

INTERSTATE COMPACT TO CONSERVE OIL AND GAS

Act of Jul. 23, 1941, P.L. 435, No. 175

Cl. 58

AN ACT

Providing that the Commonwealth of Pennsylvania enter into the interstate compact to conserve oil and gas with other States of the United States of America which are signatories thereto.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. The Governor of this Commonwealth is hereby authorized and directed to execute on behalf of the Commonwealth the interstate compact to conserve oil and gas which was executed in the City of Dallas, in the State of Texas, on the sixteenth day of February, nineteen hundred thirty-five, and is now deposited with the Department of State of the United States of America, and which has been twice extended for a two year period, and to execute an agreement with other States now parties and/or which hereafter may become parties to extend the operation of such compact for a period of two years from September first, one thousand nine hundred and forty-one, subject to approval of Congress.

Section 2. The form and contents of such compact are as follows, and the effect of its provisions shall be interpreted and administered in conformity with the provisions of this act:

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 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 thereto 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, that it will continue the same in force, providing in

effect that oil produced in violation of its valid oil 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 limitation.

ARTICLE VI

Each state joining herein shall appoint one 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.

Done in the City of Dallas, Texas, this sixteenth day of February, 1935.

E. W. MARLAND

The Governor of the State of Oklahoma

JAMES V. ALLRED
The Governor of the State of Texas
FRANK VESLEY
E. H. WELLS
HUGH BURCH
HIRAM M. DOW

For the State of New Mexico

The following representatives recommend to their respective Governors and Legislatures the ratification of the foregoing agreement:

JOHN W. OLVEY
Of Arkansas
WARWICK M. DOWNING
Of Colorado
WILLIAM BELL
Of Illinois
GORDON E. VAN EENANAAM
GERALD COTTER
Of Michigan
RALPH J. PRYOR
E. B. SHAWVER
T. C. JOHNSON
Of Kansas

Section 3. The Governor of this Commonwealth is further authorized and empowered on behalf of the Commonwealth to execute agreements for the further extension of the operation of such compact and to determine if and when it shall be for the best interests of this Commonwealth to withdraw from such compact upon sixty days' notice as provided therein. In the event the Governor shall determine that the Commonwealth should withdraw from such compact he shall have full power and authority to give necessary notice and to take any and all steps necessary and proper to effect the withdrawal of this Commonwealth from such compact.

Section 4. The Governor of this Commonwealth shall be the official representative of this Commonwealth on the interstate oil compact commission created by the interstate compact to conserve oil and gas and shall exercise and perform for this Commonwealth all the powers and duties enjoined by such compact. He may appoint a substitute representative, who shall be a resident of this Commonwealth and a producer of oil therein. The substitute representative during the period for which he is designated shall exercise all the powers and duties of the official representative as a member of such commission.

Section 5. Nothing in this act or in such compact is intended or shall be construed to prevent or prohibit the production of oil by water induction methods commonly called water flooding, nor to require or necessitate the enactment of conservation statutes, unless and until the General Assembly shall determine by law that such statutes are advisable or necessary to prevent the physical waste of oil or gas.

Section 6. When the Governor on behalf of this Commonwealth executes the compact herein set forth or any agreements for extension of its operation, he shall affix his signature thereto under a recital that such compact or agreements are executed pursuant to the provisions thereof, subject to the limitations and qualifications contained in the sections of this act in aid and furtherance thereof.

Section 7. The provisions of this act shall become effective immediately upon final enactment.