

Regular Session, 2014

HOUSE BILL NO. 1204

BY REPRESENTATIVE REYNOLDS

MINERALS/RIGHTS: Provides for alternate unit well permits

## 1 AN ACT

2 To amend and reenact R.S. 30:9(B), relative to unitization; to provide for the powers and  
3 duties of the commissioner of conservation; to provide for alternate unit wells in  
4 certain formations; to provide for drilling permits; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 30:9(B) is hereby amended and reenacted to read as follows:

7 §9. Production from pool; drilling units; equitable share; rules and regulations

8 \* \* \*

9 B.(1) For the prevention of waste and to avoid the drilling of unnecessary  
10 wells, the commissioner shall establish a drilling unit or units for each pool, except  
11 for those pools which, prior to July 31, 1940, had been developed to an extent and  
12 where conditions exist making it impracticable or unreasonable to use a drilling unit  
13 at the present stage of development. A drilling unit, as contemplated herein, means  
14 the maximum area which may be efficiently and economically drained by one well.  
15 This unit shall constitute a developed area as long as a well is located thereon which  
16 is capable of producing oil or gas in paying quantities.

17 (2) The commissioner shall approve an increased well density within a unit's  
18 current boundaries established for stratigraphic zones which comprise the  
19 Haynesville Shale upon application by any working interest owner and the  
20 commissioner finding, after notice and a public hearing, that the geological,

1        engineering, and other relevant evidence establishes that the developed area cannot  
2        be efficiently and economically drained by the current unit well or wells. The  
3        commissioner shall issue a permit to drill an alternate unit well to a successful  
4        applicant, upon the election of the current unit operator not to participate pursuant  
5        to R.S. 30:10 or otherwise, and in compliance with R.S. 30:28 and applicable rules  
6        and regulations.

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Reynolds

HB No. 1204

**Abstract:** Authorizes increased well density within drilling units of stratigraphic zones in the Haynesville Shale.

Present law authorizes the commissioner of conservation to establish drilling units to prevent waste and avoid drilling unnecessary wells. A drilling unit is the maximum area which may be efficiently and economically drained by one well. A unit shall constitute a developed area as long as the unit well is capable of producing in paying quantities. Proposed law retains present law.

Proposed law requires the commissioner to approve an increased well density within a unit established for stratigraphic zones which comprise the Haynesville Shale upon application by any working interest owner and the commissioner finding, after notice and a public hearing, that the geological, engineering, and other relevant evidence establishes that the developed area cannot be efficiently and economically drained by the current unit well or wells.

Proposed law requires the commissioner to issue a permit to drill an alternate unit well to a successful applicant upon the election of the current unit operator not to participate pursuant to present law or otherwise, and in compliance with present law and applicable rules and regulations.

(Amends R.S. 30:9(B))