



TITLE 30
MINES AND MINERALS

CHAPTER 5
OIL AND GAS

ARTICLE 1
IN GENERAL

30-5-101. Definitions.

(a) As used in this act unless the context otherwise requires:

(i) The term "waste" means and includes:

(A) Physical waste, as that term is generally understood in the oil and gas industry;

(B) The inefficient, excessive or improper use, or the unnecessary dissipation of, reservoir energy;

(C) The inefficient storing of oil or gas;

(D) The locating, drilling, equipping, operating, or producing of any oil or gas well in a manner that causes, or tends to cause, reduction in the quantity of oil or gas ultimately recoverable from a pool under prudent and proper operations, or that causes or tends to cause unnecessary or excessive surface loss or destruction of oil or gas;

(E) The production of oil or gas in excess of (I) transportation or storage facilities; (II) the amount reasonably required to be produced in the proper drilling, completing, or testing of the well from which it is produced, or oil or gas otherwise usefully utilized: except gas produced from an oil well pending the time when with reasonable diligence the gas can be sold or otherwise usefully utilized on terms and conditions that are just and reasonable;

(F) Underground or aboveground waste in the production or storage of oil, gas, or condensate, however caused, and whether or not defined in other subdivisions hereof;

(G) The flaring of gas from gas wells except that necessary for the drilling, completing or testing of the well; and

(H) The drilling of any well not in conformance to a well density and spacing program fixed by the commission or other agency, state or federal, as to any field or pool during a national emergency when casing or other materials necessary to the drilling and operation of wells are rationed or in short supply.

(ii) "Commission" means the Wyoming oil and gas conservation commission herein created to carry out the provisions of this act;

(iii) The word "pool" shall mean an underground reservoir containing a common accumulation of oil or gas, or both. Each zone of a general structure, which zone is completely separated from any other zone in the structure, is covered by the word "pool" as used herein;

(iv) "Person" means and includes any natural person, corporation, association, partnership, receiver, trustee, executor, administrator, guardian, fiduciary, or other representative of any kind, and includes any department, agency, or instrumentality of the state or of any governmental subdivision thereof; the masculine gender, in referring to a person, includes the feminine and the neuter genders;

(v) "Owner" means the person who has the right to drill into and produce from a pool and to appropriate the oil or gas he produces therefrom either for himself or others or for himself and others;

(vi) "Producer" means the owner of a well or wells capable of producing oil or gas or both;

(vii) The word "oil" shall mean crude petroleum oil and any other hydrocarbons, regardless of gravities, which are produced at the well in liquid form by ordinary production methods, and which are not the result of condensation of gas before or after it leaves the reservoir. The word "gas" shall mean all natural gases and all hydrocarbons not defined herein as oil;

(viii) The word "and" includes the word "or," and the use of the word "or" includes the word "and." The use of the

plural includes the singular, and the use of the singular includes the plural;

(ix) "Correlative rights" shall mean the opportunity afforded the owner of each property in a pool to produce, so far as it is reasonably practicable to do so without waste, his just and equitable share of the oil or gas, or both, in the pool;

(x) The term "surety bond or other guaranty" means a surety bond, a first priority security interest in a deposit of the proceeds of a collected cashier's check, a first priority security interest in a certificate of deposit or an irrevocable letter of credit, all in an amount and including other terms, conditions and requirements determined by the commission.

30-5-102. Waste prohibited; power of commission to allocate allowable production.

(a) The waste of oil and gas or either of them in the state of Wyoming as in this act defined is hereby prohibited.

(b) Whenever in order to prevent waste the commission limits the total amount of oil and gas which may be produced in any pool in this state to an amount less than that amount which the pool could produce if no restriction was imposed, the commission shall allocate or distribute the allowable production among the several wells or producing properties in the pool on a reasonable basis, preventing or minimizing reasonably avoidable drainage from each developed area not equalized by counter-drainage, so that each property will have the opportunity to produce or to receive its just and equitable share, subject to the reasonable necessities for the prevention of waste.

30-5-103. Oil and gas conservation commission; composition; expenses; hearings; director of oil and gas conservation; legal advisors.

(a) The governor, director of the office of state lands and investments, the state geologist and two (2) additional members from the public at large who shall be appointed by the governor, by and with the consent of the state senate and shall be citizens and residents of the state of Wyoming and shall be qualified to serve the oil and gas industry of this state, shall comprise the commission. The terms of the two (2) members appointed by the governor shall be for two (2) years except that, of the initially appointed members, one (1) designated by

the governor, shall serve for one (1) year. The governor may remove any member he appoints as provided by W.S. 9-1-202.

(b) Each member of the commission not otherwise in full time employment of the state, shall receive the same allowances as other state officials and employees as set forth in W.S. 9-3-102, as amended while attending and traveling to and from meetings of the commission, said fees and expenses to be paid from the funds of the Wyoming conservation commission.

(c) The governor shall serve as chairman of the Wyoming oil and gas conservation commission. The commission shall meet or hold hearings at such times and places as may be found by the commission to be necessary to carry out its duties. Three (3) members of the board shall constitute a quorum.

(d) The state oil and gas supervisor shall be ex officio the director of oil and gas conservation, and as such shall be charged with the duty of enforcing this act and all rules, regulations and orders promulgated by the commission. The director of oil and gas conservation with the concurrence of the commission shall have the authority, and it shall be his duty, to employ all personnel necessary to carry out the provisions of this act. The director of oil and gas conservation shall be ex officio secretary of the Wyoming oil and gas conservation commission and shall keep all minutes and records of the commission.

(e) The attorney general shall be attorney for the commission; provided, that in cases of emergency, the commission may call upon the county attorney for the county of Laramie or the county attorney of the county in which the action is to be brought or defended to represent the commission until such time as the attorney general may take charge of the litigation and upon request, or with the consent of the attorney general, the commission may retain additional counsel to assist the attorney general, and for such purpose may employ any funds available under this act. Any member of the commission, or the secretary thereof, shall have power to administer oaths to any witness in any hearing, investigation, or proceeding contemplated by this act, or by any other law of this state relating to the conservation of oil and gas.

(f) Effective July 1, 1979, appointments and terms under this section shall be in accordance with W.S. 28-12-101 through 28-12-103.

30-5-104. Oil and gas conservation commission; powers and duties; investigations; rules and regulations.

(a) The Wyoming oil and gas conservation commission, herein called "the commission," has jurisdiction and authority over all persons and property, public and private, necessary to effectuate the purposes and intent of this act, including the authority to set, assess and collect reasonable fees as provided in this subsection. The fees authorized under this subsection shall be set in accordance with the following:

(i) Fees shall be established by rule or regulation promulgated in accordance with the Wyoming Administrative Procedure Act;

(ii) Fees shall be established in an amount to ensure that, to the extent practicable, the total revenue generated from the fees collected approximates, but does not exceed, the direct and indirect costs of the administrative activity associated with the fee;

(iii) The commission shall maintain records sufficient to support the fees charged;

(iv) Fees may be imposed only for:

(A) Applications for commission or examiner hearings and for continuances of those hearings;

(B) Applications for administrative approval;

(C) Applications for permits to drill oil and gas wells;

(D) Applications for stratigraphic tests or core holes;

(E) Injection wells subject to the environmental protection agency underground injection control program administered by the commission.

(b) The commission has authority and it is its duty to make investigations to determine whether waste exists or is imminent, or whether other facts exist, which justify or require action by it hereunder. The commission is authorized to enter orders following any investigatory hearings if properly noticed to operators, producers and processors under the provisions of

the Wyoming Administrative Procedure Act and rules of the commission.

(c) The commission shall make rules, regulations, and orders, and shall take other appropriate action, to effectuate the purposes and intent of this act.

(d) The commission has authority:

(i) To require:

(A) Identification of ownership of wells, producing leases, tanks, plants and drilling structures;

(B) The making and filing of reports, well logs, and directional surveys; provided, however, that logs of exploratory or "wildcat" wells marked confidential shall be kept confidential for six (6) months after the filing thereof, unless the owner gives written permission to release such logs at an earlier date;

(C) The drilling, casing, and plugging of wells in such manner as to prevent the escape of oil or gas out of one (1) stratum into another, the intrusion of water into an oil and gas stratum, the pollution of fresh water supplies by oil, gas, or salt water, and to prevent blowouts, cavings, seepages, and fires;

(D) The furnishing of a surety bond or other guaranty, conditioned for or securing the performance of the duty to plug each dry or abandoned well or the repair of wells causing waste and compliance with the rules and orders of the commission;

(E) The operation of wells with efficient gas-oil and water-oil ratios, and to fix these ratios;

(F) Gauging or other measuring of oil and gas to determine the quantity and quality thereof;

(G) That every person who produces oil or gas in this state shall keep and maintain for a period of five (5) years within this state complete and accurate record of the quantities thereof, which records or certified copies thereof shall be available for examination by the commission or its agents at all reasonable times;

(H) The payment of reasonable fees authorized under this article.

(ii) To regulate, for conservation purposes:

(A) The drilling, producing, and plugging of wells;

(B) The shooting and chemical treatment of wells;

(C) The spacing of wells;

(D) Disposal of salt water, nonpotable water, drilling fluids and other oil-field wastes which are uniquely associated with exploration and production operations;

(E) The contamination or waste of underground water;

(F) All aspects of oil mining operations provided that nothing herein shall limit the authority of state mining inspector. "Oil mining operations" means operations associated with the production of oil or gas from reservoir access holes drilled from underground shafts or tunnels.

(iii) To classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this act, to make the determination of wells required by the Natural Gas Pricing Policy Act of 1978 [Natural Gas Policy Act of 1978], Public Law 95-621 and to make any other determination of wells that be required by the United States department of energy;

(iv) When required, in order to protect correlative rights, to establish drilling units affording each owner an opportunity to drill for and produce as a prudent operator, and so far as it is reasonably practicable to do so without waste, his just and equitable share of the oil or gas or both in the pool and to restrict or limit the production of oil or gas from any well which is allowed, after the effective date of this act, as an exception to the location requirements of or as an additional well permitted under any order of the commission establishing drilling units for a pool or part thereof or of any general well spacing rule or order adopted by the commission for conservation purposes, upon such terms and conditions as the commission may determine, upon the commission's own motion or upon application of any interested person and after notice and

hearing as provided by chapter 6, Wyoming Statutes 1957, as amended, and by the commission's rules;

(v) To adopt rules and regulations to:

(A) Regulate the plugging, sealing or capping of seismic shot holes, and to require, and fix the amount of, a surety bond or other guaranty to ensure compliance with regulations governing all geophysical operations and to ensure compliance with W.S. 30-5-401 through 30-5-410. When oil and gas operations as defined in W.S. 30-5-401(a)(iv) involve seismic activities, the rules shall require a surety or other guaranty which is sufficient to protect and for the purpose of addressing the interests of the surface owners affected by the activities and which, in all events, shall be in an amount of not less than five thousand dollars (\$5,000.00) for the first one thousand (1,000) acres or portion thereof per surface owner for which access is sought for seismic activities and not less than one thousand dollars (\$1,000.00) for each additional one thousand (1,000) acres or portion thereof per surface owner for which access is sought for seismic activities. For the purpose of assuring compliance with this minimum bonding requirement, the commission may pool parcels of land of different surface owners where no single parcel exceeds forty (40) acres;

(B) Require an applicant to certify that all underground electrical conductors outside of its facilities, fenced enclosures or posted areas comply with the national electric code; and

(C) Require an operator to install and maintain all electrical equipment located in and around an oil and gas well to comply with the national electrical code.

(vi) To regulate, excluding discharges permitted under the national pollutant discharge elimination system, the:

(A) Location, construction, operation and reclamation of all noncommercial reserve pits and produced water retention and emergency overflow pits used solely for the storage, treatment and disposal of drilling fluids, produced waters, emergency overflow wastes or other oil field wastes associated with the maintenance and operation of oil and gas exploration and production wells on a lease, unit or communitized area in such a manner as to prevent the contamination of the waters of the state;

(B) The noncommercial underground disposal into Class two injection wells as defined under the federal Safe Drinking Water Act of salt water, nonpotable water and oil field wastes related to oil and gas production in such a manner as to prevent contamination of the waters of the state.

(vii) To use funds collected under W.S. 30-5-116(b) to plug wells and seismic holes and reclaim the surrounding area affected by them, if the commission is unable to enforce its regulations and laws requiring the owner, seismic contractor or hole plugger to plug and reclaim and if the owner, seismic contractor or hole plugger does not have an adequate surety bond or other guaranty to cover the cost of plugging and reclamation. Nothing in this paragraph shall be construed to create any liability by the state for failure to adequately plug or reclaim wells or holes. If oil field equipment appears to have been abandoned in the area of a well or hole which is plugged or reclaimed under this paragraph, the commission may, after notice and a hearing as provided in W.S. 30-5-105 and 30-5-106 and a finding that the equipment is abandoned, dispose of the equipment. The commission may dispose of the equipment by public sale or by transferring it to the contractor who performs the plugging and reclamation for the commission. The transfer or proceeds of the sale shall be used to defray the cost of plugging or reclamation. The commission shall promulgate rules to implement this paragraph;

(viii) To issue orders allowing the unitization of pore space associated with geologic sequestration sites pursuant to W.S. 35-11-314 through 35-11-317 and adopt such rules and regulations as necessary to effectuate the purposes of W.S. 35-11-314;

(ix) To issue orders pursuant to W.S. 30-5-110 allowing the unitization of oil and gas interests with consenting coal interests that are actually consumed as a direct result of well and reservoir injections to restore or enhance the microbial conversion of hydrocarbon substrates to methane gas.

(e) The commission shall not require that filings with the commission be signed or stamped by a registered professional engineer.

30-5-105. Oil and gas conservation commission; hearings; conducted by examiners; procedures.

In addition to the powers and authority, either express or implied, granted to the Wyoming oil and gas conservation commission by virtue of the statutes of the state of Wyoming, the commission is hereby authorized and empowered in prescribing its rules of order or procedure in connection with hearings or other proceedings before the commission to provide for the appointment of one (1) or more examiners to conduct a hearing or hearings with respect to any matter properly coming before the commission and to make reports and recommendations to the commission with respect thereto. Any member of the commission, or its staff or any other person designated by the commission may serve as an examiner. The commission may also provide for additional compensation to be paid to a member of the commission appointed from the public at large or any other person designated by the commission for services performed as an examiner at the same rate as the at-large members of the commission are presently compensated. The commission shall promulgate rules and regulations with regard to hearings to be conducted before examiners which shall provide for rehearing before the commission, upon the request of any interested party, of any matter heard before an examiner. The commission may enter orders based upon the reports and recommendations of its examiners. If such an order grants the request of an applicant, and no objection to the granting thereof has been filed or made before or during the hearing before the examiner, said order shall become effective immediately. If such an order denies the request of the applicant, in whole or in part, or if a timely protest to the granting of an application is filed or made, said order shall not become effective until: (a) the time prescribed by rule for the making of a request for rehearing before the commission has expired without any such request having been made or (b) all interested parties have waived their right to request a rehearing, or (c) if timely request for rehearing is made, the commission after rehearing, shall affirm, revoke or modify such order. After an order based upon a hearing conducted by an examiner has become effective, it shall have the same force and effect as if said hearing had been conducted before the members of said commission.

30-5-106. When hearings held before commission.

Notwithstanding any provision of this act, or any rule of the commission adopted pursuant to the powers granted to it by this act, the hearing on any matter or proceeding shall be held before the commission (a) if the commission in its discretion desires to hear the matter, or (b) if the application or motion so requests, or (c) if the matter is initiated on the motion of

the commission for enforcement of any rule, regulation, order, or statutory provision, or (d) if any party who may be affected by the matter or proceeding files with the commission more than three (3) days prior to the date set for the hearing on the matter or proceeding a written objection to such matter or proceeding being heard before an examiner, or (e) if the matter or proceeding is for the purpose of amending, removing or adding a statewide rule or administrative fee.

30-5-107. Hearings; W.S. 30-5-105 through 30-5-107 subordinate to Administrative Procedure Act.

This act shall be supplemental but subordinate to the Wyoming Administrative Procedure Act (Original House Bill No. 196, 38th Legislature).

30-5-108. State oil and gas supervisor; appointment; duties; authority of commission to appoint other employees; payment of traveling and living expenses.

To enable the commission to carry out its duties and powers under the laws of this state with respect to conservation of oil and gas, and to enforce the rules and regulations so prescribed, the commission shall appoint one (1) chief administrator who shall be a qualified petroleum engineer or petroleum geologist with at least ten (10) years of experience in his respective field of expertise who shall be designated and known as the "State Oil and Gas Supervisor." Such supervisor shall hold office at the pleasure of the commission and shall receive a salary, to be fixed by the commission. The state oil and gas supervisor shall be charged with such duties as are delegated by the commission, and in addition thereto he shall investigate charges and complaints of violation of the laws of this state with respect to conservation of oil and gas, and any order, rules and regulation of the commission made in connection therewith, and report concerning all such violations to the commission. The commission may at any time, when it finds that the public interest will be served thereby appoint such other employees as are found to be necessary, to assist the commission and the state oil and gas supervisor in the discharge of their respective duties. All employees or assistants authorized by this act shall be paid their necessary traveling and living expenses when traveling on official business, at such rates and within such limits as may be fixed by the commission, subject to existing law.

30-5-109. Rules and regulations governing drilling units.

(a) When required, to protect correlative rights or, to prevent or to assist in preventing any of the various types of waste of oil or gas prohibited by this act, or by any statute of this state, the commission, upon its own motion or on a proper application of an interested party, but after notice and hearing as herein provided shall have the power to establish drilling units of specified and approximately uniform size covering any pool.

(b) In establishing a drilling unit, the acreage to be embraced within each unit and the shape thereof shall be determined by the commission from the evidence introduced at the hearing but shall not be smaller than the maximum area that can be efficiently drained by one (1) well.

(c)(i) Subject to the provisions of this act, the order establishing drilling units for a pool or part thereof shall direct that no more than one (1) well shall be drilled to and produced from such pool on any unit, and that the well shall be drilled at a location authorized by the order, with such exception as may be reasonably necessary where the drilling unit is located on the edge of the pool and adjacent to a producing unit, or, for some other reason, the requirement to drill the well at the authorized location on the unit would be inequitable or unreasonable;

(ii) The state oil and gas supervisor, upon proper application therefor in accordance with the commission's rules, may grant exceptions from such authorized location for good cause shown, either (A) where written consents to the exception applied for have been given by all owners of drilling units directly or diagonally offsetting the unit for which the exception is requested and, as to lands for which drilling units have not been so established for such pool, by the owners of those lands which would comprise the directly and diagonally offsetting drilling units if the drilling unit order for the pool involved were extended to include such additional lands, in which case said supervisor may grant such exception immediately, or (B) if less than all of such owners have so consented to such exception, where the applicant shows to the satisfaction of said supervisor (by affidavit stating the time, place and manner of mailing, or such further proof as said supervisor may require) that notice of the filing of such application for exception has been mailed by registered or certified mail with return receipt to all of such owners failing to so consent and that fifteen (15) days have elapsed since the date of such mailing without

any of such owners having filed with said supervisor written objections to the granting of such exception, in which case the exception may be granted upon the expiration of such fifteen (15) day period;

(iii) If any of the owners specified in paragraph (ii) of this subsection, who have not in writing consented to the exception applied for, file written objections to the requested exception with the state oil and gas supervisor during said fifteen (15) day period following the applicant's mailing of the notice of filing, or if for any other reason said supervisor fails to grant such requested exception, then no well shall be drilled on the drilling unit involved except at the location authorized by the order establishing such unit, unless and until the commission shall grant such exception after notice and hearing upon the application as required by this act. Provided that in addition to any other notice required by W.S. 30-5-111(d) as amended, or any other provision of law or the commission's rules, the commission shall cause notice of any hearing before it on an application for such exception to be mailed by registered or certified mail with return receipt to each of the owners specified in paragraph (ii) of this subsection at least ten (10) days before the date of such hearing.

(d) The commission, upon application, notice, and hearing, may decrease the size of the drilling units or permit additional wells to be drilled within the established units in order to prevent or assist in preventing any of the various types of waste prohibited by this act or in order to protect correlative rights, and the commission may enlarge the area covered by the order fixing drilling units, if the commission determines that the common source of supply underlies an area not covered by the order.

(e) After an order fixing drilling units has been entered by the commission, the commencement of drilling of any well or wells into any common source of supply for the purpose of producing oil or gas therefrom, at a location other than authorized by the order, is hereby prohibited. The operation of any well drilled in violation of an order fixing drilling units is prohibited.

(f) When two (2) 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. 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. Each such pooling order shall be made after notice and hearing and shall be upon terms and conditions that are just and reasonable. 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 tract by a well drilled thereon.

(g) Each pooling order shall provide for the drilling and operation of a well on the drilling unit, and for the payment of the cost thereof, as provided in this subsection. The commission is specifically authorized to provide that the owner or owners drilling or paying for the drilling or for the operation of a well for the benefit of all owners shall be entitled to all production from the well which would be received by the owner or owners, for whose benefit the well was drilled or operated, after payment of royalty as provided in the lease, if any, applicable to each tract or interest, and obligations payable out of production, until the owner or owners drilling or operating the well or both have been paid the amount due under the terms of the pooling order or order settling the dispute. In the event of any disputed cost, the commission shall determine the proper cost. The order shall determine the interest of each owner in the unit, and may provide that each owner who agrees with the person or persons drilling and operating the well for the payment by the owner of his share of the costs, unless he has agreed otherwise, shall be entitled to receive, subject to royalty or similar obligations, the share of the production of the well applicable to the tract of the nonconsenting owner. Each owner who does not agree, shall be entitled to receive from the person or persons drilling and operating the well on the unit his share of the production applicable to his interest after the person or persons drilling and operating the well have recovered the following:

(i) One hundred percent (100%) of each such nonconsenting owner's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping equipment and piping), plus one hundred percent (100%) of each

such nonconsenting owner's share of the cost of operation of the well commencing with first production and continuing until each such nonconsenting owner's relinquished interest shall revert to it under other provisions in this section, it being intended that each nonconsenting owner's share of such costs and equipment will be that interest which would have been chargeable to each nonconsenting owner had it initially agreed to pay its share of the costs of said well from the beginning of the operation; and

(ii) Up to three hundred percent (300%) of that portion of the costs and expenses of drilling, reworking, deepening or plugging back, testing and completing, after deducting any cash contributions received and up to two hundred percent (200%) of that portion of the cost of newly acquired equipment in the well, to and including the wellhead connections, which would have been chargeable to the nonconsenting owner if he had participated therein.

30-5-110. Agreements for waterflooding or other recovery operations, repressuring or pressure-maintenance operations, cycling or recycling operations; operation as a unit of 1 or more pools or parts thereof and pooling of interests in oil and gas therein; amendment of orders and agreements.

(a) An agreement for waterflooding or other recovery operations involving the introduction of extraneous forms of energy into any pool, repressuring or pressure-maintenance operations, cycling or recycling operations, including the extraction and separation of liquid hydrocarbons from natural gas in connection therewith, or for carrying any other method of unit or cooperative development or operation of one (1) or more pools or parts thereof, is authorized and may be performed, and shall not be held or construed to violate any of the statutes of this state relating to trusts, monopolies, or contracts and combinations in restraint of trade, and may be submitted to the commission for approval as being in the public interest or reasonably necessary to prevent waste or to protect correlative rights. Approval of such agreement by the commission shall constitute a complete defense to any suit charging violation of any statute of this state relating to trusts, monopolies and combinations in restraint of trade on account of such agreement or on account of operations conducted pursuant thereto. The failure to submit such an agreement to the commission for approval shall not for that reason imply or constitute evidence that such agreement or operations conducted pursuant thereto are

in violation of laws relating to trusts, monopolies and combinations in restraint of trade.

(b) Except when context otherwise requires, the terms used or defined in W.S. 30-5-101, shall have the same meaning when used in this section.

(c) Any interested person may file an application with the commission requesting an order providing for the operation as a unit of one (1) or more pools or parts thereof and for the pooling of the interests in the oil and gas in the proposed unit area for the purpose of conducting such unit operation. Such application shall contain:

(i) A description of the land and pool, pools or portions thereof proposed to be so operated, termed the "unit area";

(ii) The names, as disclosed by the conveyance records of the county or counties in which the proposed unit area is situated, and the status records of the district office of the bureau of land management, of (A) all persons owning or having an interest in the oil and gas in such unit area or the production therefrom including mortgages and the owners of other liens or encumbrances, (B) all owners of every tract of land not included within but which immediately adjoins the proposed unit area or a corner thereof, and (C) the addresses of all such persons and owners, if known. If the name or address of any such person or owner is unknown, the application shall so indicate;

(iii) A statement of the type of operations contemplated in order to effectuate the purposes of this section;

(iv) A proposed plan of unitization applicable to the proposed unit area which the applicant considers fair, reasonable and equitable and which shall include provisions for the formula or method of allocating oil and gas produced from the proposed unit area to and among the separately owned tracts within such area, the appointment of a unit operator and the time when the plan is to become effective;

(v) A proposed operating plan providing the manner in which the unit will be supervised and managed and costs allocated and paid, unless all owners within the proposed unit area have joined in executing an operating agreement or plan

providing for such supervision, management and allocation and payment of costs.

(d) Upon filing of such application, the commission shall promptly set the matter for hearing, and in addition to the notice, if any otherwise required by law or the commission's rules, shall cause notice of such hearing, specifying the time and place of hearing, and describing briefly its purpose and the land affected, to be mailed by certified mail at least fifteen (15) days prior to the hearing to all persons whose names and addresses are required to be listed in the application.

(e) If after considering the application and hearing the evidence offered in connection therewith, the commission shall enter an order setting forth the following described findings and approving the proposed plan of unitization and proposed operating plan, if any, if the commission finds that:

(i) The material allegations of the application are substantially true;

(ii) Such unit operation is feasible, will prevent waste, will protect correlative rights, and can reasonably be expected to increase substantially the ultimate recovery of oil or gas;

(iii) The value of the estimated additional recovery of oil or gas will exceed the estimated additional costs incident to conducting unit operations;

(iv) The oil and gas allocated to each separately owned tract within the unit area under the proposed plan of unitization represents, so far as can be practically determined, each such tract's just and equitable share of the oil or gas in the unit area;

(v) Where the unit embraces less than the whole of a pool, that the portion thereof to be included within the unit area is of such size and shape as may be reasonably required for the successful and efficient conduct of the unitized method or methods of operation for which the unit is created and that the conduct thereof will have no material adverse effect upon the remainder of such pool;

(vi) In case there are owners who have not executed an operating agreement or agreed to the proposed operating plan

covering the supervision, management and allocation of payment costs, that such proposed operating plan:

(A) Makes a fair and equitable adjustment among the owners within the unit area for their respective investments in wells, tanks, pumps, machinery, materials and equipment which have contributed to the unit operations;

(B) Provides for a fair and equitable determination of the cost of unit operations, including capital investment, and establishes a fair and equitable method for allocating such costs to the separately owned tracts and for the payment of such costs by the persons owning such tracts, either directly or out of such person's respective share of unit production;

(C) If necessary, prescribes fair, reasonable and equitable terms and conditions as to time and rate of interest for carrying or otherwise financing any person who is unable to promptly meet his financial obligations in connection with the unit;

(D) Provides that each owner shall have a vote in the supervision and conduct of unit operations corresponding to the percentage of costs of unit operations chargeable against the interests of such person; and

(E) Provides for fair and equitable terms and conditions for removal of unit operator and for appointment of a successor unit operator.

(f) No order of the commission authorizing the commencement of unit operations shall become effective until the plan of unitization has been signed or in writing ratified or approved by those persons who own at least eighty percent (80%) of the unit production or proceeds thereof that will be credited to royalty and overriding royalty interests which are free of costs, and unless both the plan of unitization and the operating plan, if any, have been signed, or in writing approved or ratified, by those persons who will be required to pay at least eighty percent (80%) of the cost of unit operations. However, to the extent that overriding royalty interests are in excess of a total of twelve and one-half percent (12 1/2%) of the production from any tract, such excess interests shall not be considered in determining the percentage of approval or ratification by such cost-free interests. If such consent has not been obtained at the time the commission order is made, the commission shall,

upon application, hold such supplemental hearings and make such findings as may be required to determine when and if such consent has been obtained. Notice of such supplemental hearing shall be given by regular mail at least fifteen (15) days prior to such hearing to each person owning interests in the oil and gas in the proposed unit area whose name and address was required by the provisions of paragraph (c)(ii) of this section to be listed in the application for such unit operations. If the required percentages of consent have not been obtained within a period of six (6) months from and after the date on which the order of approval is made, such order shall be ineffective and revoked by the commission, unless, for good cause shown, the commission extends that time. Any interested person may file an application with the commission requesting an order applicable only to the proposed unit area described in the application which shall provide for the percentage of approval or ratification by either cost-free or cost-bearing interests, or both, to be reduced from eighty percent (80%) to seventy-five percent (75%). The application shall contain the information required by subsection (c) of this section and any order of the commission entered pursuant to the application must comply with subsection (e) of this section. Notice of the hearing on the application shall be given in the same manner and to the same persons as required by subsection (d) of this section. If the commission finds that negotiations were being conducted on the effective date of this act or have been conducted for a period of at least nine (9) months prior to the filing of the application, that the applicant has participated in the negotiations diligently and in good faith, and that the percentage of approval or ratification required by this subsection cannot be obtained, the commission may reduce any percentage of approval or ratification required by this section from eighty percent (80%) to seventy-five percent (75%). Such an order shall affect only the unit area described in the application and shall operate only to approve the proposed plan of unitization and proposed operating plan and to reduce the required percentage of approval or ratification thereof and shall not change any other requirement contained in this section.

(g) From and after the effective date of an order of the commission entered under the provisions of this section, the operation of any well producing from the unit area defined in the order by persons other than the unit operator or persons acting under the unit operator's authority, or except in the manner and to the extent provided in the plan of unitization

approved by the order, shall be unlawful and is hereby prohibited.

(h) An order entered by the commission under this section, or an agreement under subsection (a) of this section establishing a unit area under which waterflooding or other recovery operations involving the introduction of extraneous forms of energy into the pool have been conducted, may be amended in the same manner and subject to the same conditions as an original order or previous agreement: provided, (i) if the amendment affects only the rights of owners, then consent to the amendment by those persons who will be credited with unit production or proceeds thereof free of cost shall not be required; and (ii) no amendatory order shall change the percentage for the allocation of oil and gas as established by the original order or previous agreement, except with the written consent of those persons who own at least eighty percent (80%) of the unit production or proceeds thereof that will be credited to royalty and overriding royalty interests which are free of costs, and of those persons who will be required to pay at least eighty percent (80%) of the cost of unit operations, nor change the percentage for the allocation of costs as established by the original order or previous agreement, except with the written consent of those persons who own at least eighty percent (80%) of the unit production or proceeds thereof that will be credited to royalty and overriding royalty interests which are free of costs, and of those persons who will be required to pay at least eighty percent (80%) of the cost of unit operations. However, to the extent that overriding royalty interests are in excess of a total of twelve and one-half percent (12 1/2%) of the production from any tract, such excess interests shall not be considered in determining the percentage of approval or ratification by such cost-free interests. If such consent has not been obtained at the time the commission order is made, the commission shall, upon application, hold such supplemental hearings and make such findings as may be required to determine when and if such consent has been obtained. Notice of such supplemental hearing shall be given by regular mail at least fifteen (15) days prior to such hearing to each person owning interests in the oil and gas in the unit area whose name and address was required by the provisions of paragraph (c)(ii) of this section to be listed in the application for such unit operations. If the required percentages of consent have not been obtained within a period of six (6) months from and after the date on which the order of approval is made, such order shall be ineffective and revoked by the commission, unless, for good cause shown, the commission extends that time. Any interested

person may file an application with the commission requesting an order applicable only to the unit area described in the application which shall provide for the percentage of approval or ratification by either cost-free or cost-bearing interests, or both, to be reduced from eighty percent (80%) to seventy-five percent (75%). The application shall contain the information required by subsection (c) of this section and any order of the commission entered pursuant to the application must comply with subsection (e) of this section. Notice of the hearing on the application shall be given in the same manner and to the same persons as required by subsection (d) of this section. If the commission finds that negotiations were being conducted on the effective date of this act or have been conducted for a period of at least nine (9) months prior to the filing of the application, that the applicant has participated in the negotiations diligently and in good faith, and that the percentage of approval or ratification required by this subsection cannot be obtained, the commission may reduce any percentage of approval or ratification required by this section from eighty percent (80%) to seventy-five percent (75%). Such an order shall affect only the unit area described in the application and shall operate only to approve a proposed plan of unitization and a proposed operating plan and to reduce the required percentage of approval or ratification thereof and shall not change any other requirement contained in this section.

(j) Upon application by any interested person, the commission, by order may, in the same manner and subject to the same conditions as an original order, 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 commission or that embrace a unit area previously established by a previous agreement under which waterflooding or other recovery operations involving the introduction of extraneous form of energy into the pool have been conducted. Such order in providing for the allocation of unit production, shall first treat the unit area previously established as a single tract, and the portion of unit production so allocated thereto shall then be allocated among the separately owned tracts included in such previously established unit area in the same proportions as those specified in the previous order or such previous agreement as the case may be.

(k) All operations, including, but not limited to, the commencement, drilling, or operation of a well upon any portion of the unit area for all purposes shall be deemed to be the

conduct of such operations upon each separately owned tract in the unit area by the owner or owners thereof. The portion of the unit production allocated to a separately owned tract in a unit area shall, when produced, be deemed, for all purposes, to have been actually produced from such tract by a well drilled thereon. Operations conducted pursuant to an order of the commission providing for unit operations shall 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 orders of the commission. Whenever the commission enters an order providing for a unit operation, any lease, other than a state or federal lease, which covers lands that are in part within the unit area embraced in any such plan of unitization and that are in part outside of such unit area shall be vertically segregated into separate leases, one (1) covering all formations underlying the lands within such unit area and the other covering all formations underlying the lands outside each unit area, such segregation to be effective as of the anniversary date of such lease next ensuing after the expiration of ninety (90) days from the effective date of unitization; provided, however, that any such segregated lease as to the outside lands shall continue in force and effect for the primary term thereof, but not for less than two (2) years from the date of such segregation and so long thereafter as operations are conducted under the provisions of the lease. If any such lease provides for a lump-sum rental and if rentals become payable under any segregated lease covering the outside land, such lump-sum rental shall be prorated between such segregated leases on an acreage basis.

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

(n) No division order or other contract relating to the sale or purchase of production from a separately owned tract shall be terminated by the order providing for unit operations, but shall remain in force and apply to oil and gas allocated to such tract until terminated in accordance with the provisions thereof.

(o) Except to the extent that the parties affected so agree, no order providing for unit operations shall be construed to result 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. All property, whether real or personal that may be acquired for the account of the owners within the unit area, shall be the property of such owners in the proportion that the expenses of unit operations are charged.

(p) Subject to the limitations set forth in this section, and to such further limitations as may be set forth in the plan of unitization and operating plan, the operator of the unit shall have a first and prior lien for costs incurred pursuant to the plan of unitization and operating plan upon each owner's oil and gas rights and his share of unitized production to secure the payment of such owner's proportionate part of the costs of developing and operating the unit area. The lien may be established and enforced in the same manner as provided by W.S. 29-3-101 through 29-3-111. For such purposes any nonconsenting owner shall be deemed to have contracted with the unit operator for his proportionate part of the cost of developing and operating the unit area. A transfer or conversion of any owner's interest or any portion thereof however accomplished after the effective date of the order creating the unit, shall not relieve the transferred interest of said operator's lien on said interest for the cost and expense of unit operations.

(q) Notwithstanding any other provisions in this section to the contrary, any person who owns an interest in oil or gas within the unit area which is not subject to an oil and gas lease or similar contract, shall, with respect to seven-eighths of the interest, be deemed to be an owner obligated to pay all costs of unit operations attributable to the interest and shall be deemed to be a royalty owner to the extent of one-eighth of the interest free from the costs.

(r) The provisions of subsections (b) through (q) of this section shall never be applicable for the purpose of:

(i) Changing the terms of unit agreements under which waterflooding or other recovery operations involving the introduction of extraneous forms of energy into a pool have been conducted prior to the effective date of this section or changing the rights of either any person who has executed or ratified a preexisting unit agreement or any person who, being qualified to become a party to a preexisting unit agreement and having received an opportunity to become a party thereto, has failed or refused to execute or ratify the agreement; or

(ii) Subjecting the interest of any person in the oil and gas in the unit area to a unit agreement which allocates unit production to such interest under a formula based solely upon the surface acreage of the separate tracts within the unit area.

(s) A certified copy of any order of the commission entered under the provisions of this section shall be entitled to be recorded in the office of the county clerk for the counties where all or any portion of the unit area is located, and such recordation shall constitute notice thereof to all persons.

(t) If any section, subsection, sentence or clause of this section is adjudged to be unconstitutional or invalid, such adjudication shall not affect any other portions of this section which can be given effect without the unconstitutional or invalid provision, and to this end the provisions of this section are severable.

30-5-111. Rules of practice and procedure; hearings; emergency orders; notice; public inspection.

(a) The commission shall prescribe rules and regulations governing the practice and procedure before it.

(b) No rule, regulation, or order, or amendment thereof, except as otherwise provided in this act, shall be made by the commission without a hearing upon at least ten (10) days notice. The hearing shall be held at such time and place as may be prescribed by the commission, and any interested person shall be entitled to be heard.

(c) When an emergency requiring immediate action is found by the commission to exist, it is authorized to issue an emergency order without notice or hearing, which shall be effective upon promulgation. No emergency order shall remain effective for more than fifteen (15) days.

(d) Notice of all hearings before the commission shall be given by the commission by one (1) publication in a newspaper of general circulation in Natrona county, and by one (1) publication in a newspaper of general circulation in the county where the land affected, or some part thereof, is situated. In all cases where there is an application for the entry of a pooling order, the commission, in addition to such publication notice, shall cause notice of the hearing to be mailed to all

owners whose interests are sought to be pooled. In all cases where a complaint is made by the commission, or by the state oil and gas supervisor or by any party that any provision of this act, or any rule, regulation or order of the commission is being violated, notice of the hearing on such complaint shall be served on the parties charged with such violation by any officer authorized by law to serve summons in civil actions or by an agent authorized and directed by the commission or its secretary, in the same manner as is provided in the code of civil procedure for service of process in civil actions in the district courts of this state; proof of such service by an officer shall be in the form provided by law with respect to civil process and proof of such service by an agent shall be by such agent's affidavit.

(e) All notices of hearings required to be given by the commission shall issue in the name of the state, and be signed by a member of the commission or its secretary, and shall specify the style and number of the proceeding, the time and place of hearing, and shall briefly state the purpose of the proceeding.

(f) In addition to the notice herein provided the commission may, by rule, regulation or order, require such additional notice to be given in such manner and for such time as it may deem necessary and proper.

(g) All rules, regulations, and orders issued by the commission shall be in writing, shall be entered in full in books to be kept by the commission for that purpose, shall be indexed, and shall be public records open for inspection at all times during reasonable office hours. Except for orders establishing or changing rules of practice or procedure, all orders made and published by the commission shall include and be based upon written findings of fact, which said findings of fact shall be entered and indexed as public records in the manner hereinbefore provided. A copy of any rule, regulation, or order certified by the commission or its secretary shall be received in evidence in all courts in this state with the same effect as the original.

(h) The commission may act upon its own motion, or upon the petition of any interested person. On the filing of a petition for a hearing concerning any matter within the jurisdiction of the commission, it shall promptly fix a date for a hearing thereon and shall cause notice of the hearing to be given. The hearing shall be held without undue delay after the

filing of the petition. The commission shall enter its order within thirty (30) days after the hearing. Any person affected by any order of the commission shall have the right at any time to apply to the commission to repeal, amend, modify, or supplement the same.

(j) The commission shall require that an engineer testifying as an expert at a hearing before the commission be a registered professional engineer in the state of Wyoming.

30-5-112. Summoning witnesses and production of record; no abridgment of rights; failure to testify.

(a) The commission shall have the power to summon witnesses, to administer oaths, and to require the production of records, books, and documents for examination at any hearing or investigation conducted by it. No person shall be excused from attending and testifying, or from producing books, papers, and records before the commission or a court, or from obedience to the subpoena of the commission or a court, on the ground or for reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; provided, that nothing herein contained 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 the commission 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, documentary or otherwise, before the commission or court, or in obedience to a subpoena; provided, that no person testifying shall be exempted from prosecution and punishment for perjury committed in so testifying.

(b) Nothing in this act, and no suit by or against the commission, and no violation charged or asserted against any person under any provisions of this act, or any rule, regulation or order issued hereunder, shall impair or abridge or delay any cause of action for damages which any person may have or assert against any other person violating any provision of this act, or any rule, regulation, or order issued thereunder. Any person so damaged by the violation may sue for and recover such damages as he otherwise may be entitled to receive. In the event the commission shall fail to bring suit to enjoin any actual or threatened violation of this act, or of any rule, regulation or order made hereunder, then any person or party in interest

adversely affected and who has notified the commission in writing of such violation or threat thereof and has requested the commission to sue, may, to prevent any or further violation, bring suit for that purpose in the district court of any county in which the commission could have brought suit. If, in such suit, the court holds that injunctive relief should be granted, then the commission may be made a party and the court may in its discretion order the commission to be substituted for the person who brought the suit or the injunction issue as to the court may be deemed meet and proper in the premises.

(c) In case of failure or refusal on the part of any person to comply with a subpoena issued by the commission, or in case of the refusal of any witness to testify as to any matter regarding which he may be interrogated, any district court in the state, upon the application of the commission, may in term time or vacation issue an attachment for such person and compel him to comply with such subpoena, and to attend before the commission and produce such records, books and documents for examination, and to give his testimony. Such court shall have the power to punish for contempt as in the case of disobedience to a like subpoena issued by the court, or for refusal to testify therein.

30-5-113. Time within which suit to be brought by person adversely affected; appeals; procedure.

(a) Any person adversely affected by and dissatisfied with any rule, regulation, or order made or issued hereunder, may within ninety (90) days after the entry thereof bring a civil suit or action against the commission or the state oil and gas supervisor or both in the district court of Laramie county, or in the district court of the county in which the complaining person resides, or in the U.S. district court for Wyoming, (if it otherwise has jurisdiction) and not elsewhere, to test the validity of any provision of this act, or rule, regulation, or order, and to secure an injunction and other appropriate relief, including all rights to appeal under applicable rules of civil procedure. Any case on appeal shall have precedence over any other case then pending in such court.

(b) In addition to the foregoing, any person who may feel himself aggrieved by any rule, regulation, order or decision of the commission may have an appeal as provided by law, with respect to appeals from decisions of the board of land commissioners. All proceedings on appeal, except as herein

otherwise provided, shall be under the provisions of the code of civil procedure as in other civil cases.

(c) Any person shall have the right to appeal from a decree or judgment of the trial court to the supreme court in accordance with the general laws of this state relating to procedure in appeals in civil cases.

(d) No temporary restraining order or injunction of any kind against the commission or its agents, employees, or representatives, or the attorney general, shall become effective until the plaintiff shall execute a bond in such amount and upon such conditions as the court may direct, and such bond is approved by the judge of the court and filed with the clerk of the court. The bond shall be made payable to the state of Wyoming, and shall be for the use and benefit of all persons who may be injured by the acts done under the protection of the restraining order or injunction, if the rule, regulation or order is upheld. No suit on the bond may be brought after six (6) months from the date of the final determination of the suit in which the restraining order or injunction was issued.

(e) A suit or an appeal involving a test of the validity of any provision of this act, or a rule, regulation, or order shall be advanced for trial and be determined as expeditiously as feasible, and no postponement or continuance thereof shall be granted unless deemed imperative by the court. The court shall consider all the evidence, shall not be bound by any finding of fact or conclusion of law made by the commission, shall hold a trial de novo, shall pass on the credibility of witnesses and the weight to be given to their testimony, and shall determine independently all issues of fact and of law with respect to the validity and reasonableness of the provision, rule, regulation, or order complained of.

(f) No suit, action or other proceeding based upon a violation of this act or any rule, regulation or order of the commission hereunder shall be commenced or maintained unless same shall have been commenced within one (1) year from the date of the alleged violation.

30-5-114. Suits by commission for violation or threatened violation of act; restraining violation; recovery of penalties.

Whenever it appears that any person is violating or threatening to violate any provision of this act or any rule, regulation, or order of the commission, the commission shall bring suit in the

name of the state against such person in the district court in the county of the residence of the defendant, or in the county of the residence of any defendant if there be more than one (1) defendant, or in the county where the violation is alleged to have occurred, or is threatened, to restrain such person from continuing such violation or from carrying out the threat of violation. In such suit the commission may seek to recover penalties for violations. Upon the filing of any such suit, summons issued to such person may be directed to the sheriff of any county in this state for service by such sheriff or a deputy. In any such suit, the court may grant injunctions, prohibitory and mandatory, including temporary restraining orders and temporary injunctions. Appeals may be taken from any judgment, decree or order in any such suit as provided in the code of civil procedure and all proceedings in the trial and appellate court shall have precedence over any other proceedings then pending in such courts.

30-5-115. Notice of intention and permit required to drill well; fee.

A person desiring to drill a well in search of oil or gas shall notify the commission of such intent on a form prescribed by the commission, and shall pay a fee established by the commission in accordance with W.S. 30-5-104(a) for a permit for each well. Upon receipt of notification and the fee, the commission shall promptly issue such person a permit to drill, unless the drilling of the well is contrary to law, or to a rule, regulation, or order of the commission. The drilling of a well is prohibited until a permit to drill is obtained in accordance with the provisions of this act.

30-5-116. Disposition of monies; payment of expenses; charge assessed on value of oil or gas produced.

(a) Civil penalties collected under this act shall be paid to the state treasurer and credited as provided in W.S. 8-1-109. All other monies collected by the commission under the provisions of this act shall be remitted to the state treasurer for deposit in a separate account. Expenses incident to the administration of this act shall include expenses for capital construction and shall be paid out of the account. One half (1/2) of the money so collected may be expended as needed by the commission for capital construction purposes.

(b) There is assessed on the fair cash market value as provided by W.S. 39-14-203, of all oil and gas produced, sold or

transported from the premises in Wyoming a charge not to exceed eight-tenths of one (1) mill (\$.0008) on the dollar. The commission shall by order fix the amount of the charge in the first instance and may reduce or increase the amount as the expenses chargeable may require. The amounts fixed by the commission shall not exceed the limit prescribed above. It is the duty of the commission to collect all assessments. All monies collected shall be remitted to the state treasurer for deposit in a separate account and used exclusively to pay the costs and expenses incurred in connection with the administration and enforcement of W.S. 30-5-101 through 30-5-119. The persons owning a working interest, royalty interest, payments out of production, or any other interest in the oil and gas or in the proceeds thereof, subject to the charge in this subsection are liable for the charge in proportion to their ownership at the time of production. The charge so assessed is payable monthly. The sum due is payable to the commission, on or before the twenty-fifth of the second month following the month in which the charge accrued by the producer on behalf of himself and all other interested persons. If there is a sale of oil or gas within this state the charge is payable by the purchaser. Any charge not paid within the time specified bears interest at the rate of one percent (1%) per month from the date of delinquency until paid. This charge together with the interest is a lien upon the oil or gas against which it is levied and assessed. The person paying the charge as provided is authorized and required to deduct from any amounts due the persons owning an interest in the oil and gas or in the proceeds at the time of production the proportionate amount of the charge before making the payment. Subsection (b) of this section shall apply to all lands in the state of Wyoming, notwithstanding the provisions of W.S. 30-5-118, however, there is exempted from the charge as levied and assessed the following:

(i) The interest of the United States of America and the interest of the state of Wyoming and the political subdivisions thereof in any oil or gas or in the proceeds thereof;

(ii) The interest of any Indian or Indian tribe in any oil or gas or in the proceeds thereof, produced from land subject to the supervision of the United States;

(iii) Oil and gas used in producing operations or for repressuring or recycling purposes.

30-5-117. Construction of act generally.

It is not the intent or purpose of this law to require, permit, or authorize the commission or supervisor to prorate or distribute the production of oil and gas among the fields of Wyoming on the basis of market demand. This act shall never be construed to require, permit or authorize the commission, the supervisor, or any court to make, enter or enforce any order, rule, regulation or judgment requiring restriction of production of any pool or of any well except to prevent waste and to protect correlative rights.

30-5-118. Applicability of act.

The state of Wyoming being a sovereign state and not disposed to jeopardize or surrender any of its sovereign rights, this act shall apply to all lands in the state of Wyoming lawfully subject to its police powers; provided, it shall apply to lands of the United States or to lands subject to the jurisdiction of the United States only to the extent that control and supervision of conservation of oil and gas by the United States on its lands shall fail to effect the intent and purposes of this act and otherwise shall apply to such lands to such extent as an officer of the United States having jurisdiction, or his duly authorized representative, shall approve any of the provisions of this act or the order or orders of the commission which affects such lands; and, furthermore, the same shall apply to any lands committed to a unit agreement approved by the secretary of the interior or his duly authorized representative, except that the commission may, under such unit agreements, suspend the application of this act or any part of this act so long as the conservation of oil and gas and the prevention of waste as in this act provided is accomplished thereby but such suspension shall not relieve any operator from making such reports as are necessary or advised to be fully informed as to operations under such agreements and as the commission may require under this act.

30-5-119. Penalties for violation of act, orders of commission; penalties cumulative.

(a) Any person who violates any provision of this act or who after either actual or constructive notice thereof from the commission or its representative violates any rule, regulation, or order of the commission shall forfeit an amount of not more than five thousand dollars (\$5,000.00) for each act of violation, and for each day that such violation continues, to be

fixed and determined by the commission after notice and opportunity for hearing. Amounts collected under this subsection shall be paid to the state treasurer and credited as provided in W.S. 8-1-109. Any person who knowingly and willfully violates any provision of this act or who after notice thereof from the commission or its representatives knowingly and willfully violates any rule, regulation, or order of the commission shall be subject to a civil penalty, upon order of the district court of the county in which the defendant resides, or in which any defendant resides if there be more than one (1) defendant, or in the district court of any county in which the violation occurred, or in the district court of Laramie county, Wyoming. The civil penalty shall not exceed the sum of ten thousand dollars (\$10,000.00) for each act of violation and for each day that such violation continues and shall be collected and paid to the state treasurer and credited as provided in W.S. 8-1-109.

(b) Any person who, for the purpose of evading this act or any rule, regulation, or order of the commission shall make or cause to be made any false entry in any report, record, account, or memorandum, required by this act, or by any such rule, regulation, or order, or shall omit, or cause to be omitted, from any such report, record, account, or memorandum, full, true, and correct entries as required by this act, or by any such rule, regulation, or order, or shall remove from this state or destroy, mutilate, alter, or falsify any such record, account, or memorandum, shall be guilty of a misdemeanor and, upon conviction, shall be subject to a fine of not more than five thousand dollars (\$5,000.00) or imprisonment for a term not exceeding six (6) months, or to both such fine and imprisonment.

(c) Any person knowingly aiding or abetting any other person in the violation of any provision of this act, or any rule, regulation, or order of the commission shall be subject to the same penalty and punishment as that prescribed by this act for the violation by such other person.

(d) The penalties provided in this section for violations as prescribed herein shall be recoverable by suit filed by the attorney general, in the name and on behalf of the state, in the district court of Laramie county, Wyoming, or the county in which the defendant resides, or in which any defendant resides if there be more than one (1) defendant, or in the district court of any county in which the violation occurred.

(e) Any person or corporation violating the provisions of this article or rules and regulations prescribed pursuant hereto

or the lawful orders of the oil and gas supervisor or his assistants or representatives under said rules and regulations shall upon conviction be fined not more than five hundred dollars (\$500.00) or imprisoned not more than six (6) months.

(f) The imposition or payment of any forfeiture or civil penalty as provided in this section shall not bar or affect any other penalty or remedy prescribed in this act or by general law but such forfeiture shall be in addition to any such penalty or other remedy.

(g) The commission may waive any penalty under this section for good cause.

30-5-120. Additional forfeiture or civil penalty for flaring of gas in excess of amounts permitted by order of commission.

(a) Whenever under the provisions of W.S. 30-5-119 a forfeiture or civil penalty is imposed for the flaring of gas in excess of the amounts permitted by an order of the commission there shall also be imposed an additional forfeiture or civil penalty which shall be the greater of either (i) ten percent (10%) of the amount of the forfeiture or civil penalty, or (ii) six and one-quarter percent (6 1/4%) of the value of the amount of gas so flared or vented. Value shall be determined by the average price being paid at the nearest point of connection.

(b) Out of said additional forfeiture or civil penalty there shall be paid to the department of revenue of the state of Wyoming an amount equal to the mineral severance tax which would have been payable if the gas had been saved and sold, and the remainder thereof shall be paid to the county treasurer of the county in which said gas was produced in lieu of any taxes which would have been payable to said county if the gas had been saved and sold.

30-5-121. Waste of natural gas prohibited.

The use, consumption, burning or escape into the atmosphere of natural gas taken or drawn from any natural gas well or wells, or borings from which natural gas is produced for the products where such natural gas is burned, consumed or otherwise wasted without the heat therein contained being fully and actually applied and utilized for other manufacturing purposes or domestic purposes is hereby declared to be a wasteful and extravagant use of natural gas and it shall be unlawful to allow

or permit such natural gas to pollute or contaminate the atmosphere to such an extent that injury or damage is sustained by growing crops, vegetation, livestock, wildlife, or domestic fowls, or to such an extent that the human health, welfare, or safety is in anywise impaired or damaged.

30-5-122. Sale of natural gas for wasteful purposes prohibited.

No person, firm or corporation, having the possession or control of any natural gas well or wells, except as herein provided, or borings from which natural gas is produced, whether as a contractor, owner, lessee, agent or manager, shall use, sell, or otherwise dispose of natural gas, the product of any such well or wells, or borings for the purpose of manufacturing or producing carbon or other resultant products from the burning or consumption of such natural gas, without the heat therein contained being fully and actually applied and utilized for other manufacturing purposes or domestic purposes.

30-5-123. Penalty for violation of sections 30-5-121 and 30-5-122.

Any person, firm or corporation violating any of the provisions of this act shall be guilty of a misdemeanor and shall be punished by a fine of not less than one hundred dollars (\$100.00) or more than one thousand dollars (\$1,000.00) for each offense and each and every day in which any person, firm or corporation shall violate any of the provisions hereof shall constitute a separate offense hereunder and subject the offender to the penalty hereby provided.

30-5-124. Purchase or taking ratably oil and gas for transportation without discrimination in favor of any owner or producer; oil.

Each person now or hereafter purchasing or taking for transportation oil from any owner or producer, shall purchase or take ratably without discrimination in favor of any owner or producer over any other owner or producer in the same pool offering to sell his oil produced therefrom to such person. If any such person purchasing or taking for transportation oil shall not have need for all such oil lawfully produced within a pool, or if for any reason it shall be unable to purchase all of such oil, then it shall purchase from each producer in a pool ratably, taking and purchasing the same quantity of oil from each well to the extent that each well is capable of producing

its ratable portion; without waste, provided however, nothing herein contained shall be construed to require more than one (1) pipeline connection for each producing well. In the event that any such purchaser or person taking oil for transportation is likewise a producer or owner, he is hereby prohibited from discriminating in favor of his own production, or production in which he may be interested, and his own production shall be treated as that of any other producer or owner.

30-5-125. Purchase or taking ratably oil and gas for transportation without discrimination in favor of any owner or producer; gas.

Each person now or hereafter purchasing or taking for transportation gas produced from gas wells or from oil wells from any owner or producer shall purchase or take ratably without discrimination in favor of any owner or producer, over any other owner or producer in a pool. Such person shall not discriminate in the quantities purchased, the basis of measurement, or the gas transportation facilities afforded for gas of like quantity, quality, and pressure available from such wells. For the purpose of this act reasonable differences in quantity taken or facilities afforded shall not constitute unreasonable discrimination if such differences bear a fair relationship to differences in quality, quantity, or pressure of the gas available or to the acreage attributable to the well, market requirements, or to the relative lengths of time during which such gas will be available to the purchaser. In the event any such purchaser or person taking gas for transportation is likewise a producer or owner, he is hereby prohibited from discriminating in favor of his own production or production in which he may be interested, and his own production shall be treated as that of any other producer or owner producing from gas wells in the same pool.

30-5-126. Purchase or taking ratably oil and gas for transportation without discrimination in favor of any owner or producer; oil and gas conservation commission to administer.

In addition to the powers and authority, either expressed or implied, granted to the Wyoming oil and gas conservation commission, by virtue of the statutes of the state of Wyoming, the commission is hereby authorized and empowered to administer and enforce the provisions of this act, in the same manner and in accordance with the same procedures provided by W.S. 30-5-101 through 30-5-119, as amended for the enforcement and violations of rules, regulations and orders of the commission.

30-5-127. Payment of penalties.

Unless otherwise provided by law, all civil or administrative fines or penalties collected under this article shall be paid over to the state treasurer to be credited to the public school fund of the county in which the violation for which the fine or penalty was imposed occurred.

30-5-128. Unitization of areas to restore or enhance the microbial conversion of hydrocarbon substrates to methane gas; purposes; application; contents.

(a) Any interested person may file an application with the commission requesting an order authorizing well and reservoir injections to restore or enhance the microbial conversion of hydrocarbon substrates to methane gas. The application may be on an individual lease or drilling and spacing unit basis or, at the applicant's election, on a unit basis pursuant to W.S. 30-5-109 and 30-5-110. If the application is on a unit basis, the applicant shall provide for the operation and organization of a unit or units of the optimal size and shape necessary to prevent waste and protect correlative rights and shall provide for the pooling of interests in a specific geologic formation in the proposed unit area for the purpose of conducting the injections. The application shall contain all of the elements set forth in W.S. 30-5-110(c) through (g). The application shall demonstrate that the applicant has a legally binding commitment to plug and abandon all wells not later than sixty (60) days prior to their intersection with an active surface or conventional underground coal mine. Injections authorized by this section shall not be deemed in situ mining as defined in W.S. 35-11-103(f)(iv).

(b) Applications under this section shall contain the following with respect to the proposed operating plan:

(i) Evidence that groundwater in the proposed formation intervals will not be adversely influenced by the injections and that the operations shall at all times be in compliance with applicable groundwater quality regulations and underground injection control program requirements. An applicant shall comply with this paragraph by:

(A) Obtaining from the commission, after the commission has adopted class II rules implementing this section and after providing notice of the application to all groundwater

permit holders within one-half (1/2) mile of each injection well or the area of review, whichever is larger, a class II well permit demonstrating that the groundwater will not be degraded and will be in compliance with the federal Safe Drinking Water Act, and that for each injection zone the underground ambient water quality class of use as defined by the department of environmental quality will not be violated by the injections; or

(B) Obtaining a class V well permit from the Wyoming department of environmental quality.

(c) Upon the filing of an application under this section, the commission shall promptly set the matter for hearing. In addition to any notice required by law or commission rules, the commission shall give notice of the hearing by certified mail to all persons owning or having an interest in coal or its production in the proposed application area. The notice shall be mailed at least thirty (30) days before the hearing, shall specify the time and place of hearing and shall describe briefly the purpose of the hearing and the land affected.

(d) Following the hearing, the commission shall enter an order setting forth findings and approving the application if the commission finds that the provisions of W.S. 30-5-109 or 30-5-110 have been met.

(e) The commission, after consultation with the director of the department of environmental quality, shall adopt class II rules implementing this section.