

Chapter 520

Gas and Oil Wells

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CROSS REFERENCES

520.020	520.130
Traveling expenses, reimbursement of, 292.250	Annual statement of mining corporations, 57.245
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520.010 Definitions. (1) "Person" as used in this chapter includes any individual, individuals, copartnership, corporation, association, cooperative, limited partnership, firm or company, whether or not for profit, which is engaged within this state in drilling or operating any well for natural gas or crude oil, irrespective of whether the well is productive.

(2) As used in this chapter, unless the context requires otherwise, "department" means the State Department of Geology and Mineral Industries.

520.020 Gas and oil inspectors; appointment; compensation; powers and duties. (1) The director of the department may appoint one or more suitable and qualified persons as oil and gas inspectors, to inspect any operation within this state in connection with drilling for or production of natural gas and oil, and to assist in the conservation of natural gas and oil within this state. The compensation of each inspector shall be fixed by the director with approval of the governing board of the department. Each inspector shall be allowed necessary traveling expenses incurred in the performance of his duties.

(2) Each inspector shall have power to supervise the drilling for and production of natural gas and oil and the piping and storage of the same produced in this state. Each inspector shall have power to require every person drilling for or producing oil or natural gas to furnish the data required to be kept of record by this chapter, and according to regulations which may be prescribed by the department. He shall perform acts and duties prescribed for oil and gas inspectors.

520.030 Supervision of well plugging by inspector; operator to furnish verified record of drilling. Whenever it becomes necessary to plug any well as required by law, make water shutoff test, formation or production test, the lessee or operator shall at once notify the department in writing at Portland, whereupon an oil and gas inspector shall repair to the well and supervise the plugging in accordance with the terms of this chapter. Upon the arrival of the inspector at the well, the lessee or operator shall furnish the inspector, on a form prescribed by the department, the record of the drilling of the well, verified under oath,

showing a true and correct log and history of the well.

520.040 Gas to be confined until used; exception. Any person in possession, either as owner, lessee, agent or manager, of any well producing natural gas within this state, in order to prevent the gas from wasting by escape, shall, immediately after penetrating the gas-bearing rock, use such methods as are necessary for the control of the gas including shutting and confining the gas in the well until such time as the gas shall be utilized for light, fuel or power purposes. However, this section shall not apply to any well operated for oil, except when, in the course of drilling, gas production is developed, 30 days' free time shall be allowed in which to determine whether the well shall be shut and saved for a gas well or drilled further for the purpose of producing oil.

520.050 Unnecessary leakage from gas pipe line unlawful. No owner, lessee, agent or manager of any pipe line through which natural gas flows from wells utilized for the production of gas only shall allow any unnecessary leak or waste to occur from the line.

520.060 Inflammable products and waste; disposition; overflow of salt water prohibited. No inflammable product from any oil or gas well shall be permitted to run into any tank, pool or stream used or suitable to be used for watering stock. All waste of oil and refuse from tanks or wells shall be drained into proper receptacles at a safe distance from the tanks, wells and buildings, and be promptly burned to avoid any hazards occasioned by such accumulations or transported from the premises. In no case shall it be permitted to flow over the land. Salt water shall not be allowed to flow over the surface of the land.

520.070 Rules for drilling. Every person drilling or operating for crude oil or natural gas shall case off all water in the well and shall set all casing in the well in such manner as to prevent the flooding of oil or gas sand with water, and the escape of oil or gas or both from one zone to another. No natural gas or oil well shall be drilled on any property within 200 feet of the nearest boundary line of any property of an adjoining owner. Every person, contractor, driller or employe engaged in the drilling or operation of natural gas or oil

wells shall exercise great care and diligence in accordance with the most approved methods to prevent waste of gas or oil, or both, in drilling and production operations and in storage, piping and distribution.

520.080 Log of wells drilled to be furnished inspector; filing of log; public inspection after two years. (1) A true, correct and complete log and history of each well drilled for oil or natural gas shall be furnished by the person drilling it to the oil and gas inspector according to regulations which may hereafter be prescribed by the director of the department.

(2) All logs and other records of wells furnished to the inspector as required by this section shall be filed by him in the Portland office of the department. The logs shall contain a description of the land upon which the wells are located. No logs shall be accessible to public inspection until two years from their filing.

520.090 Maliciously firing escaping gas or oil; interfering with wells and appliances. No person shall maliciously set fire to any gas or oil escaping from wells, broken or leaking mains, pipes, valves, tanks or other appliances used by any person in conveying natural gas or oil; or interfere in any manner with the wells, pipes, mains, gate boxes, valves, stopcocks or other appliances, machinery or property of any person engaged in drilling for or production of natural gas or oil, unless employed by or acting under the authority and direction of such person owning or operating the gas or oil lines, or wells, or unless acting under the direction of the department.

520.100 Written notice of drilling of new hole or completion of hole required. Written notice of commencement of drilling of a new hole or completion of a hole shall be promptly given to the department. The notice shall contain the correct location of well, name of operator and date of action to be taken.

520.110 Abandoned well; plugging; shutting off salt water; removal of derrick. Every person whether as owner, lessee, agent or manager, drilling or operating for crude oil or natural gas shall immediately upon abandoning any oil or gas well in which an oil or gas-bearing stratum or a

salt water-bearing stratum has been found, shut off any salt water and plug such abandoned well in a practical and workmanlike manner approved by the department, under the supervision and direction of the oil and gas inspector; shall close and mark each such abandoned well as directed by the inspector, and shall immediately remove the derrick from and around each such well.

520.120 Record of plugged wells; contents; public inspection. The oil and gas inspector shall cause to be filed the records, including a history of operations, of all oil and gas wells and dry holes plugged in accordance with ORS 520.110, showing the exact location of each of the wells, the name of the owner, the depth of the well, any indications of oil or gas and the formation encountered in drilling the well. The records shall be kept in the Portland office of the department and shall not be accessible to public inspection until two years from their filing.

520.130 Quarterly statement of production; tax; Oil and Gas Act Fund. Every person, whether as owner, lessee, agent or manager, who operates a producing oil or gas well within this state shall make under oath and file with the director of the department at Portland, on a form of return to be prescribed by the director, a statement showing the quantity and quality of oil and gas produced and marketed from each such well during the preceding three calendar months; and shall pay to the department with the filing of each statement a charge of one-half of one cent for each barrel of oil produced from each such well during the preceding three calendar months. Statements and returns required shall be filed and the charge shall be due and payable in quarterly instalments, on or before the thirtieth day of October, January, April and July for the preceding calendar period. The proceeds arising under operation of this chapter shall be placed in a fund to be known as the Oil and Gas Act Fund and expended to defray expenses of the department in connection with the administration of this chapter.

520.990 Penalties. Violation of any provision of this chapter is punishable, upon conviction, by a fine not exceeding \$500.

CHAPTERS 521 TO 525

[Reserved for expansion]