

SENATE BILL NO. 462

BY SENATOR ADLEY

1 AN ACT

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

8 Be it enacted by the Legislature of Louisiana:

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

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

11 * * *

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

17 **(2) According to Statewide Order No. 29-E, LAC 43:XIX.1901 through**
18 **1909, wells drilled in search of oil to depths below three thousand feet subsea**
19 **shall not be located closer than three hundred thirty feet from any property line**
20 **nor closer than nine hundred feet from any other well completed in, drilling to,**
21 **or for which a permit shall have been granted to drill to, the same pool. In**
22 **addition, Statewide Order No. 29-E provides wells drilled in search of gas shall**
23 **not be located closer than three hundred thirty feet to the property line nor**
24 **closer than two thousand feet to any other well completed in, drilling to, or for**
25 **which a permit shall have been granted to drill to, the same pool.**

26 **(3) The Legislature of Louisiana has become aware of the practice of**
27 **granting exceptions to the above rules and allowing oil and gas operators to drill**

1 within the three hundred thirty feet property line and into the adjacent
2 property. R.S. 31:16 provides that mineral rights are real rights and subject to
3 either a prescription of nonuse for ten years or to special rules of law governing
4 the term of their existence. One practical implication of allowing an exception
5 to the three hundred thirty foot boundary rule is that the drilling of cross-unit
6 wells could prevent the prescription of nonuse from running on the adjacent
7 property. Officials of the Louisiana Oil and Gas Association and the Louisiana
8 Mid-Continent Oil and Gas Association recognize that this practice impacts the
9 rights of adjoining landowners in regards to the prescription of nonuse.

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

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

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

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

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

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

20 (e) Two people appointed by the director of the Louisiana Mineral Law
21 Institute. Each person shall be an attorney who is licensed to practice law in
22 Louisiana and has at least fifteen years of legal experience in the oil and gas
23 industry.

24 (f) One person appointed by the Louisiana Chapter of the National
25 Association of Royalty Owners.

26 (5) The chairman shall hold the first public meeting of the commission
27 on or before September 1, 2014, at the headquarters of the Department of
28 Natural Resources, office of conservation. After the first meeting, the
29 commission shall hold monthly public meetings at the headquarters of the
30 Department of Natural Resources, office of conservation.

1 (6) The chairman shall report the commission's findings and
2 recommendations to the Senate Committee on Natural Resources and the House
3 Committee on Natural Resources and Environment not later than March 16,
4 2015.

5 (7) The members shall serve without compensation except per diem or
6 expense reimbursement to which they may be individually entitled as members
7 of their respective organizations.

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

10 (9) The provisions of this Subsection shall be void on August 1, 2015,
11 and thereafter.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____