

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

SENATE BILL 1577

By: McCortney

AS INTRODUCED

An Act relating to oil and gas; amending Section 2, Chapter 201, O.S.L. 2012 (52 O.S. Supp. 2019, Section 902), which relates to construction of oil and gas contracts and statutes; requiring certain well operators to prevent pollution and certain adverse impact; requiring operator to take certain actions if pollution or adverse impact occur; updating statutory references; providing for noncodification; 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 not to be codified in the Oklahoma Statutes reads as follows:

This act shall be known and may be cited as the "Art Platt Act".

SECTION 2. AMENDATORY Section 2, Chapter 201, O.S.L. 2012 (52 O.S. Supp. 2019, Section 902), is amended to read as follows:

Section 902. The sanctity of private agreements, and the consistent and predictable application and interpretation of statutes, governmental orders and common law, being essential to the oil and gas industry, the following are declared to be paramount

1 rules of construction to be applied by the courts of this state in
2 the construction of private agreements, statutes and governmental
3 orders relating to the exploration for, operations for, producing
4 of, or marketing oil or gas, or disbursing proceeds of production of
5 oil or gas:

6 1. A person is bound as a reasonably prudent operator to
7 operate the well on behalf of all owners in the well and perform any
8 duties owed to any person under a private agreement, statute,
9 governmental order or common law relating to the exploration for,
10 operations for, producing of, or marketing oil or gas, or disbursing
11 proceeds of production of oil or gas, and performance of the duties
12 described herein is that performance which an operator acting
13 reasonably would have undertaken given the circumstances at the
14 time, without being required to subordinate its own business
15 interests, but with due regard to the interests of all affected
16 parties, including the operator; and

17 2. A person operating wells related to the exploration,
18 completion, operations and production of oil and gas is bound as a
19 reasonably prudent operator to prevent surface or subsurface
20 pollution at or from adjacent, nearby or surrounding oil and gas
21 wells. In the event pollution occurs, the operator shall take
22 immediate action to halt the activity causing the pollution and
23 remediate the pollution;

1 3. A person operating wells related to the exploration,
2 completion, operations and production of oil and gas is bound as a
3 reasonably prudent operator to not precipitate, induce or cause
4 adverse impact or damage to adjacent, concurrent, nearby or
5 surrounding oil and gas leases, drilling and spacing units and
6 associated oil and gas wells including, but not limited to, adverse
7 impacts or damage to the production of oil and gas and associated
8 revenues, recoverable reserves and leasehold equipment. If adverse
9 impact or damage occurs, the operator shall take immediate action to
10 minimize, resolve and remediate the damage or adverse impact and
11 shall timely negotiate, in good faith, any claims arising from such
12 damage or adverse impact; and

13 4. There shall not be implied in the duties in paragraph 1 or 2
14 of this section or otherwise any fiduciary duty, quasi-fiduciary
15 duty or other similar special relationship in any private agreement,
16 statute or governmental order or common law relating to the
17 exploration for, operations for, producing of, or marketing oil or
18 gas, or disbursing proceeds of production of oil or gas.
19 Nothing in this section shall either prohibit the parties to a
20 private agreement from expressly agreeing in writing otherwise or
21 prohibit the Legislature from expressly providing otherwise in any
22 statute subsequently enacted or prohibit any governmental order from
23 expressly providing otherwise to the extent within the power or
24 authority of the issuer of such order. However, the provisions of

1 this paragraph ~~2 of this section~~ shall not apply to Sections 287.1
2 through 287.15 of ~~Title 52 of the Oklahoma Statutes~~ this title and
3 nothing in ~~this act~~ the Energy Litigation Reform Act shall be
4 interpreted to relieve an operator or owner from any obligation or
5 duty set forth expressly in the Production Revenue Standards Act or
6 the Natural Gas Market Sharing Act; provided, the performance of
7 such obligations or duties shall be subject to the same reasonably
8 prudent operator standard set forth in paragraph 1 of this section.

9 SECTION 3. This act shall become effective November 1, 2020.

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