

ALABAMA

Administration

1. Agency regulating oil and gas exploration/production: [State Oil and Gas Board](#), 420 Hackberry Lane, P.O. Box 869999, Tuscaloosa, AL 35486-6999. Phone: (205) 349-2852; Fax: (205) 349-2861. Staff e-mail addresses are: *@ogb.state.al.us (*Insert staff person's first initial and last name or insert "info" for general information).
2. Contact for regulatory updates: Marvin Rogers.
3. Docketing procedure: Regular Board hearings are generally held every 4 to 6 weeks. For a hearing schedule check our Web site. Meetings are held in the Board Room of the State Oil and Gas Board building located on the campus of the University of Alabama in Tuscaloosa, unless otherwise specified in the Board's Notice of Meeting. The petitioner shall file a proposed notice for publication with the Board accompanied by a written request for approval to publish the notice for hearing on a specific scheduled hearing date of the Board not less than twenty three (23) days prior to the meeting at which the petition shall be heard. The Supervisor will review the notice and provide petitioner an approved notice for publication including the newspaper(s) in which the notice should be published. Petitioner shall publish the notice in the newspaper at least 10 days prior to the hearing. When a petition pertains to specific land, notice of such petition shall be published once in the newspaper with the largest circulation in the county or counties where the affected land lies. When a petition pertains to a matter or statewide application, notice of such petition shall be published in the newspaper with the largest circulation in Jefferson and Mobile Counties. Upon filing a notice petitioner shall submit a \$150 filing fee. Five copies of all exhibits to be presented as evidence must be submitted to the Board at least 14 days prior to the hearing. Affidavits and petitions must be filed at least 14 days prior to the hearing. One filing fee may be submitted for all notices filed by the same petitioner that relate to the same subject matter.
 - a. Emergency orders: Emergency action may be taken by the Board without a public hearing. The emergency order will remain in force until relief is granted after notice and hearing, except that such emergency order will not remain in force longer than 45 days.
 - b. Notice: Additionally, the petitioner must give notice by first class mail when the petition involves an exceptional location, establishing a drilling or production unit, amending or reforming an established drilling or production unit, establishing or amending allowables, force pooling, or compulsory unitization, or when the Board determines that notice to certain parties is necessary because of the particular petition filed. The notice of the hearing is posted on the Web site of the Office of the Alabama Secretary of State.

4. Agency regulating air emissions: [Alabama Department of Environmental Management](#).
5. Agency regulating water quality: [Alabama Department of Environmental Management](#).

License

1. License required: N/A
2. Conditions of license: N/A

Bond/Surety

1. Purpose of surety: Ensure compliance with rules and regulations.
2. Plugging and restoration: N/A
3. Compliance bond required: [Rule 400-1-2-.03](#) (onshore), [Rule 400-2-2-.03](#) (offshore), [400-3-2-.03](#) (coalbed), and [400-6-3-.01](#) (underground storage facility for a solution-mined cavity and storage well).
4. Types of surety accepted: N/A
5. Conditions of bond: Compliance with the Rules and Regulations, proper plugging, and restoration of location.

a. Amount per well:

| <u>Onshore</u> | <u>Depth (ft.)</u> | <u>Amount</u> | <u>Depth (ft.)</u> | <u>Amount</u> |
|-----------------|--------------------|---------------|---------------------|---------------|
| & | 0 - 5,000 | \$ 5,000 | 15,001-20,000 | \$30,000 |
| <u>Coalbed-</u> | 5,001 -10,000 | \$10,000 | Greater than 20,000 | \$50,000 |
| | 10,001 -15,000 | \$15,000 | | |

| <u>Offshore -</u> | <u>Depth (ft.)</u> | <u>Amount</u> |
|-------------------|--------------------|---------------|
| | 0 - 6,000 | \$100,000 |
| | Greater than 6,000 | \$500,000 |

There is a \$100,000 bond for an underground storage facility for a solution–mined cavity and storage well.

b. Amount of blanket bond:

Onshore & Coalbed- \$100,000.

Offshore- \$1,000,000.

Land Leasing Information

1. Leasing method: Sealed competitive bids.
2. Notice method: Advertisement-Montgomery Advertiser and in a newspaper in the county in which the land is located - at least 25 days before the final date for submitting bids.
3. Minimum bidding \$ (per acre): The minimum bid per acre depends on several criteria with no set formula. Within the past few years - No less than \$125.
4. Qualification of the bidder: No pre-qualifying of bidders.
5. State statutes: AL ST

[§9-17-60](#)

[§9-17-65](#)

[§9-17-66](#)

[§9-17-67](#)

6. Maximum acres: One tract, 5,165 acres.
7. Royalty rates: N/A
8. Agency in control of leasing: [Alabama Department of Conservation and Natural Resources](#), Phone: (334) 242-3484 Fax: (334) 242-0999.

Setbacks

1. What rules/regulations/policies does your jurisdiction have regarding well setbacks from private residences and/or other habitable structures for use by humans or animals? N/A
2. Are there other sources of information on this matter that you could identify? N/A.

Spacing

1. Spacing requirements: [Rule 400-1-2-.02](#) (onshore); [Rule 400-2-2-.02](#) (offshore) [Rule 400-3-2-.02](#) (coalbed methane).
 - a. Density:

Onshore

Oil wells-

40-acre units

160-acre units (Supervisor may require written justification)

Gas wells- 40-acre units.
 160-acre units (Supervisor may require written justification)
 320-acre units (Fayette, Lamar, Pickens and Tuscaloosa Counties only)
 640-acre units (Baldwin, Mobile, Escambia and Washington Counties only) (Supervisor may require written justification)

All well units shall consist of governmental sections or divisions; however, upon receipt of written justification units consisting of 40, 160, 320, and 640 contiguous acres other than a governmental section or division may be approved by the Supervisor or may be referred to the Board for notice and hearing.

Offshore (for offshore wells in an offshore tract)

Deeper than 6,000 feet- Entire offshore tract, 3/4 tract, or 1/2 tract (where operator owns or controls 100% of working interest in entire offshore tract)

Deeper than 6,000 feet- Up to 1,400 acres (irregular offshore tracts)

6,000 feet or shallower- 1/2 offshore tract or 1/4 tract (where operator owns or controls 100% of working interest in entire offshore tract)

6,000 feet or shallower- Quarter Quarter tract for regular tract and up to 360 acres for irregular tracts

For offshore wells not in an offshore tract- 40-acre units
 160-acre units (Supervisor may require written justification)

640-acre units (Baldwin and Mobile Counties, only) (Supervisor may require written justification)

All well units shall consist of governmental sections or divisions; however, upon receipt of written justification units consisting of 40, 160, and 640 contiguous acres other than a governmental section or division may be approved by the Supervisor or may be referred to the Board for notice and hearing.

Coalbed gas- 40 acres

b. Lineal:

Onshore- 40 acre units - 330 feet from every exterior boundary
& 160 and 320 acre units - 660 feet from every exterior boundary

| | |
|-----------------|---|
| <u>Coalbed</u> | 640 acre units - 1,320 feet from every exterior boundary |
| <u>Offshore</u> | <u>Wells deeper than 6,000 feet</u> – 1,320 feet from every exterior boundary and 500 feet from the State/Federal boundary <u>Wells shallower than 6,000 feet</u> – 660 feet from every exterior boundary and 500 feet from the State/Federal boundary |

2. Exceptions: [Rule 400-1-2-.02 \(2\) \(g\)](#) (onshore), [400-2-2-.02\(4\)](#) (offshore), [400-3-2-.02\(2\) \(d\)](#) coalbed.
 - a. Basis: If the well would be nonproductive or if topographical or other conditions make the drilling in compliance with the spacing requirements unduly burdensome. See [Section 9-17-12\(c\)](#) of the Code of Alabama (1975).
 - b. Approval: After notice and hearing.

Pooling

1. Authority to establish voluntary: Yes.
2. Authority to establish compulsory: Yes.

Unitization

1. Compulsory unitization of all or part of a pool or common source of supply: Yes.
2. Minimum percentage of voluntary agreement before approval of compulsory unitization:
 - a. Working interest: 66 2/3%
 - b. Royalty interest: 66 2/3%

Drilling Permit

1. Permits required for:
 - a. Drilling a producing or service well: Yes.
 - b. Seismic drilling: No.
 - c. Recompletion: No, unless well has been plugged and abandoned.
 - d. Plugging and abandoning: No.

2. Permit fee:
 - a. Drilling: \$300 (for a coalbed methane gas well an operator must file an additional \$150 to be deposited in the Alabama Coalbed Methane Gas Well Plugging Fund).
 - b. Seismic drilling: No.
 - c. Recompletion: No, unless well has been plugged and abandoned.
 - d. Plugging and abandoning: No.
3. Require filing report of work performed: Yes.
4. Sundry notices used: N/A

Vertical Deviation

1. Regulation requirement: [Rule 400-1-4-.04](#) (onshore), [400-2-4-.04](#) (offshore), and [Rule 400-3-4-.04](#) (coalbed).
 - a. When is a directional survey necessary:

Onshore-

(1) when a well is directionally drilled, (2) when a well is drilled to a measured depth of 6,000 feet or greater, (3) when a well is expected to penetrate pore pressure gradients greater than 67 psi per hundred feet in depth, (4) when a well is expected to penetrate intervals containing hydrogen sulfide, and (5) when a well is an exceptional location and a directional survey is ordered by the Board.

Offshore-

All wells.

Coalbed-

(1) When a well is drilled and (2) when a well is an exceptional location and a directional survey is ordered by the board.

- b. Filing of survey required: Yes, one copy filed by the operator with the Supervisor within 30 days after completion of the well.
- c. Format of filing: N/A

Casing and Tubing

1. Minimum amount required:

- a. Surface casing: Varies depending on proposed total depth. See [Rule 400-1-4-.09](#) (onshore), [Rule 400-2-4-.09](#) (offshore), and [Rule 400-1-4-.09 \(coalbed\)](#).
- b. Production casing: Sufficient depth to adequately protect the oil and/or gas bearing stratum.

2. Minimum amount of cement required:

- a. Surface casing: Circulate to surface.
- b. Production casing: At least 500 feet above the top of the producing interval for an onshore or offshore well. For a coalbed methane gas well, at least 200 feet above the top of the producing interval.

c. Setting time:

Onshore- 12 hours for surface, intermediate or protective, and production casing.

Offshore- 8 hours for conductor casing and 12 hours for all other strings of casing.

Coalbed- 12 hours for surface and production casing.

3. Tubing requirements:

a. Oil wells:

Onshore & Offshore- All flowing wells must be produced through tubing anchored by a packer and equipped with a master valve and adequate chokes or beans to properly control the flow.

Coalbed- None.

b. Gas wells: same as (a) above.

Hydraulic Fracturing

The State Oil and Gas Board of Alabama has adopted detailed regulations addressing hydraulic fracturing of coalbed and conventional oil and gas wells.

The regulations addressing hydraulic fracturing are detailed and protect underground sources of drinking water.

The well permit issued by the Board to an operator is separate from the approval of a request by an operator for approval of hydraulic fracturing.

1. Permitting:
 - a. Before drilling: The approval for hydraulic fracturing must be after the well is drilled.
 - b. Before fracing: Yes.
 - c. How long before: No specific requirement.
2. Reporting requirements: The reporting is to the Board on [Form OGB-6](#). Also, the operator is required to maintain records associated with the hydraulic fracturing operation.
 - a. Where reported: To board.
 - b. When reported: The [Form OGB-6](#) must be submitted within 30 days of the hydraulic fracturing operation.
 - c. The contents of the fracture fluid are reported to FracFocus.
3. Source water requirements: There is no specific requirement for the source water utilized in hydraulic fracturing. However, the hydraulic fracturing operation must not adversely affect any fresh water supply well or fresh water resources.
4. Mechanical integrity:
 - a. Cementing log required: Yes.
 - b. Pressure testing: Yes.
 - c. Pressure monitoring: Yes.
 - d. Blowout preventer required: Not applicable for coalbeds.
5. Disposal of flowback fluids: The disposal of frac fluids is in conjunction with the disposal of produced water. Various methods are utilized to dispose of produced water.
 - a. Retaining pits: No.
 - b. Tanks: Possibly.
 - c. Approved discharge to surface water: Yes.
 - d. Underground injection: Possibly.

6. Chemical disclosure requirement: Alabama regulations require that each program for hydraulic fracturing be submitted to the Board. The Board reviews the overall hydraulic fracturing program. The chemical composition of the fracture fluid utilized in the fracture operation is considered by the Board in determining whether to approve the hydraulic fracturing program. The Alabama regulations specifically ban the use of diesel oil or fuel in any fluid mixture used in hydraulic fracturing of coalbeds. These and all records of the Board are available to the public.
 - a. Mandatory: See above.
 - b. Where disclosed: See above.
 - c. When disclosed (pre-fracing, post-fracing, both): See above.
 - d. Time limit to disclose: See above.
 - e. Information required to be disclosed: See above.
 - f. Trade secret protection: See above.

Underground Injection

1. Agencies that control the underground injection of fluid by well class: N/A

Completion

1. Completion report required: Yes. For Onshore see [Rules 400-1-4-.03, 400-1-4-.08, 400-1-4-.15, and 400-1-5-.03](#). For Offshore see [Rules 400-2-4-.03, 400-2-4-.08, 400-2-4-.12, and 400-2-5-.03](#). For Coalbed see [Rules 400-3-4-.03, 400-3-4-.08, 400-3-4-.15, 400-3-5-.05](#). Reports are submitted on [Forms OGB-6, OGB-7, OGB-8, OGB-9, and OGB-11](#).
 - a. Time limit: File within thirty days except for [Form OGB 9](#) related to well test which is fifteen days.
 - b. Where submitted: To the [State Oil and Gas Board](#), 420 Hackberry Lane, P.O. Box 869999, Tuscaloosa, AL 35486-6999.
2. Well logs required to be filed: One copy of all logs.
 - a. Time limit: Within 30 days after completion of the well.
 - b. Where submitted: Same as (b) in question 1 above.
 - c. Confidential time period: Six months from completion of well.

- d. Available for public use: All logs are available for public use after the six months confidential period, if such logs were requested to be held confidential; otherwise, available immediately.
 - e. Log catalog available: No.
3. Multiple completion regulation: [Rule 400-1-6-.05](#) (onshore) and [Rule 400-2-6-.05](#) (offshore). None for Coalbed.
- a. Approval obtained: For Onshore and Offshore Supervisor approval required. For Coalbed no approval required.
4. Commingling in well bore: [Rule 400-1-6-.02](#) (onshore), [400-2-6-.02](#) (offshore), [400-3-6-.04](#) (coalbed).
- a. Approval obtained: For Onshore and Offshore approval of the Board after notice and hearing. No approval required for Coalbed.

Oil Production

1. Definition of an oil well: Oil well shall mean a well capable of producing oil from an oil pool or oil pools.
2. Potential tests required: Yes, [Rule 400-1-5-.03](#) (Onshore), [400-2-5-.03](#) (Offshore), and [400-3-5-.05](#) (Coalbed).
- a. Time interval: Verbal report to the Supervisor immediately, written report on [Form OGB-9](#) within 15 days after completion of the test.
 - b. Witness required: At the discretion of the Supervisor.
3. Maximum gas-oil ratio: Yes.
- a. Provision for limiting gas-oil ratio: [Rule 400-1-5-.08](#) (Onshore), [Rule 400-2-5-.08](#) (Offshore), maximum gas limit of 2,000 cubic feet per barrel of oil allowable determined by the allocation formula.
 - b. Exception to limiting gas-oil ratio: Subject to Board action after notice and hearing.
4. Bottom-hole pressure test reports required: Yes, initially pursuant to [Rule 400-1-6-.03](#) (Onshore) and [400-2-6-.03](#) (Offshore). Special field rules contain provisions for submission of subsequent bottom-hole pressure tests.
- a. Periodical bottom-hole pressure surveys: As specified in field rules.

5. Commingling oil in common facilities: The Board will consider commingling of production after notice and hearing.
6. Measurement involving meters: For [Onshore Rule 400-1-5-.05](#) and [400-1-5-.06](#) and for Offshore [Rule 400-2-5-.05](#) and [400-2-5-.06](#). In addition, certain special field rules contain rules pertaining to metering of production.
7. Production reports:
 - a. By lease: No.
 - b. By well: Monthly production reports.
 - c. Time limit: By the 28th of the month following the month for which the production report covers.

Gas Production

1. Definition of a gas well: Gas well shall mean a well capable of producing gas from a gas pool or gas pools.
2. Pressure base 14.65 psia @ 60 degrees F.
3. Initial potential tests: Yes, [Rule 400-1-5-.03](#) (Onshore), [400-2-5-.03](#) (Offshore), and [400-3-5-.05](#) (Coalbed).
 - a. Time interval: Verbal report to the Supervisor immediately, written report on [Form OGB-9](#) within 15 days after completion of the test. For initial capacity test, unless exempted by special field rules, multi-point back pressure test with results reported on [Form OGB-10](#) within 15 days after a test has been completed. For annual capacity tests, unless otherwise exempted by special field rules, one-point back pressure with results reported on [Form OGB-10A](#) within 15 days after a test has been completed.
 - b. Witness required: At the discretion of the Supervisor.
4. Bottom-hole pressure test reports required: Yes, initially pursuant to [Rule 400-1-6-.03](#) (Onshore) and [400-2-6-.03](#) (Offshore). Special field rules contain provisions for submission of subsequent bottom-hole pressure tests.
 - a. Periodical bottom-hole pressure surveys: As required by the field rules.
5. Commingling of gas in common facilities: The Board will consider commingling of production after notice and hearing.
6. Measurement involving meters: For Onshore [Rule 400-1-5-.07](#), for [Offshore Rule 400-2-5-.07](#), and for Coalbed [Rule 400-3-5-.07](#). In addition, certain special field rules contain rules pertaining to metering of production.

7. Production reports:

- a. By lease: No.
- b. By well: Monthly production reports.
- c. Time limits: By the 28th day of the month following the month for which the production report covers.