

SECTION .2200 – OPERATION AND PRODUCTION

15A NCAC 05H .2201 OPERATION AND PRODUCTION REQUIREMENTS FOR OIL OR GAS WELLS

(a) All oil or gas wells shall comply with API Recommended Practice 74, "Recommended Practice for Occupational Safety for Onshore Oil and Gas Production Operation," which is incorporated by reference, including subsequent amendments and editions. This document may be viewed online for no charge at <http://publications.api.org/>.

(b) All production equipment shall be maintained to comply with API Recommended Practice 51R "Environmental Protection for Onshore Oil and Gas Production Operations and Leases." Recommended Practice 51R may be viewed online for no charge at <http://publications.api.org/>.

(c) All natural gas compressor stations shall be contained within a baffled building in accordance with G.S. 113-395.1.

(d) The permittee shall report monthly production data from all producing oil or gas wells, wells capable of producing oil or gas, and all fluids produced during any phase of operation of the oil or gas well to the Department in accordance with Rule .0201 on Form 28 – Monthly Production Report within 60 calendar days from the end of each month. The Form shall include the following information:

- (1) the permittee's name, address, telephone number, fax number, and email address;
- (2) the county and nearest city or town where the oil or gas well is located;
- (3) the property street address, or nearest address to the ingress and egress point leading from a public road to the well pad;
- (4) the API number, the lease name, and the oil or gas well name and number;
- (5) the month and year of production;
- (6) the number of days the oil or gas well was producing for the reporting period;
- (7) the oil or gas well status;
- (8) the quantities of oil and production fluids posted in barrels; and
- (9) the quantities of gas posted in units of thousand cubic feet.

(e) All meters shall be calibrated at least annually and shall comply with Chapters 14, 21, and 22 of the API "Manual of Petroleum Measurement Standards," which is incorporated by reference, including subsequent amendments and editions. These documents, published by API, may be viewed online for no charge at <http://publications.api.org/>.

(f) All meters, valves, and gauges shall be maintained pursuant to the manufacture's specifications and remain accessible to the Department.

(g) The permittee shall notify the Department in accordance with Rule .0201 of this Subchapter at least 72 hours via telephone or email prior to meter calibration. The permittee shall submit Form 11 – Required Notifications to the Department, by mail, email or fax within five calendar days of the telephone or email notice and shall include the following information:

- (1) the permittee's name, address, telephone number, fax number, and email address;
- (2) the county and nearest city or town where the oil or gas well is located;
- (3) the property street address, or nearest address to the ingress and egress point leading from a public road to the well pad;
- (4) the API number, the lease name, and the oil or gas well name and number; and
- (5) the scheduled date and approximate time for the meter testing.

(h) The permittee shall retain calibration records for five years in accordance with Rule .0202 of this Subchapter.

(i) The permittee shall adjust, repair, or replace any meter that fails an annual meter calibration test with a calibrated meter. Test results that exceed two percent of the manufacturer's specifications shall constitute a failure of the meter calibration test. The permittee shall notify the Department within 24 hours of replacing a meter via mail or email and shall retain records related to replacement for a period of five years.

(j) The permittee shall inspect daily each producing oil or gas well for the first 30 calendar days following commencement of production and monthly thereafter. The permittee shall report on the daily inspections results within 30 calendar days of the final daily inspection on Form 29 – Well Site Inspection Report.

(k) The permittee shall submit a monthly inspection report to the Department using Form 29 – Well Site Inspection Report within 30 calendar days of the inspection.

(l) The Form 29 – Well Site Inspection Report shall include the following information:

- (1) the permittee's name, address, telephone number, fax number, and email address;
- (2) the county and nearest city or town where the oil or gas well is located;

- (3) the property street address, or nearest address to the ingress and egress point leading from a public road to the well pad;
 - (4) the API number, the lease name, and the oil or gas well name and number;
 - (5) the presence of corrosion or equipment deterioration on any production equipment;
 - (6) any indication or observation of a hydrocarbon release;
 - (7) the condition of the wellhead, tanks, separators, and all other production equipment;
 - (8) the condition of the secondary containment system for all tanks and separators;
 - (9) certification that activated charcoal filters, low pressure relief valves, hatch lids, and lightning arrestors are present and functional for all tanks; and
 - (10) any pressure measurements taken at the wellhead.
- (m) The Department may require the permittee to perform diagnostic testing on the oil or gas well or production equipment in order to determine whether a potential mechanical deficiency exists and the best method of repair if deficiencies or violations are noted by the permittee on the Form 29 – Well Site Inspection Report.
- (n) The permittee shall notify the Department via telephone or email of any annular pressures in excess of 80 percent of the API rated minimum internal yield pressure rating within 24 hours after discovery.
- (o) All shut-in oil or gas wells shall pass an annual mechanical integrity test. Oil or gas wells that had surface equipment removed or have become incapable of production shall pass a mechanical integrity test within 30 calendar days of the cessation of production. Oil or gas wells that fail a mechanical integrity test shall be repaired or plugged and abandoned within six months of failing the test. Mechanical integrity testing shall be conducted in accordance with the following procedure:
- (1) isolate the wellbore with a mechanical bridge plug, set at 100 feet or less above the production packer or the highest perforations, if the production tubing has been removed;
 - (2) pressure test the production tubing, or casing if the tubing has been removed, with inert or nonreactive liquid or gas at a minimum of 300 pounds per square inch (psi) surface pressure or 110 percent of the shut in tubing pressure, whichever is greater; and
 - (3) maintain a minimum of 300 psi surface pressure for at least 15 minutes without a pressure differential of more than 10 percent.
- (p) The permittee shall notify the Department using Form 11 – Required Notifications to the Department, not less than 10 calendar days prior to initiating a mechanical integrity test by mail, email, or fax. The notification shall include the following information:
- (1) the permittee's name, address, telephone number, fax number, and email address;
 - (2) the county and nearest city or town where the oil or gas well is located;
 - (3) the property street address, or nearest address to the ingress and point leading from a public road to the well pad;
 - (4) the API number, the lease name, and the oil or gas well name and number; and
 - (5) the scheduled date and approximate time the test will be performed.
- (q) Mechanical integrity test results shall be submitted to the Department using Form 16 – Mechanical Integrity Test Results, within 30 calendar days after completing the test and shall include the following information:
- (1) the permittee's name, address, telephone number, fax number, and email address;
 - (2) the county and nearest city or town where the oil or gas well is located;
 - (3) the property street address, or nearest address to the ingress and point leading from a public road to the well pad;
 - (4) the API number, the lease name, and the oil or gas well name and number;
 - (5) the purpose or reason for testing and identify if tubing or casing is being tested;
 - (6) identify the depth of producing zone and perforated intervals;
 - (7) the tubing and casing diameter and depth;
 - (8) a description of the pressure test data including pressure charts showing pressure:
 - (A) prior to testing;
 - (B) at the commencement of testing; and
 - (C) during testing;
 - (9) be signed by the service company or contractor conducting the pressure test to attest that all tests and results comply with the standards set in this Rule.
- (r) The permittee shall submit Form 2 – Oil or Gas Well Permit Application to the Department for the recompletion work required for the oil or gas well to be placed back into production.

History Note: Authority G.S. 113-391(a)(5)c; 113-391(a)(5)i; 113-391(a)(5)k;

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