2004 MODEL OIL AND GAS CONSERVATION ACT

Interstate Oil and Gas Compact Commission

Preface

The Interstate Oil and Gas Compact Commission (IOGCC) has promulgated this Model Oil and Gas Conservation Act as a guide for use by states in enacting comprehensive oil and gas conservation statutes. This Model Act also centralizes oil and gas conservation regulatory (regulation) in one state agency, with the exception of certain clean air, water permitting and land use authority. The IOGCC recognizes that some states may not choose to provide for market demand prorationing, compulsory unitization, exploratory unitization, forced pooling, royalty valuation regulation, underground gas storage, enforcement, or other provisions of this Model Act. Depending on the context, bracketed material indicates language that may have to be changed to fit within a particular state’s statutory or organizational framework or contains provisions that are optional. To facilitate the ability to “pick and choose” particular segments, the Model Act has been subdivided into the following ten Parts:

PART I: Definitions
PART II: Scope of the Act and Authority of Conservation Agency Provisions
PART III: Market Demand Prorationing Provisions
PART IV: Well Spacing and Density Provisions
PART V: Compulsory Pooling and Voluntary Unitization Provisions
PART VI: Compulsory Unitization Provisions
PART IX: Enforcement Provisions
PART X: Title, Severability, and Repealer Provisions

Note that Part I, “Definitions,” is relevant to all other parts, but particular defined terms within Part I are not relevant to all other parts. The IOGCC further recognizes that, in some states, some of the subjects covered by this Model Act may be regulated by other agencies. Nevertheless, suitable provisions covering these and related subjects are included for information and use as a guide to a state desiring to consider the adoption of comprehensive oil and gas conservation legislation or desiring to update existing oil and gas conservation laws. In some states, potash, brine, or both, should also be included within the resources subject to this Act and legislative language in Part I would have to be added to accomplish these ends.

Declaration of Purpose

Because of the economic and strategic importance of oil and gas, the prevention of waste of oil and gas, the promotion of oil and gas conservation, and the protection of correlative rights, public health, public safety, and the environment are declared to be in the public interest. Accordingly, the purpose of this Act is the prevention of waste, the promotion of conservation, and the protection of correlative rights, public health, public safety, and the environment.
PART I.

SECTION 1. DEFINITIONS. In this Act:
1. “By-product” means a commodity made from oil or gas.
2. “[Commission]” means the [___________________________].
3. “Developed area” means the spacing unit on which a well has been completed that is capable of producing oil or gas or the acreage that is otherwise attributed to a well by the [commission] for production purposes.
4. “Field” means a general area underlain by a reservoir or reservoirs.
5. “Gas” means a gaseous substance, including natural gas, carbon dioxide, helium, nitrogen, fluid hydrocarbons and by-products of gas production not defined as oil, which is produced by drilling or injected for storage or pressure maintenance.
6. “Geophysical data” means facts, statistics, measurements, or samples gathered by geophysical means such as seismic, gravity, or magnetic surveys, that have not been analysed, processed, or interpreted.
7. “Just and equitable share of the production” means, as to a separately owned tract or combination of tracts, that fraction of the authorized production from a reservoir that corresponds reasonably to the proportion that the amount of recoverable oil or gas under the developed area of that separately owned tract or combination of tracts bears to the recoverable oil or gas in the total of the developed areas in the reservoir.
8. “Native gas,” under [Part VIII], means gas that has not been previously withdrawn from the earth.
9. “Natural gas” means gaseous hydrocarbons, including casinghead gas, and gas found in coal beds, and all other hydrocarbons not defined as oil in this Act except and not including liquid petroleum gas, and includes gas either while in its original state or after the same has been processed by removal of component parts not essential to its use for light and fuel.
10. “Oil” means crude petroleum, oil, and all hydrocarbons, regardless of gravity, that are in the liquid phase in the reservoir and that are produced and recovered at the wellhead in liquid form and oil extracted from shale or tar sands and a by-product of oil production not defined as gas.
11. “Oil and gas operation” means exploration for oil and gas, including the conduct of geophysical operations and the drilling of test bores; the siting, drilling, deepening, recompletion, reworking, plugging, replugging, abandoning or re-entering an oil and gas well, underground injection well, or gas storage well; production, processing, flow lines, gathering lines, transportation and transporter operations as they pertain to safety, environmental protection, the prevention of waste, the protection of correlative rights, and illegal oil and gas; the generation, transportation, storage, treatment, or disposal of oil, gas, by-product, or refuse used or produced during exploration and production operations; and a related construction, site preparation, recycling, remediation, reclamation operation, or facility.
12. “Operator” means a person who is designated by an operating agreement or by the [commission] as being responsible for an oil and gas operation.
13. “Owner” means a person having the right to drill into and to produce from a reservoir and to appropriate the oil or gas produced therein, either for that person or for that person and others.
14. “Person” means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government; governmental subdivision, agency, or instrumentality; public corporation, or other legal or commercial entity.
15. “Processing,” “processes” or “processed” means an operation which separates oil and gas,
treats oil or gas, dehydrates oil or gas, or extracts gas liquids or by-products from oil or gas, including associated compression.

(16) “Protection of correlative rights” or “protect correlative rights” means to afford a reasonable opportunity to each owner to recover, or to receive without causing waste, a just and equitable share of the production.

(17) “Reasonable market demand” means:
   (A) the amount of oil reasonably needed for current consumption, use, storage, and working stocks, within and without this state; or
   (B) the amount of gas reasonably needed for current consumption, use, and storage, within and without this state.

(18) “Reservoir” means an underground accumulation of oil or gas or both which is a common source of supply, or one or more underground accumulations of oil or gas or both which by order, permit, rule, or regulation of the [commission] are allowed to be produced on a commingled basis and which are treated by the [commission] as a common source of supply. Unless otherwise determined by an order, permit, rule or regulation of the [commission], each zone of a general structure that is completely separated from another zone in the structure is a separate common source of supply.

(19) “Responsible party” means the operator, as well as a person who conducts or controls an oil and gas operation in a manner, whether by act or omission, that contravenes this [Act] or an order, permit, rule, or regulation of the [commission] which threatens to harm or harms air, water, soil, or biological resource and a person who disposes of refuse by mixing it with exploration and production refuse that threatens to harm or harms a resource. “Responsible party” does not mean innocent landowners or royalty owners who do not tamper with an oil and gas operation, interfere with access by the responsible party or the [commission] to remediate the threat of harm or harm to air, water, soil, or biological resource, or assume by written contract express and specific responsibility for an oil and gas operation.

(20) “Royalty interest owner” means a person who has a right to a share of production or a payment relating to a share of production, whether in the form of a nonparticipating royalty, lease royalty, overriding royalty, or production payment, but who does not have a present right to drill into and to produce from a reservoir.

(21) “Take” or “taken” means to transport, purchase, or remove oil or gas.

(22) “Transportation,” “transport,” “transported,” or “transporting” means to gather oil or gas within a field or area and to move it to locations within or outside that field or area, including associated compression, but not including market pipeline transmission.

(23) “Underground storage,” under [Part VIII], means storage in a subsurface sand, stratum, formation, aquifer, or cavity, cavern or void (whether natural or artificially created).

(24) “Waste” means:
   (A) the inefficient, excessive, or improper use of reservoir energy or unnecessary dissipation of reservoir energy;
   (B) the inefficient storing of oil or gas;
   (C) the locating, drilling, equipping, operating, or producing of an oil or gas well in a manner that causes or tends to cause a reduction in the quantity of oil or gas ultimately recoverable from a reservoir under prudent and proper operations, the drilling of unnecessary wells, or the loss or destruction of oil or gas either at the surface or below the surface;
   (D) the production of oil or gas in excess of pipeline, marketing, or storage capacities, in
excess of reasonable market demand, in excess of the amount reasonably required for properly drilling, completing, testing, or operating a well or other facilities for recovering, processing, or transporting oil, gas, or by-products, or in excess of the amount otherwise utilized on the acreage from which the oil or gas is produced; or (E) other dissipation, production, or use of oil or gas underground or above ground, or in storage, that is careless, needless, or without valuable result.

PART II.

SECTION 2. WASTE PROHIBITED. The waste of oil or gas is prohibited. In the event of a conflict between the duty to prevent waste and the duty to protect correlative rights, the primary duty of the [commission] is to prevent waste in a manner that will protect correlative rights to the extent reasonably possible given the [commission]’s primary duty while also assuring the adequate protection of public health, public safety, and the environment.

SECTION 3. SCOPE OF ACT. This [Act] applies to all lands, operations or activities in this state and to all persons over which this state has regulatory authority. A person conducting an oil and gas operation in this state submits to the jurisdiction of this state and the [commission].

[Alternative language for possible use in states with large tracts of federal or Indian land:]

[ALTERNATIVE] SECTION 3. SCOPE OF ACT. This [Act] shall apply to all lands within this state, except as follows:
(a) As to lands of the United States or lands which are subject to its supervision, this [Act] shall apply only to the extent necessary to permit the [commission] to protect the correlative rights, health, safety, and the environment. The other provisions of this [Act] shall also apply if the officer of the United States having jurisdiction over the lands approves an order, permit, rule, or regulation of the [commission] purporting to affect the lands.
(b) This article shall not apply to lands committed to federal exploratory unit or federal communized unit except to the extent approved by the Department of Interior and except as to affected privately owned or state lands.]

SECTION 4. GENERAL AUTHORITY OF THE [COMMISSION]. The [commission] shall have exclusive authority [subject only to any applicable local zoning and land-use regulations]:
(a) to regulate an oil and gas operation;
(b) to prevent the waste of oil, gas, or by-products;
(c) to protect correlative rights;
(d) to identify reservoirs to be classified or reclassified as oil or gas reservoirs and to classify or reclassify oil or gas wells;
(e) to protect public health, public safety, and the environment in relation to other operations or activities regulated by this [Act], including the authority to enter into or approve environmental covenants;
(f) to exercise continuing authority over all persons and property necessary to carry out the missions and duties of the [commission];
(g) to exercise the right of ingress and egress without warrant to all lands and facilities within the jurisdiction of the [commission];
(h) to regulate all lands, operations, and persons within the jurisdiction of the [commission] to assure adequate protection of public health, public safety, and the environment and to
investigate, test, analyze, and model as may be necessary to achieve appropriate protection of public health, public safety, and the environment; and

(i) to make and enforce orders, permits, rules, and regulations reasonably necessary to promote conservation, to prevent waste, to protect correlative rights, to protect public health, public safety, and the environment, to govern the practice and procedure before the [commission], and to administer and enforce this [Act], including rules as the [commission] may consider reasonably necessary and appropriate to implement the responsibility of this state under federal laws or rules governing activities within the jurisdiction of the [commission].

SECTION 5. SPECIFIC AUTHORITY OF THE COMMISSION.
Without limiting the general authority of the [commission], the [commission] has the exclusive authority to require the following:

(a) the permitting of an oil and gas operation;

(b) the identification and, absent identification, the designation of the operator responsible for wells, producing areas, tanks, plants, and other facilities for the production, storage, treatment, transportation, or refining of oil and gas and to identify, and as necessary to enforce this [Act] and orders, permits, rules, or regulations of the [commission] to identify other responsible parties;

(c) the making and filing with the [commission] of [geophysical data,] well logs, directional surveys, and reports on the location, drilling, and production of wells, but [geophysical data] marked “confidential” must be kept confidential for the period prescribed by the [commission], not exceeding [five (5)] years and [well logs marked “confidential”] must be kept confidential for the period prescribed by the [commission], not exceeding [six (6)] months;

(d) the sampling and coring of wells and the filing of samples and cores and reports derived from those samples and cores;

(e) the drilling, casing, completing, operating, and plugging of wells to prevent:
   (1) the escape of oil or gas out of the reservoir into another formation;
   (2) the detrimental intrusion of water or other substance into an oil or gas reservoir that is avoidable by efficient operation;
   (3) harm or pollution; and
   (4) blowouts, cave-ins, seepages, and fires;

(f) the testing of wells used in oil and gas production, including production, injection, and disposal wells;

(g) the separating of the production from wells into gaseous and liquid hydrocarbons, by means and upon standards prescribed by the [commission].

(h) the operation of wells at efficient gas-oil or water-oil ratios and the limiting of production from wells with inefficient gas-oil or water-oil ratios;

(i) the certification of clearance in connection with transporting or delivering oil, gas, or by-product;

(j) the metering or other measuring of oil, gas, or by-product, by means and upon standards prescribed by the [commission];

(k) the maintenance of complete and accurate records, available for examination by the [commission] or its agents at all reasonable times, of quantities produced, sold, purchased, acquired, stored, transported, refined, or processed by each person who produces, sells, purchases, acquires, stores, transports, refines, or processes oil, gas, or by-product in this state;

(l) the filing of reports, plats, and existing data related to matters within the jurisdiction of the [commission];
(m) [the payment of nonparticipating royalties, lease royalties, and overriding royalties in accordance with valuation and accounting standards established by the [commission], including the authority to impair contracts as may be reasonably necessary to achieve a uniform and orderly system of royalty valuation and accounting;] and
(n) the construction, operation, suspension, or abandonment by a responsible party of an oil and gas operation within the jurisdiction of the [commission] to protect public health, public safety, or the environment, including the abatement of dust and noise and the establishment of aesthetic, lighting, visual, and location requirements suited to the surrounding area; [and]
(o) to solicit bids and enter into contracts to provide for the plugging of wells and for other remedial work to protect public health, safety, and welfare[; and]
(p) to establish and collect fees.

SECTION 6. FINANCIAL ASSURANCE. The [commission] shall require an operator to furnish a reasonable performance bond or other good and sufficient surety, including cash deposits, but excluding mere financial statements, conditioned on the performance of the duty to plug each dry or abandoned well, to plug, repair, remediate, or replug each well causing waste or pollution, reclaim impoundments, restore well sites, or properly operate and close a commercial oil and gas waste disposal facility. The [commission] may require a responsible party to furnish a reasonable performance bond or other good and sufficient surety conditioned on compliance with a provision of this [Act] or underlying regulation.

SECTION 7. ADDITIONAL AUTHORITY OF THE COMMISSION. Without limiting the general authority of the [commission], the [commission] has the additional exclusive authority to regulate the following [, subject only to the authority of [another state agency] to regulate air pollution, water pollution, and water-use permits]:
(a) the drilling, testing, equipping, completing, operating, producing, and plugging of wells and other operations for and related to the production of oil or gas, including transporting, processing, loading, and tracing oil and gas;
(b) the stimulation and treatment of wells;
(c) the spacing and location of wells, including the authority to establish spacing units;
(d) the disposal of salt water and field wastes and underground storage of oil, gas, or by-product;
(e) the amount of oil or gas that may be produced without waste from a field, reservoir, or developed area and the allocation of the allowed production to and among the wells in fields, reservoirs, or areas in this state;
(f) the venting and flaring of gas; and
(g) a unit operation of any kind.

PART III.

SECTION 8. ALLOCATION OF PRODUCTION.
(a) If the [commission] limits the amount of oil, gas, or by-product produced in this state, the [commission] may allocate the allowable production among fields or reservoirs on a reasonable basis, including the setting of allocation priorities as may be necessary to prevent waste or to protect correlative rights. The [commission] may allocate the allowable production of oil, gas, or by-product to prevent undue discrimination among fields and reservoirs as a result of selective buying or nomination by purchasers.
(b) When the [commission] has permitted production by commingling oil or gas, or oil and gas from multiple stratigraphic or lenticular accumulations of oil or gas, the [commission] may
allocate, distribute, or apportion the production of commingled separate multiple stratigraphic or lenticular accumulations of oil or gas, or oil and gas as if they were a single common source of supply.

SECTION 9. RATABLE PRODUCTION OF OIL AND GAS.

(a) To prevent unreasonable discrimination in favor of one pool against another, and on written complaint and proof of discrimination, the [commission] may allocate or apportion the allowable production of oil on a fair and reasonable basis among the various pools in this state. In fixing the allowable production of oil based on reasonable market demand, the [commission] is not required to determine the reasonable market demand applicable to a single field or reservoir, except in relation to other fields and reservoirs and in relation to the reasonable market demand applicable to this state. In allocating the allowable production of oil to fields and reservoirs, the [commission] may consider, but is not bound by, nominations of purchasers to purchase from particular fields or reservoirs. In allocating or ascertaining the reasonable market demand for the entire state, the reasonable market demand of one pool shall not be discriminated against in favor of another pool. The [commission] shall determine the reasonable market demand of the respective pool as the basis for determining the allotments to be assigned to the respective pool so that discrimination may be prevented.

(b) If full production from wells producing gas, including a gas by-product, from a common source of supply of gas in this state is in excess of the reasonable market demand, the [commission] shall inquire into the production and reasonable market demand for the gas and shall determine the allowable production from the common source of supply. The allowable production from a common source of supply is that portion of the reasonable market demand that can be produced without waste. The [commission] shall allocate, distribute, or apportion the allowable production from the common source of supply among the various owners on a reasonable basis and shall limit the production of each owner to the amount allocated or apportioned to the owner. The [commission] may give priority to the production of gas from oil wells when allocating the allowable production of gas under this section.

PART IV.

SECTION 10. WELL SPACING.

(a) [Except for exploratory units established under [Part VII], after] [After] discovery of oil or gas, the [commission], to prevent waste and to protect correlative rights, shall issue an order establishing a field and reservoir, providing for allowable production, and providing for uniform well spacing units, which may be established in accordance with applicable statewide spacing rules. Except as otherwise provided in subsection (b), and in light of the information available to the [commission] at the time of an order establishing spacing units for a reservoir, a spacing unit must consist of the maximum area of a reservoir that may be efficiently and economically drained by one well, and an order establishing spacing units for a reservoir must cover lands determined or reasonably believed to be underlain by that reservoir.

(b) If reasonably necessary to prevent waste or to protect correlative rights, the [commission] may establish a spacing unit that is larger or smaller than the uniform spacing units for a reservoir, but that larger or smaller spacing unit must produce in proportion to the size of the uniform units established for that reservoir.

(c) The [commission] may grant exceptions to applicable spacing rules when the [commission] determines that one or more of the following conditions exist:
A topographic condition makes drilling in compliance with spacing rules unduly burdensome. An environmental consideration makes drilling in compliance with spacing rules unduly harmful or potentially harmful to the environment. A spacing unit is partly outside the reservoir. A well drilled in compliance with spacing rules is or will be noncommercial. Oil and gas confiscation will be prevented. The exception will otherwise prevent waste or protect correlative rights. The owners adversely affected by an exception to applicable spacing rules consent to that exception.

If an exception to applicable spacing rules is granted, the [commission] shall take whatever action may be reasonably necessary to protect correlative rights, including adjustment of the well’s rate of production.

An order establishing spacing rules may be modified by the [commission] from time to time to prevent waste or to protect correlative rights, including the addition of lands determined to be underlain by the reservoir or to the exclusion of lands determined not to be underlain by the reservoir. The [commission], if reasonably necessary to prevent waste or to protect correlative rights, may change the size or shape of one or more spacing units or permit the drilling of additional wells on a reasonably uniform spacing pattern.

Unless specifically authorized by the [commission], upon completion of a producing well not subject to applicable spacing rules, additional wells may not be commenced for production from that reservoir until an order establishing spacing rules is adopted. The [commission] shall provide for the retroactivity of an initial order establishing spacing rules for a reservoir to the date that notice of a hearing to establish spacing units for the reservoir was issued, but may provide for retroactivity to the date of first production for the discovery well for that reservoir.

The [commission] may establish horizontal well spacing units for horizontal drilling and development of a common source of supply. A horizontal well is an oil or gas well drilled, completed or recompleted in a manner in which the horizontal component of the completion interval in the geological formation exceeds the vertical component in the geological formation and which horizontal component extends a minimum of [one hundred fifty (150) feet] into the formation. A horizontal well spacing unit may be established for a common source of supply for which there are already established non-horizontal well spacing units. A horizontal well spacing unit may include within the boundaries thereof more than one existing non-horizontal well spacing unit for the common source of supply. A horizontal well spacing unit may exist concurrently with producing non-horizontal well spacing units; however, where there are no producing non-horizontal well spacing units, a horizontal well spacing unit shall supersede existing non-developed non-horizontal well spacing units for the duration of the horizontal well spacing unit.

In case of a spacing unit of [one hundred sixty (160) acres] or more, no oil and gas leasehold interest outside the spacing unit involved may be held by production from the spacing unit more than [ninety (90) days] beyond the expiration of the primary term of the lease.

PART V.

SECTION 11. POOLING.
(a) When two or more separately owned tracts or interests are within an existing or proposed spacing unit, the persons owning the tracts or interests may voluntarily pool their tracts or interests.

(b) In absence of voluntary pooling and upon application by an owner within a unit, the [commission] may, either before or after drilling, enter an order pooling all tracts and interests within the spacing unit. All operations, including the commencement, drilling, operation, or production of a well, upon a portion of a pooled spacing unit shall be deemed the commencement, drilling, operation, or production of a well upon each separately owned tract or interest in the unit. That portion of the production allocated to a separately owned tract or interest included in a unit shall be deemed produced from that tract or interest. To protect correlative rights, the [commission] may provide for the retroactivity of a pooling order to the date that notice of a hearing to establish spacing units for the reservoir was issued and may provide for retroactivity to the date of first production for the discovery well for that reservoir.

(c) In a pooling order, the [commission] shall designate an owner to serve as operator of the unit to manage and supervise the drilling, completion, operation, and plugging and abandonment of the well or wells on a pooled unit. All owners shall share in reasonable costs of drilling, completing, operating, and plugging and abandonment of the well or wells on a pooled unit. Production and costs associated with a pooled unit must be allocated among the owners in that unit in the same proportion each owner’s acreage in the unit bears to the total acreage in the unit or must be allocated according to a method approved by the [commission]. The [commission] may reallocate production and costs to prevent waste or to protect correlative rights and may equitably reallocate costs.

(d) An owner whose tract or interest has been involuntarily pooled may elect not to participate in a proposed operation in which case the operator may recover on behalf of all participating owners that owner’s share of the costs of the operation out of any resulting production, plus a risk and interest penalty not to exceed [three hundred (300)] percent of the owner’s share of these costs.

SECTION 11. POOLING (OKLAHOMA STYLE ALTERNATIVE)

(a) When there are separately owned tracts, or when there are separately owned undivided interests, or when there are both separately owned tracts and separately owned undivided interests embraced within a well spacing unit, the owners thereof may validly pool their interests and develop their lands as a unit. Where, however, the owners within a well spacing unit have not agreed to pool their tracts and interests for joint operations and development and where one or more owners have drilled or propose to drill a well on a well spacing unit to the common source of supply, the [commission], to prevent waste or to protect correlative rights, shall require all owners to pool and develop their interests and lands in the well spacing unit.

(b) The pooling applicant shall give all owners whose addresses are known or could be known through the exercise of due diligence proper notice of the application and hearing as required by law.

[(b) [Alternative] The pooling applicant shall give all owners whose addresses are known or could be known through the exercise of due diligence at least [thirty (30)] days' notice by mail, return receipt requested. The applicant shall also give notice by one publication, at least [thirty (30)] days before the hearing, in [the official newspaper] [newspaper of general circulation published] in the county or counties where the affected tracts or interests are located. The applicant shall file proof of publication and an affidavit of mailing with the [commission].]
(c) An order requiring pooling shall be made after notice and hearing, and upon terms and conditions that are just and reasonable and will afford to the owner of a tract or interest in the unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil and gas.

(d) The portion of the production allocated to the owner of each tract or interest included in a well spacing unit formed by a pooling order shall, when produced, be considered as if produced by the owner from the separately owned tract or interest by a well drilled thereon.

(e) The pooling order of the [commission] shall designate an operator and make definite provisions for the payment of costs of the development and operation, which shall be limited to the actual expenditures required for that purpose not in excess of what are reasonable, including a reasonable charge for supervision. In the event of a disputed cost, the [commission] shall determine proper costs after due notice to interested parties and a hearing.

(f) The operator of a pooled unit, in addition to other rights provided by the pooling order of the [commission], shall have liens on the oil or gas estates or rights of the other owners therein and upon their shares of the production from the unit to the extent that costs incurred in the development and operation upon the unit are a charge against the estates or interests by order of the [commission] or by operation of law. These liens shall be separable as to each separate owner within the unit, and shall remain liens until the operator has been paid the amount due under the terms of the pooling order.

(g) The [commission] is authorized to provide that the owner or owners paying for the drilling or operation of a well shall be entitled, subject to the payment of royalty, if any, to that production from the well that would be received by the nonpaying owner or owners for whose benefit the well was drilled or operated until the paying owners have been paid the amount due under the terms of the pooling order or order settling the dispute. No part of the production or proceeds accruing to an owner of a separate tract or interest in a well spacing unit shall be applied toward payment of costs properly chargeable to another tract or interest in the well spacing unit.

(h) For the purpose of this section, the owner or owners of oil or gas estates or rights in an unleased tract of land shall be regarded as a lessee to the extent of not more than a [seven-eighths (7/8)] interest in and to the rights and a lessor to the remaining interest therein.

(i) In the event a producing well or wells are completed upon a well spacing unit where there are, or may thereafter be, two or more separately owned tracts or interests, each royalty interest owner shall share in all production from the well or wells drilled within the unit, or in a shut-in royalty as to which the royalty interest owner may be entitled under a lease or other instrument and covering a separately owned tract or interest in the unit, to the extent of the royalty interest owner's interest in the unit. Each royalty interest owner's share in the unit shall be the percentage of royalty owned in each separate tract or interest by the royalty interest owner, multiplied by the proportion that the acreage in each separately owned tract or interest bears to the entire acreage of the unit.

SECTION 12. ANTITRUST IMMUNITY FOR VOLUNTARY UNITS.

(a) An agreement to develop a well spacing unit jointly or an agreement for the joint development or operation of a field, reservoir, or part thereof, may be submitted to the [commission] for approval as being in the public interest or reasonably necessary to prevent waste or to protect correlative rights. Approval by the [commission] is a full defense to a civil action charging violation of a statute of this state relating to trusts and monopolies because of the agreement or because of operations conducted under the agreement.

(b) Failure to submit an agreement to the [commission] for approval does not imply or constitute
evidence that the agreement or operations conducted pursuant thereto are in violation of laws relating to trusts and monopolies.

PART VI.

SECTION 13. COMPULSORY UNIT OPERATION—CREATION.
The [commission], upon its own motion or upon application of an owner, shall conduct a hearing to consider the need for unit operation of an entire reservoir or portion thereof, to increase ultimate recovery of oil or gas from that reservoir or portion thereof. The [commission] shall issue an order requiring unit operation if it finds that unit operation of the reservoir or portion thereof is reasonably necessary to prevent waste or to protect correlative rights; that unit operation of the reservoir or portion thereof is reasonably necessary for maintaining or restoring reservoir pressure, or to implement cycling, water flooding, enhanced recovery, horizontal drilling, de-watering, or a combination of these operations or other operations or objectives to be cooperatively pursued with the goal of increasing the ultimate recovery of oil or gas; and that the estimated cost to conduct the unit operation will not exceed the value of the estimated recovery of additional oil or gas resulting from unit operation.

SECTION 14. COMPULSORY UNIT OPERATION—APPLICATION.
(a) An application for compulsory unitization shall contain, at a minimum, a description of the proposed unit and the vertical limits to be included therein with a map or plat thereof attached; a statement that the reservoir or portion thereof involved in the application area has been reasonably defined by development; a statement of the type of operations contemplated for the unit area; the proposed plan of unitization; a proposed operating plan that addresses the manner in which the unit will be supervised and managed and costs allocated and paid.
(b) The [commission] may, by regulation, impose additional requirements for an application for compulsory pooling.

SECTION 15. COMPULSORY UNIT OPERATION—ORDER FOR UNIT OPERATION.
(a) An order for a unit operation must be upon just and reasonable terms and conditions and shall include all of the following:
   (1) a precise definition of the vertical and horizontal limits of the unit area;
   (2) a statement of the nature of the operation contemplated;
   (3) a provision designating one of the owners as operator of the unit and providing a means to remove the operator and designating a successor operator;
   (4) a provision for recording in the [county] land records documents sufficient to give constructive notice of the establishment of the unit operation respecting all lands included in the unit area;
   (5) a provision to protect correlative rights, allocating to each separately owned tract in the unit area a just and equitable share of the production that is produced and saved from the unit area, other than production used or unavoidably lost in the conduct of the unit operation;
   (6) a provision for credits and charges to adjust among owners in the unit area for their interest in wells, tanks, pumps, machinery, materials, and equipment that contribute to the unit operation;
   (7) a provision that describes:
       (A) how the costs of unit operation, including capital investments and costs of terminating the unit operation, are to be determined and charged to each owner or the
interest of each owner;

(B) how, when, and by whom the share of unit production allocated to an owner who does not pay the share of those costs charged to that owner or to the interest of that owner may be sold and the proceeds applied to the payment of that owner’s share of those costs; and

(C) how accounts will be settled upon termination of the unit.

(8) a provision, if reasonable, for carrying or otherwise financing an owner who elects to be carried or otherwise financed, which allows a reasonable charge for the cost and risk of that service payable out of that owner’s share of the production;

(9) a provision for the supervision and conduct of the unit operation, in respect to which each owner is entitled to a vote whose value corresponds to the percentage of the costs of the unit operation chargeable to that owner or to the interest of that owner;

(10) a time when the unit operation is to commence and the manner in which, and the circumstances under which, the unit operation is to terminate and the unit is to be dissolved; and

(11) additional provisions found to be appropriate to carry on the unit operation, to prevent waste, and to protect correlative rights.

(b) An order for a unit operation may provide for a unit operation of less than the whole of a reservoir so long as the unit area is of size and shape reasonably required for that purpose and the conduct thereof will have no significant adverse effect upon other portions of the reservoir.

SECTION 16. COMPULSORY UNIT OPERATION—TERMINATION.
The [commission], upon its own motion or upon the application of an owner, may for good cause terminate a unit operation and dissolve the unit on just and equitable terms. If not terminated earlier, the unit operation shall terminate upon final cessation of production from the reservoir or unitized portion thereof and the plugging and abandonment of unit wells and facilities. At the time of dissolution of the unit operation, the operator shall file with the [commission] and record in the [county] land records of the [county] or [counties] documents sufficient to give constructive notice of the dissolution of the unit operation respecting the lands that were included in the unit area.

SECTION 17. UNIT AGREEMENT—EFFECTIVE DATE OF COMPULSORY UNIT. An order requiring a unit operation shall not become effective until a unit agreement, approved by the [commission], has been signed and approved in writing by the owners of at least [sixty (60) percent as costs are shared under terms of the allocation of costs under [Section 15(a)] and the royalty interest owners of at least [sixty (60)] percent, excluding owners of overriding royalties, production payments, and other interests carved from a working interest, in the unit area as revenues are distributed under the terms of the allocation under [Section 15(a)]. The unit agreement is subordinate to the terms of an order requiring a unit operation and to an order amending an order requiring a unit operation.

SECTION 18. CHANGES IN A COMPULSORY UNIT—UNITIZATION OF LESS THAN ALL OF A RESERVOIR—AMENDMENTS TO UNIT ORDER.

(a) The [commission] may approve additions to the unit of portions of a reservoir not previously included within the unit and may extend the unit area as reasonably necessary to prevent waste or to protect correlative rights. The [commission] may approve exclusions from the unit area as reasonably necessary to prevent waste or to protect correlative rights. An order adding to or excluding from a unit area must be upon just and reasonable terms. An order to provide for an addition to a unit area may not become effective until approved by the owners of at least [sixty
percent as costs are shared in the area to be added to unit operation under the terms of the
order and [sixty (60)] percent of the royalty interest owners in the area to be added as revenues
are distributed under the terms of the order. An order providing for an exclusion from a unit area
may not become effective until approved by the owners of at least [sixty (60)] percent as costs
are shared under terms of the allocation of costs under [Section 15(a)] in the original unit area
and the royalty interest owners of at least [sixty (60)] percent, excluding owners of overriding
royalties, production payments, and other interests carved from a working interest, as revenues
are distributed under the terms of the allocation under [Section 15(a)] in the original unit area,
but if the [commission] determines that the area to be excluded does not overlie the reservoir,
then the order excluding the area shall become effective without approval of owners or royalty
interest owners.

(b) An order providing for unit operation may be amended by an order of the [commission] in
the same manner and subject to the same conditions as an original order providing for the unit
operation, except that the approval of the amendment by royalty interest owners whose interests
are free of cost is not required if the amendment affects only the rights and interests of the
owners who are subject to costs.

SECTION 19. EFFECT OF COMPULSORY UNITIZATION.

(a) Operations, including the commencement, drilling, or operation of a well upon a portion of a
unit area, are deemed conducted on each separately owned tract in the unit area by the owner or
owners thereof. That portion of a unit’s production allocated to a separately owned tract in a unit
area, when produced, is deemed produced from a well drilled on that tract. Operations conducted
under an order of the [commission] providing for a unit operation shall constitute fulfillment of
expressed or implied obligations of a lease or contract covering lands within the unit area to the
extent that compliance with those obligations is not possible without a further order of the
[commission].

(b) That portion of unit production allocated to a tract and the proceeds of sale for that portion
are deemed the property and income of the several persons to whom or to whose credit that
portion is allocated or payable under the order providing for unit operation.

(c) A division order or other contract relating to a sale or purchase of production from a
separately owned tract or combination of tracts remains in force and applies to oil and gas
allocated to the tract until terminated in accordance with provisions of the order providing for
unit operation.

(d) Except to the extent that all affected parties agree, an order providing for unit operation does
not result in a transfer of all or part of a person’s title to the oil and gas rights in a tract in the unit
area.

(e) All property, whether real or personal, that may be acquired in the conduct of a unit operation
hereunder is deemed acquired for the account of the owners within the unit area and is deemed
the property of the owners in the proportion that the expenses of the unit operation are charged.

(f) The creation of a unit operation shall not constitute approval or permitting of underground
injection operations for a well or wells. Injection operations, whether for storage, disposal, or
enhanced recovery, must be separately approved and permitted.

(g) The creation of a unit operation shall not constitute approval or permitting of the use of fresh
water. Use of fresh water must be separately approved and permitted.

SECTION 20. OVERLAPPING UNITS. The [commission] may issue an order for the unit
operation of a reservoir or reservoirs or parts thereof that include a unit created by a prior order
of the [commission] or by voluntary agreement. This subsequent order, in providing for the
allocation of the unit’s production, must treat first the unit area previously created as a single tract and then allocate, in the same proportions as those specified in the prior order, the portion of the new unit’s production allocated to the previous unit among the separately owned tracts included in the previously created unit area.

SECTION 21. ANTITRUST IMMUNITY FOR COMPULSORY UNIT OPERATION. An order or permit and related agreements in the interest of conservation of oil or gas and for the prevention of waste to explore, to develop, to produce, to maintain or restore reservoir pressure, to cycle, to water flood, to de-water, to engage in an operation to enhance recovery, or to engage in a combination of those operations, or in another method of unit or cooperative development and operation of a reservoir or portion thereof is authorized and does not violate statutes relating to trusts, monopolies, or contracts and combinations in the restraint of trade.

PART VII.

SECTION 22. COMPULSORY EXPLORATORY UNITS—CREATION. The [commission], upon application of an owner, shall conduct a hearing to consider the need for an exploratory unit operation in a specified area [not exceeding [________________] acres]. The [commission] shall issue an order requiring an exploratory unit operation, if it finds that all of the following conditions exist:

1. (1) Exploratory unit operation for that area or portion thereof is reasonably necessary to prevent waste, to encourage reasonable, orderly, effective, and efficient exploration and potential development, to avoid the drilling of potentially unnecessary wells, and to protect correlative rights.
2. (2) The estimated costs of conducting the exploratory unit operation are reasonable in light of the risk that exploration may prove to be unsuccessful and in light of the potential rewards of successful exploration and discovery of oil or gas.

SECTION 23. COMPULSORY EXPLORATORY UNITS—ORDER FOR EXPLORATORY UNIT OPERATION. An order for an exploratory unit operation must be upon just and reasonable terms and conditions and must include all of the following:

1. (1) a description of the area, a description of the geologic formations, and minimum [,which may not be less than [________________] feet below sea level], and maximum depths for the exploratory unit operation;
2. (2) a provision for the recordation in the [county] land records of documents sufficient to give constructive notice of the unit operation regarding all lands included in the unit area;
3. (3) a statement of the nature of and the plan for exploration, appraisal, development, production, and abandonment contemplated;
4. (4) a provision to protect correlative rights allocating to each separately owned tract in the exploratory unit area a just and equitable share of production that may be produced and saved from that unit area, other than production used or unavoidably lost in the conduct of the exploratory unit operation;
5. (5) a provision for credits and charges as an adjustment among owners in the unit area for their interest in geological studies, geophysical data and related processing and interpretations, or other information that contributes to the exploratory unit operation;
6. (6) provisions for:
   (A) how the costs of the exploratory unit operation, including capital investments and
costs of terminating exploratory unit operation, are to be determined and charged to each
owner or the interest of each owner;
(B) how those costs are to be paid; and
(C) how, when, and by whom the unit interest of, or production from, the exploratory
unit operation allocated to an owner who does not pay the share of those costs charged to
that owner or to the interest of that owner may be sold and the proceeds applied to the
payment of that owner’s share of those costs;
(7) a provision for acquiring and allocating the interest of an owner and for compensating that
owner for that interest where that owner elects not to participate in the exploratory unit
operation;
(8) a provision for compensating an owner whose interest is excluded from the unit if that
interest is determined to be non-productive;
(9) a provision for the creation of subunits if more than one reservoir is discovered and
developed;
(10) a provision, if reasonable, for carrying or otherwise financing an owner who elects to be
carried or otherwise financed during the development phase of the exploratory unit operation,
allowing for a reasonable charge for cost and risk of that service payable out of that owner’s
share of the production;
(11) a provision for the supervision and conduct of the exploratory unit operation, with
respect to which each owner is entitled to a vote whose value corresponds to the percentage
of the costs of the exploratory unit operation chargeable to that owner or to the interest of
that owner, which may be subject to change as the unit is modified;
(12) a time when the exploratory phase is to commence and the duration of that phase, a time
when the appraisal phase is to commence (or the unit is to be dissolved) and the duration of
that phase, a time when the development phase is to commence (or the unit is to be
dissolved) and the duration of that phase, the time when the productive phase is to commence
(or the unit is to be dissolved) and the duration of that phase, which must be for so long as oil
or gas is produced in paying quantities with sufficient time thereafter for the proper
abandonment of the exploratory unit operation;
(13) the various circumstances for each phase of the exploratory unit operation under which
the unit is to be reduced in size or the exploratory unit operation is to terminate and unit is to
be dissolved; and
(14) additional provisions found to be appropriate for carrying on the exploratory unit
operation, to prevent waste, and to protect correlative rights.

SECTION 24. EXPLORATORY UNIT AGREEMENT—EFFECTIVE DATE OF
COMPULSORY EXPLORATORY UNIT. An order requiring an exploratory unit operation
may not become effective until a unit agreement, approved by the [commission], has been signed
and approved or ratified in writing by the owners of at least [sixty (60)] percent as costs are
shared under terms of the allocation of costs under [Section 23] and the royalty interest owners
of at least [sixty (60)] percent, excluding owners of overriding royalties, production payments,
and other interests carved from a working interest, in the unit area as revenues are distributed
under the terms of the allocation under [Section 23]. An order providing for unit operation may
be amended by an order made by the [commission] in the same manner and subject to the same
conditions as an original order providing for the unit operation, except that the approval of the
amendment by royalty interest owners whose interests are free of cost is not required if the
amendment affects only the rights and interests of the owners who are subject to costs, and if the
amendment is necessary to protect correlative rights, no approval of the amendment by owners
and royalty interest owners is required. The unit agreement is subordinate to the terms of an
order requiring a unit operation and to an order amending an order requiring a unit operation.
SECTION 25. CHANGES IN A COMPULSORY EXPLORATORY UNIT—
AMENDMENT OF EXPLORATORY UNIT ORDER.
(a) The [commission] may approve additions to the unit of portions of a reservoir not previously
included within the unit, may extend the unit area as reasonably necessary, and may combine
two or more exploratory units in whole or in part to prevent waste, to protect correlative rights,
and to achieve effective and efficient exploratory unit operation. The [commission] may approve
reductions to a unit area as reasonably necessary to prevent waste, to protect correlative rights,
and to achieve effective and efficient exploratory unit operation. An order adding to or excluding
from a unit area must be upon just and reasonable terms. An order to provide for an addition to
or extension of the unit area may not become effective until approved by the owners of at least
[sixty (60)] percent as costs are shared in the area to be added to the exploratory unit operation
under the terms of the order and [sixty (60)] percent of the royalty interest owners in the area to
be added as revenues are distributed under the terms of the order. An order to combine two or
more exploratory units in whole or in part may not become effective until approved by the
owners of at least [sixty (60)] percent as costs are shared in each of the unit areas or parts thereof
to be combined under the terms of each order requiring exploratory unit operation and [sixty
(60)] percent of the royalty interest owners in each of the unit areas or parts thereof to be
combined as revenues are distributed under the terms of each order. Nevertheless, if the [commission] determines by clear and convincing evidence that
the area to be excluded does not overlie the reservoir, then the order excluding the area becomes
effective without approval of owners or royalty interest owners.
(b) The [commission] may modify from time to time the nature and the plan for exploration,
appraisal, development, and production as reasonably necessary to prevent waste, to protect
correlative rights, and to achieve effective and efficient exploratory unit operation.
SECTION 26. COMPULSORY EXPLORATORY UNITS—TERMINATION.
The [commission], upon its own motion or upon the application by an owner, may for good
cause terminate an exploratory unit operation and dissolve the unit. Good cause includes the
failure of owners to prosecute a phase of the exploratory unit operation or plan with due
diligence. At the time of dissolution of the exploratory unit operation, the operator shall file with
the [commission] and record in the [county] land records of the [county] or [counties] documents
sufficient to give constructive notice of the dissolution of the exploratory unit operation
respecting all lands that were included in the unit area.
SECTION 27. EFFECT OF COMPULSORY EXPLORATORY UNITIZATION.
(a) Operations, including the commencement, geophysical surveying, drilling, or operation of a
well upon a portion of the unit area, are deemed the conduct of the operations on each separately
owned tract in the exploratory unit area by the owners, but only to the extent of the geologic
formations and depths included in the exploratory unit. A portion of exploratory unit production
allocated to a separately owned tract in an exploratory unit area, when produced, is deemed
produced from a well drilled on that tract, but only to the extent of the geologic formations and
depths included in the exploratory unit. Operations conducted under an order of the
[commission] providing for an exploratory unit operation constitute a fulfillment of expressed or
implied obligations of a lease or contract covering lands in an exploratory unit area to the extent
that compliance with those obligations cannot be had without the order of the [commission], but
only to the extent of the geologic formations and depths included in the exploratory unit.

(b) That portion of exploratory unit production allocated to a tract and the proceeds of sale for
that portion are deemed the property and income of the several persons to whom or to whose
credit that portion is allocated to or payable to under the order providing for exploratory unit
operation.

(c) Except to the extent that all affected parties agree, an order providing for exploratory unit
operation does not result in a transfer of all or part of a person’s title to the oil and gas rights in a
tract in the unit area.

d) All property, whether real or personal, that may be acquired in the conduct of an exploratory
unit operation hereunder is deemed acquired for the account of the owners within the exploratory
unit area and is deemed the property of the owners in the proportion that the expenses of the
exploratory unit operation are charged.

(e) An order providing for an exploratory unit operation may not be construed to result in a
transfer of the part of a title of a person to the oil and gas rights in a tract in the unit area unless
the affected person agrees to that transfer.

SECTION 28. ANTITRUST IMMUNITY FOR EXPLORATORY UNIT OPERATION.
An agreement in the interest of conservation of oil or gas for an exploratory unit operation is
authorized and can not be held or construed to violate statutes relating to trusts, monopolies, or
contracts and combinations in the restraint of trade.

PART VIII.

SECTION 29. JURISDICTION TO REGULATE UNDERGROUND GAS STORAGE. The
[commission] shall have the exclusive jurisdiction and authority to regulate the underground
storage of gas within the boundaries of the state. In exercising jurisdiction, the [commission]
shall have and may exercise all powers and authorities granted to it in the [Model Oil and Gas
Conservation Act] with respect to holding hearings and enforcing orders, permits, rules, or
regulations.

SECTION 30. ADOPTION OF RULES AND REGULATIONS. The [commission] shall
promulgate rules and regulations establishing requirements, procedures and standards for the
underground storage of gas for the purpose of protecting the safety and property of the people of
the state, preventing surface and subsurface water pollution and soil pollution, preventing waste,
and protecting correlative rights. These rules and regulations shall include provisions for the
permitting, monitoring and inspecting of underground storage of gas, for the closure and
abandonment of underground storage of gas, the designation of an underground gas storage
facility operator, the transfer of an underground gas storage permit to a successor operator, and
the establishment of fees and financial assurance requirements for permitting, monitoring,
inspecting, closing and abandoning underground gas storage facilities. The provisions of [the
Civil Penalty provisions of the Model Oil and Gas Conservation Act] shall apply to violations of
this Act and of orders, permits, rules, or regulations issued under this [Act].

SECTION 31. PLAT MAP OF LOCATION OF UNDERGROUND GAS FACILITY
REQUIRED. In addition to any other information the [commission] may require, the owner of
an underground gas storage facility shall file with the [commission] a plat map identifying the
location of the facility and a description of the geological formation or formations to be used for
storage.
PART IX.

SECTION 32. ENFORCEMENT AUTHORITY; JURISDICTION. The [commission] shall have and exercise exclusive power and authority to enforce the provisions of this [Act] and its orders, permits, rules, and regulations. In all matters pertaining to the making, issuing and enforcement of its orders, permits, rules and regulations made under the provisions of this [Act], the [commission] shall have and exercise all of the following exclusive powers and authority:

1. to investigate and adjudicate complaints alleging violations of statutes, orders, permits, rules and regulations;
2. to administer oaths;
3. to compel attendance of witnesses;
4. to compel the production of books and records;
5. to impose sanctions, including civil penalties against a person guilty of disorderly conduct in the presence of the [commission] while in session; and
6. to impose sanctions, including civil penalties for a violation of this [Act] and of an order, permit, rule, regulation, or judgment made or rendered under the provisions of this [Act].

SECTION 33. AGENTS OF THE COMMISSION; AUTHORITY; INGRESS AND EGRESS. The [commission] may empower its agents and employees to make investigations, to serve process, and to otherwise act on behalf of the [commission], including the power to enter upon an oil or gas lease or property without warrant to enforce the provisions of this [Act] and the [commission]’s orders, permits, rules, and regulations.

SECTION 34. COMMENCEMENT OF ENFORCEMENT PROCEEDINGS; STANDING; VERIFICATION OF PLEADINGS. A proceeding to adjudicate an alleged violation of this [Act] or of a [commission] order, permit, rule, or regulation may be commenced on the [commission]’s own motion, or upon the filing of a [verified] complaint with the [commission] by the Attorney General, designated agents or employees of the [commission], or by a person who has been directly and substantially affected by the alleged violation.

SECTION 35. CONTENTS OF ENFORCEMENT COMPLAINT; SERVICE.

(a) The complaint shall:
1. state the name of the complainant;
2. cite the statute, order, permit, rule, or regulation that allegedly has been violated;
3. briefly describe the alleged violation; and
4. name the respondent.

(b) A copy of the complaint shall be served on the respondent as provided by [the administrative procedures act] [the rules of the [commission]].

SECTION 36. VIOLATION OF A STATUTE, RULE OR ORDER. A complaint alleging that a person or persons have violated this [Act] or a [commission] order, permit, rule, or regulation shall be adjudicated by the [commission] in accordance with [the administrative procedures act] of this state.

SECTION 37. CIVIL PENALTIES; INCREASE IN SURETY. In addition to other sanctions or remedies ordered by the [commission] pursuant to this [Act], punishment by the [commission] for a violation of this [Act], or a [commission] order, permit, rule, or regulation may be by civil penalty as determined by the [commission], not exceeding [five thousand dollars ($5,000)], or by other manner of penalty as determined by the [commission]. Each day the violation continues shall constitute a separate and additional violation, punishable by separate and additional civil penalties in like amount or other manner of penalty as determined by the
[commission], including the authority to order an increase in the penalty or a change in the form
or amount of operator surety.

SECTION 38. SHUT IN, CURTAILMENT, SHUT DOWN ORDERS; SUSPENSION OF
OPERATING AUTHORITY OR PERMITS.
(a) The [commission] shall have the authority, without prior notice, to order a party or the
[commission]’s agent or employee to shut in a well, to curtail the production of a well, or shut
down an oil and gas operation; or to deny approval of or revoke a permit for an oil and gas
operation; or suspend the authority of a person to conduct an oil and gas operation, if the
[commission] finds that:

(1) the respondent has no operator surety in force and effect;
(2) there is a condition of pollution or other condition that constitutes an imminent threat of
serious and irreparable damage or injury to persons, property or the environment as a
consequence of an existing and continuing violation of the [commission]’s orders, permits,
rules, or regulations affecting an oil and gas operation;
(3) the respondent has failed or refused to pay a previously imposed fine or civil penalty for a
violation of this [Act] or a [commission] order, permit, rule, or regulation issued pursuant to
this [Act]; or
(4) the respondent has failed or refused to comply with an enforcement or compliance order
issued pursuant to this [Act].
(b) The party against whom an order under this subsection (a) has been issued shall have the
right to appear before the [commission] within [five (5)] days after the order has been issued, to
move that the order be dissolved or modified.
(c) In addition to other sanctions or remedies ordered by the [commission] pursuant to this [Act]
for a violation of this [Act] or a [commission] order, permit, rule, or regulation, the [commission]
shall have the power, after notice and opportunity for hearing, to order a party or the
[commission]’s agent or employee to shut in a well, curtail the production from a well, or shut
down or curtail an oil and gas operation, or to deny approval of or revoke a permit for an oil and
gas operation, or suspend the authority of a person to conduct an oil and gas operation.
(d) During the pendency of a proceeding and before the issuance of a final order, the
[commission], on its own motion or upon the motion by an interested party, may issue an interim
order directing a party or the [commission]’s agent or employee immediately to shut in a well, to
curtail the production from a well, or to shut down an oil and gas operation. The party against
whom the interim order has been issued shall have the right to appear before the [commission]
within [five (5)] days after the interim order has been issued, to move that the interim order be
dissolved or modified.

SECTION 39. DISORDERLY CONDUCT BEFORE THE COMMISSION. Punishment by
the [commission] of a person guilty of disorderly conduct in the presence of the [commission]
while in session, or for disobedience of its subpoena, summons or other process, may be by civil
penalty, not exceeding [one thousand dollars ($1,000)].

SECTION 40. FOREIGN JUDGMENT. A civil penalty assessed under this [Act] may be
enforced in the same manner as a foreign judgment pursuant to [the Uniform Enforcement of
Foreign Judgments Act], but this procedure shall be followed regardless of whether the offender
is a resident or nonresident of this state. Until paid or satisfied, a civil penalty shall constitute a
lien upon all the non-exempt property of the offender within this state, if a copy of the order
imposing the civil penalty, certified by the [commission], is filed as provided by law.
SECTION 41. INJUNCTIONS. Where the [commission] shall make and issue an order, permit, rule, or regulation and the same has been or is being violated by a person, the Attorney General of this state, or the [commission], may in the name of this state, bring an action in the appropriate district court where the violation has been or is being committed, for a prohibitory or a mandatory injunction, enjoining and prohibiting the offender from further violations or commanding and compelling the offender to obey the order, permit, rule, or regulation. The court is hereby given jurisdiction to grant an injunction or other relief as may be proper, and shall have power to grant temporary restraining orders or injunctions without bond. Neither a temporary nor permanent injunction granted under the provisions of this section shall be stayed or superseded on appeal, except upon order of a state appellate court, and then only upon application and hearing after reasonable notice to the [commission]. Insofar as not prohibited by other law, all suits brought under the provisions of this section shall be given precedence over other actions pending in that court.

[SECTION 42. FALSE STATEMENTS; CRIMINAL PENALTIES. A person or persons who shall knowingly or willfully file or make a false statement to the [commission] with respect to a provision of this [Act] or a [commission] order, permit, rule, or regulation shall be guilty of a [class B] felony [(and shall be fined not more than [five thousand dollars ($5,000)], and shall be imprisoned for a period not to exceed [five (5) years], or both.)].]

[SECTION 43. OBSTRUCTION OF ENFORCEMENT ACTIVITIES; CRIMINAL PENALTIES. A person who knowingly or willfully delays or obstructs an agent of the [commission], in the performance of a duty assigned to the agent in accordance with this [Act] or by an order, permit, rule or regulation of the [commission]; or who knowingly and willfully delays or obstructs a public officer of this state or municipal subdivision thereof in the discharge or attempted discharge of a duty arising by virtue of or growing out of this [Act] or an order, permit, rule, or regulation of the [commission]; or who attempts by means of a threat or violence to deter or prevent an agent of the [commission] from performing a duty that arises by virtue of this [Act] or of an order, permit, rule, or regulation of the [commission], shall be guilty of a [class B] felony [(and conviction thereof may be punished by a fine not exceeding [five thousand dollars ($5,000)] and by imprisonment not exceeding [five (5) years], or both.)] If the violence or threat of violence or if the interference, obstruction, or attempted interference or obstruction is accompanied by the use or attempted use of firearms by the person so offending, then the person shall be guilty of a [class A] felony [(and may be imprisoned for a period of not more than [ten (10) years].)].]

[SECTION 44. CONSPIRACY; CRIMINAL PENALTIES. Two or more persons who conspire to violate a provision of this [Act], or an order, permit, rule, or regulation of the [commission], and a person, who shall do an act to effect the object of the conspiracy, shall be guilty of a [class B] felony [(and be fined not more than [five thousand dollars ($5,000)] and imprisoned for a period of not exceeding [five (5) years], or both.)].]
PART X.

SECTION 45. SHORT TITLE. This [Act] may be cited as the [Oil and Gas Conservation Act].

SECTION 46. SEVERABILITY CLAUSE. If a provision of this [Act] or its application to a person or circumstances is held invalid, the invalidity does not affect other provisions or applications of this [Act] which can be given effect without the invalid provision or application, and to this end the provisions of this [Act] are severable.

SECTION 47. REPEAL OF LAWS IN CONFLICT. All other laws or parts of laws in conflict with this [Act] are repealed.