

ARIZONA

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Administration

1. Agency regulating oil and gas exploration/production: [Oil and Gas Conservation Commission](#), 416 W. Congress Street, Suite 100 Tucson, Arizona 85701. Phone: (520) 770-3500. Fax: (520) 770-3505.
2. Contact for regulatory updates: Steven L. Rauzi, Oil and Gas Administrator, Arizona Geological Survey, 416 W. Congress Street, Suite 100, Tucson AZ 85701. Phone: (520) 770-3500.
3. Docketing procedure: The Arizona Oil and Gas Conservation Commission meets approximately every few months. Formal hearings as requested by any interested person or on motion by the Commission. [A.R.S. §27-517](#).
 - a. Emergency orders: Yes. The emergency order shall remain in force not to exceed 30 days from its effective date. [A.R.S. §27-516\(C\)](#).
 - b. Notice: At least ten days prior to hearing date. [A.R.S. §27-516\(B\)](#).
4. Agency regulating air emissions: Arizona Department of Environmental Quality, [Air Quality Division](#).
5. Agency regulating water quality: Arizona Department of Environmental Quality, [Water Quality Division](#).

License

1. License required: A permit to drill is required from the Arizona Oil and Gas Conservation Commission. [A.R.S. §27-513](#).
2. Conditions of license: Compliance with all applicable statutes and rules of the State of Arizona.

Bond/Surety

1. Purpose of surety: To ensure faithful performance by an operator of the duty to drill each well, plug each dry or abandoned well, repair each well causing waste or pollution, maintain and restore each well site and otherwise act in a manner that is consistent with [A.R.S. Title 27](#) Chapter 4 and rules of the Commission.

2. Plugging and restoration: Yes. Conditioned upon the faithful performance by the operator of the duty to drill each well, plug each dry or abandoned well, repair each well causing waste or pollution, maintain and restore each well site.
3. Compliance bond required: Yes. [A.A.C. R12-7-103](#).
4. Types of surety accepted: An operator shall provide a bond in the form of a surety bond, executed by the operator as principal and a corporate surety, authorized to do business in Arizona; a certified check; or a certificate of deposit at a federally insured bank, authorized to do business in Arizona.
5. Conditions of bond: Release of bond contingent upon operator's compliance with all rules and regulations of the Commission.
 - a. Amount per well: \$10,000 for well depth less than 10,000 feet and \$20,000 for well depth greater than 10,000 feet.
 - b. Amount of blanket bond: \$25,000 for 10 or fewer wells; \$50,000 for more than 10 but fewer than 50 wells; or \$250,000 for 50 or more wells.

Land Leasing Information

1. Leasing method: Non-competitive, over the counter.
2. Notice method: No notice is required for noncompetitive leasing sale under [A.R.S. §27-555](#). Notice is required if the Land Department designates a known geologic structure of producing oil or gas under [A.R.S. §27-554](#). Leasing is by sealed bids under [A.R.S. §27-556](#) within the designated area and notice must be published twice in a newspaper in the state not less than 15 days prior to the date fixed for opening the bids.
3. Minimum bidding \$ (per acre): Rental payment for the first year - the leases shall provide for the payment in advance of an annual rental of \$1.00/acre for each year of the primary term of the lease. All leases shall provide for a minimum rental of \$40.00 per year.
4. Qualification of the bidder: Individuals must be at least 21 years of age.
5. State statutes: [A.R.S. §27-554](#); [A.R.S. §27-555](#); and [A.R.S. §27-556](#).
6. Maximum acres: Generally not more than 2,560 acres of land confined to an area of six miles square shall be in any one lease.
7. Royalty rates: 1/8 (12.5%)
8. Agency in control of leasing: Arizona [State Land Department](#).

Setbacks

1. What rules/regulations/policies does your jurisdiction have in regard to well setbacks from private residences and/or other habitable structures for use by humans or animals? Yes. 150 to 1,000 ft. [A.A.C. R12-7-143](#).
2. Are there other sources of information on this matter that you could identify? No.

Spacing

1. Spacing requirements: Yes. [A.A.C. R12-7-107](#).
 - a. Density: Minimum acreage for an oil well is 80 acres. Minimum acreage for a gas well is 640 acres.
 - b. Lineal: No oil well shall be located closer than 330 feet from the boundary of drilling unit, nor closer than 330 feet to the shortest center line of drilling unit. Gas well no closer than 1,660 feet from section line.
2. Exceptions: Only after approval by Commission following notice and hearing. [A.A.C. R12-7-107\(F\)](#).
 - a. Basis: Topographical or geological conditions, and in order to prevent waste.
 - b. Approval: Request public hearing to present evidence of necessity, and to give all interested parties a chance to be heard.

Pooling

1. Authority to establish voluntary: Yes.
2. Authority to establish compulsory: Yes. [A.A.C. R12-7-107\(G\)](#); [A.R.S. §27-505](#).

Unitization

1. Compulsory unitization of all or part of a pool or common source of supply: Yes. [A.R.S. §27-531](#).
2. Minimum percentage of voluntary agreement before approval of compulsory unitization:
 - a. Working interest: 63% exclusive of royalty interest owned by lessees or subsidiaries of lessees.
 - b. Royalty interest: 63% exclusive of royalty interest owned by lessees or subsidiaries of lessees.

Drilling Permit

1. Permits required for:
 - a. Drilling a producing or service well: Yes. [A.A.C. R12-7-104](#).
 - b. Seismic drilling: No permit is required, but holes must be plugged in an approved manner and a report filed with the Commission. [A.A.C. R12-7-127\(J\)](#).
 - c. Recompletion: Yes. [A.A.C. R12-7-122](#).
 - d. Plugging and abandoning: Yes. [A.A.C. R12-7-126](#).
2. Permit fee:
 - a. Drilling: \$25.
 - b. Seismic drilling: No.
 - c. Recompletion: No fee except re-entry of well previously plugged. [A.A.C. R12-7-122](#).
 - d. Plugging and abandoning: No.
3. Require filing report of work performed: Yes. [A.A.C. R12-7-121\(A\)](#), [A.A.C. R12-7-122\(D\)](#), and [A.A.C. R12-7-127](#).
4. Sundry notices used: Yes.

Vertical Deviation

1. Regulation requirement: [A.A.C. R12-7-115](#). (Notice and hearing required).
 - a. A directional survey is necessary when: When a well is intentionally deviated from its normal course. [A.A.C. R12-7-115](#).
 - b. Filing of survey required: Within 30 days of completion of the directionally drilled well. [A.A.C. R12-7-115\(E\)](#).
 - c. Format of filing: Paper copy attached to signed Sundry Notice, can be supplemented by electronic filing.

Casing and Tubing

1. Minimum amount required:
 - a. Surface casing: Below all known and reasonably estimated fresh water. [A.A.C. R12-7-110\(A\)](#).

- b. Production casing: Yes. [A.A.C. R12-7-111](#).
- 2. Minimum amount of cement required:
 - a. Surface casing: Circulate. [A.A.C. R12-7-110\(A\)](#).
 - b. Production casing: Yes. [A.A.C. R12-7-111](#).
 - c. Setting time: Twelve hours minimum. [A.A.C. R12-7-110](#) and [R12-7-111](#).
- 3. Tubing requirements: Tubing set as close to bottom as practical and tubing perforations not more than 250 feet above top of pay. Wells may be completed with small diameter casing in lieu of tubing. [A.A.C. R12-7-111](#).
 - a. Oil wells: Yes. [A.A.C. R12-7-111](#).
 - b. Gas wells: Yes. [A.A.C. R12-7-111](#).

Hydraulic Fracturing

- 1. Permitting:
 - a. Before drilling: Yes. [A.A.C. R12-7-104](#).
 - b. Before fracking: No.
 - c. How long before: Not applicable.
- 2. Reporting requirements:
 - a. Where reported: Oil and Gas Program Administrator, Arizona Geological Survey, 416 W. Congress, Suite 100, Tucson, AZ 85701. [A.A.C. R12-7-117](#).
 - b. When reported: Within 15 days of the stimulation. [A.A.C. R12-7-117](#).
- 3. Source water requirements: None.
- 4. Mechanical integrity:
 - a. Cementing log required: No.
 - b. Pressure testing: Yes. [A.A.C. R12-7-117](#).
 - c. Pressure monitoring: Yes. [A.A.C. R12-7-117](#).
 - d. Blowout preventer required: Yes. Where subsurface pressures are unknown or high pressures do are likely to exist. [A.A.C. R12-7-113](#).

5. Disposal of flowback fluids:
 - a. Retaining pits: Yes. [A.A.C. R12-7-108](#).
 - b. Tanks: Yes. [A.A.C. R12-7-108](#).
 - c. Approved discharge to surface water: No. [A.A.C. R12-7-140](#).
 - d. Underground injection: Yes. [A.A.C. R12-7-175](#).
6. Chemical disclosure requirement:
 - a. Mandatory: No.
 - b. Where disclosed: Voluntary to [FracFocus.org](#).
 - c. When disclosed (pre-fracking, post-fracking, both): Voluntary to [FracFocus.org](#).
 - d. Time limit to disclose: Voluntary to [FracFocus.org](#).
 - e. Information required to be disclosed: Voluntary to [FracFocus.org](#).
 - f. Trade secret protection: N/A
 - g. Required disclosure to health/emergency personnel: N/A

Underground Injection

1. Agencies that control the underground injection of fluid by well class: Arizona is not a primacy state. [U.S. EPA Region 9](#) has primary jurisdiction over well classes I, II, III, IV, V, and VI. [Arizona Department of Environmental Quality](#) over well classes I, III, IV, V, and VI. [Arizona Oil and Gas Conservation Commission](#) over well class II.

Completion

1. Completion report required: Yes. [A.A.C. R12-7-121](#).
 - a. Time limit: 30 days following completion. [A.A.C. R12-7-121](#).
 - b. Where submitted: Oil and Gas Program Administrator, Arizona Geological Survey, 416 W. Congress, Suite 100, Tucson, AZ 85701.
2. Well logs required to be filed: Yes. [A.A.C. R12-7-121](#).
 - a. Time limit: 30 days following completion. [A.A.C. R12-7-121](#).

- b. Where submitted: Oil and Gas Program Administrator, Arizona Geological Survey, 416 W. Congress, Suite 100, Tucson, AZ 85701.
 - c. Confidential time period: One year after drilling is completed. [A.A.C. R12-7-121](#).
 - d. Available for public use: Yes, after confidentiality period.
 - e. Log catalog available: Yes.
3. Multiple completion regulation: Yes. [A.A.C. R12-7-116](#).
- a. Approval obtained: Yes, after notice and hearing. Commission may administratively approve subsequent applications for multiple completions of same zones or reservoirs in a field. [A.A.C. R12-7-116\(C\)](#).
4. Commingling in well bore: Yes. [A.A.C. R12-7-137](#).
- a. Approval obtained: May be authorized by Commission upon application and hearing. [A.A.C. R12-7-137](#).

Oil Production

1. Definition of an oil well: Any well producing hydrocarbons in a liquid state that is not the result of condensation of gas, with a gas-oil ratio less than 50,000 to 1, or any well classed as an oil well by the Commission.
2. Potential tests required: Yes. [A.A.C. R12-7-135\(C\)](#).
 - a. Time interval: Within 30 days following completion of well.
 - b. Witness required: In some instances.
3. Maximum gas-oil ratio: None.
 - a. Provision for limiting gas-oil ratio: Yes, in order to prevent waste. [A.R.S. §27-516\(A\)\(5\)](#).
 - b. Exception to limiting gas-oil ratio: Yes, operation of wells with most efficient gas-oil ratio. [A.R.S. §27-516\(A\)\(5\)](#).
4. Bottom-hole pressure test reports required: Yes. [A.A.C. R12-7-136](#).
 - a. Periodical bottom-hole pressure surveys: When required by Commission.
5. Commingling oil in common facilities: Yes. When leases have same royalty owners with identical percentage values and oil produced from same reservoir. [A.A.C. R12-7-137](#).

6. Measurement involving meters: Yes.
7. Production reports:
 - a. By lease: No.
 - b. By well: Yes. [A.A.C. R12-7-161](#).
 - c. Time limit: 25 days following the month of production.

Gas Production

1. Definition of a gas well: Gas well means any well that produces with a gas-oil ratio in excess of 50,000 to 1, or any well classed as a gas well by the Commission.
2. Pressure base 14.73 psia @ 60 degrees F.
3. Initial potential tests: Yes. [A.A.C. R12-7-150](#).
 - a. Time interval: Within 30 days after completion.
 - b. Witness required: In some instances.
4. Bottom-hole pressure test reports required: Yes. [A.A.C. R12-7-136](#).
 - a. Periodical bottom-hole pressure surveys: When required by Commission.
5. Commingling of gas in common facilities: No.
6. Measurement involving meters: Yes. [A.A.C. R12-7-151](#).
7. Production reports:
 - a. By lease: No.
 - b. By well: Yes. [A.A.C. R12-7-161](#).
 - c. Time limits: 25 days following the month of production.