CHAPTER 41

Interstate Compact to Conserve Oil and Gas

**SECTION 48-41-10. Adoption of Interstate Compact to Conserve Oil and Gas authorized.**

(A) The Governor of the State of South Carolina is hereby authorized and directed, for and in the name of the State, to join the organization of states known as the Interstate Oil Compact Commission, created and established with the consent of Congress by the Interstate Compact to Conserve Oil and Gas, which has been extended from time to time by Congress, as an associate member and in the event that South Carolina becomes an "oil-producing state" and is thereby permitted to become a member of the Interstate Oil Compact Commission and join with other states in the Interstate Compact to Conserve Oil and Gas. The Governor is hereby authorized and directed, for and in the name of the State, to become a member of the commission and join the compact which is now deposited with the Department of State of the United States.

(B) The interstate compact to conserve oil and gas referred to above reads as follows:

"AN 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, and New Mexico have ratified and Congress has given its consent. Any oil-producing state may become a party hereto 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 then that it will continue the same in force, providing in effect that oil produced in violation of its valid order 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 a 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.

The 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."

(C) The Governor of South Carolina is further authorized and directed, for and in the name of the State, to execute agreements for the further extension of the expiration date of the Interstate Oil Compact to Conserve Oil and Gas in the event that South Carolina becomes an oil-producing state and is permitted to join in the Compact.

(D) The Governor shall be official representative of the State on the Interstate Oil Compact Commission and shall exercise and perform for the State all the power and duties as an associate member or as a member, if the State is permitted to become a member, of the Interstate Oil Compact Commission; provided, that he shall have the authority to appoint an assistant representative who shall act in his stead as the official representative of the State on the said commission. The assistant representative shall take the oath of office prescribed by the constitution, which shall be filed with any of the officials of the United States and State of South Carolina as may be provided for by law.

HISTORY: 1976 Act No. 613, § 1.