

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 56th Legislature (2017)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1613

By: Watson and Montgomery

7
8 COMMITTEE SUBSTITUTE

9 An Act relating to oil and gas; creating the Oklahoma
10 Energy Jobs Act of 2017; amending 52 O.S. 2011,
11 Sections 87.6, as last amended by Section 1, Chapter
12 400, O.S.L. 2014, 87.7, 87.8, as amended by Section
13 2, Chapter 400, O.S.L. 2014, and 87.9 (52 O.S. Supp.
14 2016, Sections 87.6 and 87.8), which relate to the
15 2011 Shale Reservoir Development Act; renaming as the
16 Horizontal Well Development Act; modifying
17 references; deleting definitions; modifying
18 definitions; updating references; providing expanded
19 authorization of multiunit horizontal wells under
20 certain conditions; clarifying the allocation of
21 costs, production and proceeds; eliminating certain
22 limitation related to unit size; modifying the
23 authority to adjust certain costs sharing under
24 certain conditions; modifying information required
included in certain unit creating orders; and
declaring an 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".

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

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

7 B. As used in the ~~2011 Shale Reservoir~~ Horizontal Well
8 Development Act:

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

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

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

1 ~~horizontal well when such well is drilled out of or exits, whether~~
2 ~~on one or multiple occasions, such shale common source of supply;~~

3 4. "Commission" means the Corporation Commission;

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

9 6. 5. "Horizontal well" means a well drilled, completed, or
10 recompleted with one or more laterals which, for at least one
11 lateral, the horizontal component of the completion interval exceeds
12 the vertical component ~~of the completion interval~~ thereof and the
13 horizontal component extends a minimum of one hundred fifty (150)
14 feet in the formation;

15 7. 6. "Horizontal well unitization" means a unitization for a
16 ~~shale~~ targeted reservoir created pursuant to Section 87.9 of this
17 title;

18 8. 7. "Horizontal component" means the calculated horizontal
19 distance from the point of entry to the terminus;

20 9. 8. "Lateral" means the portion of the wellbore of a
21 horizontal well from the point of entry to the terminus;

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

1 ~~11.~~ 9. "Multiunit horizontal well" means a horizontal well ~~in a~~
2 ~~targeted reservoir~~ wherein the completion interval of the well is
3 located in more than one unit formed for the same targeted
4 reservoir, with the well being completed in and producing from such
5 targeted reservoir in two or more of such units;

6 ~~12.~~ 10. "Plan of development" means the proposed plan for
7 developing the ~~shale~~ targeted reservoir unitized pursuant to Section
8 87.9 of this title, which plan, based upon the information and
9 knowledge then available to the applicant, shall include:

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

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

6 ~~13.~~ 11. "Point of entry" means the point at which the borehole
7 of a horizontal well first intersects the top of the targeted
8 reservoir;

9 ~~14.~~ 12. "PRSA" means the Production Revenue Standards Act;

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

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

1 horizontal well in a unitization pursuant to Section 87.9 of this
2 title;

3 ~~17.~~ 14. "Terminus" means the end point of the borehole of a
4 horizontal well in the targeted reservoir;

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

10 ~~19.~~ 16. "Wellbore royalty proceeds" means the proceeds or other
11 revenue derived from or attributable to any production of oil and
12 gas from the multiunit horizontal well multiplied by the wellbore
13 royalty interest;

14 ~~20.~~ 17. "Unit" means a drilling and spacing unit for a single
15 common source of supply created pursuant to Section 87.1 of this
16 title or a horizontal well unitization created pursuant to Section
17 87.9 of this title;

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

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

24

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

3 Section 87.7 Corporation Commission Jurisdiction.

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

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

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

21 B. Ownership, Allocation of Costs, Commingled Production, and
22 Proceeds.

23 The Commission shall require the allocation of the reasonable
24 drilling, completion and production costs associated with a such

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

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

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

1 described in this paragraph shall not affect or prejudice the
2 ownership of oil and gas rights of the affected owners outside of
3 the targeted reservoir for the multiunit horizontal well.

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

1 upon the filing of a proper application therefor, amend the pooling
2 order to the extent necessary to have the pooling order cover the
3 development involving the portion of the multiunit horizontal well
4 or wells located within the affected unit.

5 4. The application shall include:

6 a. the approximate anticipated location of the proposed
7 multiunit horizontal well or wells,

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

22 c. any applicable proposed allocation factor or factors
23 for allocating the costs, production and proceeds from
24

1 each proposed multiunit horizontal well under the
2 application.

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

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

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

23 8. The multiunit horizontal well shall be subject to the
24 provisions of the Product Revenue Standards Act (PRSA). The

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

7 C. Application, Notice and Retained Jurisdiction.

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

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

1 Section 87.9 A. Horizontal Well Unitization for ~~Shale~~ Targeted
2 Reservoirs.

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

13 B. Prerequisites for Unitization.

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

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

20 2. The use of horizontal well technology to drill the
21 horizontal well or wells in the ~~shale~~ targeted reservoir is
22 feasible, will prevent waste, will protect correlative rights and
23 will with reasonable probability result in the increased recovery of
24

1 substantially more oil and gas from the ~~shale~~ targeted reservoir
2 within the unit than would otherwise be recovered;

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

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

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

24 C. Size of the Unit.

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

- 10 1. Geological features existing within the proposed unit;
 - 11 2. The proposed location or orientation of the horizontal
12 wells;
 - 13 3. The length of the laterals of the proposed horizontal wells;
 - 14 4. The proposed use of multilateral wells; or
 - 15 5. Any combination thereof.
- 16 D. Ownership of Oil and Gas Rights within the Unit.

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

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

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

7 E. The Plan of Development.

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

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

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

8 F. Order of the Commission.

9 The order of the Commission creating the unit shall:

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

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

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

19 4. Designate the unit operator; and

20 5. Provide for the conditions upon which the unit, and the
21 order creating the unit, shall terminate.

22 G. Consent by Owners.

23 No order of the Commission creating a unit pursuant to this
24 section shall become effective unless and until the proposed

1 unitization has been consented to in writing, and the written
2 consent submitted to the Commission, by lessees of record of not
3 less than sixty-three percent (63%) of the working interest in the
4 ~~shale~~ targeted reservoir in the area to be included in the unit and
5 by owners of record of not less than sixty-three percent (63%),
6 exclusive of any royalty interest owned by any lessee or by any
7 subsidiary of any lessee, of the one-eighth (1/8) royalty interest
8 in the ~~shale~~ targeted reservoir in the area to be included in the
9 unit in an express writing separate from the oil and gas lease. The
10 Commission shall make a finding in the order creating the unit as to
11 whether the requisite consent has been obtained. Where the
12 requisite consent has not been obtained at the time the order
13 creating the unit is entered, the Commission shall, upon application
14 and notice, hold any additional and supplemental hearings as may be
15 requested or required to determine if and when the requisite consent
16 has been obtained and the date the unitization will become
17 effective. In the event lessees and royalty owners, or either,
18 owning the required percentage interest in and to the unit area have
19 not so consented to the unitization within a period of six (6)
20 months from and after the date on which the order creating the unit
21 is entered, the order creating the unit shall cease to be of further
22 force and effect and shall be revoked by the Commission.

23 H. Notice.
24

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

14 I. Pooling of the Unit.

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

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

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

1 applicable plan of development, and any subsequent pooling order
2 covering the unit.

3 K. Payment of Proceeds.

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

6 L. The Commissioners of the Land Office.

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

17 M. Retained Jurisdiction.

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

1 action or inaction of the applicant, operator or any other affected
2 party.

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

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8 COMMITTEE REPORT BY: COMMITTEE ON ENERGY AND NATURAL RESOURCES,
9 dated 03/02/2017 - DO PASS, As Amended and Coauthored.

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