

State of Arkansas  
90th General Assembly  
Regular Session, 2015

# A Bill

SENATE BILL 778

By: Senator Maloch

## For An Act To Be Entitled

AN ACT TO ENSURE THAT CITIZENS HAVE AN OPPORTUNITY FOR A HEARING ON ISSUES BEFORE THE OIL AND GAS COMMISSION; TO PROVIDE THE OIL AND GAS COMMISSION WITH FLEXIBILITY IN DECISIONS REGARDING THE HOLDING OF HEARINGS; AND FOR OTHER PURPOSES.

## Subtitle

TO PROVIDE OPPORTUNITIES FOR HEARINGS BEFORE THE OIL AND GAS COMMISSION; AND TO PROVIDE THE OIL AND GAS COMMISSION WITH FLEXIBILITY REGARDING THE HOLDING OF HEARINGS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 15-71-111(b)(1), concerning procedural rules or orders for hearings by the Oil and Gas Commission is amended to read as follows:

(b)(1) ~~No A rule, regulation, or order, including change, renewal, or extension thereof~~ of a rule or order in the absence of an emergency shall not be made by the commission under ~~the provisions of this act~~ except after an opportunity for a public hearing upon at least ten (10) days' notice given in the manner and form as may be prescribed by the commission.

SECTION 2. Arkansas Code § 15-72-304(a) and (b), concerning integration orders generally by the Oil and Gas Commission, are amended to read as follows:



(a) All orders requiring integration shall be made after notice and an opportunity for a hearing and shall be upon terms and conditions ~~which that~~ are just and reasonable and which that will afford the owner of each tract or interest in the drilling unit the opportunity to recover or receive his or her just and equitable share of the oil and gas in the pool without unnecessary expense and will prevent or minimize reasonably avoidable drainage from each developed unit which is not equalized by counter drainage.

(b) In the event the drilling of a well has not been commenced or, if commenced, the well has not been completed as a well capable of producing oil and gas in commercial quantities on the lands comprising the drilling unit on the effective date of the order requiring integration, the order shall:

(1) Authorize the drilling or completion and the equipping and operation of a well on the drilling unit;

(2) Provide who shall drill, complete, and operate the well;

(3) Prescribe the time and manner in which all owners in the drilling unit who may desire to pay their share of the costs of such operations and participate therein may elect to do so; and

(4)(A) Provide that an owner who does not affirmatively elect to participate in the risk and cost of the operations shall transfer his or her rights in the drilling unit and the production from the unit well to the parties who elect to participate ~~therein~~ in the risk and cost of the operations for a reasonable consideration and on a reasonable basis ~~which that~~ shall be determined, in the absence of agreement between the parties, by the Oil and Gas Commission or by the Director of the Oil and Gas Commission, if the order is eligible for approval in accordance with rules adopted by the commission.

(B) The transfer may be either a permanent transfer or may be for a limited period pending recoupment out of the share of production attributable to the interest of the nonparticipating owner by the participating parties of an amount equal to the share of the costs that would have been borne by the nonparticipating party had he or she participated in the operations, plus an additional sum to be fixed by the commission or by the director if the order is eligible for approval in accordance with rules adopted by the commission.

SECTION 3. Arkansas Code § 15-72-323 is amended to read as follows:

15-72-323. Notice of public hearings.

~~In addition to other notice required by any rule or order of the commission~~  
If public hearings are required, notice of public hearings before the Oil and Gas Commission as provided for in this subchapter shall be given as follows:

(1) ~~When an application is filed with the commission pursuant to this subchapter, the commission~~ An applicant shall give notice of the public hearing to be held upon ~~such an~~ an application by one (1) publication at least ten (10) days ~~prior to~~ before the date of the public hearing, but not more than thirty (30) days ~~prior thereto~~ before the public hearing, in a legal newspaper having a general circulation in the county, or in each county, if there ~~shall be~~ are more than one (1), in which the lands embraced within the application are situated, except that, as to any public hearing pertaining to a matter of general application throughout the State of Arkansas, the notice shall be published in a legal newspaper having statewide circulation; and

(2) The cost of publication shall be ~~taxed as a cost of the public hearing and shall be~~ paid for by the applicant ~~therein~~.

**APPROVED: 04/01/2015**