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REGULATIONS COMPILER

1 ENERGY AND ENVIRONMENT CABINET

2 Department for Natural Resources

3 Division of Oil and Gas

4 (Amended After Comments)

5 805 KAR 1:001. Definitions for 805 KAR Chapter 1.

6 RELATES TO: KRS 353.500 through 353.730

7 STATUTORY AUTHORITY: KRS 353.500

8 NECESSITY, FUNCTION, AND CONFORMITY: KRS 353.500 authorizes the department
9 to promulgate administrative regulations to regulate the all aspects of oil and gas wells in the
10 Commonwealth. This administrative regulation defines terms used in 805 KAR Chapter 1.

11 Section 1. Definitions.

12 (1) "Abandoned" is defined by KRS 353.510(12).

13 (2) "Abnormal pressure" means a reservoir pressure that exceeds the hydrostatic pressure of
14 fresh water extending from the reservoir to the surface.

15 (3) "Annulus" means the space between two (2) strings of casing or between a string of casing
16 and the bore hole wall.

17 (4) "Best management practices" or "BMPs" is defined by KRS 353.510(28).

18 (5) "Blow-out preventer" or "BOP" means a device installed on the first and largest diameter
19 casing cemented in a well or installed on the intermediate casing. The device is used to prevent the
20 uncontrolled flow of a well at the surface during drilling or workover operations.

21 (6) "Casing or casing string" means steel tubes or pipes installed in a well.

1 (7) "Cement" is defined by KRS 353.010(4).

2 (8) "Commission" is defined by KRS 353.510(4).

3 (9) "Correlative rights" is defined by KRS 353.510(6).

4 (10) "Deep well" is defined by KRS 353.510(16).

5 (11) "Deepening" means the drilling deeper of any existing well where new drilling is to
6 proceed past the depth at which the initial drilling of the well ceased.

7 (12) "Directional survey" is defined by KRS 353.010(8).

8 (13) "Director" is defined by KRS 353.510(3).

9 (14) "Division" means the Division of Oil and Gas.

10 (15) "Drilling unit" is defined by KRS 353.510(19).

11 (16) "Eligible well" is defined by KRS 353.510(47).

12 (17)"Environmentally sensitive feature" means a stream, spring, sinkhole, wetland, state or
13 national park, wilderness area, or wildlife refuge.

14 (18) "Existing gathering line" means any gathering line installed and not abandoned or taken
15 out of service prior to March 18, 2004.

16 (19) "Field" is defined by KRS 353.510(10).

17 (20) "Final reclamation" means the date on which the operator has completed drilling
18 operations at the well site, has plugged the well, and has performed all obligations described in the
19 operations and reclamation plan.

20 (21) "GPS" means the collection method of acquiring location data using the Global
21 Positioning System that is:

22 (a) 1. Reported as latitude and longitude in degrees and decimal degrees;

23 2. Captured in three (3) meter accuracy for stationary location data, such as line markers; and

1 3. Submitted as waypoints and track logs for the gathering line location;

2 (b) Recorded in the datum of WGS84; and

3 (c) Submitted as ArcView shape file or as an ASCII file is submitted electronically.

4 (22) "Gas" is defined by KRS 353.510(8).

5 (23) "Gas production flow line" means:

6 (a) The segment of a gathering line running from a well to the point of interconnection with

7 another gathering line or production compressor; or

8 (b) If a well produces both oil and gas, the line from a well.

9 (24) "Gas storage operator" is any corporation, partnership, or individual who is engaged in

10 the work of preparing to inject, or who injects gas into, or who stores gas in, or removes gas from, a

11 gas storage reservoir, and who owns the right to do so, including but not limited to those engaged in

12 transporting and delivering such gas in public service.

13 (25) "Gas storage reservoirs" are special geologic and geometric elements of underground

14 strata which are or can be so arranged and situated as to be recognized as useful for the retention,

15 injection, storage and recovery of gas therefrom on a commercial service level.

16 (26) "Gathering line" means any pipeline that is installed or used for the purpose of

17 transporting produced water, crude oil, or natural gas from a well or production facility; or produced

18 water to a well or production facility to the point of interconnection with another gathering line, an

19 existing storage facility or a transmission or main line, including all lines between interconnections,

20 except those lines or portions thereof subject to the exclusive jurisdiction of the U.S. Department of

21 Transportation under 49 C.F.R. Parts 191, 192, 194, and 195.

22 (27) "Horizontal well" is defined by KRS 353.510(25).

1 (28) "Intermediate casing" means one or more strings of pipes installed in a well in addition
2 to the surface casing in which each string is smaller in diameter than the previous.
3 (29) "Intersection length" means the horizontal distance between the point at which the well
4 penetrates the top of the intended formation and the end point within that formation.
5 (30) "KYEM" means the state Kentucky Emergency Management office under authority of
6 the Department of Military Affairs in Frankfort, Kentucky, with regional offices throughout the
7 Commonwealth.
8 (31) "Long casing string" means the last casing installed in a well to be used for production
9 or injection purposes.
10 (32) "Mcf" means 1,000 cubic feet of natural gas.
11 (33) "Measured depth" means the total length of the vertical and horizontal leg of the actual
12 wellbore.
13 (34) "NFPA" means the National Fire Protection Association.
14 (35) "Net gas sales" means the amount of metered or prorated gas sold into the line of first
15 purchase and may be different from produced gas, due to line loss and compressor usage.
16 (36) "Oil" is defined by KRS 353.510(7).
17 (37) "Oil production flow line" means:
18 (a) A gathering line running from a well or wells to a tank battery for production treatment
19 and storage; or
20 (b) If an injection well, the line from the tank battery to an injection system and then to a
21 wellhead.
22 (38) "Operating a well" means to reenter, reopen, deepen, drill, inject into, produce, attempt
23 to produce, or work over, any well.

1 (39) "Operator" is defined by KRS 353.510(17).

2 (40) "Overriding royalty interest owner" means a person other than a royalty owner, with a
3 right to a percentage share of production or the value derived from production that is:

4 (a) Free of all costs of drilling and production; and

5 (b) Created by the lessee or working interest owner and paid by the lessee or working interest
6 owner.

7 (41) "Person" is defined by KRS 353.510(5).

8 (42) **"Pit" means:**

9 **(a) An earthen excavation or steel tank used for the temporary storage of fluids, muds**
10 **and cuttings associated with the drilling operations of an oil or gas well;**

11 **(b) An earthen excavation or steel tank used to temporarily store well completion fluids**
12 **associated with acidizing, hydraulic fracturing, workover or plugging of oil and gas and other**
13 **related wells under the authority of KRS Chapter 353; or**

14 **(c) An earthen excavation or steel tank utilized for temporary storage of fluids and**
15 **solids generated from drilling and completion operations addressed in paragraphs (a) and (b)**
16 **of this subsection.**

17 **(43)** "Pool" is defined by KRS 353.510(9).

18 **(44)**[~~(43)~~] "Prevailing royalty" is defined by KRS 353.510(27).

19 **(45)**[~~(44)~~] "Produced gas" means the amount of produced gas metered or prorated at the well
20 head on a monthly basis.

21 **(45)**[~~(46)~~] "Production compressor" means a compressor installed on a gathering line and
22 used to regulate gas pressure to enhance delivery.

1 (47)[(46)] "Purchaser number" means the number assigned by the purchasing company to
2 the lease or well for accounting and payment purposes.
3 (48)[(47)] "Royalty owner" is defined by KRS 353.510(18).
4 (49)[(48)] "Shallow well" is defined by KRS 353.510(15).
5 (50)[(49)] "Surface casing" means the first and largest diameter casing installed in a well and
6 its primary uses are to stabilize the borehole and to protect the fresh water zones.
7 (51)[(50)] "TENORM" is defined by KRS 211.862(13), and is subject to the exemption
8 established in KRS 211.863(5).
9 (52)[(51)] "Tank battery" means any aboveground storage tank or interconnected grouping
10 of tanks maintained in conjunction with the production and storage of crude oil or produced water.
11 (53)[(52)] "Topographic spot" means the act of locating a well on a United States Geological
12 Survey 1:24,000 Topographic Map and scaling that well location on the map to determine its Carter
13 Coordinate location.
14 (54)[(53)] "Transmission line" means a pipeline that is subject to the exclusive jurisdiction
15 of the United States Department of Transportation under 49 C.F.R. Parts 191, 192, 194 and 195.
16 (55)[(54)] "True vertical depth" means the depth of the well from any point in the well being
17 measured to the surface of the ground above the point being measured.
18 (56)[(55)] "Underground gas storage" is the utilization of subsurface strata and associated
19 facilities for storing and withdrawing gas held in place for the primary purposes of conservation,
20 fuller utilization of pipeline facilities, and more effective and beneficial service of gas to the public.
21 (57)[(56)] "Unit" is defined by KRS 353.010(18).
22 (58)[(57)] "Vertical well" is defined by KRS 353.510(26).
23 (59)[(58)] "Well" is defined by KRS 353.510(14).

1 **(60)**[~~(59)~~] "Well operator" is any person who proposes to or does locate, drill, operate or
2 abandon any well.

3 **(61)**[~~(60)~~] "Wellsite boundary" means the area of disturbance by an operator, excluding
4 access roads, to drill an oil or gas well.

5 **(62)**[~~(61)~~] "Wildcat well" means any deep vertical or horizontal well that is drilled:

6 (a) With the intent of discovering or producing hydrocarbons from a formation or formations
7 not previously productive of oil or gas well within 10,000 feet of its location; or

8 (b) Under proven geological conditions that, even though located within 10,000 feet from
9 the nearest deep well previously productive of oil or gas, will not, if completed successfully, produce
10 from a previously productive pool.

11 **(63)**[~~(62)~~] "Working interest owner" means an operator with the obligation to bear all or a
12 proportionate share of the costs and expenses of unit operation.

13 **(64)**[~~(63)~~] "Zone" means a layer of strata capable of producing or receiving fluids.

805 KAR 1:001 approved for filing.
Pages (1-7)

10/14/2019

Date

Charles G. Snavely, Secretary
Energy and Environment Cabinet

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Administrative Regulation No.: 805 KAR 1:001
Contact Person: Michael Mullins

Contact number: (502) 782-6720
Email: michael.mullins@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation defines terms used in 805 KAR Chapter 1.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to defined terms used in 805 KAR Chapter 1.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 353.500 authorizes the department to promulgate administrative regulations to regulate all aspects of oil and gas wells in the Commonwealth. This administrative regulation conforms to the authorizing statutes by defining terms necessary to correctly interpret the administrative regulations in 805 KAR Chapter 1.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists in the effective administration of the statutes by defining terms necessary to correctly interpret the administrative regulations in 805 KAR Chapter 1.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: The amended after comments version of this administrative regulation inserts a definition of "Pit" as due to a comment received during the public comment period.

(b) The necessity of the amendment to this administrative regulation: This amendment is necessary to respond to a comment received during the public comment period.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 353.500 authorizes the department to promulgate administrative regulations to regulate all aspects of oil and gas wells in the Commonwealth. This administrative regulation conforms to the authorizing statutes by defining the term pit, which is necessary to interpret the amendments to 805 KAR 1:170 made in response to comments.

(d) How the amendment will assist in the effective administration of statutes: This administrative regulation assists in the effective administration of the statutes by defining the term "pit" which will aid in the correct interpretation of the amendments to 805 KAR 1:170.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation. There are approximately 1,060 active oil

and gas operators in the commonwealth.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: The regulated entities identified in question (3) will need to use the terms defined in this administrative regulation to correctly interpret the administrative regulation. The entities will also have the term "pit" to correctly interpret the amendments to 805 KAR 1:170 made in response comments received in the public comment period.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): There will be no additional costs for using the terms defined in this administrative regulation. The terms defined in this administrative regulation are simply moved from other administrative regulations in this chapter. There is also a new definition of "pit" that was inserted in response to comments receive during the public comment period.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): As a result of compliance, entities will have a central location to find defined terms.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: The division will not incur any additional costs for the implementation of this administrative regulation.
(b) On a continuing basis: The division will not incur any additional costs for the implementation of this administrative regulation.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: A combination of general and restricted funds will be used for the implementation of this administrative regulation.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment. No increase in fees or funding is necessary to implement this new administrative regulation.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees. This administrative regulation does not establish any fees, nor does it directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why tiering was or was not used.)
No, tiering was not used. The terms defined in this administrative regulation will apply equally to all oil and gas operator.

FISCAL NOTE ON STATE AND LOCAL GOVERNMENT

Administrative Regulation No.: 805 KAR 1:001
Contact Person: Michael Mullins

Contact number: (502) 782-6720
Email: michael.mullins@ky.gov

1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation?
This administrative regulation applies almost entirely to the Division of Oil and Gas.

2. Identify each state or federal statute or federal regulation that requires or authorizes action taken by the administrative regulation. KRS 353.500 through 353.730.

3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year?
The proposed administrative regulation will not generate revenue in the first year.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? The proposed administrative regulation will not generate revenue in subsequent years.

(c) How much will it cost to administer this program for the first year?
The cabinet's current operating budget will be used to administer this program for the first year.

(d) How much will it cost to administer this program for subsequent years?
The cabinet's operating budget will be used to administer this program for subsequent years.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impacts of the administrative regulation.

Revenues (+/-):	There is no known effect on current revenues.
Expenditures (+/-):	There is no known effect on current expenditures.
Other Explanation:	There is no further explanation.