

ARTICLE 17. OTHER PETROLEUM REGULATION

Rule 1.	Administration of the Exploration for and Production of Oil and Gas from Public Lands
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Rule 1. Administration of the Exploration for and Production of Oil and Gas from Public Lands

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312 IAC 17-1-1 Definitions

Authority: [IC 14-38-1-19](#)
Affected: [IC 14-38](#)

Sec. 1. The following definitions apply throughout this rule:

- (1) "Commence to drill a well" means the institution of work in good faith with drilling equipment adequate for the drilling of a well to a depth that will reasonably test the oil and gas productiveness of the public lands where the well is commenced.
- (2) "Division director" refers to the director of the division of oil and gas.
- (3) "Gross value" means the value of petroleum at the well produced and saved, without deduction for expense of production.
- (4) "Petroleum" means any liquid or gaseous hydrocarbon occurring in nature beneath the surface of the earth.
- (5) "Proven territory" means territory so situated with reference to known producing wells as to establish the general opinion that, because of its relation to them, petroleum is contained in it.
- (6) "Public lands" means lands and areas belonging to, or subsequently acquired by, the state or any of its institutions, including lands of every kind and nature.

(Natural Resources Commission; 312 IAC 17-1-1; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2346; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-1-2 Division director; duties

Authority: [IC 14-38-1-19](#)
Affected: [IC 14-38-1](#)

Sec. 2. The division director is designated as the supervisor of leasing of public lands for exploration and production. The division director is charged with the duties of carrying out [IC 14-38-1](#) and this rule. *(Natural Resources Commission; 312 IAC 17-1-2; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2346; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))*

312 IAC 17-1-3 Classification of public lands for exploration or leasingAuthority: [IC 14-38-1-19](#)Affected: [IC 14-38-1-7](#); [IC 14-38-1-14](#)

Sec. 3. The commission will classify public lands from time to time as proven territory or not proven territory, before offering the lands for exploration or leasing for production. Classification will be made on the basis of geological information and general information concerning the production of oil and gas. (*Natural Resources Commission*; 312 IAC 17-1-3; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2347; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-1-4 Duration of permit; maximum durationAuthority: [IC 14-38-1-19](#)Affected: [IC 14-38-1-9](#)

Sec. 4. The commission shall determine the duration of a permit, not to exceed one (1) year, to prospect and explore public lands. (*Natural Resources Commission*; 312 IAC 17-1-4; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2347; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-1-5 Commencement date of operationsAuthority: [IC 14-38-1-19](#)Affected: [IC 14-38-1-14](#)

Sec. 5. A permittee shall commence geological, geophysical, or drilling operations within thirty (30) days after a permit is issued. Upon a showing by the permittee of good cause, the commission may extend the commencement date for an additional period of thirty (30) days. (*Natural Resources Commission*; 312 IAC 17-1-5; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2347; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-1-6 Application for permit; notice of publicationAuthority: [IC 14-38-1-19](#)Affected: [IC 14-38-1-14](#)

Sec. 6. (a) The commission may, through a publication under subsection (c), offer any public lands for exploration or production.

(b) A person who wishes to prospect and explore public lands, or to obtain a lease of public lands for production purposes, must make a written application to the division at its offices in Indianapolis. The application shall set forth the description of the lands and, if the application is for the purpose of exploration, describe the nature of the exploratory work contemplated.

(c) Upon receipt of an application under subsection (b), the commission may do either of the following:

(1) Return the application with the statement that the lands described are not available for exploration or production.

(2) If the lands are considered available, the commission shall publish a notice in at least one (1) newspaper of general circulation in the county in which the land lies, or if no newspaper is published in the county, in a newspaper in an adjoining county. Notice in writing shall also be given to at least ten (10) operators in the state. A notice under this subdivision shall be made at least ten (10) days before the deadline for receiving bids. The notice shall describe the public lands to be offered for exploration or production, any special terms and conditions, and the time and place that bids will be opened. A person desiring to receive notices under this subdivision may do so by filing a request with the division director setting forth the year covered by the request.

(*Natural Resources Commission*; 312 IAC 17-1-6; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2347; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.:

[20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-1-7 Protection of private rights; permission of controlling state division required

Authority: [IC 14-38-1-19](#)

Affected: [IC 14-38-1-17](#); [IC 14-38-1-18](#)

Sec. 7. (a) No exploratory or prospecting operations shall be commenced until a permit applicant has filed with the department a signed statement by any person claiming private rights affected by the operation. The statement shall set out the nature of the rights and how the rights would be protected or compensated. A permit applicant shall indicate by affidavit if the permit applicant believes there are no affected private rights.

(b) If a permit sought to prospect and explore covers lands under the jurisdiction of the department, the division director shall inform the division director for the division which administers the property and obtain the written approval of the division director before submitting a lease to the commission.

(c) If a permit and lease is sought for public lands controlled by a state agency other than the department, the division director shall inform the other agency of the application and obtain its written consent before approval is given. (*Natural Resources Commission*; 312 IAC 17-1-7; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2347; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-1-8 Conformation to spacing and drilling unit rules

Authority: [IC 14-38-1-19](#)

Affected: [IC 14-38-1-11](#)

Sec. 8. The area sought to be leased under [IC 14-38-1-11](#) may be in one (1) continuous and unbroken tract or in several tracts. The tract or tracts selected must be of a size and shape that conforms to the spacing rules and established drilling units for the area. (*Natural Resources Commission*; 312 IAC 17-1-8; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2347; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-1-9 Permits required

Authority: [IC 14-38-1-19](#)

Affected: [IC 14-37](#); [IC 14-38-1](#)

Sec. 9. A person who obtains a lease under this rule must obtain a permit under, and conform to the requirements of, [IC 14-37](#) and 312 IAC 29 before commencing a well for oil and gas purposes. (*Natural Resources Commission*; 312 IAC 17-1-9; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2348; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); errata filed Jan 30, 2018, 3:53 p.m.: [20180207-IR-312180068ACA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-1-10 Surety bond; when required

Authority: [IC 14-38-1-19](#)

Affected: [IC 14-38-1-8](#); [IC 14-38-1-9](#)

Sec. 10. The department may require that a permittee to prospect and explore file a surety bond conditioned upon full payment by the permittee for damages to the leased area. (*Natural Resources Commission*; 312 IAC 17-1-10; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2348; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-1-11 Royalties; rental feesAuthority: [IC 14-38-1-19](#)Affected: [IC 14-38-1-11](#); [IC 14-38-1-12](#)

Sec. 11. The royalties to the state for a lease under this rule shall be twelve and one-half percent (12½%) of petroleum produced and saved (or the market value of the petroleum at the option of the commission). The annual rental shall be one dollar (\$1) an acre payable in advance. (*Natural Resources Commission*; 312 IAC 17-1-11; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2348; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-1-12 Competitive bids on production leasesAuthority: [IC 14-38-1-19](#)Affected: [IC 14-38-1-14](#)

Sec. 12. A lease for production made under [IC 14-38-1-14](#) shall be offered under [IC 14-38-1-14](#)(b)(1) on a competitive basis. The details of the offer and acceptance of bids shall be fixed in each notice published as required in section 6 of this rule. The amount of the bid bond shall also be fixed for an offer. (*Natural Resources Commission*; 312 IAC 17-1-12; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2348; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-1-13 Unitization of state lands for common development, exploration, and operationAuthority: [IC 14-38-1-19](#)Affected: [IC 14-38-1-17](#)

Sec. 13. Every lease of public lands shall contain a clause authorizing the unitization of the land with other lands for common development, exploration, and operation. The commission may incorporate in a lease of public lands a unitization requirement. This section does not limit the authority granted to the commission by [IC 14-38-1-17](#). (*Natural Resources Commission*; 312 IAC 17-1-13; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2348; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-1-14 Determination of rapidity and extent of developmentAuthority: [IC 14-38-1-19](#)Affected: [IC 14-38-1-22](#)

Sec. 14. The commission may determine in the lease the rapidity and extent of development of an oil or gas field. (*Natural Resources Commission*; 312 IAC 17-1-14; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2348; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

Rule 2. Test Holes for Fluid Disposal Investigation, Engineering Projects, Investigation, and Geologic Investigation[312 IAC 17-2-1](#)[312 IAC 17-2-2](#)[312 IAC 17-2-3](#)[312 IAC 17-2-4](#)[312 IAC 17-2-5](#)[312 IAC 17-2-6](#)

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312 IAC 17-2-1 Definitions

Authority: [IC 14-38-2-7](#)

Affected: [IC 14-9-4-1](#); [IC 14-38-2](#)

Sec. 1. The following definitions apply throughout this rule:

- (1) "Commission representative" means an employee of the division who is authorized by the commission to perform the powers and duties set forth in [IC 14-38-2](#) and this rule.
- (2) "Division" refers to the division of oil and gas established under [IC 14-9-4-1](#)(15).
- (3) "Division director" refers to the director of the division of oil and gas.
- (4) "Fresh water" means water that contains not more than ten thousand (10,000) milligrams per liter of total dissolved solids.
- (5) "Mud-laden fluid" means a mixture that is predominately water and clay, but may contain fabricated additives.
- (6) "Operator" refers to a person issued a permit under [IC 14-38-2](#) or engaging in an activity for which a permit is required under [IC 14-38-2](#).
- (7) "Stratum" means a single sedimentary bed or layer that consists of generally homogenous rock material.
- (8) "Test hole" means any exploratory hole, except for coal exploration, drilled for the purpose of obtaining information and data on the character, composition, sequence, thickness, age, and correlation of underground strata and formations for one (1) or more of the following purposes and no other:
 - (A) The feasibility of an area for fluid disposal.
 - (B) The existence, extent, and characteristics of an underground mineral deposit or deposits.
 - (C) The suitability of underground formations for use in, or as a foundation for, engineering projects or works.
 - (D) Expanding the store of scientific knowledge of the geology of an area.
- (9) "Underground source of drinking water" has the meaning set forth in 312 IAC 29-2-131.

(Natural Resources Commission; 312 IAC 17-2-1; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2348; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); errata filed Jan 30, 2018, 3:53 p.m.: [20180207-IR-312180068ACA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-2-2 General provisions

Authority: [IC 14-38-2-7](#)

Affected: [IC 14-38-2](#)

Sec. 2. (a) This rule governs the drilling, operation, and bonding of test holes under [IC 14-38-2](#).

(b) A hole drilled as a test hole is not a well for oil and gas purposes. *(Natural Resources Commission; 312 IAC 17-2-2; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2349; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))*

312 IAC 17-2-3 Prevention of waste; prohibitionsAuthority: [IC 14-38-2-7](#)Affected: [IC 14-38-2](#)

Sec. 3. (a) A person drilling or plugging test holes shall conduct operations so as to prevent:

- (1) waste;
- (2) the escape of oil or gas;
- (3) the intrusion of water into oil, gas, or coal strata;
- (4) the pollution of fresh water;
- (5) damage to an underground gas storage reservoir; or
- (6) obstructing or the placing of unauthorized material in a test hole.

(b) If a test hole penetrates a stratum containing gas, the hole shall be shut in, if escape of the gas can be avoided and would constitute waste. The division may require mud-laden fluid to be applied, the gas stratum cased, or another suitable method adopted to arrest escape of the gas. (*Natural Resources Commission; 312 IAC 17-2-3; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2349; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#)*)

312 IAC 17-2-4 AdministrationAuthority: [IC 14-38-2-7](#)Affected: [IC 14-38-2](#)

Sec. 4. This article and [IC 14-38-2](#) are administered by the division. (*Natural Resources Commission; 312 IAC 17-2-4; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2349; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#)*)

312 IAC 17-2-5 Inspection powersAuthority: [IC 14-38-2-7](#)Affected: [IC 14-38-2](#)

Sec. 5. A commission representative may at any reasonable time enter upon public or private property where a test hole is being drilled or has been drilled to determine if there is a violation of [IC 14-38-2](#), this rule, or an order of the commission. (*Natural Resources Commission; 312 IAC 17-2-5; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2349; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#)*)

312 IAC 17-2-6 Access to recordsAuthority: [IC 14-11-2-1](#); [IC 14-38-2-7](#)Affected: [IC 14-38-2-7](#)

Sec. 6. A person with custody or jurisdiction of test hole records shall at all reasonable times permit a commission representative to come upon property operated or controlled by them and inspect records of a test hole. (*Natural Resources Commission; 312 IAC 17-2-6; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2349; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#)*)

312 IAC 17-2-7 Sworn statementsAuthority: [IC 14-11-2-1](#); [IC 14-38-2-7](#)Affected: [IC 14-38-2](#)

Sec. 7. The division may require sworn statements if expedient to effectuate [IC 14-38-2](#) or this rule. (*Natural Resources Commission; 312 IAC 17-2-7; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2349; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#)*)

312 IAC 17-2-8 Notice of orders; service by mail

Authority: [IC 14-38-2-7](#)

Affected: [IC 14-38-2](#)

Sec. 8. If the commission issues an order under [IC 14-38-2](#) or this rule and mails a copy of the order by first class mail, it shall be deemed notice of the order. (*Natural Resources Commission; 312 IAC 17-2-8; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2349; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#)*)

312 IAC 17-2-9 Forms

Authority: [IC 14-38-2-7](#)

Affected: [IC 14-38-2](#)

Sec. 9. The division shall prescribe and prepare forms required under this rule and shall furnish copies to an interested person upon request. (*Natural Resources Commission; 312 IAC 17-2-9; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2349; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#)*)

312 IAC 17-2-10 Bonds

Authority: [IC 14-38-2-7](#)

Affected: [IC 14-38-2](#)

Sec. 10. (a) No person, except a federal or state agency, shall commence a test hole until the person has filed and the department has approved a bond of one thousand dollars (\$1,000) for each test hole drilled or a blanket bond of five thousand dollars (\$5,000) for all test holes drilled by the person for the duration of the bond. The bond shall be on a form prescribed by the division, and, as a minimum, shall provide for compliance with [IC 14-38-2](#), this rule, and orders of the commission.

(b) The name of the principal on the bond and of the operator shall be identical.

(c) An operator shall maintain a bond approved under subsection (a) until the operator plugs, abandons, and provides complete drilling information for each test hole included under the bond. Upon compliance by the operator with this subsection, a test hole bond shall be released by the department.

(d) No surety bond shall be approved unless issued by a company holding an applicable certificate of authority from the department of insurance, state of Indiana. A surety bond shall be executed by the operator as principal and by the surety or for either of them by an attorney-in-fact with certified power of attorney attached.

(e) A cash bond shall be made upon a certified check delivered and made payable by the operator to the department.

(f) A certificate of deposit must be assigned in writing to the state and the assignment noted upon the books of the bank issuing the certificate. (*Natural Resources Commission; 312 IAC 17-2-10; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2349; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#)*)

312 IAC 17-2-11 Surety bond canceled; effect

Authority: [IC 14-38-2-7](#)

Affected: [IC 4-21.5-3](#); [IC 14-38-2](#)

Sec. 11. (a) The surety may notify the department and principal of its desire to terminate a bond.

(b) Within thirty (30) days after receipt of the notice, the department shall require the principal to file a substitute bond or to discontinue operations and plug and abandon any test hole under this rule.

(c) If a substitute bond is timely filed by the principal, liability on the original bond terminates. If a substitute bond is not filed within the thirty (30) day period, the department shall revoke the permit under [IC 4-21.5-3](#) and require the principal to plug and abandon any test hole under this rule.

(d) If a principal fails to plug and abandon a test hole, the surety must either:

(1) cause the test hole to be properly plugged and abandoned; or

(2) forfeit the amount of the bond to the department.

If the surety causes a hole to be plugged and abandoned, the bond shall be released by the department. (*Natural Resources Commission; 312 IAC 17-2-11; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2350; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#)*)

312 IAC 17-2-12 Application for permit; signature; fee

Authority: [IC 14-38-2-7](#)

Affected: [IC 14-38-2](#)

Sec. 12. (a) A permit application to drill a test hole or holes shall be made on a form prescribed by the division.

(b) A permit application shall be signed by the person designated as the operator on the application or by an authorized agent. Upon a request by the division, a person who signs as an agent for the operator must furnish satisfactory evidence of authority.

(c) An applicant shall remit with the application a permit fee of one hundred dollars (\$100) in cash or by check or draft, payable to the department. (*Natural Resources Commission; 312 IAC 17-2-12; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2350; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#)*)

312 IAC 17-2-13 Permit required; issuance; denial; expiration

Authority: [IC 14-38-2-7](#)

Affected: [IC 4-21.5-3-6](#); [IC 14-38-2](#)

Sec. 13. (a) No person shall drill any test hole to a depth below two hundred (200) feet without a permit issued by the division under [IC 14-38-2](#) and this rule.

(b) The original or a copy of the permit must be posted by the operator at the test hole site before drilling commences.

(c) A permit shall be issued in the name of the person for whom the application is made.

(d) The division may deny a permit to any person who:

(1) has had a permit revoked in accordance with subsection (f); or

(2) has been issued a notice of violation and has failed to abate the violation within sixty (60) days after the deadline for abatement, unless the person has requested an administrative adjudication of the notice of violation, and a final determination has not been rendered by the commission.

(e) A permit is issued to cover a period of one (1) year from the date of issuance and shall expire at the end of that time.

(f) The department may revoke a permit issued under [IC 14-38-2](#) upon finding that:

(1) the permit was issued through fraud or misrepresentation;

(2) the operator has violated [IC 14-38-2](#) or this rule;

(3) the information or conditions upon which a permit was issued have substantially changed since issuance; or

(4) the operator has been issued a notice of violation under [IC 14-38-2](#) and has failed:

(A) to abate the violation within the prescribed period;

(B) to secure in writing from the division an extension of time in which to abate the violation before the expiration of the period established for abatement; or

(C) to request a proceeding under [IC 4-21.5-3-6](#) within thirty (30) days after service of the notification or within the period provided by the division for abatement, whichever is longer.

(Natural Resources Commission; 312 IAC 17-2-13; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2350; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-2-14 Informal hearings

Authority: [IC 14-38-2-7](#)

Affected: [IC 4-21.5](#); [IC 4-22-2](#); [IC 14-38-2](#)

Sec. 14. (a) A person may file with the commission a written request for an informal hearing to consider a matter relating to the administration of [IC 14-38-2](#). The request may seek to except or amend this rule to modify a commission order or to secure other lawful relief. The written request must set forth the relief sought and identify in particular or by class the person who would be affected.

(b) Where a request for an informal hearing is filed under subsection (a), the division director shall conduct appropriate proceedings and make written proposed findings and a recommended order for disposition of the matter. An informal hearing under this section shall be conducted in a manner that will facilitate public participation and is not governed by the rules of evidence or discovery.

(c) Notice of an informal hearing shall be made by first class mail, publication, or both, reasonably calculated to inform affected persons of the time, place, and purpose of the hearing.

(d) An order resulting from an informal hearing is subject to administrative review under [IC 4-21.5](#), except an order with respect to rule adoption subject to [IC 4-22-2](#). (Natural Resources Commission; 312 IAC 17-2-14; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2351; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#))

312 IAC 17-2-15 Plugging

Authority: [IC 14-38-2-7](#)

Affected: [IC 4-21.5](#); [IC 14-8-2-47](#); [IC 14-8-2-317](#); [IC 14-37](#); [IC 14-38-2](#)

Sec. 15. (a) A test hole shall be plugged under [IC 14-38-2](#) and this rule so as to prevent the pollution of underground sources of drinking water.

(b) Within six (6) months of abandoning a test hole, an operator shall do each of the following:

- (1) Clear the area of refuse.
- (2) Drain and fill excavations.
- (3) Remove equipment.
- (4) Restore the surface as nearly as practicable to its condition before drilling.

(c) The owner of surface rights may, with consent of the operator, make application to the division to retain equipment, fixtures, or pits placed for a test hole. The application shall be made on a departmental form releasing the operator and its agents from responsibility for restoration, except as provided in the application.

(d) An operator may apply to the division to convert a test hole otherwise to be abandoned to a fresh water well. The application shall be made on a division form and shall include the following information:

- (1) The depth to which the operator proposes to plug the hole.
- (2) Written consent by any person who holds a recorded interest at or above the elevation of the plug.
- (3) A statement by each owner of surface rights to release the operator from an obligation to abandon the test hole, except as provided in the application.

The division shall authorize the conversion to a fresh water well upon a finding that the application has been properly completed and that the conversion will not violate [IC 14-38-2](#) or this rule.

(e) The use of a bridge to plug a test hole is prohibited. The operator shall drill out and replug the hole if unfilled below a bridge.

(f) If unauthorized material is placed in a test hole, the division may require its removal before plugging.

(g) If a test hole is obstructed by equipment associated with drilling and if the removal of that equipment is impracticable,

the division director may authorize a special method to abandon the hole. The operator shall obtain approval of the special method to abandon the hole. The operator shall obtain approval of the special method from a commission representative before implementation.

(h) An operator may apply to the division to convert a test hole to a well for oil and gas purposes as defined in [IC 14-8-2-317](#). No conversion is authorized under this subsection unless the operator complies with [IC 4-21.5](#) and [IC 14-37](#) with respect to the issuance of a new permit for a well for oil and gas purposes.

(i) Upon the abandonment of a test hole, each commercially mineable coal resource shall be protected by a cement plug extending one hundred (100) feet above the coal resource to fifty (50) feet below the coal resource or to the bottom of the hole, whichever is less. A substantial support shall be provided for each cement plug required for coal protection. The supporting plug shall contain suitable materials and shall be tested to determine that settlement or movement of the cement plug will not take place during the period required for the cement to set. A commercially mineable coal resource has the meaning set forth in [IC 14-8-2-47](#) and shall be identified and located as provided in 312 IAC 29-17-1 and 312 IAC 29-17-2. (*Natural Resources Commission; 312 IAC 17-2-15; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2351; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); errata filed Jan 30, 2018, 3:53 p.m.: [20180207-IR-312180068ACA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#)*)

312 IAC 17-2-16 Test hole logs; cuttings

Authority: [IC 14-38-2-7](#)

Affected: [IC 14-38-2](#)

Sec. 16. (a) The operator immediately upon completing the drilling of a test hole shall file with the division a log of strata encountered and a geophysical log, if one has been made. Upon written application certifying that withholding of information is necessary to protect trade secrets, the department shall excuse the operator from furnishing this information, in which case the operator shall furnish the location of each test hole by county, township, range, and quarter-quarter section, including the legal description, size, and depth of the hole on the form provided by the division.

(b) The record of strata encountered shall be from the surface to the total depth of the test hole.

(c) The driller's log or test hole completion report shall be completed on a division form.

(d) The division may require an operator to collect drill cuttings for each run effected with cable tools and at least ten (10) feet intervals in a rotary test hole. A core sample may be required if a core is taken. Cuttings and core samples shall be furnished at a location designated by the division. (*Natural Resources Commission; 312 IAC 17-2-16; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2352; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#)*)

312 IAC 17-2-17 Protection of other commercial minerals

Authority: [IC 14-37-3](#)

Affected: [IC 14-37](#)

Sec. 17. To prevent waste, the commission shall protect other commercial minerals in the drilling and plugging of test holes. The designation of commercial minerals and method of protection shall be specified by the commission. (*Natural Resources Commission; 312 IAC 17-2-17; filed Feb 23, 1998, 11:30 a.m.: 21 IR 2352; readopted filed Nov 17, 2004, 11:00 a.m.: 28 IR 1315; readopted filed Mar 25, 2010, 2:59 p.m.: [20100421-IR-312100038RFA](#); readopted filed Sep 30, 2015, 12:13 p.m.: [20151028-IR-312150224RFA](#); readopted filed May 19, 2021, 4:17 p.m.: [20210616-IR-312210111RFA](#)*)

Rule 3. Geophysical Surveying (Repealed)

(*Repealed by Natural Resources Commission; filed Jan 27, 2006, 10:00 a.m.: 29 IR 1876*)

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