

STATE OF OKLAHOMA

2nd Session of the 49th Legislature (2004)

HOUSE BILL HB2687:

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AS INTRODUCED

An Act relating to oil and gas; requiring oil and gas leases to automatically terminate after a certain period under certain circumstance; prohibiting automatic renewal terms in oil and gas leases; requiring new leases; limiting application of law to oil and gas leases entered into after a certain date; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 571 of Title 52, unless there is created a duplication in numbering, reads as follows:

A. Beginning January 1, 2005, the terms of an oil and gas lease of mineral interests located in this state shall provide for automatic termination of the lease after two (2) years from the date the lease was entered into if there has been no drilling activity or production from a well subject to the lease during the two-year lease period.

B. Beginning January 1, 2005, an oil and gas lease shall not include terms for automatic renewal of the lease with the same terms and conditions after automatic termination of the lease as provided for in subsection A of this section. After automatic termination of the lease, the mineral interest owners shall be required to entered into a new oil and gas lease.

C. The provisions of this section shall apply only to oil and gas leases first entered into or renewed after January 1, 2005, and shall not operate to effect a valid lease existing on that date.

SECTION 2. This act shall become effective November 1, 2004.

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