

1 ENGROSSED HOUSE AMENDMENT
TO
2 ENGROSSED SENATE BILL NO. 284 By: Schulz of the Senate
3 and
4 McCall of the House
5
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7 [oil and gas - Oklahoma Energy Jobs Act of 2017 -
8 multiunit horizontal wells in certain targeted
9 reservoirs - Corporation Commission - Commissioners
of the Land Office - noncodification -
emergency]

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12 AUTHOR: Add the following House Coauthor: McBride
13 AMENDMENT NO. 1. Page 1, line 11, strike the enacting clause
14 Passed the House of Representatives the 27th day of April, 2017.

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17 _____
Presiding Officer of the House of
Representatives

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19 Passed the Senate the ____ day of _____, 2017.

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Presiding Officer of the Senate
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1 ENGROSSED SENATE
2 BILL NO. 284

By: Schulz of the Senate

3 and

4 McCall of the House

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6 [oil and gas - Oklahoma Energy Jobs Act of 2017 -
7 multiunit horizontal wells in certain targeted
8 reservoirs - Corporation Commission - Commissioners
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11 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

12 SECTION 1. NEW LAW A new section of law not to be
13 codified in the Oklahoma Statutes reads as follows:

14 This act shall be known and may be cited as the "Oklahoma Energy
15 Jobs Act of 2017".

16 SECTION 2. AMENDATORY 52 O.S. 2011, Section 87.6, as
17 last amended by Section 1, Chapter 400, O.S.L. 2014 (52 O.S. Supp.
18 2016, Section 87.6), is amended to read as follows:

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

22 B. As used in the ~~2011 Shale Reservoir~~ Horizontal Well
23 Development Act:

24

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

4 2. "Application" means a written request filed by an owner of
5 the right to drill seeking approval to drill, complete and produce a
6 multiunit horizontal well or to create a horizontal well
7 unitization;

8 ~~3. "Associated common source of supply" means a common source~~
9 ~~of supply which is subject to a drilling and spacing unit formed by~~
10 ~~the Corporation Commission and located in all or a portion of the~~
11 ~~lands in which the completion interval of a multiunit horizontal~~
12 ~~well is located, or which is located within the boundaries of a unit~~
13 ~~created through a horizontal well unitization, and which is~~
14 ~~immediately adjoining the shale common source of supply in which the~~
15 ~~completion interval of the horizontal well is located, and which is~~
16 ~~inadvertently encountered in the drilling of the lateral of such~~
17 ~~horizontal well when such well is drilled out of or exits, whether~~
18 ~~on one or multiple occasions, such shale common source of supply;~~

19 ~~4.~~ "Commission" means the Corporation Commission;

20 ~~5.~~ 4. "Completion interval" means, for an open hole completion
21 in a horizontal well, the interval from the point of entry to the
22 terminus and, for a cased and cemented completion in a horizontal
23 well, the interval from the first perforations to the last
24 perforations;

1 ~~6.~~ 5. "Horizontal well" means a well drilled, completed, or
2 recompleted with one or more laterals which, for at least one
3 lateral, the horizontal component of the completion interval exceeds
4 the vertical component ~~of the completion interval~~ thereof and the
5 horizontal component extends a minimum of one hundred fifty (150)
6 feet in the formation;

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

10 ~~8.~~ 7. "Horizontal component" means the calculated horizontal
11 distance from the point of entry to the terminus;

12 ~~9.~~ 8. "Lateral" means the portion of the wellbore of a
13 horizontal well from the point of entry to the terminus;

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

17 ~~11.~~ 9. "Multiunit horizontal well" means a horizontal well ~~in a~~
18 ~~targeted reservoir~~ wherein the completion interval of the well is
19 located in more than one unit formed for the same targeted
20 reservoir, with the well being completed in and producing from such
21 targeted reservoir in two or more of such units;

22 ~~12.~~ 10. "Plan of development" means the proposed plan for
23 developing the ~~shale~~ targeted reservoir unitized pursuant to Section
24

1 87.9 of this title, which plan, based upon the information and
2 knowledge then available to the applicant, shall include:

- 3 a. a map or maps indicating the location of each existing
4 well in the proposed unit and the anticipated location
5 of each horizontal well proposed to be drilled in the
6 proposed unit that is anticipated to be necessary,
7 based upon the information and knowledge then
8 available to the applicant, for the full and efficient
9 development and operation of the proposed unit for the
10 recovery of oil and gas from the ~~shale~~ targeted
11 reservoir within the proposed unit,
- 12 b. any applicable proposed allocation factor or factors
13 for allocating the costs, production and proceeds from
14 the proposed unit,
- 15 c. the anticipated timing and anticipated sequence of
16 drilling of each horizontal well in the proposed unit,
17 and
- 18 d. any other specific terms, provisions, conditions and
19 requirements set forth in Section 87.9 of this title
20 or determined by the Commission to be reasonably
21 necessary or proper to effectuate or accomplish the
22 purpose of Section 87.9 of this title;
- 23
24

1 ~~13.~~ 11. "Point of entry" means the point at which the borehole
2 of a horizontal well first intersects the top of the targeted
3 reservoir;

4 ~~14.~~ 12. "PRSA" means the Production Revenue Standards Act;

5 ~~15.~~ 13. "~~Shale reservoir~~" ~~means a common source of supply which~~
6 ~~is a shale formation that is so designated by the Commission through~~
7 ~~rule or order, and shall also include any associated common source~~
8 ~~of supply as defined in this section;~~

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

21 ~~17.~~ 14. "Terminus" means the end point of the borehole of a
22 horizontal well in the targeted reservoir;

23 ~~18.~~ 15. "Wellbore royalty interest" means, for each separate
24 multiunit horizontal well, the sum of resulting products of each

1 affected unit's royalty share for that unit, as defined by the PRSA,
2 multiplied by that unit's allocation factor for production and
3 proceeds;

4 ~~19.~~ 16. "Wellbore royalty proceeds" means the proceeds or other
5 revenue derived from or attributable to any production of oil and
6 gas from the multiunit horizontal well multiplied by the wellbore
7 royalty interest;

8 ~~20.~~ 17. "Unit" means a drilling and spacing unit for a single
9 common source of supply created pursuant to Section 87.1 of this
10 title or a horizontal well unitization created pursuant to Section
11 87.9 of this title;

12 ~~21.~~ 18. "Unit's royalty contribution factor" means the royalty
13 share for an affected unit, as defined by PRSA, multiplied by that
14 unit's allocation factor, then divided by the total wellbore royalty
15 interest; and

16 ~~22.~~ 19. "Vertical component" means the calculated vertical
17 distance from the point of entry to the terminus.

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

20 Section 87.7. Corporation Commission Jurisdiction.

21 The Corporation Commission shall have jurisdiction, upon the
22 filing of a proper application therefor, to permit the drilling,
23 completing and producing of a multiunit horizontal well in
24 conformity with ~~Section 4 of this act~~ Section 87.8 of this title, or

1 to create a horizontal well unitization in conformity with ~~Section 5~~
2 ~~of this act~~ Section 87.9 of this title, if the Commission finds that
3 the multiunit horizontal well or the horizontal well unitization
4 will prevent waste and will protect the correlative rights of the
5 owners of oil and gas rights.

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

9 Section 87.8. A. Under the conditions contained in this
10 section, the Corporation Commission is authorized to allow multiunit
11 horizontal wells in any targeted reservoir in order to prevent waste
12 and protect the correlative rights of the owners of oil and gas
13 rights.

14 B. Ownership, Allocation of Costs, Commingled Production, and
15 Proceeds.

16 The Commission shall require the allocation of the reasonable
17 drilling, completion and production costs associated with ~~a~~ such
18 multiunit horizontal well to each of the affected units which the
19 well actually penetrates within the completion interval and shall
20 further require the allocation to each of the units affected by a
21 multiunit horizontal well of the commingled production, and the
22 proceeds from the sale thereof, from the completion interval of ~~a~~
23 such multiunit horizontal well, with any allocation to be in a
24 manner that will prevent waste and protect the correlative rights of

1 the owners of the oil and gas rights in each of the affected units
2 which the well actually penetrates within the completion interval.

3 1. The allocation factor for each affected unit shall be
4 determined by dividing the length of the completion interval located
5 within the affected unit by the entire length of the completion
6 interval in the subject multiunit horizontal well. The Commission
7 shall have the authority to adjust the allocation factors, based
8 upon reasonable testimony and evidence presented to the Commission,
9 if necessary to prevent waste and adequately protect the correlative
10 rights of the owners of the oil and gas rights in each of the
11 affected units.

12 2. Each party who participates as a working interest owner in a
13 multiunit horizontal well shall own an undivided interest in all
14 portions of the wellbore of the well and in the equipment on or in
15 the well in the same ratio that the party's allocated portion of the
16 total costs of the well and equipment bears to the total costs of
17 the well and equipment. The ownership of undivided interest
18 described in this paragraph shall not affect or prejudice the
19 ownership of oil and gas rights of the affected owners outside of
20 the targeted reservoir for the multiunit horizontal well.

21 3. A multiunit horizontal well shall be treated as a well in
22 each of the affected units and shall be subject to all of the rules
23 otherwise applicable to any other well in any of the affected units.
24 In allowing a multiunit horizontal well, the Commission, under

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

22 4. The application shall include:

23 a. the approximate anticipated location of the proposed
24 multiunit horizontal well or wells,

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

15 c. any applicable proposed allocation factor or factors
16 for allocating the costs, production and proceeds from
17 each proposed multiunit horizontal well under the
18 application.

19 5. Production from the completion interval in the targeted
20 reservoir ~~from~~ in each of the affected units in which a multiunit
21 horizontal well is completed may be commingled in the wellbore of
22 the well and produced to the surface. The commingled production
23 from a multiunit horizontal well shall be allocated to each of the
24

1 affected units based upon the allocation factors approved by the
2 Commission.

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

9 7. The wellbore royalty proceeds for a multiunit horizontal
10 well shall be allocated to each affected unit by multiplying the
11 royalty contribution factor of the unit by the wellbore royalty
12 proceeds, with the resulting product being the royalty proceeds for
13 that unit. Each royalty interest owner in an affected unit shall be
14 entitled to receive the owner's proportionate royalty share of the
15 allocated royalty proceeds for that unit.

16 8. The multiunit horizontal well shall be subject to the
17 provisions of the Product Revenue Standards Act (PRSA). The
18 operator of the multiunit horizontal well shall be the designated
19 royalty distributor pursuant to the PRSA for the multiunit
20 horizontal well, unless there is a diversity of operators in the
21 affected units from which the multiunit horizontal well is producing
22 and another operator in each of the affected units agrees to perform
23 separately the PRSA royalty distribution functions for the unit.

24 C. Application, Notice and Retained Jurisdiction.

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

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

18 Section 87.9. A. Horizontal Well Unitization for ~~Shale~~
19 Targeted Reservoirs.

20 Under limited circumstances and conditions contained in this
21 section, the Corporation Commission is authorized to unitize a ~~shale~~
22 targeted reservoir for the drilling of horizontal wells to the end
23 that a greater ultimate recovery of oil and gas may be had
24 therefrom, waste is prevented, and the correlative rights of the

1 owners are protected. Unless and until a unit created pursuant to
2 this section is effective, nothing in this section shall prohibit
3 the drilling of a horizontal well within a drilling and spacing unit
4 created pursuant to Section 87.1 of ~~Title 52 of the Oklahoma~~
5 ~~Statutes~~ this title.

6 B. Prerequisites for Unitization.

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

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

13 2. The use of horizontal well technology to drill the
14 horizontal well or wells in the ~~shale~~ targeted reservoir is
15 feasible, will prevent waste, will protect correlative rights and
16 will with reasonable probability result in the increased recovery of
17 substantially more oil and gas from the ~~shale~~ targeted reservoir
18 within the unit than would otherwise be recovered;

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

22 4. The unitization and the use of horizontal well technology to
23 drill one or more horizontal wells is for the common good and will
24

1 result in the general advantage of the owners of the oil and gas
2 rights within the unit.

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

17 C. Size of the Unit.

18 Each unit shall be two governmental sections. However, the
19 Commission may expand the size of the unit by including additional
20 governmental sections ~~up to a maximum unit size of four governmental~~
21 ~~sections~~, if for good cause shown the Commission finds the expansion
22 of the unit size beyond two governmental sections is necessary to
23 prevent waste, to protect correlative rights and will result in the
24 increased recovery of substantially more oil and gas from the ~~shale~~

1 targeted reservoir than would otherwise be recovered based upon, but
2 not necessarily limited to:

3 1. Geological features existing within the proposed unit;

4 2. The proposed location or orientation of the horizontal
5 wells;

6 3. The length of the laterals of the proposed horizontal wells;

7 4. The proposed use of multilateral wells; or

8 5. Any combination thereof.

9 D. Ownership of Oil and Gas Rights within the Unit.

10 Where there are, or may thereafter be, two or more separately
11 owned tracts within the unit, each owner of oil and gas rights
12 within the unit shall own an interest in the unit of the same
13 character as the ownership of the owner in the separately owned
14 tract. From and after the effective date of the order of the
15 Commission creating the unit and subject to the provisions of any
16 pooling order covering the unit, the interest of each owner in the
17 unit shall be defined as the percentage of interest owned in each
18 separate tract by the owner, multiplied by the proportion that the
19 acreage in each separately owned tract bears to the entire acreage
20 of the unit. The costs incurred in connection with and the
21 production and proceeds from the wells in the unit shall be
22 allocated to each separate tract in the unit and shall be borne or
23 shared by the owners in each separate tract based upon and
24 determined by the interest of each owner in the tract. However, if

1 a well or wells already exist within the area of the ~~proposed~~ unit
2 which are producing or have produced or appear to be productive from
3 the ~~shale~~ targeted reservoir being unitized, the Commission may
4 adjust the sharing of future costs incurred in connection with and
5 future production and proceeds from any existing well or any
6 subsequent well in the proposed unit in any manner deemed necessary
7 by the Commission in order to protect the correlative rights of the
8 owners within any existing well or any subsequent well or within the
9 ~~proposed~~ unit, including providing for the sharing of future costs
10 incurred in connection with and future production and proceeds from
11 any existing well or any subsequent well in a manner different from
12 any other well in the unit so long as the various methods of sharing
13 future costs, production and proceeds from the existing and
14 subsequent wells in the ~~proposed~~ unit prevents waste and protects
15 the correlative rights of all the affected owners. For the purpose
16 of this section, any owner or owners of oil and gas rights in and
17 under an unleased tract of land within the unit, unless the owner
18 has relinquished the drilling rights or working interest of the
19 owner in the applicable ~~shale~~ targeted reservoir in the tract of
20 land under a pooling order entered by the Commission which order
21 remains in effect, shall be regarded as a lessee to the extent of a
22 seven-eighths (7/8) interest in and to the rights and a lessor to
23 the extent of the remaining one-eighth (1/8) interest therein.

24 E. The Plan of Development.

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

10 1. Any adjustments to the sharing of future costs incurred in
11 connection with future development and production, and the sharing
12 of proceeds, from any existing well or any subsequent well which ~~the~~
13 ~~Commission determines to be~~ are necessary in order to be fair,
14 reasonable and equitable, and to protect the correlative rights of
15 the owners, considering the existing development in and the prior
16 and anticipated future production from the ~~shale~~ targeted reservoir
17 within the ~~proposed~~ unit; and

18 2. The procedure and basis upon which existing wells, equipment
19 and other properties of the several lessees within the unit area are
20 to be taken over and used for the unit operations, including the
21 method of arriving at the compensation therefor, or of otherwise
22 proportionately equalizing or adjusting the investment of the
23 several lessees in the project as of the effective date of unit
24 operation.

1 F. Order of the Commission.

2 The order of the Commission creating the unit shall:

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

4 2. Set forth the drilling pattern and setbacks for the unit,
5 including the permitted well location tolerances for the permitted
6 wells within the unit;

7 3. Approve and adopt the plan of development for the unit, with
8 a copy thereof attached to the order and include any necessary
9 special allocation factors for allocating the costs, production and
10 proceeds from the proposed unit resulting from existing wells or
11 subsequent wells, or both;

12 4. Designate the unit operator; and

13 5. Provide for the conditions upon which the unit, and the
14 order creating the unit, shall terminate.

15 G. Consent by Owners.

16 No order of the Commission creating a unit pursuant to this
17 section shall become effective unless and until the proposed
18 unitization has been consented to in writing, and the written
19 consent submitted to the Commission, by lessees of record of not
20 less than sixty-three percent (63%) of the working interest in the
21 ~~shale~~ targeted reservoir in the area to be included in the unit and
22 by owners of record of not less than sixty-three percent (63%),
23 exclusive of any royalty interest owned by any lessee or by any
24 subsidiary of any lessee, of the one-eighth (1/8) royalty interest

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

16 H. Notice.

17 The application for the creation of a horizontal well
18 unitization ~~for a shale reservoir~~ under this section, and the notice
19 of hearing on the application, shall be served no less than fifteen
20 (15) days prior to the date of the hearing, by regular mail, upon
21 each person or governmental entity having the right to share in
22 production from the proposed unit covered by the application, as
23 well as other persons or governmental entities required by
24 Commission rules. Any person aggrieved by any order of the

1 Commission made pursuant to this section may appeal therefrom to the
2 Supreme Court of the State of Oklahoma upon the same conditions,
3 within the same time and in the same manner as is provided for in
4 ~~Title 52 of the Oklahoma Statutes~~ this title, for the taking of
5 appeals from the orders of the Commission made thereunder.

6 I. Pooling of the Unit.

7 From and after the effective date of an order creating a unit
8 pursuant to this section and subject to the provisions of the order
9 in regard to the matters to be found by the Commission in the
10 creation of the unit and the provisions of the applicable plan of
11 development, an owner of the right to drill for and produce oil or
12 gas from the unit may request the Commission to pool the oil and gas
13 interests of the owners in the unit on a unitwide basis pursuant to
14 the provisions of subsection (e) of Section 87.1 of ~~Title 52 of the~~
15 ~~Oklahoma Statutes~~ this title in regard to the development of the
16 unit ~~involving a horizontal well or wells~~.

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

18 From and after the effective date of an order creating a unit
19 pursuant to this section, the operation of any well producing from
20 the ~~shale~~ targeted reservoir within the unit defined in the order by
21 persons other than the unit operator, or except in the manner and to
22 the extent provided in the order creating the unit shall be unlawful
23 and is hereby prohibited. Once the order of the Commission creating
24 a unit pursuant to this section becomes effective, the unit so

1 created shall supersede any drilling and spacing unit previously
2 formed by the Commission pursuant to Section 87.1 of ~~Title 52 of the~~
3 ~~Oklahoma Statutes~~ this title for the same ~~shale~~ targeted reservoir
4 within the area of the new unit. Any pooling order which was
5 entered by the Commission pursuant to subsection (e) of Section 87.1
6 of ~~Title 52 of the Oklahoma Statutes~~ this title covering any
7 drilling and spacing unit superseded by a unit created pursuant to
8 this section and which was in effect at the time of the creation of
9 the unit shall remain in full force and effect as to any oil and gas
10 interests in the ~~shale~~ targeted reservoir which were relinquished
11 and transferred by operation of law under the pooling order.
12 However, further development of the ~~shale~~ targeted reservoir in the
13 area of the unit created pursuant to this section shall not be
14 subject to any of the other provisions of any prior pooling order,
15 but shall be governed by and pursuant to the order creating the
16 unit, including the applicable plan of development, and any
17 subsequent pooling order covering the unit.

18 K. Payment of Proceeds.

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

21 L. The Commissioners of the Land Office.

22 The Commissioners of the Land Office, or other proper board or
23 officer of the state having the control and management of state
24 land, and the proper board or officer of any political, municipal,

1 or other subdivision or agency of the state, are hereby authorized
2 and shall have the power on behalf of the state or of any political,
3 municipal, or other subdivision or agency thereof, with respect to
4 land or oil and gas rights subject to the control and management of
5 the respective body, board, or officer, to consent to or participate
6 in any unitization ~~adopted~~ created pursuant to the ~~2011 Shale~~
7 ~~Reservoir~~ Horizontal Well Development Act.

8 M. Retained Jurisdiction.

9 Upon the creation of a unit pursuant to this section, and
10 approval of the plan of development in connection therewith, the
11 Commission shall retain jurisdiction over the unit and the plan of
12 development. The retained jurisdiction of the Commission set forth
13 herein shall neither preclude nor impair the right of any affected
14 party to obtain through the district courts of this state any remedy
15 or relief available at law or in equity for injuries caused by any
16 action or inaction of the applicant, operator or any other affected
17 party.

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

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1 Passed the Senate the 22nd day of March, 2017.

2
3 _____
4 Presiding Officer of the Senate

5 Passed the House of Representatives the ____ day of _____,
6 2017.

7
8 _____
9 Presiding Officer of the House
10 of Representatives