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STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

ENGROSSED SENATE  
BILL NO. 284

By: Schulz of the Senate

and

McCall and McBride of the House

[ oil and gas - Oklahoma Energy Jobs Act of 2017 -  
multiunit horizontal wells in certain targeted  
reservoirs - Corporation Commission - Commissioners  
of the Land Office - noncodification - emergency ]

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

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

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

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

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

4 B. As used in the ~~2011 Shale Reservoir~~ Horizontal Well  
5 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.~~ 4. "Completion interval" means, for an open hole completion  
2 in 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.~~ 5. "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 thereof~~ and the  
10 horizontal component extends a minimum of one hundred fifty (150)  
11 feet in the formation;

12       ~~7.~~ 6. "Horizontal well unitization" means a unitization for a  
13 ~~shale~~ targeted reservoir created pursuant to Section 87.9 of this  
14 title;

15       ~~8.~~ 7. "Horizontal component" means the calculated horizontal  
16 distance from the point of entry to the terminus;

17       ~~9.~~ 8. "Lateral" means the portion of the wellbore of a  
18 horizontal well from the point of entry to the terminus;

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

22       ~~11.~~ 9. "Multiunit horizontal well" means a horizontal well ~~in a~~  
23 ~~targeted reservoir~~ wherein the completion interval of the well is  
24 located in more than one unit formed for the same targeted

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

3 ~~12.~~ 10. "Plan of development" means the proposed plan for  
4 developing the ~~shale~~ targeted reservoir unitized pursuant to Section  
5 87.9 of this title, which plan, based upon the information and  
6 knowledge 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~~ targeted  
15 reservoir 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

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

3       ~~13.~~ 11. "Point of entry" means the point at which the borehole  
4 of a horizontal well first intersects the top of the targeted  
5 reservoir;

6       ~~14.~~ 12. "PRSA" means the Production Revenue Standards Act;

7       ~~15.~~ 13. ~~"Shale reservoir" means a common source of supply which~~  
8 ~~is a shale formation that is so designated by the Commission through~~  
9 ~~rule or order, and shall also include any associated common source~~  
10 ~~of supply as defined in this section;~~

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

23       ~~17.~~ 14. "Terminus" means the end point of the borehole of a  
24 horizontal well in the targeted reservoir;

1       ~~18.~~ 15. "Wellbore royalty interest" means, for each separate  
2 multiunit horizontal well, the sum of resulting products of each  
3 affected unit's royalty share for that unit, as defined by the PRSA,  
4 multiplied by that unit's allocation factor for production and  
5 proceeds;

6       ~~19.~~ 16. "Wellbore royalty proceeds" means the proceeds or other  
7 revenue derived from or attributable to any production of oil and  
8 gas from the multiunit horizontal well multiplied by the wellbore  
9 royalty interest;

10       ~~20.~~ 17. "Unit" means a drilling and spacing unit for a single  
11 common source of supply created pursuant to Section 87.1 of this  
12 title or a horizontal well unitization created pursuant to Section  
13 87.9 of this title;

14       ~~21.~~ 18. "Unit's royalty contribution factor" means the royalty  
15 share for an affected unit, as defined by PRSA, multiplied by that  
16 unit's allocation factor, then divided by the total wellbore royalty  
17 interest; and

18       ~~22.~~ 19. "Vertical component" means the calculated vertical  
19 distance from the point of entry to the terminus.

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

22       Section 87.7.   Corporation Commission Jurisdiction.

23       The Corporation Commission shall have jurisdiction, upon the  
24 filing of a proper application therefor, to permit the drilling,

1 completing and producing of a multiunit horizontal well in  
2 conformity with ~~Section 4 of this act~~ Section 87.8 of this title, or  
3 to create a horizontal well unitization in conformity with ~~Section 5~~  
4 ~~of this act~~ Section 87.9 of this title, if the Commission finds that  
5 the multiunit horizontal well or the horizontal well unitization  
6 will prevent waste and will protect the correlative rights of the  
7 owners of oil and gas rights.

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

11 Section 87.8. A. Under the conditions contained in this  
12 section, the Corporation Commission is authorized to allow multiunit  
13 horizontal wells in any targeted reservoir in order to prevent waste  
14 and protect the correlative rights of the owners of oil and gas  
15 rights.

16 B. Ownership, Allocation of Costs, Commingled Production, and  
17 Proceeds.

18 The Commission shall require the allocation of the reasonable  
19 drilling, completion and production costs associated with ~~a~~ such  
20 multiunit horizontal well to each of the affected units which the  
21 well actually penetrates within the completion interval and shall  
22 further require the allocation to each of the units affected by a  
23 multiunit horizontal well of the commingled production, and the  
24 proceeds from the sale thereof, from the completion interval of ~~a~~

1 such multiunit horizontal well, with any allocation to be in a  
2 manner that will prevent waste and protect the correlative rights of  
3 the owners of the oil and gas rights in each of the affected units  
4 which the well actually penetrates within the completion interval.

5 1. The allocation factor for each affected unit shall be  
6 determined by dividing the length of the completion interval located  
7 within the affected unit by the entire length of the completion  
8 interval in the subject multiunit horizontal well. The Commission  
9 shall have the authority to adjust the allocation factors, based  
10 upon reasonable testimony and evidence presented to the Commission,  
11 if necessary to prevent waste and adequately protect the correlative  
12 rights of the owners of the oil and gas rights in each of the  
13 affected units.

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

23 3. A multiunit horizontal well shall be treated as a well in  
24 each of the affected units and shall be subject to all of the rules



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

24 4. The application shall include:

- 1           a.    the approximate anticipated location of the proposed  
2                multiunit horizontal well or wells,  
3           b.    a map or maps indicating the location of each  
4                currently existing well in each affected unit which is  
5                the subject of the application and the anticipated  
6                location of each multiunit horizontal well currently  
7                proposed to be drilled in each affected unit as a  
8                result of the application and any other horizontal  
9                well not included in the current application, but  
10              anticipated to be necessary, based upon the  
11              information and knowledge then available to the  
12              applicant, for the full and efficient development and  
13              operations of the targeted reservoir within the  
14              affected units if the well or wells are approved by  
15              the Commission upon the filing of a proper application  
16              at a future date, and  
17           c.    any applicable proposed allocation factor or factors  
18                for allocating the costs, production and proceeds from  
19                each proposed multiunit horizontal well under the  
20                application.

21           5.   Production from the completion interval in the targeted  
22   reservoir ~~from~~ in each of the affected units in which a multiunit  
23   horizontal well is completed may be commingled in the wellbore of  
24   the well and produced to the surface. The commingled production

1 from a multiunit horizontal well shall be allocated to each of the  
2 affected units based upon the allocation factors approved by the  
3 Commission.

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

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

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

1 C. Application, Notice and Retained Jurisdiction.

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

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

19 Section 87.9. A. Horizontal Well Unitization for ~~Shale~~  
20 Targeted Reservoirs.

21 Under limited circumstances and conditions contained in this  
22 section, the Corporation Commission is authorized to unitize a ~~shale~~  
23 targeted reservoir for the drilling of horizontal wells to the end  
24 that a greater ultimate recovery of oil and gas may be had

1 therefrom, waste is prevented, and the correlative rights of the  
2 owners are protected. Unless and until a unit created pursuant to  
3 this section is effective, nothing in this section shall prohibit  
4 the drilling of a horizontal well within a drilling and spacing unit  
5 created pursuant to Section 87.1 of ~~Title 52 of the Oklahoma~~  
6 ~~Statutes~~ this title.

7 B. Prerequisites for Unitization.

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

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

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

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

23 4. The unitization and the use of horizontal well technology to  
24 drill one or more horizontal wells is for the common good and will

1 result in the general advantage of the owners of the oil and gas  
2 rights within the unit.

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

17       C. Size of the Unit.

18       Each unit shall be two governmental sections. However, the  
19 Commission may expand the size of the unit by including additional  
20 governmental sections ~~up to a maximum unit size of four governmental~~  
21 ~~sections~~, if for good cause shown the Commission finds the expansion  
22 of the unit size beyond two governmental sections is necessary to  
23 prevent waste, to protect correlative rights and will result in the  
24 increased recovery of substantially more oil and gas from the ~~shale~~

1 targeted reservoir than would otherwise be recovered based upon, but  
2 not necessarily limited to:

- 3 1. Geological features existing within the proposed unit;
- 4 2. The proposed location or orientation of the horizontal  
5 wells;
- 6 3. The length of the laterals of the proposed horizontal wells;
- 7 4. The proposed use of multilateral wells; or
- 8 5. Any combination thereof.

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

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

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

24 E. The Plan of Development.



1 The application shall include a proposed plan of development.

2 Based upon the facts and conditions found to exist with respect to a  
3 proposed unit, the Commission shall determine the necessary terms,  
4 provisions, conditions and requirements to be included in the plan  
5 of development for the unit. If a well or wells already exist  
6 within the area of the proposed unit which are producing or have  
7 produced or appear to be productive from the ~~shale~~ targeted  
8 reservoir being unitized, the plan of development shall also  
9 include:

10 1. Any adjustments to the sharing of future costs incurred in  
11 connection with future development and production, and the sharing  
12 of proceeds, from any existing well or any subsequent well which ~~the~~  
13 ~~Commission determines to be~~ are necessary in order to be fair,  
14 reasonable and equitable, and to protect the correlative rights of  
15 the owners, considering the existing development in and the prior  
16 and anticipated future production from the ~~shale~~ targeted reservoir  
17 within the ~~proposed~~ unit; and

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

1 F. Order of the Commission.

2 The order of the Commission creating the unit shall:

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

4 2. Set forth the drilling pattern and setbacks for the unit,  
5 including the permitted well location tolerances for the permitted  
6 wells within the unit;

7 3. Approve and adopt the plan of development for the unit, with  
8 a copy thereof attached to the order and include any necessary  
9 special allocation factors for allocating the costs, production and  
10 proceeds from the proposed unit resulting from existing wells or  
11 subsequent wells, or both;

12 4. Designate the unit operator; and

13 5. Provide for the conditions upon which the unit, and the  
14 order creating the unit, shall terminate.

15 G. Consent by Owners.

16 No order of the Commission creating a unit pursuant to this  
17 section shall become effective unless and until the proposed  
18 unitization has been consented to in writing, and the written  
19 consent submitted to the Commission, by lessees of record of not  
20 less than sixty-three percent (63%) of the working interest in the  
21 ~~shale~~ targeted reservoir in the area to be included in the unit and  
22 by owners of record of not less than sixty-three percent (63%),  
23 exclusive of any royalty interest owned by any lessee or by any  
24 subsidiary of any lessee, of the one-eighth (1/8) royalty interest

1 in the ~~shale~~ targeted reservoir in the area to be included in the  
2 unit in an express writing separate from the oil and gas lease. The  
3 Commission shall make a finding in the order creating the unit as to  
4 whether the requisite consent has been obtained. Where the  
5 requisite consent has not been obtained at the time the order  
6 creating the unit is entered, the Commission shall, upon application  
7 and notice, hold any additional and supplemental hearings as may be  
8 requested or required to determine if and when the requisite consent  
9 has been obtained and the date the unitization will become  
10 effective. In the event lessees and royalty owners, or either,  
11 owning the required percentage interest in and to the unit area have  
12 not so consented to the unitization within a period of six (6)  
13 months from and after the date on which the order creating the unit  
14 is entered, the order creating the unit shall cease to be of further  
15 force and effect and shall be revoked by the Commission.

16 H. Notice.

17 The application for the creation of a horizontal well  
18 unitization ~~for a shale reservoir~~ under this section, and the notice  
19 of hearing on the application, shall be served no less than fifteen  
20 (15) days prior to the date of the hearing, by regular mail, upon  
21 each person or governmental entity having the right to share in  
22 production from the proposed unit covered by the application, as  
23 well as other persons or governmental entities required by  
24 Commission rules. Any person aggrieved by any order of the

1 Commission made pursuant to this section may appeal therefrom to the  
2 Supreme Court of the State of Oklahoma upon the same conditions,  
3 within the same time and in the same manner as is provided for in  
4 ~~Title 52 of the Oklahoma Statutes~~ this title, for the taking of  
5 appeals from the orders of the Commission made thereunder.

6 I. Pooling of the Unit.

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

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

18 From and after the effective date of an order creating a unit  
19 pursuant to this section, the operation of any well producing from  
20 the ~~shale~~ targeted reservoir within the unit defined in the order by  
21 persons other than the unit operator, or except in the manner and to  
22 the extent provided in the order creating the unit shall be unlawful  
23 and is hereby prohibited. Once the order of the Commission creating  
24 a unit pursuant to this section becomes effective, the unit so

1 created shall supersede any drilling and spacing unit previously  
2 formed by the Commission pursuant to Section 87.1 of ~~Title 52 of the~~  
3 ~~Oklahoma Statutes~~ this title for the same ~~shale~~ targeted reservoir  
4 within the area of the new unit. Any pooling order which was  
5 entered by the Commission pursuant to subsection (e) of Section 87.1  
6 of ~~Title 52 of the Oklahoma Statutes~~ this title covering any  
7 drilling and spacing unit superseded by a unit created pursuant to  
8 this section and which was in effect at the time of the creation of  
9 the unit shall remain in full force and effect as to any oil and gas  
10 interests in the ~~shale~~ targeted reservoir which were relinquished  
11 and transferred by operation of law under the pooling order.  
12 However, further development of the ~~shale~~ targeted reservoir in the  
13 area of the unit created pursuant to this section shall not be  
14 subject to any of the other provisions of any prior pooling order,  
15 but shall be governed by and pursuant to the order creating the  
16 unit, including the applicable plan of development, and any  
17 subsequent pooling order covering the unit.

18 K. Payment of Proceeds.

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

21 L. The Commissioners of the Land Office.

22 The Commissioners of the Land Office, or other proper board or  
23 officer of the state having the control and management of state  
24 land, and the proper board or officer of any political, municipal,

1 or other subdivision or agency of the state, are hereby authorized  
2 and shall have the power on behalf of the state or of any political,  
3 municipal, or other subdivision or agency thereof, with respect to  
4 land or oil and gas rights subject to the control and management of  
5 the respective body, board, or officer, to consent to or participate  
6 in any unitization ~~adopted~~ created pursuant to the ~~2011 Shale~~  
7 ~~Reservoir~~ Horizontal Well Development Act.

8 M. Retained Jurisdiction.

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

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

22  
23 COMMITTEE REPORT BY: COMMITTEE ON ENERGY AND NATURAL RESOURCES,  
24 dated 04/13/2017 - DO PASS, As Amended and Coauthored.