

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 124

BY RESOURCES AND CONSERVATION COMMITTEE

AN ACT

1
2 RELATING TO OIL AND GAS WELLS; AMENDING SECTION 47-321, IDAHO CODE, TO PRO-
3 VIDE EXCEPTIONS RELATING TO THE SIZE AND SHAPE OF SPACING UNITS, TO PRO-
4 VIDE FOR THE EXCLUSION OF CERTAIN FEDERAL MINERALS AND TO PROVIDE FOR
5 THE CONSENT OF CERTAIN OPERATORS AND MINERAL INTEREST OWNERS RELATING
6 TO THE GRANTING OF EXCEPTIONS ASSOCIATED WITH WELL DRILLING LOCATIONS;
7 AND DECLARING AN EMERGENCY.

8 Be It Enacted by the Legislature of the State of Idaho:

9 SECTION 1. That Section 47-321, Idaho Code, be, and the same is hereby
10 amended to read as follows:

11 47-321. SPACING UNITS. (a~~1~~) The commission shall promptly establish
12 spacing units for each pool except in those pools that have been developed to
13 such an extent that it would be impracticable or unreasonable to establish
14 spacing units at the existing stage of development.

15 (b~~2~~) An order establishing spacing units shall specify the size and
16 shape of the units, which shall be such as will, in the opinion of the com-
17 mission, result in the efficient and economical development of the pool as
18 a whole. Any unit established by the commission shall be geographic. The
19 geographic boundaries of the unit shall be described in accordance with the
20 public land survey system. Except where circumstances, geologic or other-
21 wise, affecting the orderly development of a pool reasonably require, or as
22 provided in paragraph (b) of this subsection, tThe size of the spacing units
23 shall not be smaller than the maximum area that can be efficiently and eco-
24 nomically drained by one (1) well; provided, ~~that:~~

25 (a) If, at the time of a hearing to establish spacing units there is
26 not sufficient evidence from which to determine the area that can be ef-
27 ficiently and economically drained by one (1) well, the commission may
28 make an order establishing temporary spacing units for the orderly de-
29 velopment of the pool pending the obtaining of the information required
30 to determine what the ultimate spacing should be.

31 (b) Where the federal agency administering federal minerals that would
32 otherwise be included in a spacing unit has not leased or has failed to
33 offer such federal minerals for lease in accordance with 30 U.S.C. sec-
34 tion 226 and 43 CFR 3120.1-2(a), such federal minerals may be excluded
35 from the unit upon application or upon the commission's own motion.

36 (e~~3~~) Except where circumstances, geologic or otherwise, affecting the
37 orderly development of a pool reasonably require, spacing units shall be of
38 approximately uniform size and shape for the entire pool. The commission may
39 establish spacing units of different sizes or shapes for different parts of a
40 pool or may grant exceptions to the size or shape of any spacing unit or units
41 or may change the sizes or shape of one (1) or more existing spacing units.

1 (~~d~~4) An order establishing spacing units shall direct that no more
2 than one (1) well shall be drilled to and produced from the common source
3 of supply on any unit, and shall specify the location for the drilling of a
4 well thereon, in accordance with a reasonably uniform spacing pattern, with
5 necessary exceptions for wells drilled or drilling at the time of the fil-
6 ing of the application. If the commission finds that a well drilled at the
7 prescribed location would not be likely to produce in paying quantities, or
8 that surface conditions would substantially add to the burden or hazard of
9 drilling such well, or for other good cause shown, the commission is autho-
10 rized to make an order permitting the well to be drilled at a location other
11 than that prescribed by such spacing order. Application for an exception
12 shall be filed with the commission and may be granted where it is shown that
13 good cause for such exception exists and that consent to such exception has
14 been given by the ~~owners~~ operators of all drilling units directly or diago-
15 nally offsetting the drilling unit for which an exception is requested, and,
16 as to the lands upon which drilling units have not been established, by the
17 majority of mineral interest owners of those lands which would be included in
18 directly or diagonally offsetting drilling units under said order, if said
19 order were extended to include such additional lands.

20 (e5) An order establishing spacing units for a pool shall cover all
21 lands determined or believed to be underlaid by such pool, and may be
22 modified by the commission from time to time to include additional lands
23 determined to be underlaid by such pool or to exclude lands determined not to
24 be underlaid by such pool.

25 (~~f~~6) An order establishing spacing units may be modified by the commis-
26 sion to change the size or shape of one (1) or more spacing units, or to permit
27 the drilling of additional wells on a reasonably uniform pattern.

28 (~~g~~7) Upon the filing of an application to establish spacing units, no
29 additional well shall be commenced for production from the pool until the or-
30 der establishing spacing units has been made, unless the commencement of the
31 well is authorized by order of the commission.

32 SECTION 2. An emergency existing therefor, which emergency is hereby
33 declared to exist, this act shall be in full force and effect on and after its
34 passage and approval.