

INSTRUCTIONS FOR APPLICATION FOR a WELL TESTING AGREEMENT

In the past, the Division has authorized persons to perform limited "testing" operations on abandoned or un-permitted oil or gas wells without first obtaining a permit for the purpose of determining whether the well has the potential for future production. Such testing activities often assist with determining whether to permit the well and return it to active operation. This is a reasonable procedure and one the Division of Oil and Gas supports in order to encourage operators to assume responsibility for these old wells where there is future production potential. However, until now our procedures for allowing such testing have been largely unwritten and subject to potential misunderstanding as to the type of activities that will be conducted and the period of time for conducting the tests. To that end, we have developed a Well Testing Agreement form to use for these activities.

Our intent is that this Agreement must be used anytime an operator wishes to investigate an abandoned or un-permitted well for testing purposes such as, but not limited to, running logs, inspecting the condition of casing or tubing, performing blow-down tests or any other activity where the operator assumes a degree of physical control over the well for testing purposes. Written requests to perform such activities shall be submitted to the Division of Oil and Gas and be accompanied by a brief description of the following:

- the types of testing to be performed;
- the specific wells involved; and
- the time period proposed for the testing and all other activity that may be associated with the operations.

Following receipt of a complete application, the Division would authorize the activity by preparing an Agreement for Well Testing for signature by the operator and the Division of Oil and Gas.

Key provisions which are incorporated into the Agreement:

- Operations must be conducted so as to ensure that all oil, natural gas, and other production fluids discharged or removed from the well during testing activities are properly controlled and not discharged onto the ground or uncontrollably into the atmosphere so as to constitute waste as defined in 312 IAC 16-1-50, or which would result in fresh water pollution, fires, or unreasonably detrimental effects upon fish, wildlife, and botanical resources;
- Operator agrees that upon initiation of testing activities under the Agreement, it becomes a Responsible Party as that term is used in Indiana Code 14-37 and subject to all obligations and responsibilities thereto with respect to each well upon which testing activity has been conducted.
- No production or sale of oil or natural gas is permitted except for de minimus amounts that may be generated during normal testing activities and which are reported to the Division within 30 days of production or sale.
- Except as may be otherwise indicated in the plan and schedule submitted, no physical alterations shall be performed to the well or to the wellhead, nor shall any existing casing or tubing be removed from or replaced in any well under the Agreement without prior approval from the Division. During testing procedures, repairs or alterations which, in the judgment of the operator, are necessary to maintain control of the well or to ensure protection of public health or safety may be made by the operator without prior approval from the Division providing a Division representative is notified as soon as practicable following the alteration or repair of the well.
- Within 30 days after completion of testing activities, all wastes and other debris generated by the testing activities shall be removed from the site and properly disposed, and all surface areas disturbed under the Agreement must be stabilized and restored as much as practicable to their prior condition.
- Upon completion of testing activities, the operator shall make a determination as to whether it intends to permit any of the wells tested under the Agreement. All information obtained from the testing activities on any well shall be provided to the Division upon request, unless the operator chooses to permit the well for oil and gas purposes within 90 days of the expiration of the Agreement.
- The Agreement may be revoked at any time by the Division for failure to comply with the terms and conditions therein. Failure to comply with the terms and conditions of the Agreement may result in the issuance of a Notice of Violation of IC 14-37-12-2 by the Division for failure to comply with applicable provisions of Indiana Code 14-37 or 312 IAC Article 16.
- The operator understands that the Agreement does not convey any rights of entry upon private property and that it has obtained, or will obtain, access agreements from all landowners upon whose property said testing activities will be conducted including ingress to and egress from the wells.

Questions regarding these instructions or the well testing process can be directed to Jim AmRhein, jamrhein@dnr.in.gov, phone (317) 232-6961, Mary Estrada, mestrada@dnr.in.gov, phone (317) 233-0933, or to Herschel McDivitt, hmcdivitt@dnr.in.gov, phone (317) 232-4058.