

Oil and Gas Interstate Conservation Compact: 58 PA. STAT. §§ 191-196

The original Interstate Compact to Conserve Oil and Gas was formed by six states in 1935: Colorado, Illinois, Kansas, New Mexico, Oklahoma, and Texas. Today, the compact is known as the Interstate Oil and Gas Compact Commission. Since its inception, the Commission has expanded to include thirty member states and eight associate states within the United States. The Commission also has nine international affiliates including various provinces of Canada, Egypt, and Venezuela. Pennsylvania officially joined the compact in 1941.

Purpose of the Compact

The purpose of the Interstate Oil and Gas Compact Commission is to promote the efficient recovery, and prevent the physical waste, of oil and gas. Originally, the Commission's duty was to inquire about and determine improved ways to conserve and prevent the waste of oil and gas. Today, the Commission's purpose has expanded so that

it now attempts to guide national oil and gas policy. The Commission continues to disseminate information relating to the efficient recovery of oil and gas.

What the Compact seeks to do

According to the Interstate Oil and Gas Compact Commission's charter, each state that joins the compact agrees to enact and enforce laws to prevent the waste of oil and gas. Member states must act to:

1. Prevent any oil or gas company from operating a well that does not have an efficient gas-oil ratio;
2. Avoid the drowning of any rock layer that is capable of producing oil and/or gas in paying quantities;
3. Prevent the avoidable escape of natural gas;
4. Prevent any burning of gas resulting in unnecessary waste;

5. Prevent operations that pose unnecessary fire hazards;
6. Ensure that the location, drilling and operation of oil and gas wells are done in ways to reduce the physical waste or loss of recoverable natural gas; and
7. Prevent the use of reservoir energy in ways that are inefficient or improper for the production and operation of a well.

In addition to enacting preventive laws, membership in the Compact also requires certain punitive measures to be enforced. The first penalty provision required by Compact membership prevents any oil or gas produced in ways that violate the required laws from being bought or sold. Also, the Compact calls for “stringent penalties” to be enforced against any party who wastes oil or gas. These penalties are not specifically outlined within the Compact but instead are left to the individual members.

Governor’s Role

The Governor of Pennsylvania was granted the authority to execute and join the Compact on behalf of the Commonwealth. The Governor serves as the official

representative of Pennsylvania on the Commission and is empowered to exercise all powers and duties of a member. Further, if the Governor determines that it is in the Commonwealth’s best interest to withdraw from the Compact, he or she has the authority to do so upon sixty days’ notice.

IOGCC’s Model Oil and Gas Conservation Act

In 2004, the Interstate Oil and Gas Compact Commission published a model to be used by states in enacting conservation statutes. Although it does not follow the example exactly, Pennsylvania’s Oil and Gas Conservation Law, 58 PA. STAT. §§ 401-419, covers many of the same topics outlined within the model statute.

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