

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005  
4

# A Bill

HOUSE BILL 1224

5 By: Representative Maloch  
6 By: Senators Horn, G. Jeffress  
7

## For An Act To Be Entitled

10 AN ACT TO AMEND § 15-72-102 TO DEFINE OPERATOR;  
11 TO AMEND § 15-72-303 TO ALLOW AN OPERATOR TO  
12 APPLY FOR AN ORDER TO INTEGRATE THE INTERESTS OF  
13 OWNERS IN A DRILLING UNIT; AND FOR OTHER  
14 PURPOSES.

## Subtitle

15  
16 AN ACT TO DEFINE OPERATOR AND TO ALLOW  
17 AN OPERATOR TO APPLY FOR AN ORDER TO  
18 INTEGRATE THE INTERESTS OF OWNERS IN A  
19 DRILLING UNIT.  
20

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22  
23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
24

25 SECTION 1. Arkansas Code § 15-72-102 is amended to read as follows:  
26 15-72-102. Definitions.

27 As used in this act, unless the context otherwise requires:

28 (1) "Commission" means the Oil and Gas Commission as created by  
29 this act;

30 (2) "Person" means any natural person, corporation, association,  
31 partnership, receiver, trustee, guardian, executor, administrator, fiduciary,  
32 federal agency, or representative of any kind;

33 (3) "Oil" means crude petroleum oil, and other hydrocarbons,  
34 regardless of gravity, which are produced at the well in liquid form by  
35 ordinary production methods and which are not the result of condensation of  
36 gas after it leaves the reservoir;



1 (4) "Gas" means all natural gas, including casing-head gas, and  
2 all other hydrocarbons not defined as oil in subdivision (3) of this section;

3 (5) "Pool" means an underground reservoir containing a common  
4 accumulation of crude petroleum oil or natural gas or both. Each zone of a  
5 general structure which is completely separated from any other zone in the  
6 structure is covered by the term "pool" as used in this act;

7 (6) "Field" means the general area which is underlaid or appears  
8 to be underlaid by at least one (1) pool. "Field" shall include the  
9 underground reservoir or reservoirs containing crude petroleum oil, natural  
10 gas, or both. The words "field" and "pool" mean the same thing when only one  
11 (1) underground reservoir is involved. However, "field", unlike "pool", may  
12 relate to two (2) or more pools;

13 (7) "Owner" means the person who has the right to drill into and  
14 to produce from any pool, and to appropriate the production either for  
15 himself, or for himself and another, or others;

16 (8) "Producer" means the owner of wells capable of producing oil  
17 or gas, or both;

18 (9) "Waste" in addition to its ordinary meaning, means "physical  
19 waste" as that term is generally understood in the oil and gas industry. It  
20 shall include:

21 (A) The inefficient, excessive, or improper use or  
22 dissipation of reservoir energy and the locating, spacing, drilling,  
23 equipping, operating, or producing of any oil or gas well or wells in a  
24 manner which results, or tends to result, in reducing the quantity of oil or  
25 gas ultimately to be recovered from any pool in this state;

26 (B) The inefficient storing of oil and the locating,  
27 spacing, drilling, equipping, operating, or producing of any oil or gas well  
28 or wells in a manner causing, or tending to cause, unnecessary or excessive  
29 surface loss or destruction of oil or gas;

30 (C) Abuse of the correlative rights and opportunities of  
31 each owner of oil and gas in a common reservoir due to nonuniform,  
32 disproportionate, and unratable withdrawals causing undue drainage between  
33 tracts of land;

34 (D) Producing oil or gas in such manner as to cause  
35 unnecessary water channeling or coning;

36 (E) The operation of any oil well or wells with an

1 inefficient gas-oil ratio;

2 (F) The drowning with water of any stratum or part thereof  
3 capable of producing oil or gas;

4 (G) Underground waste however caused and whether or not  
5 defined;

6 (H) The creation of unnecessary fire hazards;

7 (I) The escape into the open air, from a well producing  
8 both oil and gas, of gas in excess of the amount that is necessary for the  
9 efficient drilling or operation of the well;

10 (J) The use of gas for the manufacture of carbon black;  
11 and

12 (K) Permitting gas produced from a gas well to escape into  
13 the air;

14 (10) "Product" means any commodity made from oil or gas and  
15 shall include refined crude oil, crude tops, topped crude, processed crude  
16 petroleum, residue from crude petroleum, cracking stock, uncracked fuel oil,  
17 fuel oil, treated crude oil, residuum, gas oil, casing-head gasoline, natural  
18 gas gasoline, naphtha, distillate, gasoline, kerosene, benzine, wash oil,  
19 waste oil, blended gasoline, lubricating oil, blends or mixtures of oil with  
20 one (1) or more liquid products or by-products derived from oil or gas, and  
21 blends or mixtures of two (2) or more liquid products or by-products derived  
22 from oil or gas, whether hereinabove enumerated or not;

23 (11) "Illegal oil" means oil which has been produced within the  
24 State of Arkansas from any well during any time that that well has produced  
25 in excess of the amount allowed by rule, regulation, or order of the  
26 commission, as distinguished from oil produced within the State of Arkansas  
27 from a well not producing in excess of the amount so allowed, which is "legal  
28 oil";

29 (12) "Illegal gas" means gas which has been produced within the  
30 State of Arkansas from any well during any time that that well has produced  
31 in excess of the amount allowed by any rule, regulation, or order of the  
32 commission, as distinguished from gas produced within the State of Arkansas  
33 from a well not producing in excess of the amount so allowed, which is "legal  
34 gas";

35 (13) "Illegal product" means any product of oil or gas, any part  
36 of which was processed or derived, in whole or in part, from illegal oil or

1 illegal gas or from any product thereof as distinguished from "legal  
2 product", which is a product processed or derived to no extent from illegal  
3 oil or illegal gas; ~~and~~

4 (14) "Tender" means a permit or certificate of clearance for the  
5 transportation of oil, gas, or products, approved and issued or registered  
6 under the authority of the commission; and

7 (15) "Operator" means the person who has the right, as an owner  
8 or by agreement with an owner, to enter upon the lands of another for the  
9 purposes of exploring, drilling, and developing for the production of brine,  
10 oil, gas, and all other petroleum hydrocarbons.

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12 SECTION 2. Arkansas Code § 15-72-303 is amended to read as follows:  
13 15-72-303. Authority to integrate production in drilling units.

14 (a) When two (2) or more separately owned tracts are embraced within  
15 an established drilling unit, when there are separately owned interests in  
16 all or part of the drilling unit, or when there are separately owned tracts  
17 and separately owned interests in all or part of such drilling unit, the  
18 owners thereof may voluntarily pool, combine, and integrate their tracts or  
19 interests for the development or operation of that drilling unit.

20 (b) Where the owners fail or refuse voluntarily to integrate their  
21 interests, the commission, upon the application of any such owner or  
22 operator, shall, for the prevention of waste or to avoid the drilling of  
23 unnecessary wells, enter its order integrating all tracts and interests in  
24 the drilling unit for the development or operation thereof and the sharing of  
25 production therefrom.