§ 23-2101. Interstate Compact to Conserve Oil and Gas.

1. The Interstate Compact to Conserve Oil and Gas, as first enacted by chapter 501 of the laws of 1941, and as re-enacted by chapter 263 of the laws of 1963, is hereby continued as follows:

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 of 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 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 limitations.

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 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:

(a) By the affirmative votes of the majority of the whole number of the compacting states, represented at any meeting, and

(b) 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 of this compact. 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

R. L. PATTERSON

For the State of California

FRANK VESELY
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

2. The Governor of this state is authorized and empowered, on behalf of the state, 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 state to withdraw from such compact upon sixty days' notice as provided therein. In the event the Governor shall determine that the state 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 state from such compact.

3. The Commissioner shall be the official representative of this state on the Interstate Oil Compact Commission. At the direction of the commissioner, any other officer or employee of the department may serve as substitute representative in the place and stead of the commissioner. The commissioner shall consult and coordinate with the president of the

New York state energy research and development authority on issues relating to state energy policy.

4. The Interstate Oil Compact Commission shall submit annually in accordance with the laws and practices of this state, to the department, for study and consideration an estimate of moneys required to administer, manage and support the commission during the ensuing fiscal year. Such estimate shall include any request for appropriation of funds by New York and shall be accompanied by a tabulation of similar requests which the commission expects to make to each other member state and the formula or factors upon which such respective requests are based.

5. The department shall include a suitable item or items of estimated expenditures for the Interstate Oil Compact Commission in the budget estimates of the department.

6. The State Comptroller is hereby authorized and empowered from time to time to examine the accounts and books of the commission, including its receipts, disbursements and such other items referring to its financial standing as such Comptroller may deem proper and to report the results of such examination to the Governor.

7. No provision of the Conservation Law, and no provision of the Environmental Conservation Law, if such provision of the Environmental Conservation Law was derived from a provision of the Conservation Law, which is inconsistent with the provisions of the Interstate Compact to Conserve Oil and Gas shall be applicable to the Interstate Oil Compact Commission or to any matter governed by the Interstate Compact to Conserve Oil and Gas.

8. Nothing in this section 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 Legislature shall determine by law that such statutes are advisable or necessary to prevent the physical waste of oil or gas.

9. The commissioner shall make such reports to the Interstate Oil Compact Commission and the Governor as he deems appropriate.

10. When the Governor on behalf of the state, executes any agreement for the extension of the operation of the compact herein set forth, he shall affix his signature thereto under a recital that such agreement is executed pursuant to the provisions of the compact, subject to the limitations and qualifications which are contained in the several subdivisions of this section and are in aid and furtherance thereof.