

Arkansas Natural Gas Flaring and Venting Regulations

The U.S. Department of Energy's Office of Fossil Energy (FE) supports research and development of technologies that can reduce the volume of natural gas (e.g., methane) flared or vented (released) into the atmosphere during crude oil and natural gas exploration, production, processing, transportation, and storage operations. This fact sheet was created by FE to inform stakeholders on state-level production and regulatory activity regarding natural gas flaring and venting. FE's research portfolio includes efforts to reduce methane (and other hydrocarbon) flaring through the application of improved technologies to capture and utilize small volumes of natural gas at remote locations, as well as technologies to reduce (primarily) methane release during midstream gas processing and transportation. Intermittent flaring that occurs as a result of routine well testing, production facility process shutdowns, or facility and pipeline infrastructure maintenance, are normal aspects of safe oil and natural gas production. Increases in domestic oil and natural gas production have resulted in significant infrastructure buildouts, however, natural gas pipeline capacity constraints have led to regional increases in the flaring of associated gas in some unconventional plays (e.g., Permian Basin in Texas and New Mexico and Bakken Shale in North Dakota) in order to enable oil production.

Arkansas Producing Plays and Basins

The U.S. Energy Information Administration (EIA) estimates Arkansas' proved reserves to be at 38 million barrels of oil and 8.3 trillion cubic feet (Tcf) of natural gas. The majority of the oil and natural gas production in Arkansas splits between the Arkansas portion of the Arkoma Basin in the northwest-central part of the state and the portion of the Louisiana Salt Basin that extends across the border into the lower fifth of the state (Figure 1). Unconventional oil and gas plays under development in Arkansas include the Fayetteville Shale in the Arkoma Basin and the Brown Dense Shale in southern Arkansas. One of the first U.S. shale plays to be developed, the



Figure 1: Arkansas basins and major oil and gas producing areas outlined *Source: EIA*

Fayetteville Shale, is a dry natural gas formation that extends over nearly 3,000 square miles, with estimates of between 14 and 20 Tcf of technically recoverable natural gas. Production peaked between 2012 and 2014 and has since declined. Another unconventional play is the Lower Smackover/Brown Dense Shale (BDS), an oil and gas play underlying part of southern Arkansas. The Upper Jurassic BDS, at depths from 8,000 to 11,000 feet, remains an emerging play, despite testing with more than a dozen wells since 2012, most of which were in northern Louisiana.

Arkansas Key Regulations Associated with Flaring and Venting

The Arkansas Oil and Gas Commission (AOGC) is in charge of preventing waste and encouraging conservation of the Arkansas oil, natural gas, and brine resources in order to protect the correlative rights associated with those resources.

Arkansas Oil and Natural Gas Statistics (EIA)

	2013	2014	2015	2016	2017	2018
Crude Oil Production (Average Thousand Barrels/Day)	18	19	17	15	14	14
Natural Gas Gross Withdrawals and Production (Average MMcf/Day)	3,122	3,076	2,768	2,250	1,938	1,630
Natural Gas Gross Withdrawals and Production (Vented and Flared) (Mcf/Day)	Arkansas does not maintain a database with the total permitted amount of gas flared statewide.					
Natural Gas Gross Withdrawals and Production (Oil Wells) (MMcf/Day)	8	9	8	9	7	N/A
Natural Gas and Gas Producing Oil Wells (Thousands)	9.5	10.0	10.2	9.8	9.9	N/A

MMcf - million cubic feet

Mcf - thousand cubic feet

2017 ranking among 32 U.S. oil and natural gas producing states – <u>Oil</u>: 20 <u>Natural Gas</u>: 11

It is also responsible for protecting the environment during the production, extraction, and transportation of those resources. Its regulatory authorities include issuing permits to drill oil, natural gas, and brine production wells, as well as other types of exploratory wells. The AOGC also issues authority to operate and produce wells, by approving well completions and recompletions and conducting compliance inspections during the drilling process and the operational life of the wells. The responsibilities of the Office of Air Quality of the Arkansas Department of Environmental Quality (ADEQ) include developing and implementing programs designed to ensure compliance with federal air quality regulations; developing state rules governing air quality; and regulating emissions through a permitting program that sets emission limits that protect public health

In general, the state of Arkansas prohibits wasting oil and gas, as stated in Arkansas Code, Title 15, Natural Resources and Economic Development, Section <u>15-72-105</u>, entitled, *Prohibition on Wasting Oil or Gas*. This statute defines gas as all natural gas, including casinghead gas, and all other hydrocarbons. However,

Commission Order allows the use of casinghead gas for any beneficial purpose. Furthermore, Title 15, Natural Resources and Economic Development, Section 15-72-208, *Prevention of Wasting Gas*, defines what constitutes waste and the requirements for its prevention. Orders of the Commission administer both statutes.

As described by the AOGC, if the Commission Order. permits flaring, an operator must report the volume of gas flared and pay royalties on the flared gas to the mineral owner. However, there is a very limited number of wells permitted to flare for these short periods of time (30 days). Additionally, the Commission's production database includes flaring volumes in the wells' cumulative production and does not count flared gas separately. Due to the maturity of the oil production areas in Arkansas, generally, the oil producing areas do not flare natural gas. Because a limited volume of flaring occurs during the well drilling and completion phases and the Commission Order only allows for a small number of wells to be actively producing, these small volumes of flared gas do not warrant specific data collection. Therefore, the Commission's production database does not maintain such venting and flaring volumes.

Arkansas State Points of Contact

Arkansas Oil and Gas Commission

Contact the AOGC Director's Office for more information about drilling permits, compliance, and conservation of oil and gas resources in the state.

Website: <u>http://www.aogc.state.ar.us/</u> Pages/Default.aspx

Email: Larry.Bengal@aogc.state.ar.us Phone: 501-683-5814

Arkansas Department of Environmental Quality: Office of Air Quality

Contact ADEQ's Office of Air Quality for more information on emission regulations.

Website: https://www.adeq.state.ar.us/air/

Email: <u>spencer@adeq.state.ar.us</u>

Phone: 501-683-0873

Visit <u>energy.gov/fe/state-natural-gas-</u> <u>flaring-and-venting-regulations</u> for a digital version of this fact sheet that includes hyperlinks to information sources.

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