

STATE OF OKLAHOMA

1st Session of the 46th Legislature (1997)

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 649

By: Herbert

COMMITTEE SUBSTITUTE

An Act relating to school lands; amending Section 2, Chapter 324, O.S.L. 1992 (64 O.S. Supp. 1996, Section 15), which relates to Commissioners of the Land Office Fund; prescribing use of certain funds; amending 64 O.S. 1991, Section 285, which relates to oil and gas leases; removing requirement to post certain bond; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY Section 2, Chapter 324, O.S.L. 1992 (64 O.S. Supp. 1996, Section 15), is amended to read as follows:

Section 15. A. There is hereby created in the State Treasury a fund to be designated the Commissioners of the Land Office Fund. The fund shall be subject to legislative appropriations and certification by the Board of Equalization. The fund shall consist of revenues deposited to the fund pursuant to subsection B of this section and other revenues deposited to the fund by law. The fund shall be a continuing fund, not subject to fiscal year limitations.

B. Beginning July 1, 1992, the Commissioners of the Land Office shall deposit six percent (6%) of the revenue generated from the Common School Fund, the Education Institutions Fund, the University of Oklahoma Fund, the University Preparatory School Fund, the Oklahoma State University Fund, the Normal Schools Fund, the Langston University Fund, the Public Building Fund, and the Greer 33 Fund to the credit of the Commissioners of the Land Office Fund.

C. Funds in the Commissioners of the Land Office Fund shall be used exclusively for carrying out the duties of the Commissioners of the Land Office as the law may prescribe.

SECTION 2. AMENDATORY 64 O.S. 1991, Section 285, is amended to read as follows:

Section 285. The lease contract of the state, with any lessee for oil and gas purposes, shall stipulate, and the advertisement for bids for leasing such land shall specify a fixed royalty, to be determined by the commissioners of the land office, and in no event less than twelve and one-half percent (12 1/2%) of the total output of such oil and gas, and in addition thereto any bonus offered for such lease, and shall also require a deposit of sufficient earnest money in the hands of the commission as the commission may require to accompany each bid, with appropriate conditions of forfeiture for failure to comply with the terms and conditions of bidding upon such lands. All leases for oil and gas provided in this article shall contain a provision requiring the lessee to drill a sufficient number of wells upon the leased premises to offset the wells upon adjoining contiguous premises, and a further provision that a failure to faithfully operate the leased premises for oil and gas to as full an extent as individual and corporate premises are being operated within the general oil and gas field, where such land is located, shall forfeit such lease to the state. No transfer or assignment of any lease shall be valid or convey any right in the assignee without the consent in writing of the commissioners of the

land office. The board of commissioners ~~shall require a good and sufficient bond for the faithful performance of said lease and~~ may make such additional rules ~~and regulations covering same as are not specifically provided for in~~ that are determined necessary to enforce the provisions of this article. Provided, the commissioners of the land office shall have authority to enter into agreements upon such terms and conditions as they may impose, providing for the communitizing of any oil and gas lease executed by them with other leases to be jointly operated and developed as a unit when they deem such communitization to be to the best interest of the funds and property under their management. This provision shall apply to existing leases as well as to leases to be entered into hereafter. (The word "communitizing" or "communitization", as used herein shall be defined as a combining of diverse interests or interests owned by different parties in lands and minerals on an area for a common development for oil and gas purposes so that such area may be considered as a unit or a whole.)

SECTION 3. This act shall become effective July 1, 1997.

SECTION 4. 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.

46-1-1086

PHB