

## LEGISLATIVE BILL 1032

Approved by the Governor March 15, 1984

Introduced by Schmit, 23

AN ACT relating to oil and gas development; to amend section 57-910.03, Reissue Revised Statutes of Nebraska, 1943; to change provisions relating to approval of proposed plans as prescribed; to eliminate provisions relating to amendment of certain orders; and to repeal the original section, and also section 57-910.04, Reissue Revised Statutes of Nebraska, 1943.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 57-910.03, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

57-910.03. If after considering the application and hearing the evidence offered in connection therewith; the commission finds that:

(1) The material averments of the application are true;

(2) Such unit operation is feasible, will prevent waste, and can reasonably be expected to increase substantially the ultimate recovery of oil or gas, or both;

(3) The value of the estimated additional recovery of oil or gas will exceed the estimated additional costs incident to conducting unit operations;

(4) The oil and gas allocated to each separately owned tract within the unit area under the proposed plan of unitization represents, so far as can be practicably determined, each such tract's just and equitable share of the oil and gas, or both, in the unit area; and

(5) In case there are owners who have not executed an operating agreement or agreed to the proposed operating plan, that such proposed operating plan:

(a) Makes a fair and equitable adjustment among the owners within the unit area for their respective investments in wells, tanks, pumps, machinery, materials, and equipment which are contributed to the unit operation;

(b) Provides for a fair and equitable determination of the cost of unit operations, including capital investment, and establishes a fair and equitable method for allocating such costs to the separately owned tracts and for payment of such costs by the owners of such tracts, either directly or out of such owner's respective shares of unit production;

(c) Establishes, if necessary, a fair and equitable method for carrying or otherwise financing any

owner who elects to be carried, or otherwise financed, allowing a reasonable interest charge for such service payable out of such owner's share of the unit production; and

(d) Provides that each owner shall have a vote in the supervision and conduct of unit operations corresponding to the percentage of the costs of unit operations chargeable against the interest of such owner; then the commission shall enter an order setting forth such findings and approving the proposed plan of unitization and proposed operating plan, if any. ~~No order shall be entered by the commission authorizing the commencement of unit operations unless and until there has been written consent to the proposed plan of unitization by those persons who own at least seventy-five per cent of the unit production or proceeds thereof that will be credited to the landowner's royalty interests which are free of costs and to both the proposed plan of unitization and to the proposed operating plan, if any, by those persons who will be required to pay at least seventy-five~~ sixty-five per cent of the costs of the unit operation. If such consent has not been obtained at the time the order of approval is made, the commission shall, upon application, hold such supplemental hearings and make such findings as may be required to determine if there has been such consent so that a supplemental order authorizing the commencement of unit operations can be entered. Notice of any such supplemental hearing shall be given, by mail to each person who has previously entered his or her appearance, at least ten days prior to such supplemental hearing. If the required percentages of consent have not been obtained within a period of six months from the date on which the order of approval is made, such order shall be ineffective and shall be revoked by the commission unless, for good cause shown, the commission extends that time.

Sec. 2. That original section 57-910.03, Reissue Revised Statutes of Nebraska, 1943, and also section 57-910.04, Reissue Revised Statutes of Nebraska, 1943, are repealed.