Chapter 520

1977 REPLACEMENT PART

Conservation of Gas and Oil

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DEFINITIONS

520.005 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) "Condensate" means liquid hydrocarbons that were originally in the gaseous phase in the reservoir.

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

(5) "Gas" means all natural gas and all other fluid hydrocarbons not defined as oil in subsection (6) of this section, including condensate originally in the gaseous phase in the reservoir.

(6) "Oil" means crude petroleum oil and all other hydrocarbons, regardless of gravity, which are produced in liquid form by ordinary production methods, but does not include liquid hydrocarbons that were originally in a gaseous phase in the reservoir.

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

(8) "Pool" means an underground reservoir containing 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.

(9) "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.

(10) "Producer" means the owner of one or more wells capable of producing oil or gas or both.

(11) "Protect correlative rights" means that the action or regulation by the board affords a reasonable opportunity to each person entitled thereto to recover or receive the oil or gas in his tract or tracts or the equivalent thereof, without being required to drill unnecessary wells or to incur other unnecessary expense to recover or receive such oil or gas or its equivalent.

(12) "Unit area" means one or more pools or parts thereof under unit operation pursuant to ORS 520.260 to 520.330 and subsection (2) of 520.230.

(13) "Well" means a well drilled in search of oil or gas, but shall not include core test wells, stratigraphic test wells, seismic test wells or wells drilled for information purposes only as distinguished from wells drilled for the purpose of producing oil or gas if found.

(14) "Underground reservoir" means any subsurface sand, strata, formation, aquifer, cavern or void whether natural or artificially created, suitable for the injection and storage of natural gas therein and the withdrawal of natural gas therefrom, but excluding a "pool."

(15) "Underground storage" means the process of injecting and storing natural gas within and withdrawing natural gas from an underground reservoir.

[1953 c.667 §1; 1961 c.671 §15; 1973 c.276 §1; 1977 c.296 §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. If 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]

GENERALLY

520.025 Permit for drilling oil or gas well or using well for gas storage; application form; grounds for granting or denying permit; disposition of fees. (1) No person proposing to drill any well for oil or gas or proposing to drill or use any well for underground storage of gas in an underground reservoir shall commence the drilling or use until he has applied to the State Geologist upon a form prescribed by the State Geologist

for a permit to operate the well, paid to the board a fee of $100 for each such well, posted any bond that may be required pursuant to subsection (1) of ORS 520.095 and obtained the permit to drill the well pursuant to subsection (3) of this section.

(2) The State Geologist 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 information as is necessary to determine whether the method of drilling and equipment to be used in drilling the well comply with applicable laws and rules.

(e) Such other relevant information as the State Geologist deems reasonably necessary to effectuate the purpose of this chapter.

(3) (a) If upon receipt of the application the State Geologist determines that the method and equipment to be used by the applicant in drilling or using the well comply with applicable laws and rules, the State Geologist shall issue the permit.

(b) The State Geologist may refuse to issue a permit or revoke a permit issued pursuant to this subsection if he determines that methods or equipment to be used or being used in drilling or using the well do not comply with applicable laws or rules.

(4) 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; 1973 c.276 §2; 1977 c.296 §3]

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 Determination of waste of oil or gas. 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; tidal lands. (1) 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.

(2) In addition to and not in lieu of any other powers granted under this chapter, the Department of Geology and Mineral Industries and its governing board may in compliance with ORS 520.105 promulgate reasonable rules, regulations and orders necessary to regulate geological, geophysical and seismic surveys on, and operations to remove oil, gas and sulphur from the tidal submerged and submersible lands of this state under ORS 274.705 to 274.860.
[1953 c.667 §4; subsection (2) enacted as 1961 c.619 §40; 1969 c.594 §57]

520.060 [Repealed by 1953 c.667 §21]

520.065 [1953 c.667 §8; renumbered 520.210]

520.070 [Repealed by 1953 c.667 §21]

520.075 [1953 c.667 §9; 1961 c.671 §16; renumbered 520.220]

520.080 [Repealed by 1953 c.667 §21]

520.085 [1953 c.667 §10; 1961 c.671 §17; renumbered 520.230]

520.090 [Repealed by 1953 c.667 §21]

520.095 Rules and orders; notice and hearing. The board may make, in compliance with ORS chapter 183, such reasonable rules and orders as may be necessary in the proper administration and enforcement of this chapter, including rules 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 upon compliance with applicable laws and rules and upon 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 State Geologist within 20 days from the date of completion or abandonment of any well. For a period of two years from the date of abandonment or completion, 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 State Geologist of a notice of intention to drill stratigraphic test wells, core test wells, seismic test wells or wells drilled only for information purposes, giving the location thereof, and to require the filing with the State Geologist 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.

(15) To require that wells drilled for oil or gas be logged adequately enough to identify the geologic formations penetrated by the wells.

(16) To regulate the underground storage of natural gas and the drilling and operation of any wells required therefor.

[1953 c.667 §7; 1961 c.671 §18; 1973 c.276 §3; 1977 c.296 §2]

520.100 [Repealed by 1953 c.667 §21]

520.105 Administrative procedure. (1) The board shall, in accordance with ORS chapter 183, from time to time prescribe reasonable rules 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 times and places as may be designated by the board. However, 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. Any interested person shall be entitled to be heard at such hearings.

(3) When an emergency requiring immediate action is found to exist, the board may in compliance with ORS chapter 183 issue an emergency order without notice or hearing, effective upon promulgation. However, no emergency order shall remain effective for more than 15 days.

(4) Notice as required by this chapter shall be given in compliance with ORS chapter 183, except 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.
[1953 c.667 §11; 1961 c.671 §19]

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 Judicial review of board actions. (1) Any person adversely affected by any rule, regulation or an order entered by the board may obtain judicial review thereof pursuant to ORS chapter 183.

(2) The circuit court having jurisdiction shall, in so far as is practicable, give precedence to proceedings for judicial review under this chapter.

(3) Either party may appeal to the Supreme Court of the State of Oregon in the same manner as provided by the laws for appeals from the circuit court in suits in equity.
[1953 c.667 §15; 1961 c.671 §20]

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]

SPACING UNITS

520.210 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.
[Formerly 520.065]

520.220 Integrating interests or tracts within spacing unit; compulsory unitization. (1) 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 interested persons may integrate their tracts or interests for the development and operation of the spacing unit.

(2) In the absence of voluntary integration, the board, upon the application of any interested person, shall make an order integrating all tracts or interests in the spacing unit for the development and operation thereof and for the sharing of production therefrom. The board, as a part of the order establishing one or more spacing units, may prescribe the terms and conditions upon which the royalty interests in the units shall, in the absence of voluntary agreement, be deemed to be integrated without the necessity of a subsequent order integrating royalty interests. Each such integration order shall be upon terms and conditions that are just and reasonable.

[Formerly 520.075]

520.230 Approved agreement for cooperative or unit development of pool not to be construed as violating certain regulatory laws. (1) An agreement for the unit or cooperative development and operation of a field or pool in connection with the conduct of 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 ORS chapter 59 or 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. The failure to submit such an agreement to the board for approval does not, for that reason, imply or constitute evidence that the agreement or operations conducted pursuant thereto violate ORS chapter 59 or any statute of this state now or hereafter in effect relating to trusts and monopolies.

(2) An agreement for the unit or cooperative development or operation of a field, pool or part thereof may be submitted to the board for approval as being in the public interest or reasonably necessary to prevent waste or protect correlative rights. Approval by the board constitutes a complete defense to any proceeding charging violation of ORS chapter 59 or of any statute of this state now or hereafter in effect relating to trusts and monopolies on account thereof or on account of operations conducted pursuant thereto. The failure to submit such an agreement to the board for approval does not, for that reason, imply or constitute evidence that the agreement or operations conducted pursuant thereto violate ORS chapter 59 or any statute of this state now or hereafter in effect relating to trusts and monopolies.

[Formerly 520.085; subsection (2) enacted as 1961 c.671 §13; 1963 c.69 §1]

520.240 Voluntary unitization of operations by lessees of tidal or submersible lands; Division of State Lands' function. (1) For the purpose of properly conserving the natural resources of any single oil or gas pool or field, lessees under ORS 274.705 to 274.860 and their representatives may unite with each other jointly or separately, or jointly or separately with others owning or operating lands not belonging to the state, in collectively adopting and operating under a cooperative or unit plan of development or operation of the pool or field, whenever it is determined by the Division of State Lands to be necessary or advisable in the public interest.

(2) The Division of State Lands may, with the consent of the holders of the leases involved, establish, alter, change and revoke any drilling and production requirements of such leases, and make such regulations with reference to such leases, with like consent on the part of the lessees, in connection with the institution and operation of any such cooperative or unit plan, as the Division of State Lands deems necessary or proper to secure the proper protection of the interests of the state.

[1961 c.619 §33]

520.260 Hearing to determine need for unitization of operations; required findings; order. (1) The board as defined in ORS 520.005, upon its own motion may, and upon the application of any interested person shall, hold a hearing to consider the need for the operation as a unit of one or more pools or parts thereof in a field.

(2) The board shall make an order providing for the unit operation of a pool or part thereof if it finds that:

(a) Unit operation is reasonably necessary to effectively carry on pressure control, pressure maintenance or repressuring operations, cycling operations, water flooding operations, injection operations, or any combination thereof, or any other method of recovery

designed to substantially increase the ultimate recovery of oil from the pool or pools; and

(b) The value of the estimated additional recovery of oil or gas exceeds the estimated additional cost incident to conducting unit operations.

[1961 c.671 §2]

UNIT OPERATIONS

520.270 Plan for unit operations. An order issued pursuant to ORS 520.260 shall be upon terms and conditions that are just and reasonable, and shall prescribe a plan for unit operations that includes the following:

(1) A description of the pool or pools or parts thereof to be so operated.

(2) A statement of the nature of the operations contemplated.

(3) An allocation to the separately owned tracts in the unit area of all the oil and gas that is produced from the unit area and is saved, being the production that is not used in the conduct of operations on the unit area or not unavoidably lost.

(4) A provision for the credits and charges to be made in the adjustment among the owners in the unit area for their respective investments in wells, tanks, pumps, machinery, materials and equipment contributed to the unit operations.

(5) A provision stating how the costs of unit operations, including capital investments, shall be determined and charged to the separately owned tracts and how these costs shall be paid, including a provision stating when, how and by whom the unit production allocated to an owner who does not pay the share of the cost of unit operations charged to such owner, or the interest of such owner, may be sold and the proceeds applied to the payment of such costs.

(6) A provision, if necessary, for carrying or otherwise financing any person who elects to be carried or otherwise financed, allowing a reasonable interest charge for such service payable out of that person's share of the production.

(7) A provision for the supervision and conduct of the unit operations, in respect to which each person shall have a vote with a value corresponding to the percentage of the costs of unit operations chargeable against the interest of that person.

(8) The time when the unit operations shall commence, and the manner in which, and the circumstances under which, the unit operations shall terminate.

(9) Additional provisions that are found appropriate for carrying on the unit operations, and for the protection of correlative rights.

[1961 c.671 §3]

520.280 Allocation of production under plan; ownership. (1) The allocation described in subsection (3) of ORS 520.270 shall be in accord with the agreement, if any, of the interested parties. If there is no such agreement, the board shall determine the relative value, from evidence introduced at the hearing, of the separately owned tracts in the unit area, exclusive of physical equipment, for development of oil and gas by unit operations. The production allocated to each tract shall be the proportion that the relative value of each tract so determined bears to the relative value of all tracts in the unit area.

(2) That portion of the unit production allocated to any tract, and the proceeds from the sale thereof, are the property and income of the several persons to whom, or to whose credit, they are allocated or payable under the order providing for unit operations.

[1961 c.671 §§4, 10]

520.290 When unitization order to become effective; supplemental hearings. (1) No order of the board providing for unit operations is effective until:

(a) The plan for unit operations prescribed by the board under ORS 520.270 has been approved in writing by (A) those owners who, under the board's order, will be required to pay at least 75 percent of the costs of the unit operation, and (B) those persons who, at the time of the order of the board, owned of record legal title to 75 percent of royalty and overriding royalty payable with respect to oil and gas produced from the pool or part thereof over the entire unit area; and

(b) The board has made a finding, either in the order providing for unit operations or in a supplemental order, that the plan for unit operations has been so approved.

(2) If the plan for unit operations has not been approved pursuant to subsection (1) of this section at the time the order providing for unit operations is made, the board shall upon application and notice hold such supplemental hearings as are required to determine if and when the plan for unit operations has been approved. If the persons owning the percent-

age of interest in the unit area required by subsection (1) of this section do not approve the plan for unit operations within a period of six months after the date on which the order providing for unit operations is made, the order is ineffective and shall be revoked by the board unless the board, for good cause shown, extends the time for approval.
[1961 c.671 §5]

520.300 Amending unitization order. An order providing for unit operations may be amended by an order made by the board, as defined in ORS 520.005, in the same manner and subject to the same conditions as an original order providing for unit operations. However:

(1) If the amendment affects only the rights and interests of the owners, the approval of the amendment by the royalty owners is not required.

(2) The order of amendment may not change the percentage for the allocation of:

(a) Oil and gas as established for any separately owned tract by the original order, except with the consent of all persons owning oil and gas rights in the tract; or

(b) Cost as established for any separately owned tract by the original order, except with the consent of all owners in the tract.
[1961 c.671 §6]

520.310 Unitization of area including area previously unitized; partial unitization of pool. (1) The board, as defined in ORS 520.005, by order may provide for the unit operation of a pool or pools or parts thereof that embrace a unit area established by a previous order of the board. The order, in providing for the allocation of unit production, shall first treat as a single tract the unit area previously established, and the portion of the unit production so allocated thereto shall then be allocated among the separately owned tracts included in the previously established unit area in the same proportions as those specified in the previous order.

(2) An order may provide for unit operations on less than the whole of a pool where the unit area is of such size and shape as may reasonably be required for that purpose, and the conduct thereof will have no adverse effect upon other portions of the pool.
[1961 c.671 §§7, 8]

520.320 Unitization order does not terminate prior agreements or affect oil and gas rights; acquisition of property during unit operations. (1) No division order or other contract relating to the sale or purchase of production from a separately owned tract may be terminated by the order providing for unit operations, but remains in force and applies to oil and gas allocated to that tract until terminated in accordance with the provisions thereof.

(2) Except to the extent that the parties affected so agree, no order providing for unit operations results in a transfer of all or any part of the title of any person to the oil and gas rights in any tract in the unit area.

(3) All property, whether real or personal, that may be acquired in the conduct of unit operations under ORS 520.260 to 520.330 and subsection (2) of 520.230 shall be acquired for the account of the owners within the unit area, and is the property of such owners in the proportion that the expenses of unit operations are charged.
[1961 c.671 §§11, 12]

520.330 Effect of operations in unit area. All operations, including but not limited to the commencement, drilling or operation of a well, upon any portion of the unit area, are considered for all purposes the conduct of such operations upon each separately owned tract in the unit area by the several owners thereof. The portion of the unit production allocated to a separately owned tract in a unit area, when produced, is considered for all purposes to have been actually produced from that tract by a well drilled thereon. Operations conducted pursuant to an order of the board, as defined in ORS 520.005, providing for unit operations constitute a fulfillment of all the express or implied obligations of each lease or contract covering lands in the unit area to the extent that compliance with such obligations cannot be had because of the order of the board.
[1961 c.671 §9]

UNDERGROUND RESERVOIRS

520.340 Legislative findings. The underground storage of natural gas in Oregon is found by the Legislative Assembly to be in the public interest in that the establishment of underground reservoirs of natural gas will help insure the continued, uninterrupted availability of natural gas supplies to residential, commercial and industrial consumers in Oregon during periods of peak demand and

during interruptions in the normal flow of natural gas supplies.
[1977 c.296 §5]

520.350 Property rights in underground reservoirs for natural gas storage. (1) All natural gas in an underground reservoir utilized for underground storage, whether acquired by eminent domain or otherwise, shall at all times be the property of the natural gas company utilizing said underground storage, its heirs, successors, or assigns. In no event shall such gas be subject to the rights of the owner of the surface of the land under which said underground reservoir lies or of the owner of any mineral interest therein or of any person other than said natural gas company, its heirs, successors and assigns to release, produce, take, reduce to possessions, or otherwise interfere with or exercise any control thereof.

(2) Any right of condemnation granted for the purposes of ORS 520.340, 772.610 to 772.625 and this section shall be without prejudice to the rights of the owner of the condemned lands or of the rights and interest therein to drill or bore through the underground reservoir in such a manner as shall protect the underground reservoir against pollution and against the escape of natural gas in a manner which complies with the orders and rules of the State Department of Geology and Mineral Industries. Such condemnation shall be without prejudice to the owners of such lands or other rights or interests therein as to all other uses thereof. The additional costs of complying with rules or orders to protect the underground shall be paid by the condemnor.
[1977 c.296 §6]

PENALTIES

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]

CERTIFICATE OF LEGISLATIVE COUNSEL

Pursuant to ORS 173.170, I, Thomas G. Clifford, Legislative Counsel, do hereby certify that I have compared each section printed in this chapter with the original section in the enrolled bill, and that the sections in this chapter are correct copies of the enrolled sections, with the exception of the changes in form permitted by ORS 173.160 and other changes specifically authorized by law.

Done at Salem, Oregon,
October 1, 1977.

Thomas G. Clifford
Legislative Counsel

CHAPTER 521

[Reserved for expansion]