

STATE OF OKLAHOMA

1st Session of the 43rd Legislature (1991)

SENATE BILL NO. 30

BY: GILES

AS INTRODUCED

AN ACT RELATING TO OIL AND GAS; AMENDING SECTION 3, CHAPTER 77, O.S.L. 1983 (52 O.S. SUPP. 1990, SECTION 543), WHICH RELATES TO REVENUE SHARING IN PRODUCTION; PROVIDING CERTAIN PENALTIES FOR OWNERS TERMINATING ELECTION TO REVENUE SHARE WITH SELLING OWNERS; PROHIBITING OWNERS FROM SHARING IN REVENUES AFTER TERMINATING CERTAIN CONTRACTS; PROHIBITING OWNERS FROM SHARING IN REVENUES WHEN SAID OWNERS SHARE OF GAS SALES IN WELL HAS BEEN OVERPRODUCED; AND DECLARING AN EMERGENCY.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY Section 3, Chapter 77, O.S.L. 1983 (52 O.S. Supp. 1990, Section 543), is amended to read as follows:

Section 543. A. For wells producing or capable of producing natural gas or casinghead gas on and after the effective date of this act, in the event that one or more owners in a well receives a

contract for the sale of only their portion of the gas production from the well to the exclusion of other owners in the well, all owners having no contract shall be entitled to share ratably in the revenue from the sale of each contract's production to the extent of their net revenue interest, except for any owner who elects or has elected in writing not to so sell. This act shall not be construed to prevent any owner from receiving the price agreed upon by contract.

B. Each owner receiving a contract to sell as described in subsection A of this section shall send written notice of the terms of the contract to all other net revenue interest owners not having an existing contract for the purchase of their share of the gas production. Said owners shall have thirty (30) days from the receipt of the notice of the terms of the contract to elect in writing not to deliver their ratable share of gas production for sale. Failure by any owner to give said written notice shall be deemed acceptance by that owner of the terms of the contract and said owner shall deliver his ratable share of production for sale.

C. An owner terminating an election to revenue share with a selling owner shall not be entitled to reelect to revenue share with such selling owner for twelve (12) months following the effective date of such termination. An owner terminating a contract in consideration of value received for future benefits of such contract shall not be entitled to revenue share pursuant to the terms of this section for a period equal to the original term of such terminated contract. No owner shall be entitled to share in revenues with any selling owner in a well with whom that owner requesting revenue sharing is volumetrically overproduced as to cumulative gas sales based on their respective ownership in the well.

SECTION 2. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby

declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

43-1-043

MJF