Chapter 520

Gas and Oil Wells

520.005 General definitions
520.015 "Waste" defined
520.025 Director to be notified and fee paid before drilling oil or gas well; contents of notice; disposition of moneys from fees
520.035 Waste of oil and gas prohibited
520.045 Board to determine whether waste of oil or gas exists or is imminent
520.055 General jurisdiction and authority of board
520.065 Establishment of spacing units for a pool; purpose; scope; effect
520.075 Pooling of interests by owners of separate tracts within spacing units
520.085 Approved agreement for cooperative development of pool not to be construed as trust, monopoly or combination in restraint of trade
520.095 Authority of board to make rules and regulations concerning administration of chapter; notice and hearing
520.105 Rules governing practice before board; necessity for notice and hearing before making any regulation or order; manner of giving notice; public inspection of regulations; evidentiary effect of copy of regulation
520.115 Board may act on own motion; filing petition with board; notice; hearing; orders
520.125 Authority of board to compel the giving of testimony and the production of evidence
520.135 Application for rehearing by person adversely affected by order of board
520.145 Appeal to courts from order of the board; issuance of writ of mandamus or prohibition
520.155 Records, accounts, reports and writings not to be falsified, altered, destroyed or removed from state
520.165 Aiding or abetting in a violation of chapter prohibited
520.175 Injunctions to restrain violation or threatened violation of chapter
520.991 Penalties

CROSS REFERENCES

State Department of Geology and Mineral Industries, Ch. 516

520.095

Rules and regulations of state agencies, Ch. 183

520.105

Evidentiary effect of certified copies of public writing, 43.350

520.005 General definitions. As used in this chapter, unless the context requires otherwise:

(1) "And" includes "or" and "or" includes "and."

(2) "Board" means the governing board of the State Department of Geology and Mineral Industries.

(3) "Field" means the general area underlaid by one or more pools.

(4) "Gas" means all natural gas, including casinghead gas and other hydrocarbons not defined as oil in subsection (5) of this section.

(5) "Oil" mean crude petroleum oil and any other hydrocarbons, regardless of gravity, which are produced at the wellhead in liquid form and from gas by ordinary production methods.

(6) "Person" means any natural person, partnership, corporation, association, receiver, trustee, guardian, fiduciary, executor, administrator, representative of any kind, or the State of Oregon and its political subdivisions.

(7) "Pool" means an underground reservoir containing or appearing to contain a common accumulation of oil and natural gas. A zone of a structure which is completely separated from any other zone in the same structure is a pool.

(8) "Producer" or "owner" means a person who has the right to drill into and to produce from any pool and to appropriate the oil or gas he produces therefrom either for others, for himself or for himself and others.

(9) "Well" means a well drilled in search of oil or gas, but shall not include core test wells, stratigraphic test wells or wells drilled for information purposes only as distinguished from wells drilled for the purpose of producing oil or gas if found. [1953 c.667 §1]

520.010 [Repealed by 1953 c.667 §21]

520.015 "Waste" defined. "Waste" in addition to its ordinary meaning, means "physical waste" as that term is generally understood in the petroleum industry. It includes:

(1) Underground waste and the inefficient, excessive or improper use or dissipation of reservoir energy, including gas energy and water drive, of any pool; and the locating, spacing, drilling, equipping, operating or producing of any oil well or gas well in a manner which results or tends to result in reducing the quantity of oil or gas ultimately recoverable from any pool;

(2) Surface waste and the inefficient storing of oil and the locating, spacing, drilling, equipping, operating or producing of oil wells or gas wells in a manner causing or tending to cause unnecessary or excessive surface loss or destruction of oil or gas. [1953 c.667 §2]

520.020 [Repealed by 1953 c.667 §21]

520.025 Director to be notified and fee paid before drilling oil or gas well; contents of notice; disposition of moneys from fees. (1) No person proposing to drill any well for oil or gas shall commence the drilling until he has notified the director of the State Department of Geology and Mineral Industries, upon a form prescribed by the director, and paid to the board a fee of $25 for each such well.

(2) The director shall require that the form indicate:

(a) The exact location of the well.

(b) The name and address of the owner, operator, contractor, driller and any other person responsible for the conduct of the drilling operations.

(c) The elevation of the well above sea level.

(d) Such other relevant information as the director deems reasonably necessary to effectuate the purpose of this chapter.

(3) All moneys paid to the board under this section shall be deposited by the board with the State Treasurer for credit to and the benefit of the Department of Geology and Mineral Industries. [1953 c.667 §5]

520.030 [Repealed by 1953 c.667 §21]

520.035 Waste of oil and gas prohibited. The waste of oil and gas, as defined in ORS 520.015, hereby is prohibited. [1953 c.667 §3]

520.040 [Repealed by 1953 c.667 §21]

520.045 Board to determine whether waste of oil or gas exists or is imminent. The board shall make such inquiries as it may think proper to determine whether or not waste over which it has jurisdiction exists or is imminent. In the exercise of such power the board may:

(1) Collect data.

(2) Make investigations and inspections.

(3) Examine properties, leases, papers, books and records, including drilling records and logs.

(4) Examine, check, test and gauge oil and gas wells and tanks.

(5) Hold hearings.

(6) Provide for the keeping of records and the making of reports.

(7) Take such action as may be reasonably necessary to enforce this chapter. [1953 c.667 §6]

520.050 [Repealed by 1953 c.667 §21]

520.055 General jurisdiction and authority of board. The board has jurisdiction and authority over all persons and property necessary to enforce effectively this chapter and all other laws relating to the conservation of oil and gas. [1953 c.667 §4]

520.060 [Repealed by 1953 c.667 §21]

520.065 Establishment of spacing units for a pool; purpose; scope; effect. (1) When necessary to prevent waste, avoid the drilling of unnecessary wells or protect correlative rights the board shall establish spacing units for a pool. Spacing units when established shall be of uniform size and shape for the entire pool except that when found to be necessary for any of the above purposes the board is authorized to divide any pool into zones and establish spacing units for each zone, which units may differ in size and shape from those established in any other zone.

(2) The size and shape of spacing units shall be such as will result in efficient and economical development of the pool as a whole and the size thereof shall not be smaller than the maximum area that can be efficiently drained by one well.

(3) An order establishing spacing units for a pool shall specify the size and shape of each unit and the location of the permitted well thereon in accordance with a reasonably uniform spacing plan. Upon application and after hearing if the board finds that a well drilled at the prescribed location would not produce in paying quantities or that surface conditions would substantially add to the burden or hazard of drilling such well, then the board is authorized to enter an order permitting the well to be drilled at a location other than that prescribed by such spacing order; provided, however, the board shall include in the order suitable provisions to prevent the production from the spacing unit of more than its just and equitable share of the oil and gas in the pool.

(4) An order establishing units for a pool shall cover all lands determined or believed to be underlaid by such pool and may be modified by the board from time to time to include additional areas determined to be underlaid by such pool. When found necessary for the prevention of waste or to protect correlative rights an order establishing spacing units in a pool may be modified by the board to increase the size of spacing units in a pool or any zone thereof or to permit the drilling of additional wells on a reasonably uniform plan in such pool or zone. [1953 c.667 §8]

520.070 [Repealed by 1953 c.667 §21]

520.075 Pooling of interests by owners of separate tracts within spacing unit. When two or more separately owned tracts are embraced within a spacing unit or when there are separately owned interests in all or a part of such spacing unit, then the owners thereof may pool their interests for the development and operation of the spacing unit. [1953 c.667 §9]

520.080 [Repealed by 1953 c.667 §21]

520.085 Approved agreement for cooperative development of pool not to be construed as trust, monopoly or combination in restraint of trade. An agreement for the unit or cooperative development and operation of a field or pool in connection with the conduct or repressuring or pressure maintenance operations, cycling or recycling operations, including the extraction and separation of liquid hydrocarbons from natural gas in connection therewith or any other method of operation, including water floods, is authorized and may be performed and shall not be held or construed to violate any of the statutes of this state relative to trusts, monopolies or contracts and combinations in restraint of trade, if such agreement is approved by the board as being in the public interest, for the protection of correlative rights and reasonably necessary to increase ultimate recovery or prevent waste of oil or gas. [1953 c.667 §10]

520.090 [Repealed by 1953 c.667 §21]

520.095 Authority of board to make rules and regulations concerning administration of chapter; notice and hearing. The board may make, after hearing and notice as provided in ORS 520.105, such reasonable rules, regulations and orders as may be necessary in the proper administration and enforcement of this chapter, including rules,

regulations and orders for the following purposes:

(1) To require the drilling, casing and plugging of wells to be done in such a manner as to prevent the escape of oil or gas out of one stratum to another; to prevent the intrusion of water into oil or gas strata; to prevent the pollution of fresh water supplies by oil, gas or salt water; and to require reasonable bond conditioned for the performance of the duty to plug each dry or abandoned well.

(2) To compel the filing of logs, including electrical logs, if any are taken, drilling records, typical drill cuttings or cores, if cores are taken, in the office of the director of the State Department of Geology and Mineral Industries within 20 days from the date of completion or abandonment of any well. For a period of two years from the date of their filing, such logs or other records or drill cuttings or cores shall be kept confidential and shall not be accessible to public inspection.

(3) To prevent wells from being drilled, operated and produced in such a manner as to cause injury to neighboring leases or property.

(4) To prevent the drowning by water of any stratum or part thereof capable of producing oil or gas in paying quantities, and to prevent the premature and irregular encroachment of water which reduces, or tends to reduce, the total ultimate recovery of oil or gas from any pool.

(5) To require the operation of wells with efficient gas-oil ratios, and to fix ratios.

(6) To prevent blowouts, caving and seepage in the same sense that conditions indicated by such terms are generally understood in the oil and gas business.

(7) To prevent fires.

(8) To identify the ownership of all oil and gas wells, producing leases, tanks, plants, structures and all storage equipment and facilities.

(9) To regulate the "shooting" and chemical treatment of wells.

(10) To regulate secondary recovery methods, including the introduction of gas, air, water or other substance into producing formations.

(11) To regulate the spacing of wells.

(12) To require the filing currently of information as to the volume of oil and gas, or either of them, produced and saved from the respective properties.

(13) To require the filing with the director of the State Department of Geology and Mineral Industries of a notice of intention to drill stratigraphic test wells, giving the location thereof, and to require the filing with the director of a plugging report within 60 days after completion of such well. No fee shall be required in connection with the filing of such notices and reports.

(14) To require the disposal of salt water and oil field waste so as not to damage land or property unnecessarily. [1953 c.667 §7]

520.100 [Repealed by 1953 c.667 §21]

520.105 Rules governing practice before board; necessity for notice and hearing before making any regulation or order; manner of giving notice; public inspection of regulations; evidentiary effect of copy of regulation. (1) The board shall from time to time prescribe reasonable rules and regulations governing practice and procedure before it.

(2) No rule, regulation or order, except in emergency, shall be made by the board without a prior public hearing upon at least 10 days' notice. Such public hearings shall be held at such time and place as may be designated by the board; provided, however, that in respect to matters of local interest such hearings shall be held at the county seat of the county wherein the greater part of real or personal property affected is situated and any interested person shall be entitled to be heard at such hearing.

(3) When an emergency requiring immediate action is found to exist, the board is authorized to issue an emergency order without notice or hearing, which order shall be effective upon promulgation; provided, however, no emergency order shall remain effective for more than 15 days.

(4) Notice as required by this chapter shall be given as follows:

(a) In respect to matters of statewide interest, by publication in a newspaper of general circulation in Multnomah, Harney, Jackson and Marion Counties.

(b) In respect to matters of local interest, by publication in a newspaper of general circulation in the county or counties wherein the affected lands are located.

(c) In respect to proceedings before the board where persons are named therein, by personal service upon such persons thereto. Personal service may be made by any agent of the board or by any officer authorized by

law to serve process and shall be made in the manner provided by law for the service of summons in civil actions in the courts of this state. Proof of service by an agent of the board shall be made by such person's affidavit and by an officer authorized by law to serve process by his lawful certificate.

(5) Notice shall issue in the name of the state and shall be signed by the chairman or secretary of the board. It shall specify the style and number of the proceeding, the time and place of hearing and the purpose of the proceeding.

(6) All rules, regulations and orders entered by the board shall be in writing and shall be indexed in books kept by the board for such purpose. The same shall constitute public records and be open for inspection during usual business hours. A copy of any rule, regulation or order, duly certified by any member of the board or its secretary, shall be received in evidence in all courts of this state with the same effect as the original. [1953 c.667 §11]

520.110 [Repealed by 1953 c.667 §21]

520.115 Board may act on own motion; filing petition with board; notice; hearing; orders. The board may act upon its own motion or upon the verified written petition of any interested person. Upon the filing with the board of such a petition, which shall state in substance the matter involved, the reasons for and the nature of the relief requested, concerning any matter within its jurisdiction, the board shall promptly fix a date for a hearing thereon, and shall cause due notice thereof to be given as prescribed by ORS 520.105. Such hearing shall be held without undue delay and the board shall enter its order within 30 days thereafter. [1953 c.667 §12]

520.120 [Repealed by 1953 c.667 §21]

520.125 Authority of board to compel the giving of testimony and the production of evidence. (1) The board may summon witnesses, administer oaths and require the production of records, books and documents for examination at any hearing or investigation conducted before it. No person shall be excused from attending and testifying or from producing books, papers and records before the board or a court or from obedience to the subpena of the board or a court on the grounds that such testimony or evidence required of him may tend to incriminate him or subject him to any penalty or forfeiture; provided, however, that nothing contained in this section shall be construed as requiring any person to produce any books, papers or records or to testify in response to any inquiry not pertinent to some question lawfully before such board or court for determination. No natural person shall be subjected to criminal prosecution or to any penalty or forfeiture for or on account of any transaction, matter or thing concerning which, in spite of his objection, he may be required to testify or produce evidence before the board or a court; provided, however, no person so testifying shall be exempted from prosecution and punishment for perjury in so testifying.

(2) In case of failure or refusal on the part of any person to comply with the subpena issued by the board or in the case of the refusal of any witness to testify as to any matter regarding which he may lawfully be interrogated it shall be the duty of the circuit court of any county or any judge thereof, upon application of the board, to issue an order to show cause why such person should not be held for contempt as in the case of disobedience of the requirements of a subpena issued from such court or a refusal to testify therein.

(3) The board or any party may, in any matter before the board, cause the depositions of witnesses residing within or without the state to be taken in the manner prescribed by law for like depositions in civil suits in the circuit courts of this state. [1953 c.667 §13]

520.130 [Repealed by 1953 c.667 §21]

520.135 Application for rehearing by person adversely affected by order of board. Any person adversely affected by any rule, regulation or order of the board may within 30 days after its entry apply to the board for a rehearing. Such application shall be acted upon by the board within 30 days from its filing date and if granted such rehearing shall be held without undue delay. [1953 c.667 §14]

520.145 Appeal to courts from order of the board; issuance of writ of mandamus or prohibition. (1) Any person adversely affected by any rule, regulation or an order entered by the board may appeal therefrom directly to the circuit court of Marion County or the circuit court of the county wherein

the principal part of the property connected with the subject matter of the controversy is located.

(2) Notice of such appeal must be filed with the board within 30 days after the entry of the rule, regulation or order complained of or within 30 days from the entry of an order denying a rehearing or sustaining an original rule, regulation or order after rehearing. The notice of appeal shall identify the rule, regulation or order, the grounds of appeal, and shall reasonably specify that portion of the record which the appellant desires included in the transcript upon appeal. Forthwith upon the filing of such notice the board shall certify to the appellant the estimated cost of preparing such transcript. The amount of such estimated cost shall be deposited with the board within 10 days after the mailing or delivery of the certificate of cost to the appellant. Upon deposit of such amount and within 50 days thereafter the board shall cause the transcript to be delivered to such appellant or to his attorney.

(3) Within 110 days after the filing of the notice of appeal, the appellant shall file in the appropriate circuit court a verified written petition for review which shall set forth in concise form the grounds of appeal and the relief prayed for. He shall file with such petition the transcript of the proceedings before the board together with a true copy of the notice of appeal and upon such filing the appeal shall be considered perfected.

(4) At any time after the giving of notice of appeal, the appellant may apply to the board in writing for the fixing of the amount of a supersedeas bond for the purpose of staying the execution of the rule, regulation or order which is the basis of the appeal. The board shall fix the amount of such bond forthwith. Thereafter, the appellant may file with the board a supersedeas bond in the amount designated, with the proper sureties approved by the board, and upon such filing the board shall enter an order suspending the execution of the rule, regulation or order appealed from, pending the final disposition of the appeal. The bond shall run in favor of the board for the use and benefit of any person who may suffer damage by reason of the suspension of the rule, regulation or order in the event that the same is affirmed on appeal.

(5) The circuit court having jurisdiction shall, in so far as is practicable, give precedence to appeals under this chapter. Upon the hearing of the appeal, the circuit court shall review the proceedings before the board as disclosed by the transcript and shall thereafter enter its judgment affirming or reversing the decision of the board. Rules, regulations and orders of the board shall be sustained if the board has regularly pursued its authority and its findings and conclusions are sustained by law and by substantial and credible evidence.

(6) Any circuit court having jurisdiction as provided in this section may issue writs of mandamus and prohibition to the board, upon application of any interested party, in any case in which such writs might issue under the laws of this state.

(7) Either party shall have the right of appeal to the Supreme Court of the State of Oregon in the same manner as provided by the laws for appeals to the Supreme Court. [1953 c.667 §15]

520.155 Records, accounts, reports and writings not to be falsified, altered, destroyed or removed from state. No person shall, for the purpose of evading the provisions of this chapter or any rule, regulation or order of the board, make or cause to be made any false entry or statement in a report required by this chapter or by any rule, regulation or order of the board or make or cause to be made any false entry in any record, account or other writing required by this chapter or by any rule, regulation or order of the board or omit or cause to be omitted from any such record, account or writing, full, true and correct entries as required by this chapter or any rule, regulation or order of the board or remove from this state, or destroy, mutilate, alter or falsify any such record, account or writing. [1953 c.667 §16]

520.165 Aiding or abetting in a violation of chapter prohibited. No person shall knowingly aid or abet any other person in the violation of any provision of this chapter or of any rule, regulation or order of the board. [1953 c.667 §17]

520.175 Injunctions to restrain violation or threatened violation of chapter. (1) Whenever it appears that any person is violating or threatening to violate any provision of this chapter or any rule, regulation or order of the board, the board shall bring suit against such person in the circuit court of any county where the violation occurs or

is threatened, to restrain such person from continuing such violation. Upon the filing of any such suit, summons issued to such person may be directed to the sheriff of any county of this state for service by such sheriff upon such person. In any such suit, the court shall have jurisdiction to grant to the board, without bond or other undertaking, such temporary restraining orders or final prohibitory and mandatory injunctions as the facts may warrant, including any such orders restraining the movement or disposition of oil or gas.

(2) If the board fails to bring suit to enjoin a violation or threatened violation of any provision of this chapter or of any rule, regulation or order of the board, within 15 days after receipt of a written request to do so by any person who is or will be adversely affected by such violation, then the person making such request may bring suit in his own behalf to restrain such violation or threatened violation in any court in which the board might have brought such suit. The board shall be made a party defendant in such suit in addition to the person or persons aforesaid and the action shall proceed and injunctive relief may be granted without bond in the same manner as if suit had been brought by the board. [1953 c.667 §18]

520.180 to 520.985 [Reserved for expansion]

520.990 [Repealed by 1953 c.667 §21]

520.991 Penalties. Violation of any provision of this chapter or any rule, regulation or order of the board is punishable, upon conviction, by a fine not exceeding $2,500 or imprisonment in the county jail for a term not exceeding six months, or both. [1953 c.667 §19]

CHAPTERS 521 TO 525
[Reserved for expansion]