

**STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY**

SUPERVISOR OF WELLS INSTRUCTION 1-2004 (AMENDED)

**CONDITIONS FOR APPROVAL OF TEMPORARY 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 temporary abandoned status for oil and gas wells, under the authority of Part 615, Supervisor of Wells, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA), and the administrative rules promulgated thereunder.

Applicable Statute and Rule

Section 61506 of Part 615 states:

The supervisor shall prevent the waste prohibited by this part. To that end, acting directly or through his or her authorized representatives, the supervisor is specifically empowered to do all of the following: (a) To promulgate and enforce rules, issue orders and instructions necessary to enforce the rules, and do whatever may be necessary with respect to the subject matter stated in this part to implement this part, whether or not indicated, specified, or enumerated in this or any other section of this part...

R 324.1301 of the administrative rules promulgated under Part 615 states:

The supervisor, under section 61506 of the act, may do any of the following:

- (a) Enforce all rules, issue orders, determinations, and instructions necessary to enforce the rules and regulations, and do whatever may be necessary with respect to the subject matter stated in these rules to carry out the purposes of these rules and the act, whether or not the orders, determinations, or instructions are indicated, specified, or enumerated in the act or rules...

The following rules address the timing of the plugging and abandonment of an oil and gas well:

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.
3. A permittee may petition the supervisor for a hearing to show cause why the well should not be plugged.

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

Background

Part 615 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 (TA) status.

In recent times, there have been instances where an operator may wish to request TA status for future conversion to a carbon dioxide secondary recovery well, a carbon dioxide geologic sequestration well, or other storage well not regulated under Part 615. Administrative Rule 324.903 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 TA status by the Supervisor. According to Administrative Rule 324.209, 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.

This Supervisors of Wells 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.

Definitions

As used in this Instruction and according to administrative rules:

“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.

Other terms used in this Instruction have the same meaning as in the administrative rules promulgated under Part 615.

Applicability of Instruction

This Instruction applies to oil and gas operations commenced after the effective date of the Instruction. 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 consent agreements with the Supervisor.

Instruction

PART I. For an oil and gas well to be considered for routine TA approval, the following criteria must be satisfied:

1. The permittee shall demonstrate to EGLE/OGMD how the well qualifies on an application to change well status (EQP 7200-06) form, The well must qualify for TA under one or more of the following categories:
 - Mechanical back-up well
 - Future deepening or re-completion
 - Conversion to another well type

- Connection to a sales line
 - Processing constraints
 - Conversion to secondary recovery or gas storage
 - Conversion to Class II carbon dioxide injection well for the purpose of secondary recovery
 - Conversion to Class VI carbon dioxide injection well for the purpose of geologic sequestration
 - Future use as a monitor or observation well
2. Not more than ten percent of a permittee's Part 615 wells may be held under TA status at one time.
 3. 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: (Proposed TA wells + Plugged Wells Not in Compliance + currently approved TA wells) divided by Total Unplugged Wells \leq 10 percent. 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.
 4. 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.

PART II. For an oil and gas well that does not fit into the criteria in PART I for routine TA approval, approval may be granted as an exception only after submittal of an evaluation, formal consent 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. These wells may have an initial TA status of up to and including 60 months, may qualify for an extension under R 324.209 (3), and may require additional conformance bonding.

PART III. For an oil and gas wells that fits into the criteria in PART I for routine TA approval involving carbon dioxide injection for secondary recovery, TA status approval may be considered after the applicant provides an evaluation or other documentation acceptable to the Supervisor that demonstrates how the proposed plan to hold the well in TA status will prevent waste and will prevent the well from becoming a future obligation of the State of Michigan to bring to final completion. These wells may have an initial TA status of up to and including 60 months, may qualify for an extension under R 234.209 (3), and may require additional bonding.

PART IV. For an oil and gas well that fits into the criteria in PART I for routine TA approval involving geologic sequestration of carbon dioxide or other storage not

regulated under Part 615, TA status approval shall be considered after the applicant provides a written certification of control of surface rights to store carbon dioxide, an application requesting to convert the well to a Part 625 Mineral Individual Test Well (including a mineral well application fee and proper conformance bond), and additional evaluation or other documentation that demonstrates how the proposed plan to hold the well in TA status will prevent waste and will prevent the well from becoming a future obligation of the State of Michigan to bring to final completion. At a minimum, the plan shall include the following data:

- Demonstration that the well(s) are constructed and completed to prevent the movement of fluids into or between underground sources of drinking water (USDW) or into any unauthorized zones, and that the wells are constructed (or can be modified to be) consistent with state and federal Class VI well construction standards for the sequestration of carbon dioxide.
- Data on the aerial extent, mineralogy, porosity, and permeability of the injection and confining zones.
- Depth of the deepest USDW for the area.
- Demonstration that the injection zone has a total dissolved solids (TDS) content of greater than 10,000mg/L and is at a depth of at least 3,000 feet (TVD).

If the Supervisor deems the information provided justifies the granting of TA status, well(s) under PART IV will be regulated under the Mineral Well program and subject to the Part 625, Mineral Well, Administrative Rules, the conditions for TA status which are defined under R 299.2328.

PART V. The following requirements shall apply to all oil and gas wells that are granted TA status, whether as a routine approval or as an exception:

- All tanks and vessels that serve the TA well(s) must be drained of all fluids, unless another active well(s) 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) of hydrogen sulfide may require additional measures to prevent waste and to protect human health and safety.
- Permits for wells with approved TA status cannot be transferred to a new permittee until the acquiring owner has met the criteria within this Instruction.
- The permittee shall maintain the mineral rights leases, agreement, and easements necessary to access, produce, and plug the well(s).
- Failure to meet the conditions of this Instruction may result in the Supervisor rescinding the TA status for the well(s).

Exceptions

The Supervisor may grant an exception to the provisions of this Instruction if necessary to protect the environment, public safety, or worker safety.

THIS INSTRUCTION IS EFFECTIVE September 29, 2023.



Date: September 20, 2023

ADAM W. WYGANT
ASSISTANT SUPERVISOR OF WELLS