

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT (EXCERPT)
Act 451 of 1994

324.61705 Order for unit operations; terms and conditions; plan for operations.

Sec. 61705.

The order of the supervisor shall be upon terms and conditions that are fair, reasonable, and equitable and shall prescribe a plan for unit operations that includes all of the following:

- (a) A description of the unit area.
- (b) A statement in reasonable detail of the operations contemplated.
- (c) An allocation to the separately owned tracts in the unit area of all the oil and gas that is produced from the unit area and is saved, excepting that production that is used in the conduct of operations on the unit area or unavoidably lost. A separately owned tract's fair, reasonable, and equitable share of production shall be measured by the value of the tract for oil and gas purposes and its contributing value to the unit in relation to like values of all tracts in the unit.
- (d) The manner in which the unit and the further development and operation of the unit area shall or may be financed and the basis, terms, and conditions on which the cost and expense shall be apportioned among and assessed against the tracts and interests made chargeable therewith, including a detailed accounting procedure governing all charges and credits incident to the operations.
- (e) Provisions for carrying or otherwise financing a person who elects to be carried or otherwise financed, allowing a reasonable interest and service charge payable out of the person's share of production.
- (f) The procedure and basis upon which wells, equipment, and other properties of the several lessees within the unit area are to be taken over and used for unit operations, including the method of arriving at the compensation therefor.
- (g) Provisions for supervision and conduct of the unit operations, in respect to which each person shall have a vote with a value corresponding to the percentage of the costs of unit operations chargeable against the interest of the person.
- (h) The time when the plan of unitization becomes effective and when unit operations commence.
- (i) The time when, conditions under which, and method by which the unit shall be dissolved and its affairs wound up.
- (j) Additional provisions that are found to be appropriate for carrying on the unit operations and for the protection and adjustment of correlative rights.

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995

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