HOUSE BILL NO. HB0050

Oil and gas units.

Sponsored by: Representative(s) Childers, Martin and Samuelson and Senator(s) Townsend

A BILL

for

AN ACT relating to oil and gas; modifying consent requirements necessary for the amendment of orders entered by the Wyoming oil and gas conservation commission or cooperative agreements relating to specified recovery operations; and providing for an effective date.

Be It Enacted by the Legislature of the State of Wyoming:

Section 1. W.S. 30-5-110(h) is amended to read:

30-5-110. Agreements for waterflooding or other recovery operations, repressuring or pressure-maintenance operations, cycling or recycling operations; operation as a unit of 1 or more pools or parts thereof and pooling of interests in oil and gas therein; amendment of orders and agreements.

(h) An order entered by the commission under this section, or an agreement under subsection (a) of this section establishing a unit area under which waterflooding or other recovery operations involving the introduction of extraneous forms of energy into the pool have been conducted, may be amended in the same manner and subject to the same conditions as an original order or previous agreement: provided, (i) if the amendment affects only the rights of owners, then consent to the amendment by those persons who will be credited with unit production or proceeds thereof free of cost shall not be required; and (ii) no amendatory order shall change the percentage for the allocation of oil and gas as established by the original order ~~for any separately owned tract~~ or previous agreement, except with the written consent of ~~all persons owning oil and gas rights in the tracts~~ those persons who own at least eighty percent (80%) of the unit production or proceeds thereof that will be credited to royalty and overriding royalty interests which are free of costs, and of those persons who will be required to pay at least eighty percent (80%) of the cost of unit operations, nor change the percentage for the allocation of costs as established ~~for any separately owned tract~~ by the original order or previous agreement, except with the written consent of ~~all owners in the tracts.~~ those persons who own at least eighty percent (80%) of the unit production or proceeds thereof that will be credited to royalty and overriding royalty interests which are free of costs, and of those persons who will be required to pay at least eighty percent (80%) of the cost of unit operations. However, to the extent that overriding royalty interests are in excess of a total of twelve and one-half percent (12 1/2%) of the production from any tract, such excess interests shall not be considered in determining the percentage of approval or ratification by such cost-free interests. If such consent has not been obtained at the time the commission order is made, the commission shall, upon application, hold such supplemental hearings and make such findings as may be required to determine when and if such consent has been obtained. Notice of such supplemental hearing shall be given by regular mail at least fifteen (15) days prior to such hearing to each person owning interests in the oil and gas in the unit area whose name and address was required by the provisions of paragraph (c)(ii) of this section to be listed in the application for such unit operations. If the required percentages of consent have not been obtained within a period of six (6) months from and after the date on which the order of approval is made, such order shall be ineffective and revoked by the commission, unless, for good cause shown, the commission extends that time. Any interested person may file an application with the commission requesting an order applicable only to the unit area described in the application which shall provide for the percentage of approval or ratification by either cost-free or cost-bearing interests, or both, to be reduced from eighty percent (80%) to seventy-five percent (75%). The application shall contain the information required by subsection (c) of this section and any order of the commission entered pursuant to the application must comply with subsection (e) of this section. Notice of the hearing on the application shall be given in the same manner and to the same persons as required by subsection (d) of this section. If the commission finds that negotiations were being conducted on the effective date of this act or have been conducted for a period of at least nine (9) months prior to the filing of the application, that the applicant has participated in the negotiations diligently and in good faith, and that the percentage of approval or ratification required by this subsection cannot be obtained, the commission may reduce any percentage of approval or ratification required by this section from eighty percent (80%) to seventy-five percent (75%). Such an order shall affect only the unit area described in the application and shall operate only to approve a proposed plan of unitization and a proposed operating plan and to reduce the required percentage of approval or ratification thereof and shall not change any other requirement contained in this section.

Section 2. This act is effective July 1, 2007.

(END)