

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                                   STATE OF OKLAHOMA

3                                   2nd Session of the 54th Legislature (2014)

4   COMMITTEE SUBSTITUTE  
5   FOR ENGROSSED  
6   SENATE BILL NO. 1966

By: Sykes of the Senate

and

Echols of the House

7  
8  
9  
10                                   COMMITTEE SUBSTITUTE

11           An Act relating to the Commissioners of the Land  
12           Office; amending 52 O.S. 2011, Section 570.14, which  
13           relates to district court jurisdiction related to  
14           actions determining interests in wells; making  
15           applicable to the Commissioners of the Land Office  
16           certain statute of limitations; amending 64 O.S.  
17           2011, Sections 1038 and 1063, which relate to  
18           authority to hire and utilize attorneys and  
19           authorization of leases of oil and gas subject to  
20           certain terms and conditions; requiring certain  
21           annual report be provided by the Commissioners of the  
22           Land Office to the Attorney General; clarifying  
23           criteria for authorizing oil and gas leases; and  
24           providing an effective date.

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

SECTION 1.           AMENDATORY           52 O.S. 2011, Section 570.14, is  
amended to read as follows:

1 Section 570.14 A. The district courts within this state shall  
2 have the sole and exclusive jurisdiction to determine the  
3 entitlement of any owner in a well to:

4 1. Its share of proceeds from production; or

5 2. Damages, interest, court costs, attorneys' fees or allowable  
6 litigation expenses incurred as a result of the violation of this  
7 act.

8 B. Any rulemaking power granted to the Corporation Commission  
9 by the Production Revenue Standards Act shall neither preclude nor  
10 impair the right of any owner to obtain through the district courts  
11 remedies available under existing law or additional remedies herein  
12 granted to any owner injured in business or property by reason of  
13 any action in violation of the provisions of the Production Revenue  
14 Standards Act.

15 C. Any owner injured in business or property by reason of any  
16 action in violation of the provisions of the Production Revenue  
17 Standards Act shall have the right to:

18 1. Recover actual damages so sustained; and

19 2. Obtain specific performance where equitable.

20 The prevailing party in any court proceeding brought pursuant to  
21 the Production Revenue Standards Act shall be entitled to recover  
22 the costs of the suit, including but not limited to reasonable  
23 attorney and expert witness fees.

24

1 D. For purposes of the Production Revenue Standards Act, the  
2 statute of limitations on actions brought pursuant to the provisions  
3 of the Production Revenue Standards Act shall be five (5) years from  
4 the date the cause of action shall have accrued, provided however,  
5 nothing shall create, limit or expand any statute of limitations  
6 applicable to production occurring prior to September 1, 1992.

7 E. The five-year statute of limitations period as provided in  
8 subsection D of this section shall apply to the Commissioners of the  
9 Land Office effective September 1, 2014; provided, however, nothing  
10 shall create, limit or expand any existing rights or obligations  
11 with respect to production occurring prior to September 1, 2014.

12 SECTION 2. AMENDATORY 64 O.S. 2011, Section 1038, is  
13 amended to read as follows:

14 Section 1038. A. The Commissioners of the Land Office are  
15 hereby authorized to employ attorneys or ~~to~~ engage ~~private~~ attorneys  
16 ~~to~~ and may bring or defend suits in the name of the Commissioners of  
17 the Land Office and on behalf of the State of Oklahoma in ~~all~~  
18 matters affecting the public lands of the state, and in ~~all~~ matters  
19 affecting the loaning, investing or collecting of school land and  
20 state land monies, ~~of,~~ and belonging to the state. Provided,  
21 however, that before attorneys may be engaged to represent the  
22 Commissioners of the Land Office, approval by a majority vote of the  
23 Commissioners during a public open meeting must first be obtained,  
24 and in addition, written approval of the state's Attorney General.

1 B. Written approval from the state's Attorney General shall be  
2 obtained in the following manner:

3 1. Attorneys proposed for engagement shall be selected from a  
4 list maintained or otherwise approved by the Attorney General;

5 2. A copy of the proposed contract shall be submitted to the  
6 Attorney General providing the nature, scope, anticipated costs,  
7 duration, and details of the representation; and

8 3. The Commissioners of the Land Office shall provide to the  
9 Attorney General written documentation concerning the reasons why  
10 the attorneys employed by the agency and the Attorney General's  
11 Office are not undertaking the representation.

12 C. The Commissioners of the Land Office shall:

13 1. Provide an annual report to the Attorney General of all  
14 attorneys engaged pursuant to the provisions of this section and the  
15 total costs incurred; and

16 2. Comply with the applicable provisions of Section 85.41 of  
17 Title 74 of the Oklahoma Statutes relating to contracts for  
18 professional services.

19 D. It shall be the duty of the Attorney General of the state,  
20 when requested by the Commissioners of the Land Office, to represent  
21 the Commissioners, and the state in the prosecution or defense of  
22 any suit or action so instituted, brought or defended.

23 SECTION 3. AMENDATORY 64 O.S. 2011, Section 1063, is  
24 amended to read as follows:

1 Section 1063. A. The Commissioners of the Land Office are  
2 authorized to lease for oil and gas purposes any of the school or  
3 other lands owned by the State of Oklahoma, which such Commissioners  
4 may deem valuable for oil and gas. Each such lease shall ~~be~~ be:

5 1. Be a commence-type lease and shall provide for a term not  
6 less than one year and not to exceed five (5) years ~~and~~ ;

7 2. Continue as long thereafter as oil or gas may be produced  
8 therefrom in paying quantities, upon such terms and conditions and  
9 in such quantities as the Commissioners shall by rules and  
10 regulations prescribe. ~~Each such lease shall provide;~~ ;

11 3. Provide for the delivery to the state of a royalty of not  
12 less than one-eighth (1/8) part of the oil or gas produced from the  
13 leased premises or in lieu thereof the payment to the state of the  
14 market value of ~~said~~ such royalty interest, as the Commissioners may  
15 elect. ~~The leases shall be;~~ ;

16 4. Be offered by public competition after notice of the lease  
17 auction published one time not less than thirty (30) days prior to  
18 the lease auction date in two newspapers authorized by law to  
19 publish legal notices. One of the newspapers shall be published in  
20 the county where the land is located or other newspaper as  
21 authorized by Section 106 of Title 25 of the Oklahoma Statutes. The  
22 other shall be a newspaper of general circulation in this state.  
23 ~~Such leasing shall be;~~ ;

24

1        5. Be let by sealed bids and each lease awarded to the highest  
2 responsible bidder, ~~such oil and gas leases may be;~~ and

3        6. Be assigned only with the consent and approval of the  
4 Commissioners of the Land Office; provided, the Commissioners have  
5 the right to reject any and all bids.

6        B. The Commissioners of the Land Office shall provide any other  
7 notice of oil and gas lease sales to all interested parties by any  
8 means it determines is needed to attract the best competition.

9        SECTION 4. This act shall become effective September 1, 2014.

10  
11 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated  
12 04/10/2014 - DO PASS, As Amended.

13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24