STATEWIDE RULES AND REGULATIONS

RULE 28. PLUGGING AND ABANDONMENT

Each abandoned hole or well shall be plugged by or on behalf of the owner, operator or producer who is in charge of the well and responsible therefore.

A. Schedule of Abandonment and Reporting on Form No. OGB 9-12-15-Z and Form No.9-A.

1. Dry Holes

All wells drilled for oil or gas and found to be dry prior to or after the effective date of this order shall be plugged within one hundred twenty (120) days after operations have been completed thereon or one hundred twenty (120) days after the effective date of this order, whichever is later, unless an extension of time is granted by the Supervisor.

2. All Other Wells

a. All wells wherein production operations or use as a service well have ceased on or after the effective date of this order shall continue to be reported on Form No. OGB 9-12-15-Z with the appropriate notation that the well is off production or no longer in use as a service well along with the date of last production or date the service well ceased to be used. After six (6) months, if such a well has not been restored to production or use as a service well, it shall thereafter be reported by the operator on the semiannual "Inactive Well Status Report" (Form No.9-A). Form No. 9-A shall be filed with the Supervisor showing the status of such well as of April 1st and October 1st of each year (report to be filed no later than April 25th and October 25th). Within six (6) months of the filing of an "Inactive Well Status Report" (Form No. 9-A) the operator shall either: (i) properly plug and abandon the well in accordance with all applicable rules and regulations concerning same; or, (ii) return the well to production operations or use as a service well; or, (iii) submit a request to the Supervisor for a six (6) month extension of the well's "Inactive Well" status. Any request for such a six (6) month extension of the well's "Inactive Well" status shall be accompanied by a new "Inactive Well Status Report" (Form No.9-A) indicating thereon that it is a request for an extension of a previously filed form. The request shall also be accompanied by information acceptable to the Supervisor concerning the reasons for the request (i.e. proof of the well's future utility, etc.) Any further extension of "Inactive Well" status beyond the one extension that may be granted at the discretion of the Supervisor may be granted only by the Board after notice and hearing and, if granted, may be for such period as the Board, in its discretion, deems appropriate. Any well granted "Inactive Well" status must continue to be reported on Form No. OGB 9-12-15-Z showing the date of last production or the date the well ceased to be used as a service well, together with a notation showing the well is carried on Form No.9-A, "Inactive Well Status Report" until the well is plugged and abandoned. **The extension of Inactive Well status shall not affect the extension or dissolution of the unit as provided in Rule 7 and Rule 8 hereof.**

b. The "Inactive Well Status Report" shall list the field, well name, well number and other pertinent data and provide an appropriate column to classify such well as having either (1) future utility, or (2) no future utility. If the well is classified as having future utility, the operator shall specify such utility by completing the appropriate column on the form. Wells so classified shall be reviewed periodically by the Supervisor who, at his discretion, may require an operator to supply additional information to justify the classification.

c. All such wells classified on the "Inactive Well Status Report" (Form No.9-A) by either the operator or the Supervisor as having no future utility shall be plugged within one hundred twenty (120) days from the date of such classification unless an extension of time is otherwise granted by the Supervisor.

d. Notwithstanding anything above to the contrary, all such wells within designated secondary and tertiary recovery projects do not have to be reported on the "Inactive Well Status Report" if the designated secondary or tertiary recovery project is listed on the Form No. 'OGB 9-12-15-Z beside each inactive well reported therein.

3. Administrative Interpretation

For purposes of administering the heretofore mentioned paragraphs, it is understood that:

a. A wellbore which is completed in more than one common source of supply (multiple completions) shall not be considered as ceasing to produce and shall not be reported on the "Inactive Well Status Report" as long as there is production from or operations in any completion in the well bore.

b. Failure to file the semiannual "Inactive Well Status Report" and to indicate the date the well was last produced or utilized may subject the well to immediate plugging.

c. Any interested party at any time shall have the right to review by the Board upon notice and hearing with respect to the administration of any provision hereof.

d. A designated secondary or tertiary recovery project shall be considered to be a field-wide unit approved by the Board for operation pursuant to Mississippi Code Annotated Section 53-3-101, et seq., and which is currently being operated under Special Field Rules which provide for secondary recovery, pressure maintenance, cycling operations, water flood, tertiary recovery, or any combination thereof.

B. Procedure For Plugging

Plugging shall be in accordance with the permit issued as provided for in the preceding rule and unless the permit or Form No 6 sets forth the method and procedure of plugging the well, the following shall be applicable:

1. With reference to the following, mud shall mean a mud fluid or weighted salt water fluid of sufficient weight to offset the hydrostatic pressure of any of the formations penetrated and cement shall mean cement or a proper cement-admix recognized by and of accepted use in industry.

2. All holes **in which no casing was run** shall be plugged **as follows:**

a. The hole shall be filled with mud, and cement plugs of not less than one hundred (100) feet in length shall be placed to protect each producible pool and a cement plug **of not less than one hundred (100) feet** must be placed approximately fifty (50) feet below all freshwater-bearing strata, together with additional cement plugs to properly protect all uncased freshwater-bearing sands. Further, a cement plug of not less than one hundred (100) feet shall be placed at the bottom of the surface pipe **(50 feet in and 50 feet out).** A **cement** plug **of at least twenty-five (25) feet shall be placed inside the casing near the surface of the ground, the casing cut off in such a manner so as not to interfere with soil cultivation, and a steel plate welded to the top of the casing tub.**

b. Such other plugs as are deemed necessary by the Board to properly plug the well.

c. Placement of all plugs shall be verified by tagging in a manner acceptable to the Board. In lieu of tagging the placement of plugs, the operator may double the size of the plug set forth in Paragraph (a) above.

d. The operator shall notify the Board's representative 48 hours prior to setting the plugs to afford him the opportunity to witness the placement, tagging (if applicable) and testing (if applicable) of all plugs.

3. All wells, **excluding those classified as Class II injection wells,** in which production casing has been set shall be plugged as follows:

a. If the production casing is <u>not</u> to be pulled, a cement **plug of not less than one hundred (100) feet** or bridging plug **with cement on top** shall be placed near the bottom of the casing string **at a depth equal to at least 0.9 times the top open perforation** and in such position as to protect any producible pool. **A cement plug of not less than one hundred (100) feet in length shall be placed inside the production casing at approximately fifty (50) feet below all freshwater-bearing strata. A cement plug of at least twenty-five (25) feet shall be placed inside the smallest string of casing and in all annular spaces near the surface of the ground, the casing(s) cut off in such a manner so as not to interfere with soil cultivation, and a steel plate welded to the top of the casing stub(s).**

b. Where the production casing is to be pulled, a cement **plug of not less than one hundred (100) feet** or bridge plug **with cement on top** shall be placed near the bottom of the production string **at a depth equal to at least 0.9 times the top open perforation** so as to properly protect any producible pool and the hole filled with mud up to the point where the production casing is severed. The hole shall be filled with mud and a cement plug of not less than one hundred (100)

feet in length shall be placed at approximately fifty (50) feet below all freshwater-bearing strata, together with additional cement plugs to properly protect all uncased freshwater-bearing sands. Further, **if the base of surface casing is exposed by pulling the production casing** a cement plug of not less than one hundred (100) feet shall be placed at the bottom of the surface pipe **(50 feet in and 50 feet out)**. A **cement** plug **of at least twenty-five (25) feet shall be placed inside the casing near the surface of the ground, the casing cut off in such a manner so as not to interfere with soil cultivation, and a steel plate welded to the top of the casing stub.**

c. Such other cement plugs and testing of plugs as is deemed necessary by the Board to properly plug the well.

d. The placement, tagging and testing, if any, of all cement plugs shall be witnessed by a representative of the Board. If the option of a bridge plug is chosen for plugging, or if a cement retainer is used for cementing, tagging of the plug will not be required. Also, in lieu of tagging the cement plugs, the operator may double the size of any cement plug set forth in Paragraphs (a) and (b) above.

e. The operator shall notify the Board's representative 48 hours prior to setting the plugs to afford him the opportunity to witness the placement, tagging (if applicable) and testing (if applicable) of all plugs.

4. All wells classified as Class II injection wells shall be plugged under the procedure included in Rule 63.

5. After the well is plugged and abandoned and prior to releasing the well to the landowner for unrestricted use, a NORM survey shall be run pursuant to Rule 69 and a Form-21 must be filed with the board within sixty (60) days after plugging.

6. The operator shall have the option as to the method of placing cement or cement-admix in the hole by (1) dump bailer, (2) pumping through tubing, casing, or drill pipe, (3) pump and plug, or (4) other method approved by the Board.

7. Within thirty (30) days after the plugging of any well, the owner, operator, or producer responsible therefore who plugged, or caused to be plugged, the well shall file an affidavit on Form No.7 with the Board, setting forth in detail the method used in plugging the well and a record of any casing removed.