A BILL FOR AN ACT

CONCERNING AN EXEMPTION FROM FORCED POOLING OF CERTAIN 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.

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

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


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

(b) (I) In the absence of voluntary pooling, the commission, upon the application of any interested person, may enter an order pooling all interests in the drilling unit for the development and operation thereof; EXCEPT THAT AN OWNER OF MINERAL RIGHTS THAT IS EITHER A SCHOOL DISTRICT OR LOCATED ON OPEN SPACE DESIGNATED BY A LOCAL GOVERNMENT IS NOT SUBJECT TO AN ORDER AUTHORIZED BY THIS SUBSECTION (6)(b) IF THE LOCAL GOVERNMENT ACQUIRED THE MINERAL RIGHT BEFORE THE APPLICATION WAS FILED.

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

(c) Each such pooling order MUST be made after notice and hearing and MUST be upon terms and conditions that are just and reasonable and that afford to the owner of each tract or interest in the
drilling unit the opportunity to recover or receive, without unnecessary
expense, his THE OWNER'S just and equitable share. Operations incident
to the drilling of a well upon any portion of a unit covered by a pooling
order shall be deemed for all purposes to be the conduct of such
operations upon each separately owned tract in the unit by the several
owners thereof. That portion of the production allocated or applicable to
each tract included in a unit covered by a pooling order shall, when
produced, be deemed for all purposes to have been produced from such
THE tract by a well drilled thereon.

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