

2015 Regular Session

SENATE BILL NO. 88

BY SENATOR ADLEY

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

CONSERVATION. Provides for drilling units and authorizes the permitting of cross-unit wells. (8/1/15)

AN ACT

To amend and reenact R.S. 30:9(B) and to enact R.S. 30:9.2, relative to the office of conservation; to provide relative to drilling units and pooling; to provide relative to certain wells; to provide relative to cross-unit wells; to provide certain definitions, terms, procedures, requirements, conditions, and effects; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 30:9(B) is hereby amended and reenacted and R.S. 30:9.2 is hereby enacted to read as follows:

§9. Production from pool; drilling units; equitable share; rules and regulations

* * *

B. For the prevention of waste and to avoid the drilling of unnecessary wells, the commissioner shall establish a drilling unit or units for each pool, except for those pools which, prior to July 31, 1940, had been developed to an extent and where conditions exist making it impracticable or unreasonable to use a drilling unit at the present stage of development. A drilling unit, as contemplated herein, means the maximum area which may be efficiently and economically drained by ~~one~~ the well

1 or wells designated to serve the drilling unit as the unit well, substitute unit well,
2 or alternate unit well. This unit shall constitute a developed area as long as a well
3 is located thereon which is capable of producing oil or gas in paying quantities.

4 * * *

5 **§9.2. Cross-unit well**

6 **A. The following definitions shall apply where used in this Section:**

7 **(1) "Cross-unit person" means an interested owner, interested party, or**
8 **represented party as defined in LAC 43:XIX, other than a mineral lessee.**

9 **(2) "Cross-unit well" means a well drilled horizontally and completed**
10 **under multiple drilling units designated by the commissioner after notice and**
11 **public hearing to serve as a unit well, substitute unit well, or alternate unit well**
12 **for said units.**

13 **(3) "Short unit" means a unit in which the proposed well shall have less**
14 **than five hundred feet of perforated lateral.**

15 **(4) "Timely objection" means an objection mailed to the commissioner**
16 **and the applicant at least fifteen days prior to the application hearing.**

17 **B. The commissioner is authorized to permit the drilling of cross-unit**
18 **wells as provided in this Section.**

19 **C. The commissioner shall not authorize or permit a cross-unit well**
20 **proposed to have less than five hundred feet of perforated lateral in any unit to**
21 **be served by the cross-unit well if one of the following requirements is met:**

22 **(1) The preapplication notice and hearing application do not expressly**
23 **set forth the cross-unit person's right to object to the application.**

24 **(2) A timely objection is filed by a cross-unit person who owns an interest**
25 **in a short unit, and on the date of the application hearing, the short unit either**
26 **is not producing or is producing only from one or more horizontal laterals with**
27 **a combined length of perforated lateral of less than five hundred feet.**

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by J. W. Wiley.

DIGEST

SB 88 Original

2015 Regular Session

Adley

Present law authorizes the commissioner to establish drilling unit or units for each pool, except for those pools which, prior to July 31, 1940, had been developed to an extent and where conditions exist making it impracticable or unreasonable to use a drilling unit at the present stage of development. Further provides for the definition of a "drilling unit".

Proposed law changes the definition of "drilling unit" from a "maximum area which may be efficiently and economically drained by one well" to a "maximum area which may be efficiently and economically drained by any well or wells designated to serve the drilling unit as the unit well, substitute unit well, or alternate unit well".

Proposed law defines "cross-unit person", "cross-unit well", "short unit", and "timely objection".

Proposed law authorizes the commissioner to permit the drilling of cross-unit wells.

Proposed law provides that the commissioner cannot authorize or permit a cross-unit well proposed to have less than 500 feet of perforated lateral in any unit to be served by the cross-unit well if one of the following requirements is met:

- (1) The preapplication notice and hearing application do not expressly set forth the cross-unit person's right to object to the application.
- (2) A timely objection is filed by a cross-unit person who owns an interest in a short unit, and on the date of the application hearing, the short unit either is not producing or is producing only from one or more horizontal laterals with a combined length of perforated lateral of less than 500 feet.

Effective August 1, 2015.

(Amends R.S. 30:9(B); adds R.S. 30:9.2)