



United States Department of the Interior
BUREAU OF INDIAN AFFAIRS
Eastern Oklahoma Region
Osage Agency
Post Office Box 1539
Pawhuska, Oklahoma 74056-1539

Guidance Regarding Requests to Shut-In Wells Due to COVID-19
May 14, 2020

Purpose: This guidance provides Osage County oil and gas lessees with information regarding the procedure for submitting a request to shut-in wells due to the COVID-19 pandemic.

Definitions: For purposes of this guidance, a “shut-in” well is defined as a well that is (1) located on a lease that is in the extended term; (2) physically and mechanically capable of producing oil and/or gas in paying quantities or capable of service (disposal, injection, etc.); and (3) temporarily inactive as the result of circumstances relating to the COVID-19 pandemic.

Policy: Lessees may not “shutdown, abandon, or otherwise discontinue the operation or use of any well, for any purpose, without the written approval of the Superintendent.” 25 C.F.R. § 226.28. “Application for authority to permanently shut down or discontinue use or operation of a well shall set forth justification, probable duration, the means by which the wellbore is to be protected, and the contemplated eventual disposition of the well.” 25 C.F.R. § 226.28(a).

In accordance with the 25 C.F.R. § 226.28, the Superintendent has the authority to approve the shut-in of any well if the request complies with regulatory requirements and he/she determines that there is adequate justification for such action. The Superintendent recognizes that the COVID-19 pandemic has had a significant impact on the oil and gas industry in Osage County. The rapid decline in the global demand for oil and resulting market volatility caused oil prices to collapse, dropping the highest posted price well below the breakeven mark for many lessees. The Superintendent is aware that lessees are also struggling with the availability of the personnel, oilfield services, and other resources necessary for the operation and production of their leases.

The unprecedented circumstances arising from the COVID-19 pandemic may justify the shut-in of both production and service wells located in Osage County. Lessees may apply for approval to shut-in wells using the procedure outlined below.

Procedure: To obtain approval to shut-in wells due to the COVID-19 pandemic, lessees must:

1. Submit a written request to the Superintendent. Requests must be mailed to: Osage Agency, Bureau of Indian Affairs, P.O. Box 1539, Pawhuska, OK 74056;
2. Label the shut-in request “COVID-19 Shut-In Request;” and
3. Include the following information in the request:
 - a. Lessee name, address, telephone number, and email address;

- b. Lease number(s) and legal description(s) (*e.g.*, quarter-section, section, township, and range);
- c. Well number(s) and, if available, GPS coordinates;
- d. Detailed explanation of the impact COVID-19 has had on operating/producing the subject wells (*i.e.*, unavailability of personnel, oilfield services, or supplies; lack of storage; inability to sell production; cost of operations; market price);
- e. Contemplated disposition of the well(s) (*e.g.*, return to production or plug and abandon);
- f. Length of requested shut-in period (the maximum initial shut-in period is 120 days);
- g. If during the two production months preceding the request, zero production was reported for a lease, submit documentation demonstrating that each unplugged well located on that lease (excluding orphan wells) is capable of production in paying quantities or service; and
- h. Any other information or documentation supporting the request.

Concession Agreements: Lessees with valid concession agreements may request the shut-in of wells located within the concession area in accordance with this guidance. In order to obtain relief from contractual requirements other than production in paying quantities, lessees must follow the procedure(s) prescribed by the concession agreement including, but not limited, to applicable “force majeure” clauses.

Effective Date: Once approved, shut-in status will be considered effective as of the first day of the production month in which the completed request was filed unless otherwise specified by the Superintendent.

Contact: Questions regarding this guidance should be directed to Steven Kohler, Supervisory Petroleum Engineer, at (918) 287-5770 or Lee Burnett, Supervisory Petroleum Engineering Technician, at (918) 287-5722.