

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                               STATE OF OKLAHOMA

3                               2nd Session of the 58th Legislature (2022)

4 COMMITTEE SUBSTITUTE  
5 FOR  
6 HOUSE BILL NO. 3394

By: Moore

7  
8                               COMMITTEE SUBSTITUTE

9                   An Act relating to oil and gas; amending 52 O.S.  
10                   2021, Sections 570.1 and 570.11, which relate to the  
11                   Production Revenue Standards Act; updating statutory  
12                   references; renaming the Production Revenue Standards  
13                   Act; providing for transfer orders and substitute  
14                   division orders; and providing an effective date.

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

16                   SECTION 1.           AMENDATORY           52 O.S. 2021, Section 570.1, is  
17                   amended to read as follows:

18                   Section 570.1   Sections ~~4~~ 570.1 through ~~15~~ 570.15 of this ~~act~~  
19                   title shall be known and may be cited as the "Production Revenue  
20                   ~~Standards~~ and Royalty Standardization Act".

21                   SECTION 2.           AMENDATORY           52 O.S. 2021, Section 570.11, is  
22                   amended to read as follows:

23                   Section 570.11.   A division order or transfer order is an  
24                   instrument prepared by the operator, the first purchaser of the  
                    production or holder of proceeds for the purpose of directing the

1 distribution of proceeds from the sale of oil, gas, casinghead gas  
2 or other related hydrocarbons which warrants in writing the division  
3 of interest and the name, address and tax identification number of  
4 each interest owner with a provision requiring notice of change of  
5 ownership. Any owner legally entitled to receive a distribution of  
6 production proceeds may prepare and submit to the operator, the  
7 first purchaser of the production or holder of proceeds a substitute  
8 division order or transfer order which warrants in writing the  
9 division of interest and the name, address and tax identification  
10 number of each interest owner with a provision requiring notice of  
11 change of ownership. A division order or transfer order is executed  
12 to enable the first purchaser of the production or holder of  
13 proceeds to make remittance of proceeds directly to the owners  
14 legally entitled thereto and does not relieve the lessee of any  
15 liabilities or obligations under the oil and gas lease. Terms of a  
16 division order or transfer order which conflict with the terms of  
17 any oil and gas lease are invalid, unless previously agreed to by  
18 the affected parties. This ~~subsection~~ section shall only apply to  
19 division orders or transfer orders executed on or after July 1,  
20 1989.

21 SECTION 3. This act shall become effective November 1, 2022.

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23 COMMITTEE REPORT BY: COMMITTEE ON ENERGY AND NATURAL RESOURCES,  
24 dated 03/02/2022 - DO PASS, As Amended.