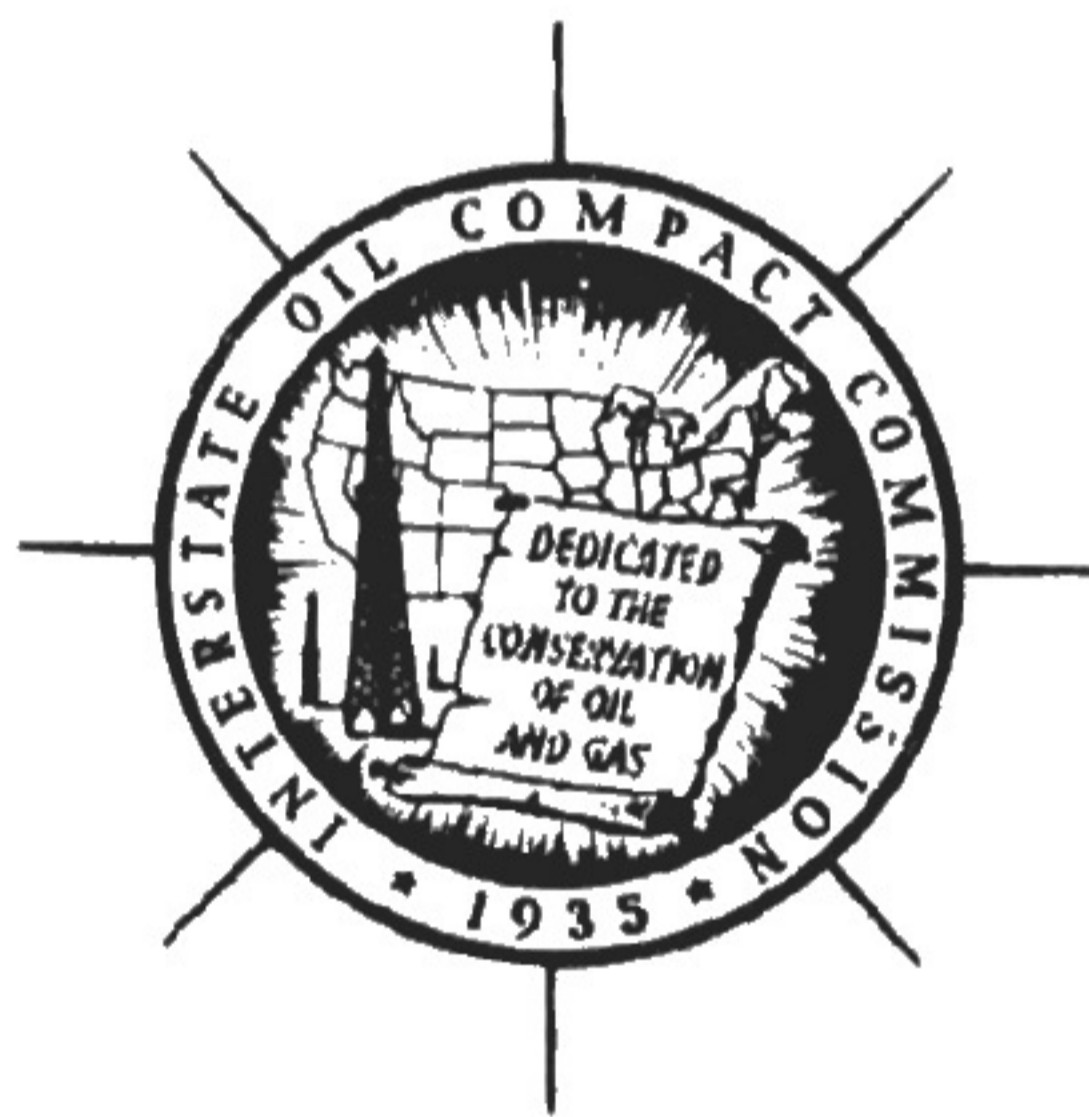


A Summary
of the
**Background, Organization
Purposes, and Functions**

of



**THE INTERSTATE COMPACT
TO CONSERVE OIL AND GAS**

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FOREWORD

This pamphlet contains condensed information on the background, organization, functions and purposes of the Interstate Compact to Conserve Oil and Gas. Only the highlights of the growth, organization and activities of the Interstate Oil Compact Commission are included in this handbook; however, for those interested, other material will give more detailed history of the Compact.

The text of the Compact, as has been approved by Congress successively since 1935, will be found beginning on page seven, followed by the Bylaws of the Commission, as authorized by the Compact. All actions of the Commission and all operations carrying out the orders of the Commission are taken in accordance with these bylaws.

Copies of this pamphlet, Commission publications, committee reports, various conservation studies and other available information will be furnished promptly upon request to the Interstate Oil Compact Commission Headquarters Office.

□ LAWRENCE R. ALLEY
Executive Secretary

Published and Distributed by
INTERSTATE OIL COMPACT COMMISSION
P. O. Box 53127
Oklahoma City, Oklahoma 73105

Revised 1969

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AN INTRODUCTION

"The purpose of this Compact is to conserve oil and gas by the prevention of physical waste thereof, from any cause."

These words from the Interstate Compact to Conserve Oil and Gas have been referred to as "the most powerful twenty-one words in American industrial life today" and as "words which have changed the course of an industry."

Formed and existing for the sole purpose of conserving and protecting irreplaceable natural resources, the Compact has grown and expanded without precedent in the nation's history. The success and accomplishments of the Interstate Oil Compact Commission prove the practicability of voluntary cooperation between the states in the solution of mutual problems.

The Commission, created in 1935, is a cooperative advisory body which provides a forum for interstate cooperation to prevent avoidable waste of oil and gas, to further efficient practices in oil and gas production and to preserve to the states fundamental rights of local self-government.

Twenty-nine states, concerned with the conservation of their oil and gas, have ratified the treaty, and four other states, with prospects for oil and gas, participate as associate members. On ten occasions, Congress has given its approval of the Interstate Compact to Conserve Oil and Gas. In 1957, the United States Attorney General reported to Congress that it was justifiable to ascribe "a good deal of the improvement in industry operations" to the promotional activities of the Compact Commission. The 1969 Report of the Attorney General states that "Commission meetings have served as open forums for discussion of general conservation matters and problems of government and industry. Perhaps of equal importance, these meetings have enabled regulatory personnel from different States to meet informally and exchange views on mutual problems, or to make personal contacts with opposite numbers in other States or in the industry as sources of aid if a novel problem should arise. Efforts initiated by the Department of the Interior to take advantage of the Compact's focal position with State agencies have used its Commission as a vehicle for exchange of data and views on mutual Federal and State information problems in the field of oil and gas. As its work continued, the Compact Commission has for these reasons acquired a growing influence that, while difficult to quantify, makes it a force in the development of State regulatory practices."

CONCEPTION

The Interstate Compact to Conserve Oil and Gas was conceived in the wake of industry demoralization. Prior to 1925, most of the oil producing states had no overproduction problems. In the years that followed, unprecedented discoveries, coupled with inadequate control laws, left the oil industry overburdened with success in finding more oil than could be transported, consumed or stored. Voluntary agreements among operators in some of the prolific fields met with little success and the imposition of martial law was even necessary in Texas and Oklahoma to attempt to control the deteriorating situation. As gas was being vented uselessly in the air, oil was being wasted in earthen tanks. During this painful period, powerful forces in Washington, as well as some industry leaders, saw federal control of the industry as the only solution.

In 1924, the Federal Oil Conservation Board was created, and during the next ten years, two bills providing for federal control were introduced in Congress. But this legislation was not received enthusiastically because of the majority belief that the prevention of waste of oil and gas is an obligation of the states.

Secretary of Interior Ray Lyman Wilbur is believed to be the first to suggest, in 1929, the formation of an interstate compact to conserve oil and gas. It soon became apparent that the problem of overproduction was an interstate one which could not be solved by each state acting individually. On February 28, 1931, the governors of Kansas, New Mexico, Oklahoma and Texas met at Fort Worth, Texas, on call of the Oklahoma Governor, William H. Murray. This resulted in the creation of the Oil States Advisory Committee "to study the present distressed condition of the petroleum industry and to make recommendations for uniform legislation looking to the relief of said industry and the conservation of oil and gas." It held its first session in Texarkana, Texas, on March 9, 1931, with representatives from Arkansas, California, Kansas, Louisiana, Oklahoma, Texas and Wyoming present.

Following further meetings, the committee appeared before the Federal Oil Conservation Board and urged that efforts be made to stabilize oil production and curtail imports. It called for coordination among the states with federal cooperation and the enactment of sound conservation laws by the states. The committee recommended that an interstate agreement for coordination of conservation measures be authorized, but no action was then taken. The committee functioned until the days of the National Recovery Act.

The Code of Fair Competition was then drawn by NRA and enforced throughout the oil producing areas. But, in 1934, the United States Supreme Court declared the National Recovery Act and the National Industrial Recovery Act unconstitutional.

At this point, the problem of conservation became a verbal argument between those who favored enactment of a federal act to control production and others who contended that the states, by cooperative action, could best regulate production to prevent waste.

Secretary of Interior Harold Ickes, in a speech in November, 1934, called for strong federal controls of the industry and for a declaration that the industry be held as a public utility. However, a month later, a subcommittee of the House Interstate and Foreign Commerce Committee reported to the Congress, strongly urging upon the oil producing states "the adoption of state compacts to deal with the problems of production of petroleum with which individual states are powerless to cope."

CREATION

After the 1934 general election, the governor-elect of Oklahoma, E. W. Marland, once the head of a major oil company, called a meeting at his home in Ponca City for December 3, 1934, to begin negotiations for a treaty of voluntary cooperation among the states. The governors of Kansas, Oklahoma and Texas and representatives of five other states attended. Another meeting was held in Ponca City a month later with wider representation. Strong opposition was expressed to any form of federal control of the oil industry, but there appeared to be such a wide difference of opinion as to what the compact should contain that it seemed impossible to reach any plan of operation.

The group adopted a motion petitioning Congress to enact legislation permitting the creation of an interstate compact to conserve oil and gas. An attempt by Texas to add a section specifically prohibiting price fixing was tabled.

The farsighted statesmen met for the third time in Dallas, Texas, February 15-16, 1935, at the call of Governor Marland. Representatives from Arkansas, California, Colorado, Illinois, Kansas, Michigan, New Mexico, Oklahoma and Texas were present.

The compact itself was a compromise between the views of Governor Marland and Governor James V. Allred of Texas. Governor Marland wanted authorization for an interstate agency to periodically estimate demand for both domestic and imported oil and allocate production to the states. He recommended conservation through prevention of economic, as well as physical waste. The Texas delegates bitterly opposed any implication of price control and argued that the sole purpose of such a compact agreement was the conservation of oil and gas by preventing physical waste. Conferees named Warwick M. Downing of Colorado as subcommittee chairman to draft a compromise. Working with him were Judge Elwood Fouts of Texas and Senator Tom Anglin of Oklahoma.

The compromise provided that "the Commission shall have the 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 the said states and to recommend measures for the maximum ultimate recovery of oil and gas." Thus, Governor Marland receded from his demand that the Commission be given power to allocate production of oil to the states and Governor Allred conceded changes which eliminated provisions of his proposal interpreted as forbidding signatory states individually to treat overproduction as waste.

To alleviate fears that the Compact was an attempt at anything stronger, it declared the Compact's purpose was not to fix oil prices, create a monopoly or "promote regimentation" of the industry. No state was asked to surrender any of its police powers over conservation, but merely agreed to work for conservation of oil and gas and the prevention of physical waste through its own

established regulatory agencies.

New Mexico was the first state to ratify the Compact, on February 25. Colorado, Illinois, Kansas, Oklahoma and Texas then approved it and Congressional authorization was obtained August 27, 1935. On September 12, 1935, an organizational meeting was held in Oklahoma City, Oklahoma, at which time the Interstate Oil Compact Commission was formed to vitalize provisions of the Compact. Governor Marland became the first chairman.

By its terms, the Compact was a two-year agreement. It was extended by Congress three times for two-year periods. From 1943 through 1967 the Compact was extended for four-year periods, and since 1967 has again been extended for two years.

GROWTH

From the initial six-state membership, the Compact has now grown to twenty-nine members, in addition to four associate members. Michigan joined in 1939; Arkansas, Louisiana, New York and Pennsylvania in 1941; Kentucky in 1942; Ohio in 1943; Montana, West Virginia, Alabama and Florida in 1945; Tennessee and Indiana in 1947; Mississippi in 1948; Nebraska and North Dakota in 1953; South Dakota and Wyoming in 1955; Utah in 1957; and Maryland in 1959. Georgia became the first associate member in 1946, after amendment of the Bylaws to extend such privileges to states having no oil or gas production but prospects thereof. Arizona joined as an associate member in 1951, and became a full member in 1955. Washington, Nevada and Alaska became associate members in 1953, with Nevada attaining full membership in 1955 and Alaska in 1957. Oregon became an associate member in 1954, and Idaho joined as an associate member in 1960.

Although the Compact permits any state to withdraw upon sixty days' notice, no state has ever exercised that right.

Several federal agencies and foreign governments have been invited to participate in Commission activities as official observers. These include the Provinces of Alberta and Saskatchewan in Canada, Venezuela, the United States Department of Defense, the United States Department of the Interior, and the Federal Power Commission. These observers may attend all sessions, participate in studies and discussions, and make recommendations concerning the policies, program and work of the Commission, but they have no vote. These conditions also apply to representatives of the associate states.

PURPOSE OF THE COMPACT

The aim of the sovereignties comprising the Compact Commission is expressed in definite terms in Article II of the pact, which states that "the purpose of this Compact is to conserve oil and gas by prevention of physical waste thereof from any cause."

Article VI declares it is the Commission's duty "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 report "its findings and recommendations to the several states for adoption or rejection."

Each state signing the treaty agrees to enact laws providing that oil produced in violation of its statutes, orders or regulations be denied access to commerce. Each state also agrees to provide for stringent penalties for the waste of either oil or gas.

Conservation of natural resources has become a fixed and well-established national policy. An enlightened public will no longer tolerate their wasteful use and destruction. Public welfare demands their proper utilization and development.

Petroleum is one of the most vital of these resources. The responsibility of producing this irreplaceable resource without waste rests upon the oil and gas producing states. The Interstate Oil Compact Commission, acting as an interstate advisory committee, furnishes facilities for the states, by cooperative action, to perform that obligation in the public interest.

The Research Committee, largely composed of geologists and other technicians, assembles and disseminates factual data showing results of applied conservation in the various states. It collects and exchanges information between the conservation bodies of the states, studies bottom-hole pressure, proration formulas, gas-oil ratio and production histories of various oil and gas fields, well spacing, multiple completion of wells, underground storage of petroleum and products, and underground storage of gas. The most recent studies of the Research Committee have resulted in publications entitled "Water Problems Associated with Oil Production in the United States" and "Underground Disposal of Industrial Waste," both of which have been widely distributed throughout the nation.

Objectives of the Secondary Recovery and Pressure Maintenance Committee are the collection of statistical information on secondary recovery and pressure maintenance projects in the United States, the encouragement of legislation permitting such projects, the encouragement of research for methods of increasing oil recovery, maintenance of contacts with federal agencies having relations with the industry and coordinating with other organizations having interests in secondary recovery work. Reports of secondary recovery and pressure maintenance projects have been published in many states with the cooperation of state committees organized to assist in the work. A special subcommittee of the Secondary Recovery and Pressure Maintenance Committee is now working on a revision of "Monograph 12," a study of "Surface and Shallow Oil-Impregnated Rocks and Shallow Oil Fields in the United States," which was published as a joint project with the U. S. Bureau of Mines.

Special committees are appointed from time to time by the chairman in addition to subcommittees who work at the direction of the parent committees. These committees have ranged in activities from promoting the cause of conservation in colleges to studies of the effects of oil imports on state conservation programs. They may study such issues as the depletion allowance or keep the Commission advised on the Federal Power Commission's area gas pricing program.

An example of the special committees that are appointed was the Governors' Special Study Committee, who compiled a book entitled "A Study of Conservation of Oil and Gas." This book is probably the most complete study of oil and gas conservation and the statistics on oil and gas that has ever been published. Another special committee was appointed, known as the Energy Resources Committee. As members of this committee, the Commission picked the outstanding men in each state that could keep current the statistics, facts and figures contained in the book, "A Study of Conservation of Oil and Gas."

HEADQUARTERS AND PUBLICATIONS

The Headquarters Office Building for the Commission was contributed by the State of Oklahoma in 1954, and enlarged in 1965 and 1969. The modern one-floor building is three blocks east of the State Capitol in Oklahoma City, Oklahoma. Personnel of the headquarters office consists of an Administrative Assistant to the Executive Committee, and an Executive Secretary, who are authorized to employ assistants, a printer and sufficient secretarial help to assist in the staff operations. Files, records and credentials of the Commission are housed in the building. An extensive library, built around oil and gas conservation, is kept up to date with state publications and reports, studies by federal agencies, orders from regulatory bodies, numerous books and trade and industry publications. The building also contains extensive printing facilities to reproduce a constant stream of publications.

Regular reports include the Interstate Oil Compact Commission Committee Bulletin and the Oil and Gas Compact Bulletin, which contain the documents presented at the two yearly meetings; Compact Comments, a newsletter covering activities of the Compact Commission and conservation news in the member states; an annual Directory of the Interstate Oil Compact Commission and of oil and gas agencies; an annual legal report; and an annual stripper well survey.

A handbook on conservation, "Oil for Today...and for Tomorrow," published by the Commission, satisfies a long-felt need for the presentation in condensed form of important aspects of the production and conservation problems in a way that laymen can easily understand. Thousands of copies have been distributed by the Commission as part of its educational program.

A motion picture, "Oil for Tomorrow," was produced by the Commission in 1944, and was shown to more than two million persons, in addition to countless local television audiences, before

it became outdated. Another film, "More Oil and Gas for Today and Tomorrow," has now been produced and is being widely distributed to educational institutions and other interested groups. This film tells the story of America's oil, its production and use, and the necessity of conservation.

Many special publications have been prepared and distributed. These include a "Manual of Back-Pressure Testing of Gas Wells," "Well Spacing," "Principles of Petroleum Conservation," "Underground Storage of Natural Gas in the United States," "You: What Oil Conservation Means to You!" and "A Study of Conservation of Oil and Gas." The Commission has also published, as a joint project with the U. S. Bureau of Mines, a study of oil recovery from gas cap reservoirs, known as "Monograph 13."

Many articles relating to technical or legal phases of oil and gas conservation have been prepared and distributed by the Compact Commission. In addition, the Commission has encouraged publication of articles in magazines, trade journals, and newspapers seeking to foster and strengthen the broad principles of conservation.

FINANCES

The Commission's activities are financed by voluntary contributions of the various member states. No money is accepted from any individual, oil or gas company or agency. There is full cooperation between the industry and the Commission, but its finances are absolutely controlled by state governments. No advertising is permitted in any of the Commission publications. Under this voluntary system, the Compact Commission has always received sufficient sums to carry on any program the Commission determines necessary or advisable. However, no state joining the Compact is financially obligated. The Executive Committee approves an annual budget, determined from the money available from the state contributions.

RECOGNITION

The accomplishments of the Commission have brought praise from all corners of the nation. Governors and other state officials show their approval by wholehearted cooperation and words of endorsement. Industry and trade association executives recognize the Commission as an effective means of expanding conservation principles to provide lasting benefits for the entire country.

If conservation is the Compact's practical concern, state sovereignty is the philosophical framework within which all its endeavors are carried on.

In 1955, the Congress ordered the United States Attorney General to make an annual report as to whether he believed the Compact Commission's activities had produced price fixing or creation of monopoly. The Justice Department's reports found no evidence of any of the activities alleged or criticized the motives and methods of the Commission, which are to discover and develop new conservation methods and practices, and to promote their use and adoption by the states. The reports listed specifically the elimination of gushing wells and flaring gas, the better use of reservoir energy, and the increase in the amount of oil obtained as a result of new recovery practices.

The Commission has never stepped outside its role as a research and promotional agency.

One analyst observed that the Commission "stands forth as perhaps the nation's most notable example of the success and practicability of the compact method in the solution of perplexing interstate problems. One of the greatest achievements of this interstate cooperative body has been that of instilling in the minds of the public, and the various branches of the state and federal governments, confidence in its aims and objectives, and general approval of the voluntary collaboration method in correlating divergent state views and opinions."

As to its future, John Anderson, Jr., Governor of Kansas, prophesied in 1962 that "as long as oil and gas reservoirs can be damaged by imprudent production practices... as long as crude oil deteriorates in the open aboveground storage... as long as there are individuals who will attempt to produce oil from beneath their neighbor's land... there is a need for the Interstate Oil Compact Commission."

The Commission appreciates the confidence it enjoys and the high esteem in which it is held. However, all credit for conservation achievements is due the individual states, cooperating with the industry, for they alone have the power and actually initiate and enforce conservation.

The Compact Commission has no power or desire to impose its will upon any state. The Compact is predicated upon the premise that truth and enlightened public opinion are the only forces necessary to insure efficient and effective conservation by the states, and the Commission, by utilizing the combined experience and talent of the states and the industry, will be able to point the way.

Under the Compact method, the individual states are trustees of their own natural resources. Thus, the authority is placed where it can be best administered. Cooperating through the Compact Commission, the states are safeguarding that sacred trust.

TEXT OF THE COMPACT

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, Kansas 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 the 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 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 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.

This 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.

Done in the City of Dallas, Texas, this sixteenth day of February, 1935.

* The states have successively extended the Compact with Congressional sanction.

BYLAWS OF THE COMMISSION

In order to perform the functions and duties provided by the Interstate Compact to Conserve Oil and Gas, the following bylaws are adopted for the conduct of the business of the Commission.

ARTICLE I

The Commission

Section 1. The Commission shall be designated "the Interstate Oil Compact Commission" and will be referred to herein as "the Commission". The Interstate Compact to Conserve Oil and Gas will be referred to herein as "the Compact". The States which have ratified and executed the Compact, or which may hereafter ratify and execute the same, will be referred to as "the Compacting States".

Section 2. The Commission shall be composed of one representative from each Compacting State, to be selected as the State may determine.

Section 3. The Commission shall be a fact-finding and deliberative body and shall exercise the powers and perform the duties provided in the Compact. It shall conduct studies such as to ascertain methods, practices, and conditions for bringing about conservation and the prevention of physical waste of oil and gas and to promote wide acceptance and use of the best conservation practices. It shall, from time to time, report its findings and make recommendations to the several States for adoption or rejection.

Section 4. The Commission shall have an official seal, the same to be prescribed and determined by the Executive Committee. The Executive Secretary shall be the sole custodian of the seal. The Commission's official actions shall be taken in accordance with these bylaws and the Compact. The verity of such actions shall be attested by its Executive Secretary, under the seal of the Commission.

ARTICLE II

Meetings

Section 1. At least two regular meetings of the Commission shall be held each year at such time and place as the Commission shall determine.

Section 2. Special meetings of the Commission may be called by the Chairman or by a majority of the Commission.

Section 3. Notice in writing by the Executive Secretary of the time and place of each regular meeting of the Commission shall be mailed to each member not later than thirty (30) days prior to the date of the meeting. Notices of special meetings shall be given by the Executive Secretary as the Chairman shall direct.

Section 4. Notices of the time and place of any meeting of the Commission may be waived in writing or by telegram by its members.

ARTICLE III

Rules and Procedure

Section 1. The majority of the members of the Commission shall constitute a quorum at any meeting. Any number less than a quorum may adjourn the meeting from time to time.

Section 2. No action shall be taken by the Commission except: (1) by the affirmative vote 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.

Section 3. Except as otherwise provided by the bylaws and the Compact, all meetings of the Commission shall be conducted in accordance with general parliamentary rules.

Section 4. Each Compacting State shall deposit with the Executive Secretary of the Commission its official certificate and designation of its representative to whom notices of all meetings shall be given and to whom official communications shall be transmitted.

Section 5. At each regular meeting of the Commission, as provided in Article II, Section 1, of these bylaws, at least two sessions shall be held: a General Session and a Business Session. The affairs of the Commission shall be considered and acted upon only during the Business Session. All resolutions that are to be considered by the Commission in Business Session shall be presented to the Resolutions Committee prior to the Business Session before they may be acted upon. At the meeting of the Business Session, only Governors or their duly appointed representatives shall have the power to vote or to make formal motions to the Commission.

Section 6. At the General Sessions, any appropriate matter may be presented and discussed but no action may be taken on any business matter, resolution or proposal, other than amendment thereof or referral of the same to the Business Session or an appropriate committee.

ARTICLE IV

Officers

Section 1. The officers of the Commission shall consist of a Chairman, First Vice-Chairman, Second Vice-Chairman, each of whom must be a member of the Commission, and an Executive Secretary and such other officers as the Commission may deem necessary, who shall not be required to be members of the Commission. The officers shall be elected by the Commission at the last meeting held in each year and shall hold office for a period of one year and until their successors are elected and have assumed office.

Section 2. The Executive Secretary and such other officers as may be created shall be elected by the Commission at the last meeting of the year, and shall hold office at the pleasure of the Commission or the Executive Committee, and need not be members of the Commission.

Section 3. The Chairman shall preside at all meetings, call and provide for notices of meetings, and otherwise perform the duties customarily performed by the chairman of a deliberative body. The First Vice-Chairman shall perform the duties of the Chairman in the absence of the Chairman, and the Second Vice-Chairman shall act in the absence of the First Vice-Chairman.

Section 4. The Executive Secretary shall make, or cause to be made, a record of the proceedings of the Commission and Executive Committee and shall preserve the same in the Headquarters Office. He shall give notices of meetings, and shall be responsible for carrying out the policy, orders, and directives of the Commission and of the Executive Committee, and shall make recommendations on program, policy, and activities of the Commission and he shall have general supervision, under the direction of the Commission and Executive Committee, of all the Commission's programs and activities. He shall have immediate charge of the Headquarters Office and personnel.

ARTICLE V

Committees

Section 1. An Executive Committee, consisting of representatives from fifteen (15) Compacting States, shall be elected by the Commission at the last business meeting of each year, immediately following the election of officers. The Chairman of the Commission shall be its chairman. Five (5) members of the Committee shall constitute a quorum. The Committee shall have full power and authority to act for and on behalf of the Commission on executive matters. Any member of the Commission present at any Executive Committee meeting shall have the same power, authority, and responsibility as an elected committee member.

Section 2. A Bylaws Committee, consisting of four (4) members of the Commission, shall be appointed by the Chairman of the Commission to study and make recommendations as to amendments of the bylaws.

Section 3. A Resolutions Committee shall be appointed by the Chairman of the Commission to serve for one (1) year. This Committee shall meet at least twice during the course of the semi-annual meetings of the Commission and make recommendations to the Commission of resolutions that they deem necessary in line with the Commission's activities.

Section 4. A Nominating Committee shall be appointed by the Chairman of the Commission, consisting of members of the Commission, prior to the Annual Meeting. This Committee shall meet prior to the Business Session at the Annual Meeting to consider nominations for the offices of Chairman, First Vice-Chairman, Second Vice-Chairman, Executive Secretary, and the Executive Committee. The time and place of the meeting of the Nominating Committee at the Annual Meeting shall be posted.

Section 5. A Finance and Publications Committee shall be appointed by the Chairman of the Commission to serve one year. This Committee shall make recommendations to the Commission upon their findings on Commission finances, handling of the Commission's financial affairs, and publications produced by the Commission.

Section 6. The Executive Committee shall from time to time establish such standing and temporary committees as may be deemed necessary to fully and effectively conduct the business of the Commission and carry out the purposes and functions of the Compact. The Chairman, with the consent and approval of the Executive Committee, shall appoint the chairmen of all such committees. Each of the Compacting States shall appoint to each committee such members as the State may desire.

The standing committees shall meet at each regular meeting of the Commission and at other times at the call of the committee chairman. The members present at such meetings shall constitute a quorum. Each State shall be entitled to one vote in the deliberations of each committee. Each committee shall elect a vice-chairman and establish its own rules of procedure.

Section 7. The reports of the respective committees to the Commission, to the fullest extent practicable, shall be in articulated form and where appropriate shall consist of:

- (a) A resume of the proceedings of the meeting referring to action on, but not including in full text, the matters mentioned below.
- (b) Reports of special findings, if any.
- (c) Copies of resolutions adopted by the committee.

All committee reports requiring affirmative action of the Commission must be submitted to the Executive Committee prior to being presented to the Commission for adoption.

Committee action on findings, resolutions or recommendations shall not constitute the action of the Commission until submitted to the Executive Committee and approved by the Commission.

ARTICLE VI

Headquarters Office

Section 1. A Headquarters Office shall be established in Oklahoma City, Oklahoma, in the building owned by the Commission, in which the administrative work of the Commission shall be carried on, and in which the official files and records of the Commission shall be kept.

Section 2. There shall be kept in the Headquarters Office reports of all committees, together with legal, statistical, engineering, and other information that may be helpful in an oil and gas conservation program, the extent of such information to be determined by the Commission.

Section 3. All records in the Headquarters Office shall be open to the public at all reasonable hours.

ARTICLE VII

Finances

Section 1. The expense of this Commission shall be paid from voluntary contributions by the several States, in the manner and to the extent they may provide.

Section 2. The Executive Committee shall prepare and submit to the Commission each year an estimate of the expense of the Commission for the coming year.

ARTICLE VIII

Federal Representation

Section 1. The President of the United States, the Congress, and any Federal Agency charged with responsibility concerning oil and gas are invited to designate one or more representatives of the Federal Government to attend and participate in the meetings of the Commission. Such representatives shall be privileged to be present at all open and executive sessions, and to participate in the deliberation and studies of the Commission and to make recommendations concerning the policies, program, and work of the Commission, but shall have no vote.

ARTICLE IX

Membership

Section 1. Any oil or gas producing State is entitled to become a regular member of the Commission by executing the Compact in the manner provided therein.

Section 2. There is hereby established associate membership in the Commission. Any State or territory having prospects for oil or gas production may become an associate member in the following manner: Any such State or territory may make an application to the Commission in writing, signed by the Governor of the State or territory, or by the agency in charge of the regulation of oil and gas, with the approval of the Governor. Said application shall state in substance that the State or territory has prospects for oil and gas and is vitally interested in the program of the Interstate Compact to Conserve Oil and Gas, and desires to participate in the Commission's activities, to which application there shall be attached a copy of the Interstate Compact to Conserve Oil and Gas. Said application shall be presented at a regular meeting of the Commission and such State or territory may be admitted to associate membership by a resolution which must have the affirmative vote of all member States present at such meeting. An associate member State or territory shall not have the right to vote or hold office, but shall be entitled to all other privileges and benefits of regular membership. It shall be permitted to participate in all Commission meetings, committee meetings, and other activities of the Commission, but shall assume no responsibilities except those which the State or territory voluntarily assumes, and may withdraw as an associate member at any time by filing written notice thereof, signed by the Governor or by the regulatory authority having charge of its oil and gas affairs, with the approval of the Governor.

ARTICLE X

Amendment to Bylaws

Section 1. These bylaws may be altered and amended at any regular meeting upon affirmative vote of the Commission, as herein provided.