
Rules of
Department of Natural Resources
Division 50—Oil and Gas Council
Chapter 1—Organization, Purpose and Definitions

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**Title 10—DEPARTMENT OF
NATURAL RESOURCES
Division 50—Oil and Gas Council
Chapter 1—Organization, Purpose
and Definitions**

10 CSR 50-1.010 Organization

PURPOSE: This rule sets out the organization of the State Oil and Gas Council.

(1) The State Oil and Gas Council is composed of the following state agencies: Division of Geology and Land Survey, Division of Commerce and Industrial Development, Missouri Public Service Commission, Clean Water Commission and University of Missouri. Two (2) other persons knowledgeable of the oil and gas industry are appointed to the council by the governor with the advice and consent of the senate.

(2) Member agencies are represented on the council by the executive head of the agency except that the University of Missouri shall be represented by a professor of petroleum engineering.

(3) The state geologist shall act as a supervisor charged with the duty of enforcing the rules and orders of the council applicable to the crude petroleum and natural gas resources of the state. The authority to engage in oil and gas drilling or producing operations will be granted by the state geologist when the requirements of 10 CSR 50-2.010–10 CSR 50-2.110 and Chapter 259, RSMo have been complied with. The state geologist also serves as director of the Division of Geology and Land Survey (DNR) with offices at Rolla, Missouri. Address P.O. Box 250, Rolla, MO 65401, (314) 364-1752.

*AUTHORITY: sections 259.010, 259.020, 259.030 and 259.040, RSMo 1986. * Original rule filed Oct. 11, 1966, effective Oct. 22, 1966. Amended: Filed Sept. 12, 1973, effective Sept. 22, 1973. Amended: Filed June 14, 1976, effective Nov. 12, 1976.*

**Original authority: 259.010, RSMo 1965, amended 1972; 259.020, RSMo 1965, amended 1972; 259.030, RSMo 1965; and 259.040, RSMo 1965, amended 1972.*

10 CSR 50-1.020 General Procedures and Purpose

PURPOSE: This rule provides for the general practice and procedure of the council, the application of rules promulgated by the council and declares the purpose of these rules.

(1) All rules promulgated shall be statewide in application unless otherwise specifically excepted by a written order of the council.

(2) Special rules will be promulgated when required and shall take precedence over general rules if in conflict therewith.

(3) No order or amendment, except in an emergency, shall be made by the council without a public hearing upon at least ten (10) days' notice. The public hearing shall be held at a time and place as may be prescribed by the council and any interested person shall be entitled to be heard.

(4) When an emergency requiring immediate action is found to exist, the council is authorized to issue an emergency order without notice of hearing, which shall be effective upon promulgation. No emergency order shall remain effective for more than fifteen (15) days.

(5) It is hereby declared to be in the public interest—

(A) To foster, to encourage and to promote the orderly and economic development, production and utilization of natural resources of oil and gas;

(B) To authorize and to provide for the operation and development of oil and gas properties in a manner that a greater ultimate recovery of oil and gas be had and that the correlative rights of all owners be fully protected;

(C) To encourage and to authorize the development and use of physical processes to obtain the greatest possible economic recovery of oil and gas in so-called primary, secondary and tertiary operations;

(D) To provide for complete protection of strata containing fresh water or water of present value or probable future value in all wells; and

(E) To provide for the elimination of surface or subsurface pollution or waste during and after drilling, producing and abandonment procedures in all wells.

(6) In the interest of conservation of natural resources, waste of oil and gas is prohibited.

(7) The state geologist, member of the council or authorized representative shall have the authority to enter property, with the consent of the owner or person in possession, to conduct investigations or inspections as are consistent with the intent of Chapter 259, RSMo.

*AUTHORITY: sections 259.070 and 259.140, RSMo 1986. * Original rule filed Oct. 11,*

1966, effective Oct. 21, 1966. Amended: Filed Sept. 12, 1973, effective Sept. 22, 1973. Amended: Filed Sept. 13, 1983, effective Dec. 11, 1983.

**Original authority: 259.070, RSMo 1965, amended 1972, 1983 and 259.140, RSMo 1965.*

10 CSR 50-1.030 Definitions

PURPOSE: Since many of the terms used in the oil and gas industry are unique to that industry, this rule provides the definitions found in section 259.050, RSMo for the convenience of those using these rules.

(1) See Chapter 259, RSMo, section 259.050 for those words specifically defined by statute—

(A) Applicant well, the well or group of wells from which an area of review is calculated;

(B) Area of review, an area surrounding a single applicant well or extending from the outer perimeter of a group of applicant wells to a minimum of one-half (1/2) mile from the well(s) and including the project area of the well(s);

(C) Area of review well, any well, including water wells and abandoned wells located within the area of review, which penetrates the injection interval;

(D) Certificate of clearance means a permit prescribed by the council for the transportation or the delivery of oil or gas or product and issued or registered in accordance with the rule or order requiring the permit;

(E) Corrective action, remedial action on any area of review well to prevent the migration of fluids from one (1) stratum to another;

(F) Council, the State Oil and Gas Council established by section 259.010;

(G) Exempted aquifer, an aquifer or its portion that meets the criteria in the definition of Underground Source of Drinking Water set forth in subsection (1)(X) of this rule but which has been exempted by the director of the Department of Natural Resources because the aquifer or its portion is oil- or gas-producing;

(H) Field, the general area underlain by one (1) or more pools;

(I) Fluid, any material or substance which flows or moves whether in a semi-solid, liquid, sludge or gaseous state;

(J) Gas, all natural gas and all other fluid hydrocarbons which are produced at the well-head and not defined in this rule as oil;

(K) Illegal gas means gas which has been produced from any well within this state in

excess of the quantity permitted by any rule or order of the council;

(L) Illegal oil means oil which has been produced from any well within the state in excess of the quantity permitted by any rule or order of the council;

(M) Illegal product means any product derived in whole or in part from illegal oil or illegal gas;

(N) Injection well, a well into which fluids are injected during all or part of the life of the well, but not including oil- or gas-producing wells into which cumulative fluid injection is less than three thousand (3000) reservoir barrels;

(O) Mechanical integrity exists if there is no significant leakage in the casing, tubing or packer; and there is no significant fluid movement into and underground source of drinking water through vertical channels adjacent to the well bore;

(P) Non-commercial gaswell, a well drilled for the sole purpose of furnishing gas for private domestic consumption by the owner and not for resale or trade;

(Q) Oil, crude petroleum oil and other hydrocarbons regardless of gravity which are produced at the wellhead in liquid form and the liquid hydrocarbons known as distillate or condensate recovered or extracted from gas, other than gas produced in association with oil and commonly known as casinghead gas;

(R) Oil and Gas Remedial Fund, fund established by section 259.190.5 into which forfeited bond monies, penalty monies and proceeds from the sale of illegal oil, illegal gas or illegal product are deposited, the monies in which are to be used for plugging abandoned wells as provided for in 10 CSR 50-2.060(10);

(S) Owner, the person who has the right to drill into and produce from a pool and to appropriate the oil or gas s/he produces therefrom either for him/herself or others or for him/herself and others;

(T) Pool, an underground reservoir containing a common accumulation of oil or gas or both; each zone of a structure which is completely separated from any other zone in the same structure is a pool, as that term is used in this chapter;

(U) Producer, the owner of a well(s) capable of producing oil or gas or both;

(V) Product, any commodity made from oil or gas and includes refined crude oil, crude tops, topped crude, processed crude, processed crude petroleum, residue from crude petroleum, cracking stock, uncracked fuel oil, fuel oil, treated crude oil, residuum, gas oil, casinghead gasoline, natural gas gasoline, kerosene, benzine, wash oil, waste oil, blended gasoline, lubricating oil, blends

or mixtures of oil with one (1) or more liquid products or by-products derived from oil or gas, and blends or mixtures or two (2) or more liquid products or by-products, derived from oil or gas whether enumerated in this rule or not;

(W) Reasonable market demand means the demand for oil or gas for reasonable current requirements for consumption and use within and without the state, together with such quantities as are reasonably necessary for building up or maintaining reasonable working stocks and reasonable reserves of oil or gas or product;

(X) Underground source of drinking water an aquifer or its portion; which supplies drinking water for human consumption; or in which the water contains less than ten thousand (10,000) mg/l total dissolved solids;

(Y) Waste means and includes:

1. Physical waste, as that term is generally understood in the oil and gas industry, but not including unavoidable or accidental waste;

2. The inefficient, excessive or improper use of, or the unnecessary dissipation of reservoir energy;

3. The location, spacing, drilling, equipping, operating or producing of any oil or gas well(s) in a manner which causes, or tends to cause, reduction in the quantity of oil or gas ultimately recoverable from a pool under prudent and proper operations or which causes or tends to cause unnecessary or excessive surface loss or destruction of oil or gas;

4. The inefficient storing of oil;

5. The production of oil or gas in excess of transportation or marketing facilities or in excess of reasonable market demand; and

6. Through negligence, the unnecessary or excessive surface loss or destruction of oil or gas resulting from evaporation, seepage, leakage or deliberate combustion; and

(Z) Well, any hole drilled in the earth for or in connection with the exploration, discovery, or recovery of oil or gas, or for, or in connection with the underground storage of gas in natural formation, or for, or in connection with the disposal of salt water, nonusable gas or other waste accompanying the production of oil or gas.

(2) All other words used in this rule shall be given their usual customary and accepted meaning, and all words of a technical nature, or peculiar to the oil and gas industry, shall be given that meaning which is generally accepted in the oil and gas industry.

*AUTHORITY: sections 259.050, 259.070, 259.140 and 259.190, RSMo 1986. * Original*

rule filed Oct. 11, 1966, effective Oct. 22, 1966. Amended: Filed Sept. 12, 1973, effective Sept. 22, 1973. Amended: Filed Oct. 14, 1981, effective Feb. 11, 1982. Amended: Filed Sept. 13, 1983, effective Dec. 11, 1983. Amended: Filed May 18, 1987, effective July 24, 1987.

**Original authority: 259.050, RSMo 1965, amended 1972, 1987; 259.070, RSMo 1965, amended 1972, 1983, 1987; 259.140, RSMo 1965; and 259.190, RSMo 1965, amended 1983.*