

**STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY**

Supervisor of Wells Instruction 1-2004

Conditions for Approval of Temporarily Abandoned Status for Oil and Gas Wells

Purpose

The purpose of this Supervisor of Wells Instruction is to provide consistent standards for the approval of temporarily abandoned status for oil and gas wells.

Background

Part 615, Supervisor of Wells, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended requires the Supervisor of Wells (Supervisor) to prevent waste. Abandoned and improperly plugged wells are potential sources of both surface waste and underground waste as those terms are defined. Waste can also occur, however, through the premature plugging of wells that have future potential use. For this reason, the Supervisor must carefully evaluate each request received for temporarily abandoned status. Rule 324.209 under Part 615 provides that a well that has not been used for its intended purpose for over 12 consecutive months shall be plugged unless the well is granted temporarily abandoned (TA) status by the Supervisor. The initial term for TA shall not exceed one year except for wells awaiting connection to a sales line whose initial term can be up to 5 years. An applicant may request TA for a term of up to 5 years. The permittee of a well requesting TA status must be eligible for permits.

The following rules address the timing of the plugging and abandonment of a well:

R 324.102 Definitions; A to M.

(p) "Final completion" means the time when locating, drilling, deepening, converting, operating, producing, reworking, plugging, and proper site restoration have been performed on a well in a manner approved by the supervisor, including the filing of the mandatory records, and when the conformance bond has been released.

R 324.209 Temporary abandonment status.

(1) A permittee of a well that has not been used for its permitted purpose during 12 consecutive months shall plug the well, unless the well is granted temporary abandonment status. Temporary abandonment status shall be allowed only upon written application to, and approval of, the supervisor or authorized representative of the supervisor.

(2) The term of the initial temporary abandonment status shall not be more than 12 months, unless the well is shut-in awaiting the connection of a sales line. For a well that is shut-in awaiting connection of a sales line, the term of the initial temporary abandonment status shall be up to and including 60 months.

(3) Extensions for temporary abandonment status beyond the initial term provided in subrule (2) of this rule may be granted by the supervisor if, after application by the permittee, the supervisor determines that waste shall be prevented. When approving the extensions, the supervisor may require special actions and monitoring by the permittee to ensure the prevention of waste.

R 324.903 Commencement of plugging operations.

(1) A permittee of a well shall commence plugging operations within 90 days after drilling completion or well completion as a dry hole, when the well has not economically produced or has not been utilized for its permitted use for more than 12 consecutive months, when a change of well status has not been granted, or when the permitted use has been suspended for more than 12 consecutive months. The supervisor may require, or a permittee may submit, proof that is necessary to determine if the well is being economically produced.

(2) After receiving a written request showing just cause why the well should not be plugged, the supervisor or authorized representative of the supervisor may grant temporary abandonment status pursuant to R 324.209 or require completion of the plugging operations.

R 324.1003 Restoration of well site; filling and leveling of cellars, pits, and excavations; removal of debris.

A permittee of a well shall fill and level the cellar and all pits and excavations, remove or eliminate debris, minimize erosion, and restore the well site as nearly as practicable to the original land contour or to a condition approved by the supervisor or authorized representative of the supervisor as soon as practical after the completion of plugging to the surface, but not more than 6 months after the completion of plugging to the surface.

This Supervisor's Instruction sets forth criteria for approval of TA status, to ensure that TA wells will not cause waste or become a future obligation of the State of Michigan to bring the well to final completion.

Instruction

- I. For a well to be considered for routine TA approval, the following criteria must be satisfied:
 1. The well must qualify for TA under one or more of the following categories. The permittee shall demonstrate how a well qualifies for TA status:
 - Mechanical back-up well
 - Future deepening or re-completion
 - Conversion to another well type
 - Connection to sales line
 - Processing constraints
 - Conversion to secondary recovery or gas storage
 - Future use as a monitor or observation well
 2. The permittee applies for TA prior to receiving a Notice of Non-Compliance for failure to plug or utilize the well, which was issued more than six months after the effective date of this Instruction.
 3. Not more than ten percent of a permittee's wells may be held TA at one time.
 4. Wells that have been plugged to the surface but are not in compliance with R 324.1003 or for which all required records have not been filed shall be included in the calculation for the total number of wells which may be held TA according to the following formula: $(\text{Proposed TA Wells} + \text{Plugged Wells Not in Compliance}) \div \text{Total Unplugged Wells} \leq 10\%$. Wells plugged to the surface are not required to receive TA

approval. Wells which are plugged back or partially plugged, are considered unplugged wells and are subject to TA approval.

5. For wells that have been, or will be held idle for a cumulative period greater than five years, the permittee shall verify the liquid fluid level is at least 100 feet below the deepest freshwater zone.
- II. Wells that do not fit the criteria in Part I for routine TA approval may be considered for TA as an exception only after submittal of an evaluation, formal agreement, or other documentation acceptable to the Supervisor that demonstrates how the proposed plan to hold the well in TA status (TA Plan) will prevent waste and will prevent the well from becoming a future obligation of the State of Michigan to bring to final completion. Wells considered for TA as an exception to the criteria in Part I above may require additional bonding.
- III. The following requirements shall apply to all wells that are granted TA status, whether as a routine approval or as an exception:
 - All tanks and vessels that serve a TA well must be drained of all fluids unless another active well uses the same tanks or vessels.
 - The well sites shall continue to be maintained in compliance with all applicable rules.
 - Wells containing more than 300 parts per million by volume hydrogen sulfide -may require additional measures to prevent waste and to protect human health and safety.
 - Permits for wells with approved TA status may not be transferred to a new permittee until the acquiring owner has met the criteria in this Instruction.
 - The permittee shall maintain the mineral rights leases, agreements, and easements necessary to access, produce and plug the well.
 - Failure to meet the conditions of this Instruction may result in the Supervisor rescinding TA status for a well.
- IV. The Supervisor will not commence enforcement of Rule 324.903 until six months after the effective date of this Instruction to allow permittees an opportunity to bring their wells into compliance. Permittees are encouraged to provide the District Geologist with a listing of wells that have not been utilized for their intended purpose for over twelve months, and to submit requests for TA and provide TA plans as needed.

This Instruction is issued in addition to and in conjunction with all other applicable provisions of Part 615, and all applicable administrative rules promulgated thereunder. It does not affect existing approved TA requests or existing formal written agreements with the Supervisor.

THIS INSTRUCTION IS EFFECTIVE JANUARY 1, 2005.

Date: December 15, 2004



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ASSISTANT SUPERVISOR OF WELLS