

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 284

By: Schulz

6
7 COMMITTEE SUBSTITUTE

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 (52 O.S. Supp.
2016, Sections 87.6 and 87.8), and 87.9, which relate
11 to definitions, Corporation Commission jurisdiction,
horizontal wells, and horizontal well unitization;
12 creating the Oklahoma Energy Jobs Act of 2017;
renaming certain act; modifying definitions;
13 conforming language; updating statutory references;
authorizing multiunit horizontal wells in certain
14 targeted reservoirs; modifying the allocation of
costs and proceeds of costs associated with multiunit
15 horizontal wells; modifying situation in which
Corporation Commission may require pooling of certain
16 interests in multiunit horizontal wells; updating
references to shale reservoir to targeted reservoir;
17 removing the limitation on size of units; modifying
the requirements for a plan of development; requiring
18 order of commission to include certain factors;
removing references to certain wells; specifying
19 certain type of order that may be declared unlawful;
modifying authority of Commissioners of the Land
20 Office; providing for noncodification; and declaring
an emergency.

21
22 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

23 SECTION 1. NEW LAW A new section of law not to be
24 codified in the Oklahoma Statutes reads as follows:

1 This act shall be known and may be cited as the "Oklahoma Energy
2 Jobs Act of 2017".

3 SECTION 2. AMENDATORY 52 O.S. 2011, Section 87.6, as
4 last amended by Section 1, Chapter 400, O.S.L. 2014 (52 O.S. Supp.
5 2016, Section 87.6), is amended to read as follows:

6 Section 87.6. A. Sections 87.6 through 87.9 of this title
7 shall be known and may be cited as the "~~2011 Shale Reservoir~~
8 Horizontal Well Development Act".

9 B. As used in the ~~2011 Shale Reservoir~~ Horizontal Well
10 Development Act:

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

14 2. "Application" means a written request filed by an owner of
15 the right to drill seeking approval to drill, complete and produce a
16 multiunit horizontal well or to create a horizontal well
17 unitization;

18 3. ~~"Associated common source of supply" means a common source~~
19 ~~of supply which is subject to a drilling and spacing unit formed by~~
20 ~~the Corporation Commission and located in all or a portion of the~~
21 ~~lands in which the completion interval of a multiunit horizontal~~
22 ~~well is located, or which is located within the boundaries of a unit~~
23 ~~created through a horizontal well unitization, and which is~~
24 ~~immediately adjoining the shale common source of supply in which the~~

~~completion interval of the horizontal well is located, and which is
inadvertently encountered in the drilling of the lateral of such
horizontal well when such well is drilled out of or exits, whether
on one or multiple occasions, such shale common source of supply;~~

4. "Commission" means the Corporation Commission;

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

~~6.~~ 5. "Horizontal well" means a well drilled, completed, or
recompleted with one or more laterals which, for at least one
lateral, the horizontal component of the completion interval exceeds
the vertical component ~~of the completion~~ interval thereof and the
horizontal component extends a minimum of one hundred fifty (150)
feet in the formation;

~~7.~~ 6. "Horizontal well unitization" means a unitization for a
~~shale~~ targeted reservoir created pursuant to Section 87.9 of this
title;

~~8.~~ 7. "Horizontal component" means the calculated horizontal
distance from the point of entry to the terminus;

~~9.~~ 8. "Lateral" means the portion of the wellbore of a
horizontal well from the point of entry to the terminus;

1 ~~10. "Marmaton common source of supply" means a common source of~~
2 ~~supply located within Texas and Beaver Counties and designated as~~
3 ~~the Marmaton by the Commission through rule or order;~~

4 ~~11.~~ 9. "Multiunit horizontal well" means a horizontal well ~~in a~~
5 ~~targeted reservoir~~ wherein the completion interval of the well is
6 located in more than one unit formed for the same targeted
7 reservoir, with the well being completed in and producing from such
8 targeted reservoir in two or more of such units;

9 ~~12.~~ 10. "Plan of development" means the proposed plan for
10 developing the ~~shale~~ targeted reservoir unitized pursuant to Section
11 87.9 of this title, which plan, based upon the information and
12 knowledge then available to the applicant, shall include:

- 13 a. a map or maps indicating the location of each existing
14 well in the proposed unit and the anticipated location
15 of each horizontal well proposed to be drilled in the
16 proposed unit that is anticipated to be necessary,
17 based upon the information and knowledge then
18 available to the applicant, for the full and efficient
19 development and operation of the proposed unit for the
20 recovery of oil and gas from the ~~shale~~ targeted
21 reservoir within the proposed unit,
- 22 b. any applicable proposed allocation factor or factors
23 for allocating the costs, production and proceeds from
24 the proposed unit,

1 c. the anticipated timing and anticipated sequence of
2 drilling of each horizontal well in the proposed unit,
3 and

4 d. any other specific terms, provisions, conditions and
5 requirements set forth in Section 87.9 of this title
6 or determined by the Commission to be reasonably
7 necessary or proper to effectuate or accomplish the
8 purpose of Section 87.9 of this title;

9 ~~13.~~ 11. "Point of entry" means the point at which the borehole
10 of a horizontal well first intersects the top of the targeted
11 reservoir;

12 ~~14.~~ 12. "PRSA" means the Production Revenue Standards Act;

13 ~~15.~~ 13. ~~"Shale reservoir" means a common source of supply which~~
14 ~~is a shale formation that is so designated by the Commission through~~
15 ~~rule or order, and shall also include any associated common source~~
16 ~~of supply as defined in this section;~~

17 ~~16.~~ "Targeted reservoir" means ~~any shale reservoir or any~~
18 ~~portion of the Marmaton~~ one or more common source sources of supply
19 which may be encountered by the lateral portion of a horizontal well
20 and which has been designated by the Commission as part of any
21 order, rule or emergency rule as potentially suited for development
22 through a multiunit horizontal well or a unitization pursuant to
23 Section 87.9 of this title. Any such designation or determination
24 may be limited to certain geographical areas. Subject to approval

1 of the Commission, any such targeted reservoir may include any other
2 common source of supply which may be or is encountered by the
3 lateral of a multiunit horizontal well or a horizontal well in a
4 unitization pursuant to Section 87.9 of this title;

5 ~~17.~~ 14. "Terminus" means the end point of the borehole of a
6 horizontal well in the targeted reservoir;

7 ~~18.~~ 15. "Wellbore royalty interest" means, for each separate
8 multiunit horizontal well, the sum of resulting products of each
9 affected unit's royalty share for that unit, as defined by the PRSA,
10 multiplied by that unit's allocation factor for production and
11 proceeds;

12 ~~19.~~ 16. "Wellbore royalty proceeds" means the proceeds or other
13 revenue derived from or attributable to any production of oil and
14 gas from the multiunit horizontal well multiplied by the wellbore
15 royalty interest;

16 ~~20.~~ 17. "Unit" means a drilling and spacing unit for a single
17 common source of supply created pursuant to Section 87.1 of this
18 title or a horizontal well unitization created pursuant to Section
19 87.9 of this title;

20 ~~21.~~ 18. "Unit's royalty contribution factor" means the royalty
21 share for an affected unit, as defined by PRSA, multiplied by that
22 unit's allocation factor, then divided by the total wellbore royalty
23 interest; and
24

1 ~~22.~~ 19. "Vertical component" means the calculated vertical
2 distance from the point of entry to the terminus.

3 SECTION 3. AMENDATORY 52 O.S. 2011, Section 87.7, is
4 amended to read as follows:

5 Section 87.7. Corporation Commission Jurisdiction.

6 The Corporation Commission shall have jurisdiction, upon the
7 filing of a proper application therefor, to permit the drilling,
8 completing and producing of a multiunit horizontal well in
9 conformity with ~~Section 4 of this act~~ Section 87.8 of this title, or
10 to create a horizontal well unitization in conformity with ~~Section 5~~
11 ~~of this act~~ Section 87.9 of this title, if the Commission finds that
12 the multiunit horizontal well or the horizontal well unitization
13 will prevent waste and will protect the correlative rights of the
14 owners of oil and gas rights.

15 SECTION 4. AMENDATORY 52 O.S. 2011, Section 87.8, as
16 amended by Section 2, Chapter 400, O.S.L. 2014 (52 O.S. Supp. 2016,
17 Section 87.8), is amended to read as follows:

18 Section 87.8. A. Under the conditions contained in this
19 section, the Corporation Commission is authorized to allow multiunit
20 horizontal wells in any targeted reservoir in order to prevent waste
21 and protect the correlative rights of the owners of oil and gas
22 rights.

23 B. Ownership, Allocation of Costs, Commingled Production, and
24 Proceeds.

1 The Commission shall require the allocation of the reasonable
2 drilling, completion and production costs associated with ~~a~~ such
3 multiunit horizontal well to each of the affected units which the
4 well actually penetrates within the completion interval and shall
5 further require the allocation to each of the units affected by a
6 multiunit horizontal well of the commingled production, and the
7 proceeds from the sale thereof, from the completion interval of ~~a~~
8 such multiunit horizontal well, with any allocation to be in a
9 manner that will prevent waste and protect the correlative rights of
10 the owners of the oil and gas rights in each of the affected units
11 which the well actually penetrates within the completion interval.

12 1. The allocation factor for each affected unit shall be
13 determined by dividing the length of the completion interval located
14 within the affected unit by the entire length of the completion
15 interval in the subject multiunit horizontal well. The Commission
16 shall have the authority to adjust the allocation factors, based
17 upon reasonable testimony and evidence presented to the Commission,
18 if necessary to prevent waste and adequately protect the correlative
19 rights of the owners of the oil and gas rights in each of the
20 affected units.

21 2. Each party who participates as a working interest owner in a
22 multiunit horizontal well shall own an undivided interest in all
23 portions of the wellbore of the well and in the equipment on or in
24 the well in the same ratio that the party's allocated portion of the

1 total costs of the well and equipment bears to the total costs of
2 the well and equipment. The ownership of undivided interest
3 described in this paragraph shall not affect or prejudice the
4 ownership of oil and gas rights of the affected owners outside of
5 the targeted reservoir for the multiunit horizontal well.

6 3. A multiunit horizontal well shall be treated as a well in
7 each of the affected units and shall be subject to all of the rules
8 otherwise applicable to any other well in any of the affected units.
9 In allowing a multiunit horizontal well, the Commission, under
10 Section 87.1 of this title, may grant any necessary exceptions to
11 the permitted well location tolerances in each of the affected units
12 for the well and permit the well as an additional well in each of
13 the affected units. When an owner has drilled or proposes to drill
14 a multiunit horizontal well or wells and the owners of a present
15 right to drill in any of the affected units have not agreed to pool
16 their interests in the unit or units for the ~~affected common sources~~
17 ~~of supply~~ targeted reservoir, the Commission, under Section 87.1 of
18 this title, may, upon the filing of a proper application therefor,
19 require the owners to pool their interests in the targeted reservoir
20 in each affected unit on a unitwide basis as to the respective unit
21 in regard to the development involving the portion of the multiunit
22 horizontal well or wells located within the affected unit.
23 Furthermore, if the Commission has previously entered an order
24 pooling the interests of owners in an affected unit in which a

1 multiunit horizontal well or wells have been drilled or are proposed
2 to be drilled, the Commission, under Section 87.1 of this title may,
3 upon the filing of a proper application therefor, amend the pooling
4 order to the extent necessary to have the pooling order cover the
5 development involving the portion of the multiunit horizontal well
6 or wells located within the affected unit.

7 4. The application shall include:

- 8 a. the approximate anticipated location of the proposed
9 multiunit horizontal well or wells,
- 10 b. a map or maps indicating the location of each
11 currently existing well in each affected unit which is
12 the subject of the application and the anticipated
13 location of each multiunit horizontal well currently
14 proposed to be drilled in each affected unit as a
15 result of the application and any other horizontal
16 well not included in the current application, but
17 anticipated to be necessary, based upon the
18 information and knowledge then available to the
19 applicant, for the full and efficient development and
20 operations of the targeted reservoir within the
21 affected units if the well or wells are approved by
22 the Commission upon the filing of a proper application
23 at a future date, and
24

1 c. any applicable proposed allocation factor or factors
2 for allocating the costs, production and proceeds from
3 each proposed multiunit horizontal well under the
4 application.

5 5. Production from the completion interval in the targeted
6 reservoir ~~from~~ in each of the affected units in which a multiunit
7 horizontal well is completed may be commingled in the wellbore of
8 the well and produced to the surface. The commingled production
9 from a multiunit horizontal well shall be allocated to each of the
10 affected units based upon the allocation factors approved by the
11 Commission.

12 6. In granting an application for a multiunit horizontal well
13 or wells, the Commission shall find, based on the testimony and
14 evidence presented, that given the information and knowledge then
15 available, the proposed multiunit horizontal well or wells will
16 prevent waste, protect correlative rights and likely will aid in the
17 full and efficient development of each of the affected units.

18 7. The wellbore royalty proceeds for a multiunit horizontal
19 well shall be allocated to each affected unit by multiplying the
20 royalty contribution factor of the unit by the wellbore royalty
21 proceeds, with the resulting product being the royalty proceeds for
22 that unit. Each royalty interest owner in an affected unit shall be
23 entitled to receive the owner's proportionate royalty share of the
24 allocated royalty proceeds for that unit.

1 8. The multiunit horizontal well shall be subject to the
2 provisions of the Product Revenue Standards Act (PRSA). The
3 operator of the multiunit horizontal well shall be the designated
4 royalty distributor pursuant to the PRSA for the multiunit
5 horizontal well, unless there is a diversity of operators in the
6 affected units from which the multiunit horizontal well is producing
7 and another operator in each of the affected units agrees to perform
8 separately the PRSA royalty distribution functions for the unit.

9 C. Application, Notice and Retained Jurisdiction.

10 Application for approval of a multiunit horizontal well shall be
11 in a form prescribed by the Commission. The application, and the
12 notice of hearing on the application, shall be served no less than
13 fifteen (15) days prior to the date of the hearing, by regular mail,
14 upon each person or governmental entity having the right to share in
15 production from each of the affected units covered by the
16 application, as well as other persons or governmental entities
17 required by the rules of the Commission. Upon approval of a
18 multiunit horizontal well, the Commission shall retain jurisdiction
19 over the well. The retained jurisdiction of the Commission set
20 forth herein shall neither preclude nor impair the right of any
21 affected party to obtain through the district courts of this state
22 any remedy or relief available at law or in equity for injuries
23 caused by any action or inaction of the applicant, operator or any
24 other affected party.

1 SECTION 5. AMENDATORY 52 O.S. 2011, Section 87.9, is
2 amended to read as follows:

3 Section 87.9. A. Horizontal Well Unitization for ~~Shale~~
4 Targeted Reservoirs.

5 Under limited circumstances and conditions contained in this
6 section, the Corporation Commission is authorized to unitize a ~~shale~~
7 targeted reservoir for the drilling of horizontal wells to the end
8 that a greater ultimate recovery of oil and gas may be had
9 therefrom, waste is prevented, and the correlative rights of the
10 owners are protected. Unless and until a unit created pursuant to
11 this section is effective, nothing in this section shall prohibit
12 the drilling of a horizontal well within a drilling and spacing unit
13 created pursuant to Section 87.1 of ~~Title 52 of the Oklahoma~~
14 ~~Statutes~~ this title.

15 B. Prerequisites for Unitization.

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

18 1. The proposed unitization of the ~~shale~~ targeted reservoir is
19 reasonably calculated to increase the ultimate recovery of oil and
20 gas from the ~~shale~~ targeted reservoir through the use of horizontal
21 well technology to drill one or more horizontal wells in the unit;

22 2. The use of horizontal well technology to drill the
23 horizontal well or wells in the ~~shale~~ targeted reservoir is
24 feasible, will prevent waste, will protect correlative rights and

1 will with reasonable probability result in the increased recovery of
2 substantially more oil and gas from the ~~shale~~ targeted reservoir
3 within the unit than would otherwise be recovered;

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

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

11 Upon making these findings, the Commission may enter an order
12 creating the unit and providing for the unitized operation of the
13 ~~shale~~ targeted reservoir described in the order, all upon terms and
14 conditions as may be shown by the evidence to be fair, reasonable,
15 equitable and which are necessary or proper to protect and safeguard
16 the respective rights and obligations of the several persons
17 affected, including royalty owners, owners of overriding royalties
18 and others, as well as the lessees. The application shall set forth
19 a description of the proposed unit with a map or plat thereof
20 attached, shall allege the existence of the facts required to be
21 found by the Commission as provided in this subsection and shall
22 have attached thereto a recommended plan of development which is
23 applicable to the proposed unit and which is fair, reasonable and
24 equitable.

1 C. Size of the Unit.

2 Each unit shall be two governmental sections. However, the
3 Commission may expand the size of the unit by including additional
4 governmental sections ~~up to a maximum unit size of four governmental~~
5 ~~sections~~, if for good cause shown the Commission finds the expansion
6 of the unit size beyond two governmental sections is necessary to
7 prevent waste, to protect correlative rights and will result in the
8 increased recovery of substantially more oil and gas from the ~~shale~~
9 targeted reservoir than would otherwise be recovered based upon, but
10 not necessarily limited to:

11 1. Geological features existing within the proposed unit;

12 2. The proposed location or orientation of the horizontal
13 wells;

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

15 4. The proposed use of multilateral wells; or

16 5. Any combination thereof.

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

18 Where there are, or may thereafter be, two or more separately
19 owned tracts within the unit, each owner of oil and gas rights
20 within the unit shall own an interest in the unit of the same
21 character as the ownership of the owner in the separately owned
22 tract. From and after the effective date of the order of the
23 Commission creating the unit and subject to the provisions of any
24 pooling order covering the unit, the interest of each owner in the

1 unit shall be defined as the percentage of interest owned in each
2 separate tract by the owner, multiplied by the proportion that the
3 acreage in each separately owned tract bears to the entire acreage
4 of the unit. The costs incurred in connection with and the
5 production and proceeds from the wells in the unit shall be
6 allocated to each separate tract in the unit and shall be borne or
7 shared by the owners in each separate tract based upon and
8 determined by the interest of each owner in the tract. However, if
9 a well or wells already exist within the area of the ~~proposed~~ unit
10 which are producing or have produced or appear to be productive from
11 the ~~shale~~ targeted reservoir being unitized, the Commission may
12 adjust the sharing of future costs incurred in connection with and
13 future production and proceeds from any existing well or any
14 subsequent well in the proposed unit in any manner deemed necessary
15 by the Commission in order to protect the correlative rights of the
16 owners within any existing well or any subsequent well or within the
17 ~~proposed~~ unit, including providing for the sharing of future costs
18 incurred in connection with and future production and proceeds from
19 any existing well or any subsequent well in a manner different from
20 any other well in the unit so long as the various methods of sharing
21 future costs, production and proceeds from the existing and
22 subsequent wells in the ~~proposed~~ unit prevents waste and protects
23 the correlative rights of all the affected owners. For the purpose
24 of this section, any owner or owners of oil and gas rights in and

1 under an unleased tract of land within the unit, unless the owner
2 has relinquished the drilling rights or working interest of the
3 owner in the applicable ~~shale~~ targeted reservoir in the tract of
4 land under a pooling order entered by the Commission which order
5 remains in effect, shall be regarded as a lessee to the extent of a
6 seven-eighths (7/8) interest in and to the rights and a lessor to
7 the extent of the remaining one-eighth (1/8) interest therein.

8 E. The Plan of Development.

9 The application shall include a proposed plan of development.
10 Based upon the facts and conditions found to exist with respect to a
11 proposed unit, the Commission shall determine the necessary terms,
12 provisions, conditions and requirements to be included in the plan
13 of development for the unit. If a well or wells already exist
14 within the area of the proposed unit which are producing or have
15 produced or appear to be productive from the ~~shale~~ targeted
16 reservoir being unitized, the plan of development shall also
17 include:

18 1. Any adjustments to the sharing of future costs incurred in
19 connection with future development and production, and the sharing
20 of proceeds, from any existing well or any subsequent well which ~~the~~
21 ~~Commission determines to be~~ are necessary in order to be fair,
22 reasonable and equitable, and to protect the correlative rights of
23 the owners, considering the existing development in and the prior
24

1 and anticipated future production from the ~~shale~~ targeted reservoir
2 within the ~~proposed~~ unit; and

3 2. The procedure and basis upon which existing wells, equipment
4 and other properties of the several lessees within the unit area are
5 to be taken over and used for the unit operations, including the
6 method of arriving at the compensation therefor, or of otherwise
7 proportionately equalizing or adjusting the investment of the
8 several lessees in the project as of the effective date of unit
9 operation.

10 F. Order of the Commission.

11 The order of the Commission creating the unit shall:

12 1. Designate the size and shape of the unit;

13 2. Set forth the drilling pattern and setbacks for the unit,
14 including the permitted well location tolerances for the permitted
15 wells within the unit;

16 3. Approve and adopt the plan of development for the unit, with
17 a copy thereof attached to the order and include any necessary
18 special allocation factors for allocating the costs, production and
19 proceeds from the proposed unit resulting from existing wells or
20 subsequent wells, or both;

21 4. Designate the unit operator; and

22 5. Provide for the conditions upon which the unit, and the
23 order creating the unit, shall terminate.

24 G. Consent by Owners.

1 No order of the Commission creating a unit pursuant to this
2 section shall become effective unless and until the proposed
3 unitization has been consented to in writing, and the written
4 consent submitted to the Commission, by lessees of record of not
5 less than sixty-three percent (63%) of the working interest in the
6 ~~shale~~ targeted reservoir in the area to be included in the unit and
7 by owners of record of not less than sixty-three percent (63%),
8 exclusive of any royalty interest owned by any lessee or by any
9 subsidiary of any lessee, of the one-eighth (1/8) royalty interest
10 in the ~~shale~~ targeted reservoir in the area to be included in the
11 unit in an express writing separate from the oil and gas lease. The
12 Commission shall make a finding in the order creating the unit as to
13 whether the requisite consent has been obtained. Where the
14 requisite consent has not been obtained at the time the order
15 creating the unit is entered, the Commission shall, upon application
16 and notice, hold any additional and supplemental hearings as may be
17 requested or required to determine if and when the requisite consent
18 has been obtained and the date the unitization will become
19 effective. In the event lessees and royalty owners, or either,
20 owning the required percentage interest in and to the unit area have
21 not so consented to the unitization within a period of six (6)
22 months from and after the date on which the order creating the unit
23 is entered, the order creating the unit shall cease to be of further
24 force and effect and shall be revoked by the Commission.

1 H. Notice.

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

15 I. Pooling of the Unit.

16 From and after the effective date of an order creating a unit
17 pursuant to this section and subject to the provisions of the order
18 in regard to the matters to be found by the Commission in the
19 creation of the unit and the provisions of the applicable plan of
20 development, an owner of the right to drill for and produce oil or
21 gas from the unit may request the Commission to pool the oil and gas
22 interests of the owners in the unit on a unitwide basis pursuant to
23 the provisions of subsection (e) of Section 87.1 of ~~Title 52 of the~~
24

1 ~~Oklahoma Statutes~~ this title in regard to the development of the
2 unit ~~involving a horizontal well or wells.~~

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

4 From and after the effective date of an order creating a unit
5 pursuant to this section, the operation of any well producing from
6 the ~~shale~~ targeted reservoir within the unit defined in the order by
7 persons other than the unit operator, or except in the manner and to
8 the extent provided in the order creating the unit shall be unlawful
9 and is hereby prohibited. Once the order of the Commission creating
10 a unit pursuant to this section becomes effective, the unit so
11 created shall supersede any drilling and spacing unit previously
12 formed by the Commission pursuant to Section 87.1 of ~~Title 52 of the~~
13 ~~Oklahoma Statutes~~ this title for the same ~~shale~~ targeted reservoir
14 within the area of the new unit. Any pooling order which was
15 entered by the Commission pursuant to subsection (e) of Section 87.1
16 of ~~Title 52 of the Oklahoma Statutes~~ this title covering any
17 drilling and spacing unit superseded by a unit created pursuant to
18 this section and which was in effect at the time of the creation of
19 the unit shall remain in full force and effect as to any oil and gas
20 interests in the ~~shale~~ targeted reservoir which were relinquished
21 and transferred by operation of law under the pooling order.
22 However, further development of the ~~shale~~ targeted reservoir in the
23 area of the unit created pursuant to this section shall not be
24 subject to any of the other provisions of any prior pooling order,

1 but shall be governed by and pursuant to the order creating the
2 unit, including the applicable plan of development, and any
3 subsequent pooling order covering the unit.

4 K. Payment of Proceeds.

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

7 L. The Commissioners of the Land Office.

8 The Commissioners of the Land Office, or other proper board or
9 officer of the state having the control and management of state
10 land, and the proper board or officer of any political, municipal,
11 or other subdivision or agency of the state, are hereby authorized
12 and shall have the power on behalf of the state or of any political,
13 municipal, or other subdivision or agency thereof, with respect to
14 land or oil and gas rights subject to the control and management of
15 the respective body, board, or officer, to consent to or participate
16 in any unitization ~~adopted~~ created pursuant to the ~~2011 Shale~~
17 ~~Reservoir~~ Horizontal Well Development Act.

18 M. Retained Jurisdiction.

19 Upon the creation of a unit pursuant to this section, and
20 approval of the plan of development in connection therewith, the
21 Commission shall retain jurisdiction over the unit and the plan of
22 development. The retained jurisdiction of the Commission set forth
23 herein shall neither preclude nor impair the right of any affected
24 party to obtain through the district courts of this state any remedy

1 or relief available at law or in equity for injuries caused by any
2 action or inaction of the applicant, operator or any other affected
3 party.

4 SECTION 6. It being immediately necessary for the preservation
5 of the public peace, health or safety, an emergency is hereby
6 declared to exist, by reason whereof this act shall take effect and
7 be in full force from and after its passage and approval.

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9 56-1-1570 CB 3/1/2017 4:38:05 PM
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