



Hydraulic Fracturing (Fracking) and Compulsory Pooling

You Could Be Forced to Lease Your Mineral Rights

Compulsory Pooling, also known as *forced pooling*, is the process used by oil and gas companies to force unleased or non-consenting landowners into mineral or oil and gas leases. Compulsory pooling is used when oil and gas operators are unable, through voluntary agreement, to meet the acreage requirements for forming a drilling unit.

If compulsory pooling is used, it could result in the loss of your private property rights and allow oil and gas companies to force the leasing of your property.

Compulsory Pooling in North Carolina: What is current law?

- Compulsory pooling is currently legal in North Carolina (G.S. § 113-393) (1945)
- Current law has no provisions detailing the total acreage that must be leased before unleased landowners can be forced into a lease.
- Drilling could happen on the surface of your land. There are currently no protections for the surface of a landowner's property.

What changes to current law have been recommended by the Mining and Energy Commission's Compulsory Pooling Study Group (CPSG)? The General Assembly of North Carolina would need to act for the following recommendations to become law.

- No drilling on the surface of compulsorily pooled land without the landowner's consent.
- Landowners must receive a "fair and reasonable" offer before they can be compulsorily pooled.
- Compulsorily pooled landowners shall not be held liable for the operator's activities.
- Operators should be required to indemnify compulsorily pooled landowners from any property, personal and economic injuries incurred as a result of the operator's activities.
- Additional landowner protections.

Why is compulsory pooling bad for North Carolina despite the CPSG's recommended protections?

- It takes away private property rights by forcing landowners to lease their oil and gas rights.
- Dozens of landowners per drilling unit could be forced to lease their oil and gas rights.
- Forced pooling is not necessary for natural gas development.
 - Pennsylvania and West Virginia do not allow compulsory pooling in the Marcellus Shale where hydraulic fracturing is currently taking place.
- Compulsorily pooled landowners can be forced to pay a penalty for not signing a lease. This fee can be as high as 3X the landowner's share of drilling costs.

To find out more about compulsory pooling, visit RAFI's website at <http://rafiusa.org/issues/landowner-rights-and-fracking/forced-pooling/>