

NATURAL RESOURCES CODE

TITLE 3. OIL AND GAS

SUBTITLE B. CONSERVATION AND REGULATION OF OIL AND GAS

CHAPTER 90. INTERSTATE COMPACT TO CONSERVE OIL AND GAS

Sec. 90.001. RATIFICATION. The Interstate Compact to Conserve Oil and Gas, executed in the City of Dallas, on February 16, 1935, by the Governor of Texas, the text of which is set out in Section 90.007 of this code, was ratified by the legislature of this state in Chapter 81, General Laws, Acts of the 44th Legislature, Regular Session, 1935.

Acts 1977, 65th Leg., p. 2556, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 90.002. ORIGINAL COPY. The original copy of the compact is on deposit with the Department of State of the United States.

Acts 1977, 65th Leg., p. 2556, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 90.003. REPRESENTATIVE. (a) The governor is the official representative of the State of Texas on the Interstate Oil Compact Commission, provided for in the Interstate Compact to Conserve Oil and Gas. He shall exercise and perform for the state all the powers and duties as a member of the Interstate Oil Compact Commission.

(b) The governor may appoint an assistant representative who shall act in his stead as the official representative of the State of Texas as a member of the commission.

(c) The representative shall take the oath of office prescribed by the constitution, which shall be filed with the Secretary of State.

Acts 1977, 65th Leg., p. 2556, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 90.0031. ANNUAL REPORT. Before October 1 of each year, the office of the Interstate Oil Compact Commissioner for Texas

shall prepare and file with the presiding officer of each house of the legislature a complete and detailed written report describing the activities of the office relating to this state's participation in the Interstate Compact to Conserve Oil and Gas and accounting for all funds received and disbursed by the office during the preceding fiscal year. The report must be included as a part of the annual financial report of the governor's office.

Added by Acts 1983, 68th Leg., p. 93, ch. 14, Sec. 1, eff. Aug. 29, 1983.

Sec. 90.004. EXTENSION. (a) The continuous extension of the Interstate Compact to Conserve Oil and Gas until September 1, 1951, by an agreement executed by the governor in the name of the State of Texas with other states currently members of the Interstate Oil Compact Commission was authorized by the legislature, subject to the approval of Congress, in:

(1) Chapter 217, Acts of the 45th Legislature, Regular Session, 1937;

(2) Chapter 2, Special Laws, page 527, Acts of the 46th Legislature, Regular Session, 1939;

(3) Chapter 63, Acts of the 47th Legislature, Regular Session, 1941;

(4) Chapter 15, Acts of the 48th Legislature, Regular Session, 1943; and

(5) Chapter 52, Acts of the 50th Legislature, Regular Session, 1947.

(b) The governor may execute agreements in the name of the State of Texas for the further extension of the expiration date of the Interstate Compact to Conserve Oil and Gas.

Acts 1977, 65th Leg., p. 2556, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 90.005. FORM OF AGREEMENT. The agreement to extend the Interstate Compact to Conserve Oil and Gas, which the governor is authorized to execute for the state, shall be in substance as follows:

"It is hereby agreed that the Interstate Compact to Conserve

Oil and Gas executed in the City of Dallas, Texas, on the 16th day of February, 1935, and now on deposit with the Department of State of the United States, be and the same is hereby extended for a period of four (4) years from its date of expiration (September 1, 1947), this agreement to become effective when executed by any three (3) of the States of Texas, Oklahoma, California, Kansas and New Mexico, and consent thereto is given by Congress."

Acts 1977, 65th Leg., p. 2556, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 90.006. WITHDRAWAL FROM COMPACT. (a) The governor may determine if and when it is in the best interest of the state to withdraw from the compact as provided by its terms on 60 days' notice.

(b) If the governor determines that the state should withdraw from the compact, he has full authority to give necessary notice and take any steps necessary and proper to effect the withdrawal of the State of Texas from the compact.

Acts 1977, 65th Leg., p. 2557, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 90.007. TEXT OF COMPACT. The Interstate Compact to Conserve Oil and Gas reads as follows:

"AN INTERSTATE COMPACT TO CONSERVE OIL AND GAS

"ARTICLE I

"This agreement may become effective within any compacting state at any time as prescribed by that state, and shall become effective within those states ratifying it whenever any three (3) of the States of Texas, Oklahoma, California, Kansas and New Mexico have ratified, and Congress has given its consent. Any oil-producing state may become a party hereto as hereinafter provided.

"ARTICLE II

"The purpose of this Compact is to conserve oil and gas by the prevention of physical waste thereof from any cause.

"ARTICLE III

"Each state bound hereby agrees that within a reasonable time

it will enact laws, or if laws have been enacted, then it agrees to continue the same in force, to accomplish within reasonable limits the prevention of:

"(a) The operation of any oil well with an inefficient gas-oil ratio;

"(b) The drowning with water of any stratum capable of producing oil or gas, or both oil and gas, in paying quantities;

"(c) The avoidable escape into the open air or the wasteful burning of gas from a natural gas well;

"(d) The creation of unnecessary fire hazards;

"(e) The drilling, equipping, locating, spacing, or operating of a well or wells so as to bring about physical waste of oil or gas or loss in the ultimate recovery thereof;

"(f) The inefficient, excessive, or improper use of the reservoir energy in producing any well.

"The enumeration of the foregoing subjects shall not limit the scope of the authority of any state.

"ARTICLE IV

"Each state bound hereby agrees that it will, within a reasonable time, enact statutes, or if such statutes have been enacted then that it will continue the same in force, providing in effect that oil produced in violation of its valid order and/or gas conservation statutes or any valid rule, order, or regulation promulgated thereunder, shall be denied access to commerce; and providing for stringent penalties for the waste of either oil or gas.

"ARTICLE V

"It is not the purpose of this Compact to authorize the states joining herein to limit the production of oil or gas for the purpose of stabilizing or fixing the price thereof, or create or perpetuate monopoly, or to promote regimentation, but is limited to the purpose of conserving oil and gas and preventing the avoidable waste thereof within reasonable limitations.

"ARTICLE VI

"Each state joining herein shall appoint a representative to a Commission hereby constituted and designated as The Interstate Oil Compact Commission, the duty of which said Commission shall be

to make inquiry and ascertain from time to time such methods, practices, circumstances, and conditions as may be disclosed for bringing about conservation and the prevention of physical waste of oil and gas; and at such intervals as said Commission deems beneficial it shall report its findings and recommendations to the several states for adoption or rejection.

"The Commission shall have power to recommend the coordination of the exercise of the police powers of the several states within their several jurisdictions to promote the maximum ultimate recovery from the petroleum reserves of said states, and to recommend measures for the maximum ultimate recovery of oil and gas. Said Commission shall organize and adopt suitable rules and regulations for the conduct of its business.

"No action shall be taken by the Commission, except: (1) by the affirmative votes of the majority of the whole number of the compacting states, represented at any meeting; and (2) by a concurring vote of a majority in interest of the compacting states at said meeting, such interest to be determined as follows: Such vote of each state shall be in the decimal proportion fixed by the ratio of its daily average production during the preceding calendar half-year to the daily average production of the compacting states during said period.

"ARTICLE VII

"No state by joining herein shall become financially obligated to any other state, nor shall the breach of the terms hereof by any state subject such state to financial responsibility to the other states joining herein.

"ARTICLE VIII

"This Compact shall expire September 1, 1937. But any state joining herein may, upon sixty (60) days notice, withdraw herefrom.

"The representatives of the signatory states have signed this agreement in a single original, which shall be deposited in the archives of the Department of State of the United States, and a duly certified copy shall be forwarded to the Governor of each of the signatory states.

"This Compact shall become effective when ratified and approved as provided in Article I. Any oil-producing state may

become a party hereto by affixing its signature to a counterpart to be similarly deposited, certified, and ratified."

Acts 1977, 65th Leg., p. 2557, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.