level of financial assurance because of the increased cost associated with plugging this type of well.

RECOMMENDATION

The Oil and Gas Commission recommends that the proposed amendments to General Rule B-2 be approved.



OIL & GAS COMMISSION

Sarah Huckabee Sanders
GOVERNOR

Shane E. Khoury
SECRETARY

NOTICE OF RULE CHANGE Request for Public Comment

The Oil and Gas Commission (“OGC” or “Commission”) has proposed amendments to Commission General Rule B-2, “Proof of Financial Responsibility Required to be Furnished.” The rule amendments are promulgated to allow the Oil and Gas Commission to satisfy the requirement of furnishing proof of financial responsibility set forth in Ark. Code Ann. § 15-72-204. The rule amendments add requirements for Class II UIC SWD wells associated with liquid hydrocarbon wells and brine production wells, allows the Commission to require financial assurance for surface facilities of Class II Commercial Disposal wells, and clarifies requirements for release of financial assurance.

Pursuant to the Arkansas Administrative Procedures, Arkansas Code § 25-15-201, et seq., and Oil and Gas Statute Arkansas Code § 15-71-110 and § 15-71-111, the OGC by this notice solicits comments of any interested party to the proposed rule amendments by submitting comments in writing on or before the end of the public comment period, which is September 2, 2024. Comments sent by regular mail should be sent to Lawrence Bengal at the address below.

Full and complete copies of the proposed general rule are available for inspection and review at the OGC offices in North Little Rock, Arkansas, at 5301 Northshore Drive, phone 501-683-5814; or may be viewed on the OGC website at <https://www.aogc.state.ar.us/rules/new.aspx>.

A public hearing will be held on August 29, 2024, beginning at 3:00 p.m., Central Time, to accept comments on the rulemaking. The hearing will be held in the Commission Room at the Department of Energy and Environment headquarters building at 5301 Northshore Drive, North Little Rock, AR 72118, phone number 501-683-5814. Written and oral statements may be submitted regarding the proposed rulemakings to the Presiding Officer for consideration at the Public Hearing. If the hearing is postponed and rescheduled, a new legal notice will be published to announce the details of the new hearing date.

Written comments may also be submitted to Shannon Raglin by e-mail [at Shannon.Raglin@aogc.state.ar.us](mailto:Shannon.Raglin@aogc.state.ar.us), until 11:59 p.m., on September 2, 2024, and must also include the commentator’s name, mailing address, and e-mail address.

By: Lawrence E. Bengal, Director
Production and Conservation
Oil and Gas Commission
5301 Northshore Drive
North Little Rock, Arkansas 72118