

OKLAHOMA STATE SENATE
CONFERENCE
COMMITTEE REPORT

May 18, 2011

Mr. President:

Mr. Speaker:

The Conference Committee, to which was referred

SB 242

By: Branam and Justice of the Senate and Jackson and Morgan of the House

Title: Oil and gas well spacing; 2011 Shale Reservoir Development Act; horizontal well unitization process.

_____ together with Engrossed House Amendments thereto, beg leave to report that we have had the same under consideration and herewith return the same with the following recommendations:

1. That the Senate recedes from all Amendments.
2. That the attached Conference Committee Substitute be adopted.

Respectfully submitted,

SENATE CONFEREES

Branan

Johnson (Rob)

Treat

Sparks

Jolley

Burrage

HOUSE CONFEREES:

Conference Committee on Natural Resources

Senate Action _____ Date _____ House Action _____ Date _____

1 STATE OF OKLAHOMA

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

3 CONFERENCE COMMITTEE SUBSTITUTE
4 FOR ENGROSSED

5 SENATE BILL NO. 242

By: Branam and Justice of the
Senate

6 and

7 Jackson and Morgan of the
8 House

9
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.

7

8 53-1-1811 MJM 4/4/2012 10:43:40 AM

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24