

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 55th Legislature (2015)

4 HOUSE BILL 2177

 By: Hickman

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6
7 AS INTRODUCED

8 An Act relating to oil and gas; amending 52 O.S.
9 2011, Sections 87.6, as last amended by Section 1,
 Chapter 400, O.S.L. 2014, 87.7, 87.8, as amended by
10 Section 2, Chapter 400, O.S.L. 2014 and 87.9 (52 O.S.
 Supp. 2014, Sections 87.6 and 87.8), which relate to
11 the 2011 Shale Reservoir Development Act; changing
 name of act to the Extended Lateral Horizontal Well
12 Development Act; modifying definitions; providing an
 alternate development method to creating a new unit
13 or changing an existing drilling and spacing unit for
 certain horizontal development; limiting allowance of
14 multiunit horizontal wells to targeted reservoir or
 reservoirs; modifying requirements for allocation of
15 certain costs; expanding authority of the Corporation
 Commission to adjust allocation factors; changing
16 pooling requirements to targeted reservoirs; updating
 statutory citations; and declaring an emergency.

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19 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

20 SECTION 1. AMENDATORY 52 O.S. 2011, Section 87.6, as
21 last amended by Section 1, Chapter 400, O.S.L. 2014 (52 O.S. Supp.
22 2014, Section 87.6), is amended to read as follows:

1 Section 87.6 A. Sections 87.6 through 87.9 of this title shall
2 be known and may be cited as the "~~2011 Shale Reservoir~~ Extended
3 Lateral Horizontal Well Development Act".

4 B. As used in the ~~2011 Shale Reservoir~~ Extended Lateral
5 Horizontal Well Development Act:

6 1. "Allocation factor" means the percentage of costs,
7 production or proceeds allocated to a unit affected by a multiunit
8 horizontal well;

9 2. "Application" means a written request filed by an owner of
10 the right to drill seeking approval to drill, complete and produce a
11 multiunit horizontal well or to create a horizontal well
12 unitization;

13 3. "Associated common source of supply" means a common source
14 of supply which is subject to a drilling and spacing unit formed by
15 the Corporation Commission and located in all or a portion of the
16 lands in which the completion interval of a multiunit horizontal
17 well is located, or which is located within the boundaries of a unit
18 created through a horizontal well unitization, and which is
19 immediately adjoining the shale common source of supply in which the
20 completion interval of the horizontal well is located, and which is
21 inadvertently encountered in the drilling of the lateral of such
22 horizontal well when such well is drilled out of or exits, whether
23 on one or multiple occasions, such shale common source of supply;

24 4. "Commission" means the Corporation Commission;

1 5. "Completion interval" means, for an open hole completion in
2 a horizontal well, the interval from the point of entry to the
3 terminus and, for a cased and cemented completion in a horizontal
4 well, the interval from the first perforations to the last
5 perforations;

6 6. "Horizontal well" means a well drilled, completed, or
7 recompleted with one or more laterals which, for at least one
8 lateral, the horizontal component of the completion interval exceeds
9 the vertical component of the completion interval and the horizontal
10 component extends a minimum of one hundred fifty (150) feet in the
11 formation;

12 7. "Horizontal well unitization" means a unitization for a
13 shale reservoir created pursuant to Section 87.9 of this title;

14 8. "Horizontal component" means the calculated horizontal
15 distance from the point of entry to the terminus;

16 9. "Lateral" means the portion of the wellbore of a horizontal
17 well from the point of entry to the terminus;

18 10. "Marmaton common source of supply" means a common source of
19 supply located within Texas and Beaver Counties and designated as
20 the Marmaton by the Commission through rule or order;

21 11. "Multiunit horizontal well" means a horizontal well in a
22 targeted reservoir wherein the completion interval of the well is
23 located in more than one unit formed for the same targeted
24

1 reservoir, with the well being completed in and producing from such
2 targeted reservoir in two or more of such units;

3 12. "Plan of development" means the proposed plan for
4 developing the shale reservoir unitized pursuant to Section 87.9 of
5 this title, which plan, based upon the information and knowledge
6 then available to the applicant, shall include:

- 7 a. a map or maps indicating the location of each existing
8 well in the proposed unit and the anticipated location
9 of each horizontal well proposed to be drilled in the
10 proposed unit that is anticipated to be necessary,
11 based upon the information and knowledge then
12 available to the applicant, for the full and efficient
13 development and operation of the proposed unit for the
14 recovery of oil and gas from the shale reservoir
15 within the proposed unit,
- 16 b. any applicable proposed allocation factor or factors
17 for allocating the costs, production and proceeds from
18 the proposed unit,
- 19 c. the anticipated timing and anticipated sequence of
20 drilling of each horizontal well in the proposed unit,
21 and
- 22 d. any other specific terms, provisions, conditions and
23 requirements set forth in Section 87.9 of this title
24 or determined by the Commission to be reasonably

necessary or proper to effectuate or accomplish the purpose of Section 87.9 of this title;

13. "Point of entry" means the point at which the borehole of a horizontal well first intersects the top of the targeted reservoir;

14. "PRSA" means the Production Revenue Standards Act;

15. "Shale reservoir" means a common source of supply which is a shale formation that is so designated by the Commission through rule or order, and ~~shall also~~ may, for good cause shown, include any associated common source of supply in relation thereto as defined in this section;

16. "Targeted reservoir" means any shale reservoir or any portion of the Marmaton common source of supply or any other common source of supply which has been:

- a. designated by the Commission through a rule or emergency rule as a common source of supply that is potentially suited for development through a multiunit horizontal well, or
- b. determined by the Commission as part of the order approving the multiunit horizontal well as a common source of supply that is appropriately suited for development through a multiunit horizontal well for the particular application, and

1 in designating or determining whether a particular common source of
2 supply should be considered a targeted reservoir, the Commission may
3 limit its designation to certain geographical areas;

4 17. "Terminus" means the end point of the borehole of a
5 horizontal well;

6 18. "Wellbore royalty interest" means, for each separate
7 multiunit horizontal well, the sum of resulting products of each
8 affected unit's royalty share for that unit, as defined by the PRSA,
9 multiplied by that unit's allocation factor for production and
10 proceeds;

11 19. "Wellbore royalty proceeds" means the proceeds or other
12 revenue derived from or attributable to any production of oil and
13 gas from the multiunit horizontal well multiplied by the wellbore
14 royalty interest;

15 20. "Unit" means a drilling and spacing unit for a single
16 common source of supply created pursuant to Section 87.1 of this
17 title or ~~a horizontal well unitization~~ an extended lateral
18 horizontal unit created pursuant to Section 87.9 of this title;

19 21. "Unit's royalty contribution factor" means the royalty
20 share for an affected unit, as defined by PRSA, multiplied by that
21 unit's allocation factor, then divided by the total wellbore royalty
22 interest; and

23 22. "Vertical component" means the calculated vertical distance
24 from the point of entry to the terminus.

1 SECTION 2. AMENDATORY 52 O.S. 2011, Section 87.7, is
2 amended to read as follows:

3 Section 87.7 Corporation Commission Jurisdiction.

4 The Corporation Commission shall have jurisdiction, upon the
5 filing of a proper application therefor, to permit the drilling,
6 completing and producing of a multiunit horizontal well in
7 conformity with Section 4 87.8 of this ~~act~~ title, or to create a
8 horizontal well unitization in conformity with Section 5 87.9 of
9 this ~~act~~ title, if the Commission finds that the multiunit
10 horizontal well or the horizontal well unitization will prevent
11 waste and will protect the correlative rights of the owners of oil
12 and gas rights. Furthermore, for the planned development of a
13 common source of supply through the use of horizontal well
14 technology where there is currently production from the common
15 source of supply within an existing unit or units, and the planned
16 horizontal well or wells would extend beyond the boundaries of one
17 or more of the existing units, an alternative to creating a new unit
18 or units pursuant to Section 87.1 or 87.9 of this title, or
19 modifying, superseding, amending or vacating the existing drilling
20 and spacing unit or units, to accommodate the horizontal development
21 is the utilization of a multiunit horizontal well or wells pursuant
22 to Section 87.8 of this title.

1 SECTION 3. AMENDATORY 52 O.S. 2011, Section 87.8, as
2 amended by Section 2, Chapter 400, O.S.L. 2014 (52 O.S. Supp. 2014,
3 Section 87.8), is amended to read as follows:

4 Section 87.8 A. Under the conditions contained in this
5 section, the Corporation Commission is authorized to allow multiunit
6 horizontal wells in any targeted reservoir or reservoirs in order to
7 prevent waste and protect the correlative rights of the owners of
8 oil and gas rights.

9 B. Ownership, Allocation of Costs, Commingled Production, and
10 Proceeds.

11 The Commission shall require the allocation to each of the units
12 affected by a multiunit horizontal well of the actual and reasonable
13 drilling, completion and production costs associated with a
14 multiunit horizontal well ~~to each of the affected units which the~~
15 ~~well actually penetrates within the completion interval~~ and shall
16 further require the allocation to each of the units affected by a
17 multiunit horizontal well of the commingled production and the
18 proceeds from the sale thereof, from the completion interval of a
19 multiunit horizontal well, with any allocation to be in a manner
20 that will prevent waste and protect the correlative rights of the
21 owners of the oil and gas rights in each of the affected units ~~which~~
22 ~~the well actually penetrates within the completion interval.~~

23 1. The allocation factor for each affected unit shall be
24 determined by dividing the length of the completion interval located

1 within the affected unit by the entire length of the completion
2 interval in the subject multiunit horizontal well. The Commission
3 shall have the authority to adjust the allocation factors or
4 participation in the subject multiunit horizontal well, based upon
5 reasonable testimony and evidence presented to the Commission, if
6 necessary to prevent waste and adequately protect the correlative
7 rights or vested rights, or both, of the owners of the oil and gas
8 rights in each of the affected units.

9 2. Each party who participates as a working interest owner in a
10 multiunit horizontal well shall own an undivided interest in all
11 portions of the wellbore of the well and in the equipment on or in
12 the well in the same ratio that the party's allocated portion of the
13 total costs of the well and equipment bears to the total costs of
14 the well and equipment. The ownership of undivided interest
15 described in this paragraph shall not affect or prejudice the
16 ownership of oil and gas rights of the affected owners outside of
17 the targeted reservoir for the multiunit horizontal well.

18 3. A multiunit horizontal well shall be treated as a well in
19 each of the affected units and shall be subject to all of the rules
20 otherwise applicable to any other well in any of the affected units.
21 In allowing a multiunit horizontal well, the Commission, under
22 Section 87.1 of this title, may grant any necessary exceptions to
23 the permitted well location tolerances in each of the affected units
24 for the well and permit the well as an additional well in each of

1 the affected units. When an owner has drilled or proposes to drill
2 a multiunit horizontal well or wells and the owners of a present
3 right to drill in any of the affected units have not agreed to pool
4 their interests in the unit or units for the ~~affected common sources~~
5 ~~of supply~~ targeted reservoir, the Commission, under Section 87.1 of
6 this title, may, upon the filing of a proper application therefor,
7 require the owners to pool their interests in the targeted reservoir
8 in each affected unit on a unitwide basis as to the respective unit
9 in regard to the development involving the portion of the multiunit
10 horizontal well or wells located within the affected unit.

11 Furthermore, if the Commission has previously entered an order
12 pooling the interests of owners in an affected unit in which a
13 multiunit horizontal well or wells have been drilled or are proposed
14 to be drilled, the Commission, under Section 87.1 of this title may,
15 upon the filing of a proper application therefor, amend the pooling
16 order to the extent necessary to have the pooling order cover the
17 development involving the portion of the multiunit horizontal well
18 or wells located within the affected unit.

19 4. The application shall include:

- 20 a. the approximate anticipated location of the proposed
21 multiunit horizontal well or wells,
22 b. a map or maps indicating the location of each
23 currently existing well in each affected unit which is
24 the subject of the application and the anticipated

1 location of each multiunit horizontal well currently
2 proposed to be drilled in each affected unit as a
3 result of the application and any other horizontal
4 well not included in the current application, but
5 anticipated to be necessary, based upon the
6 information and knowledge then available to the
7 applicant, for the full and efficient development and
8 operations of the targeted reservoir within the
9 affected units if the well or wells are approved by
10 the Commission upon the filing of a proper application
11 at a future date, and

12 c. any applicable proposed allocation factor or factors
13 for allocating the costs, production and proceeds from
14 each proposed multiunit horizontal well under the
15 application.

16 5. Production from the completion interval in the targeted
17 reservoir from each of the affected units in which a multiunit
18 horizontal well is completed may be commingled in the wellbore of
19 the well and produced to the surface. The commingled production
20 from a multiunit horizontal well shall be allocated to each of the
21 affected units based upon the allocation factors approved by the
22 Commission.

23 6. In granting an application for a multiunit horizontal well
24 or wells, the Commission shall find, based on the testimony and

1 evidence presented, that given the information and knowledge then
2 available, the proposed multiunit horizontal well or wells will
3 prevent waste, protect correlative rights and likely will aid in the
4 full and efficient development of each of the affected units.

5 7. The wellbore royalty proceeds for a multiunit horizontal
6 well shall be allocated to each affected unit by multiplying the
7 royalty contribution factor of the unit by the wellbore royalty
8 proceeds, with the resulting product being the royalty proceeds for
9 that unit. Each royalty interest owner in an affected unit shall be
10 entitled to receive the owner's proportionate royalty share of the
11 allocated royalty proceeds for that unit.

12 8. The multiunit horizontal well shall be subject to the
13 provisions of the Product Revenue Standards Act (PRSA). The
14 operator of the multiunit horizontal well shall be the designated
15 royalty distributor pursuant to the PRSA for the multiunit
16 horizontal well, unless there is a diversity of operators in the
17 affected units from which the multiunit horizontal well is producing
18 and another operator in each of the affected units agrees to perform
19 separately the PRSA royalty distribution functions for the unit.

20 C. Application, Notice and Retained Jurisdiction.

21 Application for approval of a multiunit horizontal well shall be
22 in a form prescribed by the Commission. The application, and the
23 notice of hearing on the application, shall be served no less than
24 fifteen (15) days prior to the date of the hearing, by regular mail,

1 upon each person or governmental entity having the right to share in
2 production from each of the affected units covered by the
3 application, as well as other persons or governmental entities
4 required by the rules of the Commission. Upon approval of a
5 multiunit horizontal well, the Commission shall retain jurisdiction
6 over the well. The retained jurisdiction of the Commission set
7 forth herein shall neither preclude nor impair the right of any
8 affected party to obtain through the district courts of this state
9 any remedy or relief available at law or in equity for injuries
10 caused by any action or inaction of the applicant, operator or any
11 other affected party.

12 SECTION 4. AMENDATORY 52 O.S. 2011, Section 87.9, is
13 amended to read as follows:

14 Section 87.9 A. Horizontal Well Unitization for Shale
15 Reservoirs.

16 Under limited circumstances and conditions contained in this
17 section, the Corporation Commission is authorized to unitize a shale
18 reservoir for the drilling of horizontal wells to the end that a
19 greater ultimate recovery of oil and gas may be had therefrom, waste
20 is prevented, and the correlative rights of the owners are
21 protected. Unless and until a unit created pursuant to this section
22 is effective, nothing in this section shall prohibit the drilling of
23 a horizontal well within a drilling and spacing unit created
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1 pursuant to Section 87.1 of ~~Title 52 of the Oklahoma Statutes~~ this
2 title.

3 B. Prerequisites for Unitization.

4 Upon the filing of an appropriate application, and after notice
5 and hearing, the Commission shall determine if:

6 1. The proposed unitization of the shale reservoir is
7 reasonably calculated to increase the ultimate recovery of oil and
8 gas from the shale reservoir through the use of horizontal well
9 technology to drill one or more horizontal wells in the unit;

10 2. The use of horizontal well technology to drill the
11 horizontal well or wells in the shale reservoir is feasible, will
12 prevent waste, will protect correlative rights and will with
13 reasonable probability result in the increased recovery of
14 substantially more oil and gas from the shale reservoir within the
15 unit than would otherwise be recovered;

16 3. The estimated additional cost, if any, of conducting the
17 horizontal well operations is not anticipated to exceed the value of
18 the additional oil and gas to be recovered; and

19 4. The unitization and the use of horizontal well technology to
20 drill one or more horizontal wells is for the common good and will
21 result in the general advantage of the owners of the oil and gas
22 rights within the unit.

23 Upon making these findings, the Commission may enter an order
24 creating the unit and providing for the unitized operation of the

1 shale reservoir described in the order, all upon terms and
2 conditions as may be shown by the evidence to be fair, reasonable,
3 equitable and which are necessary or proper to protect and safeguard
4 the respective rights and obligations of the several persons
5 affected, including royalty owners, owners of overriding royalties
6 and others, as well as the lessees. The application shall set forth
7 a description of the proposed unit with a map or plat thereof
8 attached, shall allege the existence of the facts required to be
9 found by the Commission as provided in this subsection and shall
10 have attached thereto a recommended plan of development which is
11 applicable to the proposed unit and which is fair, reasonable and
12 equitable.

13 C. Size of the Unit.

14 Each unit shall be two governmental sections. However, the
15 Commission may expand the size of the unit by including additional
16 governmental sections up to a maximum unit size of four governmental
17 sections, if for good cause shown the Commission finds the expansion
18 of the unit size beyond two governmental sections is necessary to
19 prevent waste, to protect correlative rights and will result in the
20 increased recovery of substantially more oil and gas from the shale
21 reservoir than would otherwise be recovered based upon, but not
22 necessarily limited to:

- 23 1. Geological features existing within the proposed unit;
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1 2. The proposed location or orientation of the horizontal
2 wells;

3 3. The length of the laterals of the proposed horizontal wells;

4 4. The proposed use of multilateral wells; or

5 5. Any combination thereof.

6 D. Ownership of Oil and Gas Rights within the Unit.

7 Where there are, or may thereafter be, two or more separately
8 owned tracts within the unit, each owner of oil and gas rights
9 within the unit shall own an interest in the unit of the same
10 character as the ownership of the owner in the separately owned
11 tract. From and after the effective date of the order of the
12 Commission creating the unit and subject to the provisions of any
13 pooling order covering the unit, the interest of each owner in the
14 unit shall be defined as the percentage of interest owned in each
15 separate tract by the owner, multiplied by the proportion that the
16 acreage in each separately owned tract bears to the entire acreage
17 of the unit. The costs incurred in connection with and the
18 production and proceeds from the wells in the unit shall be
19 allocated to each separate tract in the unit and shall be borne or
20 shared by the owners in each separate tract based upon and
21 determined by the interest of each owner in the tract. However, if
22 a well or wells already exist within the area of the proposed unit
23 which are producing or have produced or appear to be productive from
24 the shale reservoir being unitized, the Commission may adjust the

1 sharing of future costs incurred in connection with and future
2 production and proceeds from any existing well or any subsequent
3 well in the proposed unit in any manner deemed necessary by the
4 Commission in order to protect the correlative rights of the owners
5 within the proposed unit, including providing for the sharing of
6 future costs incurred in connection with and future production and
7 proceeds from any existing well or any subsequent well in a manner
8 different from any other well in the unit so long as the various
9 methods of sharing future costs, production and proceeds from the
10 existing and subsequent wells in the proposed unit prevents waste
11 and protects the correlative rights of all the affected owners. For
12 the purpose of this section, any owner or owners of oil and gas
13 rights in and under an unleased tract of land within the unit,
14 unless the owner has relinquished the drilling rights or working
15 interest of the owner in the applicable shale reservoir in the tract
16 of land under a pooling order entered by the Commission which order
17 remains in effect, shall be regarded as a lessee to the extent of a
18 seven-eighths (7/8) interest in and to the rights and a lessor to
19 the extent of the remaining one-eighth (1/8) interest therein.

20 E. The Plan of Development.

21 The application shall include a proposed plan of development.
22 Based upon the facts and conditions found to exist with respect to a
23 proposed unit, the Commission shall determine the necessary terms,
24 provisions, conditions and requirements to be included in the plan

1 of development for the unit. If a well or wells already exist
2 within the area of the proposed unit which are producing or have
3 produced or appear to be productive from the shale reservoir being
4 unitized, the plan of development shall also include:

5 1. Any adjustments to the sharing of future costs incurred in
6 connection with future development and production, and the sharing
7 of proceeds, from any existing well or any subsequent well which the
8 Commission determines to be necessary in order to be fair,
9 reasonable and equitable, and to protect the correlative rights of
10 the owners, considering the existing development in and the prior
11 and anticipated future production from the shale reservoir within
12 the proposed unit; and

13 2. The procedure and basis upon which existing wells, equipment
14 and other properties of the several lessees within the unit area are
15 to be taken over and used for unit operations, including the method
16 of arriving at the compensation therefor, or of otherwise
17 proportionately equalizing or adjusting the investment of the
18 several lessees in the project as of the effective date of unit
19 operation.

20 F. Order of the Commission.

21 The order of the Commission creating the unit shall:

22 1. Designate the size and shape of the unit;
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1 2. Set forth the drilling pattern and setbacks for the unit,
2 including the permitted well location tolerances for the permitted
3 wells within the unit;

4 3. Approve and adopt the plan of development for the unit, with
5 a copy thereof attached to the order;

6 4. Designate the unit operator; and

7 5. Provide for the conditions upon which the unit, and the
8 order creating the unit, shall terminate.

9 G. Consent by Owners.

10 No order of the Commission creating a unit pursuant to this
11 section shall become effective unless and until the proposed
12 unitization has been consented to in writing, and the written
13 consent submitted to the Commission, by lessees of record of not
14 less than sixty-three percent (63%) of the working interest in the
15 shale reservoir in the area to be included in the unit and by owners
16 of record of not less than sixty-three percent (63%), exclusive of
17 any royalty interest owned by any lessee or by any subsidiary of any
18 lessee, of the one-eighth (1/8) royalty interest in the shale
19 reservoir in the area to be included in the unit in an express
20 writing separate from the oil and gas lease. The Commission shall
21 make a finding in the order creating the unit as to whether the
22 requisite consent has been obtained. Where the requisite consent
23 has not been obtained at the time the order creating the unit is
24 entered, the Commission shall, upon application and notice, hold any

1 additional and supplemental hearings as may be requested or required
2 to determine if and when the requisite consent has been obtained and
3 the date the unitization will become effective. In the event
4 lessees and royalty owners, or either, owning the required
5 percentage interest in and to the unit area have not so consented to
6 the unitization within a period of six (6) months from and after the
7 date on which the order creating the unit is entered, the order
8 creating the unit shall cease to be of further force and effect and
9 shall be revoked by the Commission.

10 H. Notice.

11 The application for the creation of a horizontal well
12 unitization for a shale reservoir under this section, and the notice
13 of hearing on the application, shall be served no less than fifteen
14 (15) days prior to the date of the hearing, by regular mail, upon
15 each person or governmental entity having the right to share in
16 production from the proposed unit covered by the application, as
17 well as other persons or governmental entities required by
18 Commission rules. Any person aggrieved by any order of the
19 Commission made pursuant to this section may appeal therefrom to the
20 Supreme Court of the State of Oklahoma upon the same conditions,
21 within the same time and in the same manner as is provided for in
22 ~~Title 52 of the Oklahoma Statutes~~ this title, for the taking of
23 appeals from the orders of the Commission made thereunder.

24 I. Pooling of the Unit.

1 From and after the effective date of an order creating a unit
2 pursuant to this section and subject to the provisions of the order
3 in regard to the matters to be found by the Commission in the
4 creation of the unit and the provisions of the applicable plan of
5 development, an owner of the right to drill for and produce oil or
6 gas from the unit may request the Commission to pool the oil and gas
7 interests of the owners in the unit on a unitwide basis pursuant to
8 the provisions of subsection (e) of Section 87.1 of ~~Title 52 of the~~
9 ~~Oklahoma Statutes~~ this title in regard to the development of the
10 unit involving a horizontal well or wells.

11 J. Effect on Existing Spacing Units and Pooling Orders.

12 From and after the effective date of an order creating a unit
13 pursuant to this section, the operation of any well producing from
14 the shale reservoir within the unit defined in the order by persons
15 other than the unit operator, or except in the manner and to the
16 extent provided in the order shall be unlawful and is hereby
17 prohibited. Once the order of the Commission creating a unit
18 pursuant to this section becomes effective, the unit so created
19 shall supersede any drilling and spacing unit previously formed by
20 the Commission pursuant to Section 87.1 of ~~Title 52 of the Oklahoma~~
21 ~~Statutes~~ this title for the same shale reservoir within the area of
22 the new unit. Any pooling order which was entered by the Commission
23 pursuant to subsection (e) of Section 87.1 of ~~Title 52 of the~~
24 ~~Oklahoma Statutes~~ this title covering any drilling and spacing unit

1 superseded by a unit created pursuant to this section and which was
2 in effect at the time of the creation of the unit shall remain in
3 full force and effect as to any oil and gas interests in the shale
4 reservoir which were relinquished and transferred by operation of
5 law under the pooling order. However, further development of the
6 shale reservoir in the area of the unit created pursuant to this
7 section shall not be subject to any of the other provisions of any
8 prior pooling order, but shall be governed by and pursuant to the
9 order creating the unit, including the applicable plan of
10 development, and any subsequent pooling order covering the unit.

11 K. Payment of Proceeds.

12 Units created pursuant to this section shall be subject to the
13 terms and provision of the PRSA.

14 L. The Commissioners of the Land Office.

15 The Commissioners of the Land Office, or other proper board or
16 officer of the state having the control and management of state
17 land, and the proper board or officer of any political, municipal,
18 or other subdivision or agency of the state, are hereby authorized
19 and shall have the power on behalf of the state or of any political,
20 municipal, or other subdivision or agency thereof, with respect to
21 land or oil and gas rights subject to the control and management of
22 the respective body, board, or officer, to consent to or participate
23 in any unitization adopted pursuant to the ~~2011 Shale Reservoir~~
24 Extended Lateral Horizontal Well Development Act.

1 M. Retained Jurisdiction.

2 Upon the creation of a unit pursuant to this section, and
3 approval of the plan of development in connection therewith, the
4 Commission shall retain jurisdiction over the unit and the plan of
5 development. The retained jurisdiction of the Commission set forth
6 herein shall neither preclude nor impair the right of any affected
7 party to obtain through the district courts of this state any remedy
8 or relief available at law or in equity for injuries caused by any
9 action or inaction of the applicant, operator or any other affected
10 party.

11 SECTION 5. It being immediately necessary for the preservation
12 of the public peace, health and safety, an emergency is hereby
13 declared to exist, by reason whereof this act shall take effect and
14 be in full force from and after its passage and approval.

15
16 COMMITTEE REPORT BY: COMMITTEE ON ENERGY AND NATURAL RESOURCES,
17 dated 02/11/2015 - DO PASS.
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