

353.630 Pooling of oil and gas interests -- Conditions -- Review under KRS 353.700.

- (1) Whenever any separate tract of land is so situated because of size or other condition that it does not contain a location at which a well for oil or gas may be drilled, deepened, or reopened by reason of the spacing provisions of KRS 353.610, the department shall order, after notice and, for those required to be given notice, opportunity for comment within thirty (30) days of the date shown on the postal service proof of mailing or, where notice is provided by publication, within thirty (30) days of the date of the publication, the pooling of all oil and gas interests in the separate tract or in a portion thereof with all like interests in a contiguous tract or tracts, or portions thereof, as are necessary to afford the pooled tracts one (1) location for the drilling, deepening, or reopening of a well for the production of oil or gas in compliance with the spacing requirements of KRS 353.500 to 353.720. The department shall require the development and operation of all pooled acreage as a single leasehold estate in accordance with regulations and rules promulgated under KRS 353.500 to 353.720.
- (2) Whenever an operator proposes to drill, deepen, or reopen a well at a location that would require the pooling of separate tracts or interests in order to comply with the spacing requirements of KRS 353.610, and the operator has secured the written consent or agreement from the owners of at least fifty-one percent (51%) of the interests in each tract, or portions thereof, included in the proposed pooled acreage, the department shall, where it finds that the requirements of this subsection have been met, order, after notice, and for those required to be given notice, opportunity for comment within thirty (30) days of the date shown on the postal service proof of mailing or, where notice is provided by publication, within thirty (30) days of the date of the publication, the pooling of all oil and gas interests in all tracts, or portions thereof, that are included within the proposed pooled acreage as established by the spacing requirements of KRS 353.610. A pooling order shall be made only after the applicant provides notice to all persons reasonably known to own an oil or gas interest in any tract or portion thereof that is proposed to be pooled. For purposes of this section, any unknown or nonlocatable owners shall be deemed to have consented or agreed to the pooling, provided that the operator has complied with the publication requirements of KRS 353.640(1) with respect to the unknown or nonlocatable owners. The department shall issue a permit to drill, deepen, or reopen the well and require the development and operation of the pooled acreage as a single leasehold estate in accordance with administrative regulations promulgated under KRS 353.500 to 353.720.
- (3) Whenever an operator proposes to drill, deepen, or reopen a well at a location that would require the pooling of interests or tracts in order to comply with the spacing requirements of KRS 353.610, and the operator owns or controls the right to develop the oil and gas underlying one hundred percent (100%) of the interests in each tract, or portions thereof, included in the proposed pooled acreage, the department shall, where it finds that the requirements of this subsection have been met, order, after notice and, for those required to be given notice, opportunity for comment within thirty (30) days of the date shown on the postal service proof of

mailing or, where notice is provided by publication, within thirty (30) days of the date of the publication, the pooling of all oil and gas interests in all tracts, or portions thereof, that are included within the proposed pooled acreage established by the spacing requirements of KRS 353.610. A pooling order shall be made only after the applicant provides notice to all persons reasonably known to own an oil or gas interest in any tract or a portion thereof proposed to be pooled. For purposes of this section, any unknown or nonlocatable owners shall be deemed to have consented or agreed to the pooling, provided that the operator has complied with the publication requirements as set forth in KRS 353.640(1) with respect to the unknown or nonlocatable owners. The department shall issue a permit to drill, deepen, or reopen the well and require the development and operation of all pooled tracts as a single leasehold estate in accordance with administrative regulations promulgated under KRS 353.500 to 353.720.

- (4) No pooling as permitted by this section shall be ordered except:
 - (a) When an application has been filed to drill, deepen, or reopen a well within the distance limitations prescribed in KRS 353.610; and
 - (b) When a lessee or owner of an oil or gas interest in the tract shall request the pooling.
- (5) No pooling as permitted by this section shall be ordered with respect to any tract or portion thereof upon which a well is drilled, deepened, or reopened:
 - (a) Unless the pooling was requested prior to the commencement of the drilling, deepening, or reopening of the well by a lessee or owner of an oil and gas interest in a contiguous tract pursuant to subsection (1), (2), or (3) of this section; and
 - (b) Unless the request, if made by the owner of an operating interest who elects to participate in the risk and cost of the drilling, deepening, or reopening of the well, is accompanied by a bond or other security satisfactory to and in an amount set by the director for the payment of such owner's share of the cost of drilling, deepening, or reopening the well.
- (6) Production from any well which is ordered pooled pursuant to KRS 353.500 to 353.720 shall be deemed for all purposes to have been so produced from each tract or portion thereof included in the pool in proportion to the amounts established in the pooling order.
- (7) Any order or final determination of the department under this section shall be subject to review in accordance with KRS 353.700 and any administrative regulations promulgated thereunder.

Effective: July 14, 2018

History: Amended 2018 Ky. Acts ch. 94, sec. 8, effective July 14, 2018. -- Amended 2003 Ky. Acts ch. 150, sec. 14, effective June 24, 2003. -- Amended 2000 Ky. Acts ch. 268, sec. 2, effective July 14, 2000. -- Amended 1986 Ky. Acts ch. 233, sec. 1, effective July 15, 1986. -- Created 1960 Ky. Acts ch. 103, sec. 15, effective June 16, 1960.