Rules to Cut Oil Waste Pits Endorsed

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BISMARCK, N.D. (AP) — North Dakota oil regulators on Monday endorsed new rules aimed at reducing the number of oil waste disposal pits and disclosing the chemical makeup of fluids pumped underground to coax oil to the surface.
The rules, developed over several months, are acceptable to western North Dakota's burgeoning oil industry, even though they are likely to increase production costs, an industry representative said.

A spokesman for an environmental group said the regulations were not strict enough, saying they should at least require flow monitors on pipelines used to dispose of salt water. Brine is a byproduct of oil drilling, and some recent large spills have contaminated farmland.

The new rules do not require all disposal lines to have flow monitors, said Donald Nelson, of Keene, spokesman for the Dakota Resource Council.

"We can't afford to sacrifice agricultural production for the convenience of the oil and gas industry," he said.

North Dakota's Industrial Commission on Monday approved the regulations. Gov. Jack Dalrymple is chairman of the commission, which oversees the state Department of Mineral Resources, North Dakota's oil and gas regulatory agency. The commission's other members are Agriculture Commissioner Doug Goehring and Attorney General Wayne Stenehjem.

The rules still must undergo review by a legislative oversight committee. Lynn Helms, director of the Department of Mineral Resources, said he hoped they would be in place by June.

North Dakota's oil production has more than quadrupled in the last five years, from 115,370 barrels daily in November 2006 to 509,754 barrels daily last November, agency data shows. During the same period, the number of operating oil wells jumped from 3,415 to more than 6,000.

When a well is drilled, a producer typically digs an open pit to use for dumping oil-drilling muds, diesel fuel and chemicals used during the drilling process, as well as rock chips ground up by the drill itself. The pit is later filled in and reclaimed.

The new rules mostly ban the dumping of liquid drilling wastes into an open pit, unless the well is less than 5,000 feet deep or the drilling muds contain mostly fresh water. Drilling muds are used to maintain a well's pressure, cool the drill bit and clear away ground-up rock chips.

The regulations do allow producers to use open pits to dispose of rock chips and

other solid wastes.

"There are extraordinary circumstances that may arise where you need an open bit for a well below 5,000 feet," Stenehjem said. "But that is to be the exception, not the rule."

The rules also affect hydraulic fracturing, a process that is driving North Dakota's oil production. Water, grit and chemicals are pumped underground at high pressure to crack, or fracture, oil-bearing shale rock and promote oil flows.

Once oil companies finished "fracking" a well, the rules require them to post information about the chemical composition of the fluid they used within 60 days, Helms said.

All oil wells must carry bonds, which are intended to cover cleanup costs if they are abandoned. Individual oil wells must carry a $50,000 bond, an increase from $20,000, the rules say, and bonds that cover more than one well must be at least $100,000. Wells used for commercial disposal of salt water must have a bond for at least $50,000.

The Industrial Commission delayed accepting the rules last month when Dalrymple said they were too vague about the conditions under which producers would still be allowed to dump liquid waste in open pits.

Helms said the rules were then changed "to provide some guidance as to what kind of mud systems we would consider allowing a reserve pit for."

"In other words, no diesel fuel, no high (sodium) content, which are two things that cause issues in the environment," Helms said.

Ron Ness, president of the North Dakota Petroleum Council, said the industry backed the rule changes.

"They are going to add substantial cost to the operations, and substantial investment in the equipment," Ness said. "You have to extract all of those liquids on (the well) site. You have to haul those liquids off site ... More equipment. More costs. More time."