

Notice of Public Hearing

LSA Document #16-230

Notice of Public Hearing

Under [IC 4-22-2-24](#), notice is hereby given that on April 24, 2017, at 5:30 p.m., at the Hampton Inn Anderson, 2312 Hampton Drive, Anderson, Indiana; **AND** on April 25, 2017, at 5:30 p.m., local time, at the Hampton Inn Evansville Airport, 5701 Highway 41 North, Evansville, Indiana the Natural Resources Commission will hold public hearings on proposed amendments to add [312 IAC 29](#) to govern oil and gas well activities that are controlled by [IC 14-37](#) and to repeal [312 IAC 16](#).

[IC 4-22-2-24\(d\)\(3\)](#) Justification Statement: All requirements or costs by the rule amendments on regulated entities under [IC 4-22-2-24\(d\)\(3\)](#) are reasonably necessary for the implementation of [IC 14-37](#) and ensure protection of the environment and public health and safety.

More specifically, [IC 14-37-3-15](#) directs the Natural Resources Commission to regulate drilling, testing, equipping, completing, producing, and all other operations for the production of oil and gas.

Furthermore, [IC 14-37-3-5](#) requires the Natural Resources Commission to regulate the drilling, casing, operating, plugging, and abandoning of wells and any related fluid storage to prevent waste, fresh water pollution, blowouts, cavings, seepages, fires, and unreasonably detrimental effects upon fish, wildlife, and botanical resources.

Additionally, since Indiana has obtained primacy to administer the federal Safe Drinking Water Act and 40 CFR 144 for Class II wells, regulations addressing requirements for Class II wells are necessary.

A. The comprehensive rules proposed as new article [312 IAC 29](#) are necessary and reasonable for the following reasons:

1. The following were incorporated into the rules:
 - a. Numerous provisions in existing rules at [312 IAC 16](#) were incorporated with little revision.
 - b. Matters previously governed by nonrule policy.
 - c. Provisions previously regulated by emergency or temporary rules adopted by the DNR Director.
 - d. Certain additional provisions pertaining to Class II wells, which were addressed previously by policy.
2. New requirements relating to crude oil storage tank facilities, drilling pits, oil and gas waste management and disposal, production fluid storage structures, and naturally occurring radioactive material (NORM) were incorporated upon recommendations made by STRONGER, Inc., which conducted a peer-review of Indiana's oil and gas regulatory program in 2004. STRONGER, Inc. was invited to review Indiana's program by the Division of Oil and Gas for the purpose of identifying those areas where the regulatory requirements might need to be broadened. This review outlined provisions which Indiana should consider adopting in order to be more consistent with other regulatory programs and to ensure the use of best practices in the management of these areas.
3. Numerous changes in technology and drilling practices have occurred since the last major revision of the oil and gas rules approximately 25 years ago. Rules have been updated to address requirements for matters needing further consideration, such things as higher volume hydraulic fracturing and horizontal well drilling and expanded drilling unit sizes.
4. It is important to have up-to-date, comprehensive, and reasonable regulatory standards that will encourage continued investment in new opportunities for drilling and producing oil and gas in Indiana, and future growth of the development of Indiana's petroleum resources. Operators will have a clear understanding of our requirements compared to other states and are more likely to make such investments when they know what to expect. The existing oil and gas regulations are not comprehensive.
5. Where practical, standards for some requirements were revised to allow greater flexibility to oil and gas operators. Examples include greater flexibility in establishing compliant drilling units as well as the management of uncontaminated storm water accumulating inside secondary containment areas.

B. Those provisions having the broadest impact on oil and gas operators large and small are the requirements for the registration and management of crude oil storage facilities, and the requirement to report oil and gas production information annually to the Division of Oil and Gas as follows:

1. Many operators will need to modify their fluid management practices to better ensure that crude oil and produced water are not discharged or stored inside unlined secondary containment structures. These changes are felt to be an important part of ensuring that soil and ground water resources are protected from contamination.
2. All operators will be required to submit annual oil and gas production information. An annual frequency was chosen rather than monthly like a number of other states to minimize the impact on small operators. Furthermore, the reporting requirements will allow the information to be reported based on records provided to the operator by the crude oil purchaser thereby reducing the burden on the operator.

In implementing these new regulations, the Division of Oil and Gas believes that a balanced approach is important. Many operators will have little difficulty in adapting to the new requirements while others may need coaching and technical guidance to learn how to best comply. We intend to focus very heavily up front on providing technical guidance through the development of best management practices (BMPs) and other tools to assist operators in achieving compliance rather than utilizing strict regulatory authority to bring about compliance.

Individuals requiring reasonable accommodations for participation in this event should contact the Natural Resources Commission at:

*Indiana Government Center North
100 North Senate Avenue, Room N501
Indianapolis, IN 46204
Attn: ADA Compliance*

or call (317) 232-4699. Speech and hearing impaired callers may contact the Commission via the Indiana Relay Service (711) or (800) 743-3333. Please provide a minimum of 72 hours notification.

Copies of these rules are now on file at the Natural Resources Commission, Indiana Government Center North, 100 North Senate Avenue, Room N501 and Legislative Services Agency, Indiana Government Center North, 100 North Senate Avenue, Room N201, Indianapolis, Indiana, and are open for public inspection.

Bryan W. Poynter
Chairman
Natural Resources Commission

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