

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 18-0453.02 Thomas Morris x4218

HOUSE BILL 18-1289

HOUSE SPONSORSHIP

Foote and Young,

SENATE SPONSORSHIP

Jones,

House Committees
Transportation & Energy

Senate Committees

A BILL FOR AN ACT

101 CONCERNING AN EXEMPTION FROM FORCED POOLING OF CERTAIN
102 GOVERNMENTAL ENTITIES THAT OWN MINERAL RIGHTS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Current law authorizes "forced" or "statutory" pooling, a process by which any interested person—typically an oil and gas operator—may apply to the Colorado oil and gas conservation commission for an order to pool and develop oil and gas resources located within a particularly identified drilling unit absent consent from the mineral owner. The bill exempts local governments and school districts that own mineral rights

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

from being forced pooled but maintains their ability to engage in voluntary pooling.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 34-60-116, **amend**
3 (6) as follows:

4 **34-60-116. Drilling units - pooling interests - definition.**

5 (6) (a) When two or more separately owned tracts are embraced within
6 a drilling unit, or when there are separately owned interests in all or a part
7 of the drilling unit, then persons owning ~~such~~ THE interests may pool their
8 interests for the development and operation of the drilling unit.

9 (b) (I) In the absence of voluntary pooling, the commission, upon
10 the application of any interested person, may enter an order pooling all
11 interests in the drilling unit for the development and operation thereof;
12 EXCEPT THAT AN OWNER OF MINERAL RIGHTS THAT IS A LOCAL
13 GOVERNMENT IS NOT SUBJECT TO AN ORDER AUTHORIZED BY THIS
14 SUBSECTION (6)(b).

15 (II) FOR PURPOSES OF THIS SUBSECTION (6)(b), "LOCAL
16 GOVERNMENT" MEANS A COUNTY, CITY AND COUNTY, CITY,
17 MUNICIPALITY, TOWN, SCHOOL DISTRICT, LOCAL COLLEGE DISTRICT, LOCAL
18 IMPROVEMENT AND SERVICE DISTRICT, SPECIAL DISTRICT, OR ANY OTHER
19 INDEPENDENT LOCAL ENTITY HAVING THE AUTHORITY UNDER THE
20 GENERAL LAWS OF THIS STATE TO LEVY TAXES OR IMPOSE ASSESSMENTS.

21 (c) Each ~~such~~ pooling order ~~shall~~ MUST be made after notice and
22 hearing and ~~shall~~ MUST be upon terms and conditions that are just and
23 reasonable and that afford to the owner of each tract or interest in the
24 drilling unit the opportunity to recover or receive, without unnecessary
25 expense, ~~his~~ THE OWNER'S just and equitable share. Operations incident

1 to the drilling of a well upon any portion of a unit covered by a pooling
2 order shall be deemed for all purposes to be the conduct of ~~such~~
3 operations upon each separately owned tract in the unit by the several
4 owners thereof. That portion of the production allocated or applicable to
5 each tract included in a unit covered by a pooling order shall, when
6 produced, be deemed for all purposes to have been produced from ~~such~~
7 THE tract by a well drilled thereon.

8 **SECTION 2. Act subject to petition - effective date -**
9 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
10 the expiration of the ninety-day period after final adjournment of the
11 general assembly (August 8, 2018, if adjournment sine die is on May 9,
12 2018); except that, if a referendum petition is filed pursuant to section 1
13 (3) of article V of the state constitution against this act or an item, section,
14 or part of this act within such period, then the act, item, section, or part
15 will not take effect unless approved by the people at the general election
16 to be held in November 2018 and, in such case, will take effect on the
17 date of the official declaration of the vote thereon by the governor.

18 (2) This act applies to pooling orders entered on or after the
19 applicable effective date of this act.