

Kansas Administrative Regulations

Kansas Corporation Commission

Article 3.—Production and Conservation of Oil and Gas

82-3-101. Definitions.

(a) As used in these regulations, the following definitions shall apply:

(1) "Acreage factor" means the quotient obtained by dividing the acreage attributable to a well by the basic acreage unit as defined in K.A.R. 82-3-207 and K.A.R. 82-3-312 or as decided by the commission on a case-by-case basis in the basic proration order for the common source of supply in which the well is located.

(2) "Allowable" means the amount of oil or gas authorized to be produced by order of the commission.

(3) "Allowable period" means the time in which the allowable may be produced.

(4) "Alternate cementing materials" means materials used in lieu of portland cement blends, as prescribed by commission order, dated March 29, 1985, Docket No. 34,780-C (C-1825), which is adopted by reference.

(5) "Artesian pressure" means groundwater under sufficient hydrostatic head to rise above the rock unit containing the aquifer.

(6) "Assessment" means any charge against the parties involved in any hearing, application, investigation, or the enforcement of an order, and the assessment on natural gas and oil produced to pay the costs associated with the administration of the oil or gas conservation act.

(7) "Attributable acreage" means the acreage assigned to a well in accordance with the well spacing program for each of the prorated fields.

(8) "Casing" means tubular materials used to line a well bore.

(9) "Casinghead gas" means gas produced that was in solution with oil in its original state in the reservoir.

(10) "Cement" means portland cement or a blend of portland cement used in the oil and gas industry to support and protect casing and to prevent the migration of subsurface fluids by the formation of an impermeable barrier.

(11) "Coalbed natural gas" means natural gas produced from either coal seams or associated shale.

(12) "Coarse ground bentonite" means a nontreated swelling sodium montmorillonite that exhibits the following properties:

(A) A moisture content between 13 and 17 percent by dry weight;

(B) a clay aggregate particle size between $\frac{3}{8}$ and $\frac{7}{8}$ of an inch;

(C) a pH of 9 or less; and

(D) an inert solid percentage of less than 0.15 percent.

(13) "Commingling" means the mixing of production from more than one common source of supply.

(14) "Commission" means the state corporation commission.

(15) "Common source of supply" means each geographic area or horizon separated from any other area or horizon that contains, or appears to contain, a common accumulation of oil, gas, or both.

(16) "Confining layer" means a formation that serves as a barrier between water-, oil-, or gas-bearing formations.

(17) "Conservation division" means the division of the commission in charge of the administration of the oil and gas conservation acts, the protection of fresh and usable water, well plugging, saltwater disposal, enhanced recovery, and surface ponds.

(18) "Contractor" means any person who acts as an agent for an operator as a drilling, plugging, service rig, or seismograph contractor in the operator's oil and gas operations.

(19) "Core" means a continuous section of formation recovered during drilling.

(20) "Core hole" means a hole drilled with the intention of collecting geologic information by the recovery of cores.

(21) "Correlative rights" means the privilege of each owner or producer in a common source of supply to produce from that supply only in a manner or amount that will not have any of the following effects:

(A) Injure the reservoir to the detriment of others;

(B) take an undue proportion of the obtainable oil or gas; or

(C) cause undue drainage between developed leases.

(22) "Day" means a period of 24 consecutive hours.

(23) "Deliverability" means the amount of natural gas, expressed in Mcf per day, that a well is capable of producing into a pipeline, while maintaining a back pressure against the wellhead. The amount of back pressure to be maintained and the test procedure shall be specified by the commission in the basic proration order for the common source of supply in which the well is located.

(24) "Department" means the Kansas department of health and environment.

(25) "Dike" means a permanent structure that meets the following conditions:

(A) Is constructed at or above the surface of the earth and totally encloses production facilities or lease equipment; and

(B) is used to temporarily contain fluids resulting from oil and gas activities and discharged as a result of unforeseen circumstances.

If there is any excavation below the surface of the earth within the containment area, the dike shall be considered an emergency pit and shall require a permit in accordance with K.A.R. 82-3-600.

(26) "Director" means the director of the conservation division of the commission.

(27) "Division order" means a dated, written statement, duly signed by the owners and delivered to the purchasers, certifying and guaranteeing the interests of ownership of production and directing payment according to those interests.

(28) "Drilling time log" means the chronological tabulation or plotting of the rate of penetration of subsurface rocks by the rotary bit.

(29) "Enhanced recovery" means any process involving the injection of fluids into a pool to increase the recovery of oil or gas.

(30) "Exploratory hole" means a hole drilled for the purpose of obtaining geological information in connection with the exploration for or production of oil or gas.

(31) "Field" means a geographic area containing one or more pools.

(32) "First purchaser" means the person holding the division order and issuing checks to pay any working or royalty interest.

(33) "Fluid" means a material or substance that flows or moves in a semisolid, liquid, sludge, or gas state.

(34) "Freshwater" means water containing not more than 1,000 milligrams of total dissolved solids per liter. This upper limit is approximately equivalent to 1,000 parts of salt per million or 500 parts of chlorides per million.

(35) "Gas" means the gas obtained from gas or combination wells, regardless of its chemical analysis.

(36) "Gas (cubic foot)" means the volume of gas contained in one cubic foot of space at a standard pressure base and at a standard temperature base. The standard pressure base shall be 14.65 pounds per square inch absolute, and the standard temperature base shall be 60 degrees Fahrenheit.

(37) "Gas-oil ratio" means the ratio of gas produced, in cubic feet, to one barrel of oil produced during the concurrent period.

(38) "Gas (sour)" means either of the following:

(A) Any natural gas containing more than 1½ grains of hydrogen sulfide per 100 cubic feet or more than 30 grains of total sulphur per 100 cubic feet; or

(B) gas that is found by the commission to be unfit for sale due to its hydrogen sulfide content.

(39) "Illegal production" means any production in violation of the statutes, rules, regulations, or orders of the commission.

(40) "Injection" means injection of fluids or natural gas for enhanced recovery, or disposal of brines or fluids into an injection well.

(41) "Liquid" means a solution or substance, excluding gas, that flows freely at standard temperature and pressure.

(42) "Mousehole" means a service hole drilled at a slight angle and normally about 30 feet deep on those wells drilled by rotary tools.

(43) "Mud-laden fluid," as the term is commonly used in the industry, means any commission-approved mixture of water and clay, and may include additional materials that will effectively seal a formation to which they are applied.

(44) "Multiple completion" means the completion of any well that permits production from two or more common sources of supply with the common sources of supply completely segregated.

(45) "Oil (crude)" means any petroleum hydrocarbon that is produced from a well in liquid phase and that existed in a liquid phase in the reservoir.

(46) "Oil (pipeline)" means oil free from water and basic sediment to the degree that it is acceptable for pipeline transportation and refinery use.

(47) "Open flow" means the volume of gas that a gas well is capable of producing at the wellhead during a period of 24 hours against atmospheric pressure, computed according to the standard procedure approved by the commission.

(48) "Operator" means a person who is responsible for the physical operation and control of a well, gas-gathering system, or underground natural gas storage facility.

(49) "Overage" or "overproduction" means the oil or gas produced in excess of the allowable.

(50) "Person" means any natural person, corporation, association, partnership, governmental or political subdivision, receiver, trustee, guardian, executor, administrator, fiduciary, or any other legal entity.

(51) "Pipeline" means any pipes above or below the ground used or to be used for the transportation of oil or gas in either a liquid or gaseous state.

(52) "Pit" means any constructed, excavated, or naturally occurring depression upon the surface of the earth, which shall include surface ponds as referenced in K.S.A. 55-171 and amendments thereto.

(A) "Burn pit" means a pit used for the temporary confinement of oil leakage at a lease site or of materials commonly known as tank bottoms, basic sediment, bottom sediment, bottom settlings, or paraffin, for the purpose of burning these contents.

(B) "Containment pit" means a temporary pit constructed to aid in the cleanup and to temporarily contain fluids resulting from oil and gas activities that were spilled as a result of immediate, unforeseen, and unavoidable circumstances.

(C) "Drilling pit" means any pit, including working pits and reserve pits, used to temporarily confine fluid or exempt exploration and production waste resulting from oil and gas activities, or store spent drilling fluids generated during the drilling or completion of any oil and gas exploratory hole, service well, or storage well.

(D) "Emergency pit" means a permanent pit that is used for the emergency storage of oil or saltwater, or both, discharged as a result of any equipment malfunction.

(E) "Haul-off pit" means a pit used to store spent drilling fluids and cuttings transferred from working pits or steel pits at a well location whose surface geologic conditions or near surface geologic conditions, or both, preclude the use of an earthen reserve pit.

(F) "Reserve pit" means a pit used to store spent drilling fluids and cuttings transferred from working pits and permitted as a drilling pit.

(G) "Settling pit" means a pit used for the collection or treatment of fluids, or both, resulting from oil and gas activities.

(H) "Working pit" means a pit used to temporarily confine fluids or refuse resulting from oil and gas activities during the drilling or completion of any oil, gas, exploratory, service, or storage well and permitted as a drilling pit.

(I) "Workover pit" means a pit used to contain fluids during the performance of remedial operations on a previously completed well.

(53) "Pool" means a single and separate natural reservoir of oil or gas characterized by a single pressure system.

(54) "Producer" means any person who owns, in whole or in part, a well capable of producing oil or gas, or both.

(55) "Production" means produced oil, gas, condensate, or casinghead gas.

(56) "Productivity of a well" means the daily capacity of a well to produce oil or gas.

(57) "Productivity of a pool" means the sum of the productivities of the wells completed in the pool.

(58) "Proration" means the regulation of the amount of allowed production to prevent waste or to prevent any of the following in a manner that would favor any one pool as compared to any other pool in this state:

(A) Undue drainage between developed leases;

(B) unratable taking; or

(C) unreasonable discrimination between or among operators, producers, and royalty owners who are within a common source of supply.

(59) "Purchaser" means any person who purchases production from a well, lease, or common source of supply.

(60) "Rathole" means the service hole drilled at a slight angle and normally about 40 feet deep on those wells drilled by rotary tools.

(61) "Reasonable market demand" means the amount of crude petroleum or natural gas that must be produced to satisfy current rates of consumption.

(62) "Recompletion" means that a well is reworked for the purpose of developing new zones after its initial well completion.

(63) "Refuse" means any exempt exploration and production waste, as defined in 40 C.F.R. 261.4(b)(5), published July 1, 2000, and hereby adopted by reference, generated from oil and gas activities, including produced or nonproduced accumulated water in a pit or dike.

(64) "Seismic shot hole" means the borehole in which an explosive is detonated for the purpose of generating a seismic signal.

(65) "Sensitive groundwater area" means a geographic area designated by the commission as having hydrogeologic, climatic, soil, and other characteristics that make the area's fresh and usable groundwater vulnerable to pollution from oil and gas activities.

(66) "Shortage" means the amount by which the oil or gas legally produced and either sold or removed from the premises is less than the allowable.

(67) "Solid" means a material or substance that does not flow freely at standard temperature and pressure.

(68) "Special order" means an order directed to specifically named persons or to a group that does not constitute a general class and that is dispositive of a particular matter as applied to a specific set of facts.

(69) "Spill" means any escape of saltwater, oil, or refuse by overflow, seepage, or other means from the vicinity of oil, gas, injection, service, or gas storage wells, or from tanks, pipelines, dikes, or pits, if the wells, tanks, pipelines, dikes, or pits are involved in or related to any of the following:

(A) The exploration or drilling for oil or gas;

(B) the lease storage, treatment, or gathering of oil or gas; or

(C) the drilling, operating, abandonment, or postabandonment of wells. For purposes of this regulation, "vicinity" means the area within six feet of the wellhead.

(70) "Spud date" means the date of first actual penetration of the earth with a drilling bit.

(71) "Storage oil" means produced oil confined in tanks, reservoirs, or containers.

(72) "Storage oil (lease)" means produced oil in tanks, reservoirs, or containers on the lease where it was produced.

(73) "Stratigraphic hole" means a hole, normally of small diameter, that is drilled through subsurface strata for exploratory purposes, with no intent to produce hydrocarbons through the hole being drilled, and does not utilize a detonated explosive for generating a seismic signal.

(74) "Surface casing" is the first casing put in a well that is cemented into place. It serves to shut out shallow water formations. It also acts as a foundation or anchor for all subsequent drilling activity. For purposes of compliance with K.A.R. 82-3-106, additional strings of casing that are set and cemented in a well bore below the lowest fresh and usable water strata shall be deemed to be surface casing.

(75) "Tertiary recovery process" means the process or processes described in K.S.A. 79-4217, and amendments thereto.

(76) "Underage" and "under production" mean the difference between the assigned oil or gas allowable volume and the actual oil or gas production volume if the actual oil or gas production volume is less than the assigned oil or gas allowable volume.

(77) "Undue drainage" means the uncompensated migration of either oil or gas between or among developed leases within the same common source of supply caused by the unratable production of any well or wells located on one or more of the leases.

(78) "Usable water" means water containing not more than 10,000 milligrams of total dissolved solids per liter. This upper limit is approximately equivalent to 10,000 parts of salt per million or 5,000 parts of chlorides per million.

(79) "Waste oil" means any tank bottom; basic sediment; cut oil; reclaimed oil from pits, ponds, or streams; dead oil; emulsions; or other types of oil not defined as pipeline oil.

(80) "Waterflood" means the process of injecting fluids into one or more wells to enhance the recovery of oil.

(81) "Well" means any hole or penetration of the surface of the earth for geological, geophysical, or any oil and gas activity.

(A) "Combination well" means a well that produces both oil and gas, excluding casinghead gas, from the same common source of supply.

(B) "Discovery well" means the first well completed in a common source of supply that is not in communication with any other common source of supply.

(C) "Disposal well" means a well into which those fluids brought to the surface in connection with oil and natural gas production are injected, for purposes other than enhanced recovery.

(D) "Enhanced recovery injection well" means a well into which fluids are injected to increase the recovery of hydrocarbons.

(E) "Gas well" means a well that meets either of the following criteria:

(i) Produces gas not associated with oil at the time of production from the reservoir;
or

(ii) produces more than 15,000 standard cubic feet of gas to each stock tank barrel of oil from the same common source of supply, as measured by the gas-oil ratio test prescribed by and reported on the form furnished by the commission.

(F) "Hardship well" means a well authorized by commission order to produce at a specified rate because reasonable cause exists to expect that production below the specified rate would damage the well and cause waste.

(G) "Injection well" means a well that is used for any of the following:

(i) To inject brine or other fluids that are brought to the surface in connection with natural gas storage operations or oil or natural gas production and that may be commingled with waste waters from gas plants that are an integral part of production operations, unless those waste waters are classified as a hazardous waste at the time of injection;

(ii) to conduct enhanced recovery operations for oil or natural gas;

(iii) to store hydrocarbons that are liquid at standard temperature and pressure;

(iv) to conduct simultaneous injection operations; or

(v) to inject permitted fluids.

(H) "Minimum well" means any oil well that has a productivity of 25 barrels or less per day.

(I) "Oil well" means a well that has produced one stock tank barrel or more of crude oil to each 15,000 standard cubic feet of gas, as measured by the gas-oil ratio test prescribed by and reported on the form furnished by the commission. One stock tank barrel is equivalent to 42 U.S. gallons measured at 60 F.

(J) "Service well" means a well drilled for any of the following:

- (i) The injection of fluids in enhanced recovery projects;
- (ii) the supply of fluids for enhanced recovery projects; or
- (iii) the disposal of saltwater.

(K) "Storage well" means a well used to inject or extract natural gas for storage purposes.

(82) "Wellhead working pressure" means the static pressure in the annulus while flowing through the tubing, or static pressure in the tubing while flowing through the annulus, except in cases in which the casinghead is not in open communication with the producing formation because of the presence of a packer or other obstruction in the annular space between the casing and tubing. In these cases, the wellhead working pressure shall be determined by adjusting the observed tubing pressure for the effect of friction caused by flow through the tubing, or by using a bottom-hole pressure bomb and correcting back to wellhead conditions.

(83) "Well history" means the chronological record of the development and completion of a well.

(84) "Well log" means the written record progressively describing the well's down-hole development.

(b) Any term not defined in this regulation or in any applicable commission rule, regulation, or order shall be interpreted to be consistent with its common use in the industry.

(Authorized by K.S.A. 55-152, 55-602, 55-604, 55-704, and 55-901; implementing K.S.A. 55-152, 55-171, 55-172, 55-602, 55-704, 55-901, and 74-623; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended, T-84-19, July 26, 1983; amended May 1, 1984; amended May 1, 1985; amended May 1, 1986; amended, T-87-46, Dec. 19,

1986; amended May 1, 1987; amended May 1, 1988; amended May 8, 1989; amended April 23, 1990; amended July 29, 1991; amended March 20, 1995; amended Oct. 25, 1996; amended March 19, 1999; amended April 23, 2004; amended Dec. 22, 2006.)

***** Authenticated Kansas Administrative Regulation *****