

Regular Session, 2014

SENATE BILL NO. 462

BY SENATOR ADLEY

CONSERVATION. Creates the Cross-Unit Well Study Commission. (8/1/14)

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AN ACT

To enact R.S. 30:4(N), relative to the jurisdiction, duties, and powers of the assistant secretary of the Department of Natural Resources; to provide for the study of certain drilling permits; to study the issue of drilling wells within three hundred thirty feet of the property boundary of a drilling unit or lease; to establish the Cross-Unit Well Study Commission; to provide for its membership, powers and duties; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 30:4(N) is hereby enacted to read as follows:

§4. Jurisdiction, duties, and powers of the assistant secretary; rules and regulations

* * *

N.(1) The Cross-Unit Well Study Commission is hereby created within the Department of Natural Resources, office of conservation. The commission shall study the legal implications of the prescription of nonuse in relation to the drilling of any well located closer than three hundred thirty feet from the property boundary of a drilling unit or lease.

(2) According to Statewide Order No. 29-E, wells drilled in search of oil

1 to depths below three thousand feet subsea shall not be located closer than three
2 hundred thirty feet from any property line nor closer than nine hundred feet
3 from any other well completed in, drilling to, or for which a permit shall have
4 been granted to drill to, the same pool. In addition, Statewide Order No. 29-E
5 provides wells drilled in search of gas shall not be located closer then three
6 hundred thirty feet to the property line nor closer than two thousand feet to any
7 other well completed in, drilling to, or for which a permit shall have been
8 granted to drill to, the same pool.

9 (3) The Legislature of Louisiana has become aware of the practice of
10 granting exceptions to the above rules and allowing oil and gas operators to drill
11 within the three hundred thirty feet property line and into the adjacent
12 property. R.S. 31:16 provides that mineral rights are real rights and subject to
13 either a prescription of nonuse for ten years or to special rules of law governing
14 the term of their existence. One practical implication of allowing an exception
15 to the three hundred thirty foot boundary rule is that the drilling of cross-unit
16 wells could prevent the prescription of nonuse from running on the adjacent
17 property. Officials at the Louisiana Oil and Gas Association and the Louisiana
18 Mid-Continent Oil and Gas Association recognize that this practice impacts the
19 rights of adjoining landowners in regards to the prescription of nonuse.

20 (4) The Cross-Unit Well Study Commission shall consist of members
21 comprised as follows:

22 (a) The commissioner of conservation, who shall serve as the chairman.

23 (b) The director of the Louisiana Mineral Law Institute.

24 (c) Three people appointed by the Louisiana Oil and Gas Association.

25 Two of the three people shall be attorneys who are licensed to practice law in
26 Louisiana.

27 (d) Three people appointed by the Louisiana Mid-Continent Oil and Gas
28 Association. Two of the three people shall be attorneys who are licensed to
29 practice law in Louisiana.

1 **(e) Two people appointed by the director of the Louisiana Mineral Law**
2 **Institute. Each person shall be an attorney who is licensed to practice law in**
3 **Louisiana and have at least fifteen years of legal experience in the oil and gas**
4 **industry.**

5 **(f) One person appointed by the Louisiana Chapter of the National**
6 **Association of Royalty Owners.**

7 **(5) The chairman shall hold the first public meeting of the commission**
8 **on or before September 1, 2014, at the headquarters of the Department of**
9 **Natural Resources, office of conservation. After the first meeting, the**
10 **commission shall hold monthly public meetings at the headquarters of the**
11 **Department of Natural Resources, office of conservation.**

12 **(6) The chairman shall report the commission's findings and**
13 **recommendations to the Senate Committee on Natural Resources and the House**
14 **Committee on Natural Resources and Environment not later than March 16,**
15 **2015.**

16 **(7) The members shall serve without compensation except per diem or**
17 **expense reimbursement to which they may be individually entitled as members**
18 **of the organizations.**

19 **(8) The commission shall be subject to the open meetings and public**
20 **records laws.**

21 **(9) The provisions of this Section shall be void on August 1, 2015.**

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by McHenry Lee.

DIGEST

Adley (SB 462)

Proposed law creates the Cross-Unit Well Study Commission within DNR, office of conservation and requires the commission to study the legal implication of the prescription of nonuse in relation to the drilling of any well located closer than 330 feet from the property boundary of a drilling unit or lease.

Proposed law provides for the membership, powers and duties of the commission.

Proposed law provides that the provisions of proposed law will expire on August 1, 2015.

Effective August 1, 2014.

(Adds R.S. 30:4(N))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Natural Resources to
the original bill

1. Creates the Cross-Unit Well Study Commission within DNR.