

1 STATE OF OKLAHOMA

2 1st Session of the 53rd Legislature (2011)

3 CONFERENCE COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 SENATE BILL 242

By: Branam and Justice of the  
Senate

6 and

Jackson and Morgan of the  
House

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10 CONFERENCE COMMITTEE SUBSTITUTE

11 An Act relating to oil price discrepancies; directing  
12 the Secretary of Energy to study and identify causes  
13 for price discrepancies between Cushing Oklahoma and  
14 other world crude oil trading markets; authorizing  
15 Secretary to appoint working group; providing for  
16 staff assistance; requiring report by certain date;  
17 providing for noncodification; and declaring an  
18 emergency.

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

20 SECTION 1. NEW LAW A new section of law not to be  
21 codified in the Oklahoma Statutes reads as follows:

22 A. The State of Oklahoma and its oil and gas producers and  
23 royalty owners are losing millions of dollars each year due to  
24 unexplained price discrepancies for crude oil stored and traded on  
the spot market from Cushing Oklahoma versus other crude oil markets  
throughout the world. Because of such pricing discrepancies, the

1 true value of Oklahoma oil has been diminished and the State of  
2 Oklahoma is losing millions of dollars in tax revenue based on the  
3 discounted Cushing oil prices, in addition to the income costs to  
4 Oklahoma producers and royalty-owning citizens. There are many  
5 possible causes of such price discrepancies, all of which should be  
6 studied thoroughly to determine what action taken by our state  
7 officials may affect the conditions and pricing of West Texas  
8 Intermediate oil stored and transported through Cushing.

9 B. In an effort to increase funding available to our state  
10 through the collection of oil and gas production taxes, the  
11 Secretary of Energy is hereby directed to study the causes of wide  
12 price discrepancies between the Cushing Oklahoma oil market and  
13 other crude oil markets throughout the world. The goal of such  
14 study shall be finding possible causes and identifying solutions to  
15 the pricing differential for Oklahoma produced crude oil. The  
16 report of the findings of such study should include any legislative  
17 recommendations the Secretary deems appropriate.

18 C. The Secretary of Energy may appoint a working group of  
19 interested stakeholders to assist in such study and may request any  
20 appropriate state agency or private entity for staff assistance as  
21 may be required. No person shall receive additional compensation  
22 for serving as a member or as staff for this study.

23 D. The Secretary shall complete the study and distribute copies  
24 of any reports or legislative recommendations to the Governor, the

1 President Pro Tempore of the Senate and the Speaker of the House of  
2 Representatives no later than December 1, 2011.

3 SECTION 2. It being immediately necessary for the preservation  
4 of the public peace, health and safety, an emergency is hereby  
5 declared to exist, by reason whereof this act shall take effect and  
6 be in full force from and after its passage and approval.

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