

BILL SUMMARY
1st Session of the 56th Legislature

Bill No.:	SB284
Version:	Engrossed
Request Number:	
Author:	McCall
Date:	4/12/2017
Impact:	Please see previous summary of this measure

Research Analysis

SB 284 changes the name of the 2011 Shale Reservoir Development Act to the Horizontal Well Development Act. The definitions for associated common source of supply and Marmaton common source of supply are removed, and the definition for targeted reservoir is expanded to include one designated as potentially suited for development through a horizontal well. The measure removes the cap on the size of an expanded drilling unit, currently set at four governmental sections. The measure also updates statutory language.

The Proposed Committee Substitute increases the maximum size of well spacing and drilling units that the Corporation Commission may establish, from 640 acres to 1280 acres. The PCS also creates a new section known as the “Vertical Well Protection Act of 2017.” This section provides that, if production from a vertical well is affected by production of a horizontal well, the operator of the vertical well may notify the operator of the horizontal well, after which the parties have 30 days to arrive at a settlement of damages. If no settlement can be reached in 30 days, the vertical well operator may apply with the district court for an appraiser to determine damages sustained, and if the appraisal is accepted by both parties, this finding becomes the court’s final determination and acts as judgment in favor of the vertical well operator. If the parties do not agree, the case shall be placed on the district court trial docket.

Prepared By: Sean Webster

Fiscal Analysis

The measure is currently under review and impact information will be completed.

Prepared By: Mark Tygret

Other Considerations

None.