

OIL, GAS, AND MINING AMENDMENTS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kevin T. Van Tassell

House Sponsor: Scott H. Chew

LONG TITLE

General Description:

This bill amends provisions relating to drilling units.

Highlighted Provisions:

This bill:

- ▶ allows the Board of Oil, Gas, and Mining to allow more than one well to be drilled in a drilling unit under certain circumstances; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

40-6-6, as repealed and reenacted by Laws of Utah 1992, Chapter 34

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **40-6-6** is amended to read:

40-6-6. Drilling units -- Establishment by board -- Modifications -- Prohibitions.

- (1) The board may order the establishment of drilling units for [any] a pool.
- (2) Within each drilling unit, only one well may be drilled for production from the common source of supply, except as provided in [~~Subsection~~] Subsections (6) and (7).
- (3) A drilling unit may not be smaller than the maximum area that can be efficiently

30 and economically drained by one well.

31 (4) (a) Each drilling unit within a pool shall be of uniform size and shape, unless the
32 board finds that it must make an exception due to geologic, geographic, or other factors.

33 (b) If the board finds it necessary to divide a pool into zones and establish drilling units
34 for each zone, drilling units may differ in size and shape for each zone.

35 (5) An order of the board that establishes drilling units for a pool shall:

36 (a) be made upon terms and conditions that are just and reasonable;

37 (b) include all lands determined by the board to overlay the pool;

38 (c) specify the acreage and shape of each drilling unit as determined by the board; and

39 (d) specify the location of the well in terms of distance from drilling unit boundaries
40 and other wells.

41 (6) The board may establish a drilling unit and concurrently authorize the drilling of
42 more than one well in a drilling unit if the board finds that:

43 (a) engineering or geologic characteristics justify the drilling of more than one well in
44 that drilling unit; and

45 (b) the drilling of more than one well in the drilling unit will not result in waste.

46 [~~6~~] (7) The board may modify an order that establishes drilling units for a pool to
47 provide for:

48 (a) an exception to the authorized location of a well;

49 (b) the inclusion of additional areas which the board determines overlays the pool;

50 (c) the increase or decrease of the size of drilling units; or

51 (d) the drilling of additional wells within drilling units.

52 [~~7~~] (8) (a) After an order establishing drilling units has been entered by the board, the
53 drilling of [any] a well into the pool at a location other than that authorized by the order is
54 prohibited.

55 (b) The operation of [any] a well drilled in violation of an order fixing drilling units is
56 prohibited.