

1 **Senate Bill No. 616**

2 (By Senator McCabe)

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4 [Introduced March 22, 2013; referred to the Committee on Energy,
5 Industry and Mining; and then to the Committee on the Judiciary.]

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10 A BILL to amend and reenact §22C-9-1, §22C-9-2, §22C-9-3 and
11 §22C-9-5 of the Code of West Virginia, 1931, as amended; and
12 to amend said code by adding thereto a new section, designated
13 §22C-9-7a, all relating to generally oil and gas conservation;
14 providing for the integration of interests in drilling units
15 in connection with horizontal shallow oil or gas wells;
16 setting forth application requirements; establishing the
17 standard of review; providing for integration orders;
18 requiring notice and timeliness; providing for hearings;
19 addressing oil and gas produced from horizontal wells,
20 vertical shallow wells and unconventional reservoirs; adding
21 new definitions; and modifying existing definitions.

22 *Be it enacted by the Legislature of West Virginia:*

23 That §22C-9-1, §22C-9-2, §22C-9-3 and §22C-9-5 of the Code of
24 West Virginia, 1931, as amended, be amended and reenacted; and that

1 said code be amended by adding thereto a new section, designated
2 §22C-9-7a, all to read as follows:

3 **ARTICLE 9. OIL AND GAS CONSERVATION.**

4 **§22C-9-1. Declaration of public policy; legislative findings.**

5 (a) It is hereby declared to be the public policy of this
6 state and in the public interest to:

7 (1) Foster, encourage and promote exploration for and
8 development, production, utilization and conservation of oil and
9 gas resources;

10 (2) Prohibit waste of oil and gas resources and unnecessary
11 surface loss of oil and gas and their constituents;

12 (3) Encourage the maximum recovery of oil and gas; and

13 (4) Safeguard, protect and enforce the correlative rights of
14 operators and royalty owners in a pool or unconventional reservoir
15 of oil or gas to the end that each such operator and royalty owner
16 may obtain his or her just and equitable share of production from
17 ~~such that~~ such that pool or unconventional reservoir of oil or gas.

18 (b) The Legislature hereby determines and finds that oil and
19 natural gas found in West Virginia in shallow sands or strata have
20 been produced continuously for more than one hundred years; that
21 oil and gas deposits in such shallow sands or strata have
22 geological and other characteristics different than those found in
23 ~~deeper~~ other formations; and that in order to encourage the maximum
24 recovery of oil and gas from all productive formations in this

1 state, it is not in the public interest, with the exception of
2 shallow wells utilized in a secondary recovery program and oil and
3 gas produced from horizontal wells, to enact statutory provisions
4 relating to the exploration for or production ~~from~~ of oil and gas
5 from vertical shallow wells, ~~as defined in section two of this~~
6 ~~article~~, but that it is in the public interest to enact statutory
7 provisions establishing regulatory procedures and principles to be
8 applied to the exploration for or production of oil and gas from
9 deep wells and horizontal wells, as defined in ~~said~~ section two of
10 this article.

11 **§22C-9-2. Definitions.**

12 (a) As used in this article:

13 (1) "Commission" means the Oil and Gas Conservation Commission
14 and "commissioner" means the Oil and Gas Conservation Commissioner
15 as provided ~~for~~ in section four of this article;

16 (2) "Director" means the Secretary of the Department of
17 Environmental Protection and "chief" means the Chief of the Office
18 of Oil and Gas;

19 (3) "Person" means any natural person, corporation,
20 partnership, receiver, trustee, executor, administrator, guardian,
21 fiduciary or other representative of any kind, and includes any
22 government or any political subdivision or any agency thereof;

23 (4) "Operator" means any owner of the right to develop,
24 operate and produce oil and gas from a pool, unconventional

1 reservoir, or the target formation of a horizontal well and to
2 appropriate the oil and gas produced therefrom, either for that
3 person or for that person and others; in the event that there is no
4 oil and gas lease in existence with respect to the tract in
5 question, the owner of the oil and gas rights therein is the
6 "operator" to the extent of seven eighths of the oil and gas in
7 that portion of the pool underlying the tract owned by such owner,
8 and as "royalty owner" as to one-eighth interest in such oil and
9 gas; and in the event the oil is owned separately from the gas, the
10 owner of the substance being produced or sought to be produced from
11 the pool or unconventional reservoir is the "operator" as to that
12 pool or unconventional reservoir;

13 (5) "Royalty owner" means any owner of oil and gas in place,
14 or oil and gas rights, to the extent that the owner is not an
15 operator as defined in subdivision (4) of this section;

16 (6) "Independent producer" means a producer of crude oil or
17 natural gas whose allowance for depletion is determined under
18 Section 613A of the federal Internal Revenue Code in effect on July
19 1, 1997;

20 (7) "Oil" means natural crude oil or petroleum and other
21 hydrocarbons, regardless of gravity, which are produced at the well
22 in liquid form by ordinary production methods and which are not the
23 result of condensation of gas after it leaves the underground
24 reservoir;

1 (8) "Gas" means all natural gas and all other fluid
2 hydrocarbons not defined as oil in subdivision (7) of this section;

3 (9) "Pool" means an underground accumulation of petroleum or
4 gas in a single and separate reservoir (ordinarily a porous
5 sandstone or limestone). It is characterized by a single
6 natural-pressure system so that production of petroleum or gas from
7 one part of the pool affects the reservoir pressure throughout its
8 extent. A pool is bounded by geologic barriers in all directions,
9 such as geologic structural conditions, impermeable strata, and
10 water in the formations, so that it is effectively separated from
11 any other pools that may be presented in the same district or on
12 the same geologic structure;

13 (10) "Well" means any shaft or hole sunk, drilled, bored or
14 dug into the earth or underground strata for the extraction of oil
15 or gas. Upon commission approval, more than one well may be drilled
16 in a unit established under this chapter from the same or differing
17 surface locations;

18 (11) "Shallow well" means any well other than a coalbed
19 methane well, drilled no deeper than one hundred feet below the top
20 of the "Onondaga Group": *Provided*, That in no event may the
21 "Onondaga Group" formation or any formation below the "Onondaga
22 Group" be produced, perforated or stimulated in any manner;

23 (12) "Deep well" means any well, other than a shallow well or
24 coalbed methane well, drilled to a formation below the top of the

1 uppermost member of the "Onondaga Group;"

2 (13) "Drilling unit" means the acreage on which one ~~well~~ or
3 more wells may be drilled to produce oil or gas from a specified
4 formation;

5 (14) "Waste" means and includes:

6 (A) Physical waste, as that term is generally understood in
7 the oil and gas industry;

8 (B) The locating, drilling, equipping, operating or producing
9 of any oil or gas well in a manner that causes, or tends to cause,
10 a reduction in the quantity of oil or gas ultimately recoverable
11 from a pool under prudent and proper operations, or that causes or
12 tends to cause unnecessary or excessive surface loss of oil or gas;
13 or

14 (C) The drilling of more horizontal shallow wells or deep
15 wells than are reasonably required to recover efficiently and
16 economically the maximum amount of oil and gas from a pool or an
17 unconventional reservoir. Waste does not include gas vented or
18 released from any mine areas as defined in section two, article
19 one, chapter twenty-two-a of this code or from adjacent coal seams
20 which are the subject of a current permit issued under article two
21 of chapter twenty-two-a of this code: *Provided,* That this
22 exclusion does not address ownership of the gas;

23 (15) "Correlative rights" means the reasonable opportunity of
24 each person entitled thereto to recover and receive without waste

1 the oil and gas in and under his or her tract or tracts, or the
2 equivalent thereof; ~~and~~

3 (16) "Just and equitable share of production" means, as to
4 each person, an amount of oil or gas or both substantially equal to
5 the amount of recoverable oil and gas in that part of a pool or
6 unconventional reservoir underlying the person's tract or tracts;

7 (17) "Integration payment" means the monetary payment granted
8 to an unknown or unlocatable or a nonconsenting royalty owner as
9 determined by the commission and shall be equal to the average
10 monetary payment for all other lease modifications obtained by the
11 applicant that authorize pooling and unitization in the same target
12 formations for the tracts within the unit for which the integration
13 order is being sought;

14 (18) "Integration" means the administrative allocation of
15 production to oil and gas tracts in a unit for payment of royalty,
16 including overriding royalty interests, and the corresponding
17 authorization to produce oil and gas therefrom as a unit
18 notwithstanding the lack of adequate contractual provisions
19 allowing unitization of oil and gas underlying one tract with one
20 or more other tracts;

21 (19) "Horizontal well" means a well where the wellbore is
22 initially drilled on a vertical or directional plane but is
23 eventually curved to become horizontal, or nearly horizontal, to
24 parallel a particular geologic formation. A horizontal well may

1 include multiple horizontal side laterals drilled into the same
2 formation. A horizontal well may have completions into multiple
3 formations from the same well pad. Multiple horizontal wells may
4 be drilled from the same well pad;

5 (20) "Horizontal shallow well" means any well, other than a
6 shallow well or a deep well or a coal bed methane well drilled and
7 completed utilizing horizontal drilling and which disturbs three
8 acres or more of surface, excluding pipelines, gathering lines and
9 roads, or utilizes more than two hundred ten thousand gallons of
10 water in any thirty-day period;

11 (21) "Lateral" means the portions of a well bore that deviate
12 from approximate vertical orientation to approximate horizontal
13 orientation and all well bore beyond such initial deviation to
14 total depth or terminus thereof;

15 (22) "Unconventional Reservoir" means any geological formation
16 that contains or is otherwise productive of oil or natural gas that
17 generally cannot be produced at economic flow rates or in economic
18 volumes except by wells stimulated by hydraulic fracture
19 treatments, a horizontal wellbore, or by using multilateral
20 wellbores or some other technique to expose more of the reservoir
21 to the wellbore;

22 (23) "Unitization" means the combination of two or more tracts
23 of oil and gas with allocation of production to the net acreage of
24 each tract included in the unit to operate as a consolidated unit

1 and more efficiently extract the oil or gas from the target
2 formation;

3 (24) "Unknown and unlocatable interest owner" means a person
4 vested with an interest in the oil and gas in place subject to an
5 oil and gas lease, or a royalty interest whose present identity or
6 location cannot be determined from: (A) A reasonable review of the
7 records of the clerk of the county commission for the county or
8 counties where the oil and gas is located; (B) diligent inquiry in
9 the vicinity of such owner's last known place of residence; (C)
10 diligent inquiry to known interest owners in the same tract; and
11 (D) inquiry to the sheriff's and assessor's offices of the county
12 or counties in which the oil and gas interest is located; and shall
13 include the unknown heirs, successors and assigns of those persons;
14 and

15 (25) "Target formation" means the geologic formation from
16 which oil or gas is intended to be produced from a drilling
17 operation.

18 (b) Unless the context clearly indicates otherwise, the use of
19 the word "and" and the word "or" are interchangeable, as, for
20 example, "Oil and gas" means oil or gas or both.

21 **§22C-9-3. Application of article; exclusions.**

22 (a) Except as provided in subsection (b) of this section, the
23 provisions of this article shall apply to all lands located in this
24 state, however owned, including any lands owned or administered by

1 any government or any agency or subdivision thereof, over which the
2 state has jurisdiction under its police power. The provisions of
3 this article are in addition to and not in derogation of or
4 substitution for ~~the provisions of~~ article six or six-a, chapter
5 twenty-two of this code.

6 (b) This article shall not apply to or affect:

7 (1) Shallow wells other than horizontal shallow wells and
8 those utilized in secondary recovery programs as set forth in
9 section eight of this article;

10 (2) Any well commenced or completed prior to March 9, 1972,
11 unless such well is, after completion (whether such completion is
12 prior or subsequent to that date):

13 (A) Deepened or drilled laterally subsequent to that date to
14 produce from a formation at or below the top of the uppermost
15 member of the "Onondaga Group"; ~~or~~

16 (B) Involved in secondary recovery operations for oil under an
17 order of the commission entered pursuant to section eight of this
18 article; or

19 (C) Drilled laterally as a shallow horizontal well.

20 (3) Gas storage operations or any well employed to inject gas
21 into or withdraw gas from a gas storage reservoir or any well
22 employed for storage observation; or

23 (4) Free gas rights.

24 (c) The provisions of this article shall not be construed to

1 grant to the commissioner or the commission authority or power to:

2 (1) Limit production or output, or prorate production of any
3 oil or gas well, except as provided in subdivision (6), subsection
4 (a), section seven of this article; or

5 (2) Fix prices of oil or gas.

6 (d) Nothing contained in either this chapter or chapter
7 twenty-two of this code may be construed so as to require, prior to
8 commencement of plugging operations, a lessee under a lease
9 covering a well to give or sell the well to any person owning an
10 interest in the well, including, but not limited to, a respective
11 lessor, or agent of the lessor, nor shall the lessee be required to
12 grant to a person owning an interest in the well, including, but
13 not limited to, a respective lessor, or agent of a lessor, an
14 opportunity to qualify under section twenty-six, article six,
15 chapter twenty-two of this code to continue operation of the well.

16 **§22C-9-5. Rules; notice requirements.**

17 (a) The commission may propose rules for legislative approval
18 in accordance with the provisions of article three, chapter
19 twenty-nine-a of this code, to implement and make effective the
20 provisions of this article and the powers and authority conferred
21 and the duties imposed upon the commission under the provisions of
22 this article.

23 (b) Notwithstanding the provisions of section two, article
24 seven, chapter twenty-nine-a of this code, any notice required

1 under the provisions of this article shall be given at the
2 direction of the commission by personal or substituted service or
3 by certified United States mail, addressed, postage prepaid, to the
4 last-known mailing address, if any, of the person being served,
5 with the direction that the same be delivered to addressee only,
6 return receipt requested. In the case of providing notice upon the
7 filing of an application with the commission, the commission shall
8 cause notice to be published as a Class II legal advertisement in
9 compliance with the provisions of article three, chapter fifty-nine
10 of this code, and the publication area for such publication shall
11 be the county or counties wherein any land which may be affected by
12 such order is situate.

13 In addition, the commission shall mail a copy of such notice
14 to all other persons who have specified to the commission an
15 address to which all such notices may be mailed. The notice shall
16 issue in the name of the state, shall be signed by ~~the~~ one of the
17 commission members, shall specify the style and number of the
18 proceeding, the time and place of any hearing and shall briefly
19 state the purpose of the proceeding. Each notice of a hearing must
20 be provided no fewer than twenty days preceding the hearing date.
21 Personal or substituted service and proof thereof may be made by an
22 officer authorized to serve process or by an agent of the
23 commission in the same manner as is now provided by the "West
24 Virginia Rules of Civil Procedure for Trial Courts of Record" for

1 service of process in civil actions in the various courts of this
2 state.

3 A certified copy of any pooling or integration order entered
4 under the provisions of this article shall be presented by the
5 commission to the clerk of the county commission of each county
6 wherein all or any portion of the pooled or integrated tract is
7 located, for recordation in the record book of such county in which
8 oil and gas leases are normally recorded. The recording of the
9 order from the time noted thereon by such clerk shall be notice of
10 the order to all persons.

11 **§22C-9-7a. Integration of interests in drilling units in**
12 **connection with horizontal shallow oil or gas**
13 **wells.**

14 (a) *Applicability.* --

15 (1) For horizontal shallow wells, the commission shall have
16 the authority to integrate oil and gas interests in a drilling unit
17 established under this section upon the filing of an application
18 with the commission and upon the issuance of an integration order
19 pursuant to this section.

20 (2) This section only applies where the applicant for a
21 integration order has obtained: (A) By ownership, lease, farmout,
22 contract, or other agreement, the right to produce oil and gas from
23 the target formation of one hundred percent of all net acreage to

1 be included in the unit; and (B) consent or agreement to pool or
2 unitize from seventy-five percent of the ownership interest of the
3 royalty owners in each of the tracts or portion thereof sought to
4 be integrated in the unit as provided and determined by subdivision
5 (3) of this subsection. A person who has the right to produce from
6 one hundred percent and to pool or unitize from that seventy-five
7 percent is referred to in this section as a person who controls the
8 unit.

9 (3) For purposes of determining whether the operator has
10 obtained contractual pooling or unitization rights from royalty
11 owners owning at least seventy-five percent of each tract or
12 portion thereof, the commission may not include overriding royalty
13 or unknown and unlocatable interest owners in its calculation.

14 (4) If the applicant meets all of the provisions of this
15 section, the commission shall authorize integration of tracts as to
16 all lessors, royalty owners, overriding royalty owners and unknown
17 and unlocatable interest owners in accordance with this section.

18 (b) *Application requirements.* --

19 (1) An application pursuant to this section may be filed with
20 the commission by the operator who controls the unit proposed for
21 integration and has drilled or plans to drill one or more
22 horizontal shallow wells in the proposed unit. The application
23 shall contain:

24 (A) A description of the unit;

1 (B) A statement of the nature of the operations contemplated;

2 (C) A plat that describes the proposed horizontal shallow well
3 location(s), the acreage of the unit and the tracts in the unit,
4 the name of royalty owners and those with rights to produce oil and
5 gas for each tract within the unit, and the boundaries of the
6 drilling unit. The plat shall show the district and county where
7 the proposed unit is located, the proposed or actual location of
8 the deviation from vertical and the horizontal lateral portion of
9 the well, and the proposed or actual surface location of the
10 vertical borehole of the horizontal shallow well determined by
11 survey, the courses and distances of such location from two
12 permanent points or landmarks on those tracts, the well name and,
13 if authorized by a drilling permit, the well number of each
14 horizontal shallow well drilled or to be drilled in the unit, and
15 the unit name;

16 (D) A description of the pooling or unitization provisions in
17 the leases for the tracts within the proposed unit;

18 (E) Information regarding the applicant's actions to locate
19 royalty owners for tracts without pooling or unitization clauses;

20 (F) Information regarding the applicant's actions to negotiate
21 lease modifications to obtain contractual unitization rights from
22 proposed unit royalty owners;

23 (G) For each tract or portion thereof, the percentage of
24 royalty owners who have consented to unitization;

1 (H) An allocation to the separately owned tracts in the
2 proposed unit of all the oil and gas that will be produced from the
3 unit as determined by the proportion that each tract's net acreage
4 within the unit bears to the total net acreage in the unit; and

5 (I) A statement that the applicant controls the unit proposed
6 for integration and a list of the instruments granting such
7 control.

8 (2) Upon the filing of an application for an integration
9 order, the commission shall provide notice of a hearing to all
10 interested parties in accordance with section five of this article
11 and subsection (c) of this section.

12 (c) *Standard of review.* --

13 (1) The commission shall evaluate the application and shall
14 consider:

15 (A) The ownership and control of the tracts, or portions
16 thereof, in the proposed unit;

17 (B) Whether the proposed tracts sought to be integrated are
18 owned by unknown or unlocatable owners;

19 (C) The pooling or unitization provisions in the leases for
20 the tracts within the proposed unit;

21 (D) Information regarding the applicant's actions to locate
22 royalty owners for the tracts sought to be integrated;

23 (E) Information regarding the applicant's actions to obtain
24 lease modifications that authorize contractual unitization rights

1 from royalty owners of the tracts sought to be integrated;

2 (F) The percentage of royalty owners in the tracts, or
3 portions thereof, sought to be integrated who have consented to
4 unitization on a per tract basis; and

5 (G) Whether the applicant controls the unit proposed for
6 integration.

7 (2) The commission may not issue an integration order unless
8 it finds that the applicant has the right to produce oil and gas
9 from the target formation of one hundred percent of all net acreage
10 to be included in the unit and received the consent or agreement
11 for pooling or unitization from seventy-five percent of the royalty
12 owners of the target formation in each tract, or portions thereof,
13 within the unit as determined in accordance with subsection (a) of
14 this section.

15 (d) *Integration orders.* --

16 (1) An integration order under this section shall specify the
17 size of the drilling unit giving due regard for maximization of the
18 amount of oil and gas produced to prevent waste and the correlative
19 rights of oil and gas owners, the one or more target formations,
20 the allocation of the production to the separately owned tracts
21 which shall be in proportion to each tract's fractional interest of
22 production in the unit as determined by the proportion that each
23 tract's net acreage within the unit bears to the total net acreage
24 in the unit.

1 (2) An order authorizing integration of leased tracts where
2 lease modifications or other agreements to form a unit could not be
3 obtained because some royalty owners are unknown or unlocatable
4 shall contain a finding that identifies such persons as unknown or
5 unlocatable, as the case may be.

6 (3) An integration order shall authorize integration of the
7 tracts in the drilling unit and allocate the oil and gas produced
8 from wells in the unit to the separately owned tracts in accordance
9 with this section.

10 (4) If the applicant controls the unit proposed for an
11 integration order under this section, the commission shall
12 authorize the drilling and operation of one or more horizontal
13 shallow wells for the production of oil or gas from the target
14 formations in the integrated acreage.

15 (5) When the commission issues an integration order, the
16 commission shall require the applicant to pay an integration
17 payment to each nonconsenting royalty owner in each integrated
18 tract with the right to lease and for the benefit of unknown or
19 unlocatable royalty owners of each integrated tract with the right
20 to lease, specifically and without limiting the foregoing, an
21 integration payment is not due to an overriding royalty owner. The
22 integration payment shall be determined by the commission with
23 respect to the net acreage integrated in the unit based on the
24 relevant evidence presented at the hearing on the application and

1 pursuant to subdivision (17), subsection (a), section two of this
2 article. In no event shall the integration payment be less than
3 \$200 per net acre owned by the nonconsenting and unknown and
4 unlocatable royalty owners integrated in the unit by the
5 integration order.

6 (6) If the drilling unit approved by the integration order is
7 not fully developed, the applicant shall file a request to modify
8 the drilling unit with the commission within sixty days from
9 completion of all drilling and well completion activities within
10 the unit.

11 (7) The applicant may file a request to modify the unit
12 established by the integration order. Upon the modification of the
13 unit, the commission shall recalculate the allocation of production
14 from the tracts in the modified unit from and after the
15 modification order date and the modification order shall be binding
16 on all parties. In the event the commission determines that any
17 party has been overcompensated, the commission shall order the
18 overcompensated party to reimburse the moneys and redistribute such
19 moneys to the appropriate parties. The operator may set off the
20 amount overpaid and redistribute such amounts to the appropriate
21 party.

22 (8) All operations, including, but not limited to, the
23 commencement, drilling, or operation of a horizontal shallow well,
24 upon any portion of a drilling unit for which an integration order

1 has been entered, shall be deemed for all purposes the conduct of
2 such operations upon each separate tract or portion thereof in the
3 drilling unit. That portion of the production allocated to each
4 tract or portion thereof included in a drilling unit shall, when
5 produced, be deemed for all purposes to have been actually produced
6 from such tract by an oil and gas well drilled, completed and
7 producing thereon.

8 (9) Where the commission finds that royalty owners are unknown
9 or unlocatable pursuant to subdivision (2) of this subsection, the
10 well operator shall hold the moneys payable to such interest owner
11 in a depository account for such interest owner until the interest
12 owner is located or the property is deemed abandoned and disposed
13 of in accordance with the provisions of the Uniform Unclaimed
14 Property Act, whichever comes first.

15 (10) An integration order shall expire if a horizontal well
16 has not been drilled in the integrated unit within seven years of
17 the date the order is final and nonappealable, and if such a well
18 has been drilled within seven years the order shall continue in
19 force and effect until all the wells drilled in the unit are
20 plugged.

21 (11) When a unit has been formed and an integration order has
22 been entered under this section, the operator shall have the right
23 to utilize the surface of all the property in the unit as necessary
24 to conduct drilling activities and to construct and operate access

1 roads, pipelines and facilities incidental to the drilling and
2 production activities on the surface of all respective tracts
3 within the drilling unit, provided however that this provision
4 shall not relieve the operator of any express lease or contract
5 obligation: *Provided*, That the operator shall provide the owners of
6 the surface estate notice as required by article six-a, chapter
7 twenty-two of this code, and the operator shall compensate the
8 owners of the surface estate for damages pursuant to article six-b
9 of that article.

10 (e) *Notice, timelines, hearings and orders.* --

11 (1) For purposes of this section, "interested parties" means
12 the nonconsenting and unknown and unlocatable royalty owners in the
13 tracts in the drilling unit subject to an application for an
14 integration order.

15 (2) Each notice issued in accordance with subdivision (2),
16 subsection (b) of this section shall describe the area for which an
17 integration order is to be entered in recognizable, narrative terms
18 and contain such other information as is essential to the giving of
19 proper notice, including the time and date and place of a hearing.
20 The hearing shall commence within forty calendar days of issuance
21 of the notice. The commission may, upon written request, extend
22 the date for the hearing; provided, however, that the hearing must
23 be convened within forty calendar days of the initial notice issued
24 by the commission.

1 (3) The commission shall, within forty five calendar days
2 after the filing of an application for an integration order, enter
3 an order authorizing the integration, dismiss the application, or
4 for good cause, continue the integration process.

5 (4) An order establishing a drilling unit or authorizing
6 integration of tracts within a drilling unit shall be a final
7 order. Any interested party aggrieved by the order may seek
8 judicial review pursuant to section eleven of this article. Notice
9 of appeal shall be made in accordance with section eleven of this
10 article within fifteen days of entry of the order. If no appeal
11 has been received within fifteen calendar days, the order shall
12 become final.

NOTE: The purpose of this bill is to provide for the integration of interests in drilling units in connection with horizontal shallow oil or gas wells. The bill sets forth application requirements. The bill establishes the standard of review. The bill provides for integration orders. The bill requires notice and timeliness. The bill provides for hearings. The bill addresses oil and gas produced from horizontal wells, vertical shallow wells and unconventional reservoirs. The bill adds new definitions. The bill modifies existing definitions.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.

§22C-9-7a is new; therefore, strike-throughs and underscoring have been omitted.