

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB4338 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By deleting the content of the entire measure, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Amendment submitted by: Anthony Moore

Adopted: _____

Reading Clerk

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

PROPOSED POLICY
COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 4338

By: Moore

PROPOSED POLICY COMMITTEE SUBSTITUTE

An Act relating to Oklahoma Brine Development Act; amending 17 O.S. 2021, Section 501, which relates to purpose; modifying legislative intent; amending 17 O.S. 2021, Section 502, which relates to definitions; modifying definitions; defining terms; amending 17 O.S. 2021, Section 503, which relates to Corporation Commission jurisdiction; modifying certain exception; amending 17 O.S. 2021, Section 504, which relates to unitization of brine rights; requiring certain application be filed; updating statutory references; modifying certain description of certain unit; amending 17 O.S. 2021, Section 506, which relates to Commission's findings; modifying description of certain evidential findings; modifying description of certain unit; requiring certain orders remain applicable and serve as certain guidelines; amending 17 O.S. 2021, Section 507, which relates to delineation of unit area; modifying certain description; removing certain single source of supply requirement; authorizing Corporation Commission to make units certain size and shape; requiring brine owners proportionally share produced water; requiring certain measurements of gross production; amending 17 O.S. 2021, Section 508, which relates to plan of unitization; modifying description of certain unit; modifying certain plan requirements; modifying description of certain owners; stating certain provisions to inapplicable to formation of a produced water unit; authorizing proposed operator to seek certain emergency relief; requiring Commission grant relief upon certain showing; granting proposed

1 operator right to collect certain proceeds; requiring
2 set royalty be held in suspense until final order
3 establishes unit; detailing requirements for certain
4 royalty rate; amending 17 O.S. 2021, Section 510,
5 which relates to increase or decrease of unit area
6 size; modifying description of certain unit;
7 modifying required showing for increase in existing
8 unit size; amending 17 O.S. 2021, Section 516, which
9 relates to pre-existing brine, solution gas or brine
10 and solution gas units; updating statutory
11 references; amending 17 O.S. 2021, Section 517, which
12 relates to payment of proceeds; modifying language to
13 include produced water; modifying information to be
14 included with certain payments; amending 17 O.S.
15 2021, Section 519, which relates to notice to surface
16 owner of intent to drill; stating that certain
17 provisions are inapplicable to the formation of a
18 produced water unit; and providing and effective
19 date.

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

21 SECTION 1. AMENDATORY 17 O.S. 2021, Section 501, is
22 amended to read as follows:

23 Section 501. The Legislature finds that it is desirable and
24 necessary to authorize and provide for unitized management,
operation, and further development of brine and associated solution
gas, to the end that a greater ultimate recovery of brine and
solution gas may be had, waste prevented, and the correlative rights
of owners therein be protected. In addition, the Legislature also
finds that it is a desirable public policy and necessity to reduce
disposal of brine water, also referred to as "produced water", from
oil and gas operations and encourage reuse, recycling and reclaiming

1 of said water and extraction of its constituent elements included
2 therein. It is further found to be in the public interest to
3 foster, encourage and promote the development and production in the
4 State of Oklahoma of brine, produced water, and solution gas and to
5 authorize and provide for the operation and development of unitized
6 brine, produced water, and solution gas properties, and to authorize
7 the Corporation Commission to regulate brine, produced water, and
8 solution gas production. Produced water subject to the jurisdiction
9 of the Oil and Gas Produced Water Recycling and Reuse Act, Section
10 86.6 et seq. of Title 52 of the Oklahoma Statutes, shall not be
11 governed by the Oklahoma Brine Development Act unless the produced
12 water is intended to be or is processed for the commercial
13 extraction and sale of constituent elements, or any one of them.

14 SECTION 2. AMENDATORY 17 O.S. 2021, Section 502, is
15 amended to read as follows:

16 Section 502. As used in this act:

17 1. "Commission" ~~shall mean~~ means the Corporation Commission of
18 Oklahoma;

19 2. "Person" ~~shall include~~ means any individual, partnership,
20 corporation or association of whatever character;

21 3. "Common source of supply" ~~shall include that~~ means the area
22 ~~which~~ that is underlain, or which, from geological or other
23 scientific data, or from drilling operations, or other evidence,
24 appears to be underlain by a common accumulation of brine; ~~provided,~~

1 ~~that, if.~~ If any such area is underlain or appears from geologic or
2 other scientific data, or from drilling operations, or from other
3 evidence to be underlain by more than one common accumulation of
4 brine separated from each other by a strata of earth and not
5 connected with each other, then ~~such~~ the area, as to each said
6 common accumulation of brine, shall be deemed a separate common
7 source of supply. In either circumstance of a brine production unit
8 or produced water unit, brine may be produced from multiple common
9 sources of supply from one or more oil and gas wells or one or more
10 brine wells, which shall all be considered the common source of
11 supply for purposes of this act;

12 4. "Brine" ~~shall mean~~ means subterranean saltwater and all of
13 its constituent parts and chemical substances therein contained,
14 including, but not limited to bromine, magnesium, potassium,
15 lithium, boron, chlorine, iodine, calcium, strontium, sodium,
16 sulphur, barium or other chemical substances produced with or
17 separated from ~~such~~ the saltwater. ~~Brine produced as an incident to~~
18 ~~the production of oil or gas, unless such brine is saved or sold for~~
19 ~~the purposes of removing chemical substances therefrom, shall not be~~
20 ~~considered brine for the purposes of this act.~~ Gas, whether found
21 in solution or otherwise, shall not be included within the meaning
22 of the term "brine";

23 5. "Brine owner" ~~shall mean~~ means any person entitled to share
24 in the proceeds from the sale of brine production or produced water

1 from which constituent elements are recovered from the brine
2 production or produced water, or the effluent;

3 6. "Brine well" means a well specifically drilled or operated
4 for the primary purpose of extracting brine and shall not include a
5 well drilled or operated for the primary purpose of producing oil or
6 gas;

7 7. "Solution gas" shall mean means all gas produced from brine
8 wells from the brine common source of supply within the brine
9 production unit area;

10 ~~7.~~ 8. "Solution gas owner" shall mean means any person entitled
11 to share in the proceeds from the sale of solution gas;

12 ~~8.~~ 9. "Owner" or "owners" means, unless a more specific term is
13 used, ~~shall mean~~ any person or entity who qualifies as either a
14 brine owner or a solution gas owner;

15 ~~9.~~ 10. "Operator" shall mean means a person who has the right
16 to drill into and produce from any brine common source of supply and
17 to appropriate that production, either for ~~himself,~~ the operator or
18 for ~~himself~~ the operator and others or extract the constituent
19 elements of brine produced as an incident to the production of oil
20 and gas, and is authorized by the Commission to drill or extract
21 such constituent elements of brine;

22 ~~10.~~ 11. "Effluent" shall mean means the liquid remaining after
23 extraction of the chemical substances from brine;

1 ~~11.~~ 12. "Brine production unit" or "unit" shall mean means each
2 separate specific area of land so designated by order of the
3 Commission for production of brine and associated solution gas ~~and~~
4 ~~the~~ from brine wells, including the related injection of effluent;

5 13. "Produced water unit" means the specific area of land so
6 designated by order of the Commission for the commercial extraction
7 and sale of constituent elements, or any one of the elements, from
8 produced water. The Commission, based upon the facts and
9 circumstances, shall determine the size and shape of any produced
10 water unit. Unless a larger size unit is deemed appropriate under
11 the facts and circumstances, the Commission shall not unitize an
12 area that exceeds the size of the spacing or drilling unit of the
13 associated oil or gas well from which the produced water is derived.
14 Each such produced water unit shall be limited to the same common
15 source or sources of supply as that of the associated oil or gas
16 well from which produced water is being received for the extraction
17 of constituent elements of such brine. Furthermore, an applicant
18 may seek to create two or more produced water units by and through
19 the filing of a single Commission cause.

20 If the Commission has not previously established a drilling or
21 spacing unit for the oil or gas well or wells from which the
22 produced water is derived, the Commission shall in its discretion
23 determine the size and shape of the produced water unit, taking into
24 consideration all facts and circumstances including, but not limited

1 to, the economics of collection, transportation, and processing
2 produced water to recover any extracted constituent element.

3 ~~12.~~ 14. "Injection well" ~~shall mean~~ means a well authorized by
4 the Commission for the injection of effluent or other solutions; ~~and~~

5 ~~13.~~ 15. "Manufacture" ~~shall mean~~ means the complete process of
6 drilling, completing, equipping and operating production and
7 injection wells and of extracting and packaging brine-;

8 16. "Oil or gas well" means a well drilled or operated for the
9 primary purpose of extracting oil or gas as those terms are defined
10 in Title 52 of the Oklahoma Statutes;

11 17. "Associated oil or gas production" means the oil or gas
12 produced from an oil and gas well from which produced water is
13 extracted as an incident to the production of the oil or gas and the
14 produced water is utilized for the purpose of extracting its
15 constituent elements therefrom;

16 18. "Constituent elements" means salts, metals, elements and
17 other mineralized substances that are dissolved, entrained or
18 suspended in subterranean water, but does not include skim oil or
19 hydraulic fracturing fluid;

20 19. "Extracted constituent element" means any constituent
21 element extracted from the produced water through reconditioning or
22 treating of the produced water by mechanical or chemical processes
23 which is saved and commercially utilized or sold;
24

1 20. "Produced water" means the subterranean salt water, and the
2 other liquid waste associated with, incidental to or extracted
3 during oil and gas drilling, completion or production process.
4 Produced water subject to the jurisdiction of the Oil and Gas
5 Produced Water Recycling and Reuse Act shall not be governed by the
6 Oklahoma Brine Development Act, unless the produced water is
7 intended to be or is processed for the commercial extraction and
8 sale of the constituent elements, or any one of them;

9 21. "Recycled water" means produced water that has been
10 reconditioned or treated by mechanical or chemical processes into a
11 reusable form;

12 22. "Recycler" means a person approved and authorized by the
13 Commission who receives produced water, for the purpose of saving,
14 extracting, reconditioning or treating the same by mechanical or
15 chemical processes into a reusable form; and

16 23. "Recycling waste" means the noncommercial by-products or
17 residual liquids or solid materials which remain after the recycling
18 or extraction process.

19 SECTION 3. AMENDATORY 17 O.S. 2021, Section 503, is
20 amended to read as follows:

21 Section 503. A. The Corporation Commission is hereby vested
22 with jurisdiction over the following:

23 1. The drilling for ~~and~~ or production of brine for commercial
24 purposes;

1 2. Class V injection wells used for the injection or disposal
2 of mineral brines as defined in the federal Safe Drinking Water Act
3 and 40 CFR Part 146; and

4 3. Class V wells used to inject spent brine into the same
5 formation from which it was withdrawn after extraction of halogens
6 or their salts as defined in 40 CFR Part 146.

7 B. The Commission may promulgate ~~such~~ rules that:

8 1. ~~As are~~ Are reasonably necessary to effectuate the purposes
9 of this act, including rules governing the drilling of production,
10 injection or disposal wells and the injection of effluent into
11 underground formations; and

12 2. ~~To ensure~~ Ensure that the drilling, casing and plugging of
13 wells is done in such a manner as to prevent the escape of brine and
14 effluent from one formation to another and to prevent the pollution
15 of fresh water supplies throughout the state.

16 C. The enforcement and adherence to the Oklahoma Brine
17 Development Act shall not apply to nor shall the Corporation
18 Commission have jurisdiction over Class I, III, IV or V wells
19 regulated by the Department of Environmental Quality pursuant to the
20 federal Safe Drinking Water Act and 40 CFR Parts 144 through 148,
21 inclusive, and the Oklahoma Environmental Quality Act.

22 SECTION 4. AMENDATORY 17 O.S. 2021, Section 504, is
23 amended to read as follows:

1 Section 504. A. A party desiring to unitize brine or produced
2 water rights shall file with the Corporation Commission an
3 application setting forth a description of the proposed brine
4 production unit or produced water unit area with a map or plat
5 thereof attached. The application shall allege the existence of the
6 facts required to be found by the Commission as provided in Section
7 ~~7~~ 506 of this ~~act~~ this title. The application shall set forth the
8 name and address of each brine owner within the area affected by the
9 application. Each such person shall be a respondent to the
10 application. In an application to enlarge the brine production unit
11 or produced water unit area, brine owners within the existing unit
12 and brine owners in the area to be added to the unit shall be
13 respondents to the application.

14 B. In the event the brine ~~sought to be unitized~~ in a proposed
15 brine production unit is found in association with solution gas, the
16 application shall set forth the name and address of each solution
17 gas owner within the area affected by the application. Each such
18 person shall be a respondent to the application. In an application
19 to enlarge the brine production unit area, solution gas owners
20 within the existing brine production unit and solution gas owners in
21 the area to be added to the brine production unit shall be
22 respondents to the application.

1 C. Every application to establish a brine production unit or
2 produced water unit shall have attached thereto a recommended plan
3 of unitization applicable to the proposed unit area.

4 SECTION 5. AMENDATORY 17 O.S. 2021, Section 506, is
5 amended to read as follows:

6 Section 506. A. If, after proper application and notice, the
7 Commission in its hearing shall find by substantial evidence that:

8 1. There exists a common source of supply or prospective common
9 source of supply for brine or produced water;

10 2. Unitized management, operation and further development of
11 the common source of supply for brine or produced water from oil or
12 gas wells is reasonably necessary in order to effectively develop
13 the brine ~~common source of supply~~ and allow for the extraction of
14 its constituent elements;

15 3. Unitized operation as applied to such common source of
16 supply or produced water is feasible and will prevent waste and,
17 with reasonable probability, will result in greater ultimate
18 recovery of brine and its constituent parts;

19 4. Such unitization is for the common good and will result in
20 the general advantage of the owners of the brine rights within the
21 proposed brine production unit or produced water unit and will
22 protect the correlative rights of the owners within the common
23 source of supply or produced water; and
24

1 5. The creation of a brine production unit or produced water
2 unit will accomplish one or more of the following:

- 3 a. avoid the drilling of unnecessary wells,
- 4 b. prevent waste,
- 5 c. protect correlative rights, ~~or~~
- 6 d. increase the ultimate recovery of brine from the
7 common source of supply and unit covered by the
8 application, or
- 9 e. allow recovery and extraction of constituent elements
10 from produced water;

11 the Commission shall make a finding to that effect and enter an
12 order creating the unit, and requiring unitized operation of the
13 prospective common source of supply or portion thereof described in
14 the order.

15 B. If the Commission in its hearing shall find by substantial
16 evidence that:

17 1. The proposed unit is a brine production unit, and not a
18 produced water unit;

19 2. Solution gas exists within the common source of supply or
20 prospective common source of supply;

21 ~~2.~~ 3. The production of brine is impossible or impractical
22 without also producing the solution gas; and
23
24

1 ~~3.~~ 4. The unitization of the brine common source of supply is
2 impractical or impossible without also unitizing the associated
3 solution gas,
4 the Commission shall make a finding to that effect and shall further
5 provide in its order for the unitization of the solution gas within
6 the brine production unit area.

7 C. Orders of the Commission entered pursuant to Section 87.1 of
8 Title 52 of the Oklahoma Statutes establishing drilling and spacing
9 units for the production of oil, gas or oil and gas shall not be
10 applicable to the drilling of brine wells ~~and or the~~ production of
11 solution gas from a brine production unit established by an order
12 issued pursuant to this act. However, such drilling and spacing
13 orders shall remain applicable to oil or gas wells and associated
14 oil and gas production, and shall serve as general non-mandatory
15 guidelines for establishing the size, shape, and common source of
16 supply of any produced water unit established under this act.

17 SECTION 6. AMENDATORY 17 O.S. 2021, Section 507, is
18 amended to read as follows:

19 Section 507. A. The order of the Corporation Commission shall
20 define the area of the common source or sources of supply or portion
21 thereof to be included within the brine production unit or the
22 produced water unit area. ~~Each unit and unit area shall be limited~~
23 ~~to all or a portion of a single common source of supply.~~ Except
24 where a larger unit is shown to be reasonable under the facts and

1 circumstances presented, the Commission may authorize the unit area
2 to be of the same size and shape as the units authorized by the
3 Commission for the associated oil and gas production.

4 B. Brine owners within the brine production unit shall share in
5 the production of brine in the proportion that their acreage bears
6 to total acreage within the unit, unless the Commission, after
7 notice and hearing, shall provide for another method in the unit
8 plan. Solution gas owners within the brine production unit shall
9 share in production of solution gas in the proportion that their
10 acreage bears to total acreage in the unit, unless the Commission,
11 after notice and hearing, shall provide for another method in the
12 unit plan.

13 C. Brine owners within the produced water unit shall share in
14 the production of produced water in the proportion that their
15 acreage bears to total acreage within the unit. The gross
16 production from each produced water unit shall be measured by the
17 total volume of produced water derived from the associated oil or
18 gas well or wells prior to the extraction of any constituent
19 elements, and not by any other metric.

20 SECTION 7. AMENDATORY 17 O.S. 2021, Section 508, is
21 amended to read as follows:

22 Section 508. A. The plan of unitization for each such brine
23 production unit or produced water unit ~~and unit area~~ shall be one
24 suited to the needs and requirements of the particular unit

1 dependent upon the facts and conditions found to exist with respect
2 thereto. In addition to such other terms, provisions, conditions
3 and requirements found by the Corporation Commission to be
4 reasonably necessary or proper to effectuate or accomplish the
5 purpose of this act, and subject to the further requirements hereof,
6 each such plan of unitization shall contain fair, reasonable and
7 equitable provisions for:

8 1. The efficient unitized management or control of further
9 development and operation of the brine production unit or produced
10 water unit area. Under ~~such~~ the plan the actual operations of the
11 unit shall be carried on by one of the owners of the right to drill
12 for and produce brine within the unit area as unit operator or in
13 the case of produced water associated with oil and gas production,
14 by the operator of the produced water unit approved by the
15 Commission. The designation of unit operator shall be by majority
16 vote of the owners of the right to drill for and produce brine in
17 the unit in accordance with their acreage ownership in the unit or
18 as designated by the Commission in the case of produced water
19 associated with oil and gas production;

20 2. The method and circumstances under which brine or effluent
21 from the unit, or from any other source, may be injected into the
22 common source of supply under the unit area or into other
23 formations;

1 3. The fair, just and reasonable compensation to be awarded to
2 any owner within the brine production unit or produced water unit
3 who does not wish to participate in development of the unit by
4 paying such owner's share of unit costs;

5 4. The fair, just and reasonable manner of participation for
6 any owner desiring to participate in the development of the brine
7 production unit or produced water unit by paying such owners share
8 of unit costs;

9 5. The fair, just and reasonable allocation and distribution to
10 each owner and the value of such owner's share of the brine,
11 including the usable resources extracted from the brine, and
12 solution gas, if any, produced from the unit;

13 6. The procedure and basis upon which wells, equipment and
14 other properties of the owners within the brine production unit or
15 produced water unit area are to be taken over and used for unit
16 operations, including the method of arriving at the compensation
17 therefor, or for otherwise proportionately equalizing the investment
18 of the several owners in the unit;

19 7. The method of apportioning costs of development and
20 operation between owners of brine and owners of solution gas, if
21 solution gas has also been unitized;

22 8. The time when the plan of unitization shall become
23 effective; and
24

1 9. The time when and conditions under which the unit shall or
2 may be dissolved and all affairs concluded.

3 B. No order of the Commission creating a brine production unit
4 and prescribing the plan of unitization applicable ~~thereto~~ to the
5 brine production unit shall become effective unless and until the
6 plan of unitization has been signed, or in writing ratified or
7 approved by record owners of the right to drill of not less than
8 fifty-five percent (55%) of the brine production unit area affected
9 thereby and by owners of record of not less than fifty-five percent
10 (55%) (exclusive of royalty interest owned by lessees or
11 subsidiaries of any lessee) of the royalty interest in and to the
12 brine production unit area and the Commission has made a finding
13 either in the order creating the unit or in a supplemental order
14 that the plan of unitization has been so signed, ratified or
15 approved by ~~lessees and royalty~~ brine owners of record owning the
16 required percentage interest in and to the brine production unit
17 area. Provided, however, in any instance where a ~~royalty~~ brine
18 owner has, through lease or other agreement, previously authorized
19 pooling or unitization of a size equal to or larger than the size
20 specified in the Commission order, said lease or other agreement
21 shall be deemed to be ~~such royalty~~ the brine owner's authorization
22 to unitize, and no additional signature, ratification or approval
23 shall be necessary from such owner, unless the lease provides for a
24 different production sharing formula than set out in the plan of

1 unitization. Further provided, however, in any instance where a
2 ~~royalty owner has~~ the brine owners of record have, through lease or
3 other agreement, previously consented to have the unit boundaries
4 and the allocation formula established by the Commission, said lease
5 or other agreement shall be deemed to be ~~such royalty~~ the brine
6 owner's authorization to unitize, and no additional signature,
7 ratification or approval shall be necessary from such owner. Where
8 the plan of unitization has not been so signed, ratified or approved
9 by ~~lessees and royalty~~ brine owners of record owning the required
10 percentage interest in and to the brine production unit area at the
11 time the order creating the unit is made, the Commission shall hold
12 such additional and supplemental hearings as may be requested or
13 required to determine if and when the plan of unitization has been
14 so signed, ratified or approved by ~~lessees and royalty~~ brine owners
15 of record owning the required percentage interest in and to the
16 brine production unit area and shall, in respect to such hearings,
17 make and enter a finding of its determination in such regard. In
18 the event ~~lessees or royalty~~ brine owners, ~~or either~~ of record,
19 owning the required percentage interest in and to the brine
20 production unit area have not so signed, ratified or approved the
21 plan of unitization within a period of six (6) months from and after
22 the date on which the order creating the brine production unit is
23 made, the order creating the unit shall be deemed vacated and of no
24 force and effect. The provisions of this subsection are hereby

1 expressly made inapplicable to the formation of a produced water
2 unit.

3 C. A participating brine owner shall have a one-time election
4 to sell, and any brine owner in the unit with brine refining
5 equipment shall have the obligation to buy, the brine produced from
6 the unit at the value determined by the Commission; provided
7 however, nothing herein shall require the purchasing brine owner to
8 purchase brine when it is not producing brine from the unit for its
9 own account.

10 D. Upon the filing of an application for the establishment of a
11 produced water unit and prior to the Commission's adjudication of
12 such application, the proposed operator of the unit may seek
13 emergency relief at the Commission for the immediate production,
14 commercial extraction and sale of constituent elements from produced
15 water derived from the associated oil or gas well, and the
16 Commission shall grant such relief upon a showing that such
17 emergency relief is reasonable and necessary under the established
18 facts and circumstances.

19 The proposed operator shall have the right to collect all
20 proceeds from the sale of brine or its constituent elements prior to
21 the entry of a final order establishing the produced water unit,
22 provided that a set royalty shall be held in suspense by the
23 proposed operator for the benefit of any unleased brine owners
24 within the proposed produced water unit until the Commission enters

1 a final order establishing the produced water unit. Such royalty
2 rate shall be set at the prevailing fair market value rate, which
3 shall be determined by evidence of the highest royalty paid for
4 arm's length negotiated brine leases within the produced water unit
5 and any other adjoining produced water unit.

6 SECTION 8. AMENDATORY 17 O.S. 2021, Section 510, is
7 amended to read as follows:

8 Section 510. A. The Corporation Commission shall have
9 jurisdiction to increase the size of an existing brine production
10 unit or produced water unit area where it is shown, upon proper
11 application, notice and hearing that:

12 1. Land adjacent to the existing unit is underlain by the same
13 common source of supply as that found within the unit area; and

14 2. Inclusion of the additional land will either:

15 a. increase unit efficiency, or

16 b. result in greater ultimate recovery of brine or
17 produced water, or

18 c. prevent waste; and

19 3. Inclusion of the additional land is fair, just and
20 reasonable, both to parties owning brine or produced water interests
21 in the additional land and to parties owning interests in the
22 existing unit; and

23 4. The requirements of Section ~~9~~ 508 of this ~~act~~ title have
24 been met.

1 B. The Commission shall have jurisdiction to decrease the size
2 of an existing brine production unit or produced water unit where it
3 is shown, upon proper application, notice and hearing, that the land
4 to be excluded is of no value to the unit because:

5 1. It is not underlain by the common source of supply; and

6 2. Its presence does not contribute to more efficient unit
7 operations, by providing the site for an injection well or wells, or
8 by assisting in the conduct of waterflood operations, or by
9 otherwise increasing unit efficiency; and

10 3. Exclusion of the land is fair, just and reasonable.

11 SECTION 9. AMENDATORY 17 O.S. 2021, Section 516, is
12 amended to read as follows:

13 Section 516. Sections ~~2~~ 501 through ~~16~~ 516 of this ~~act~~ title
14 shall not have any effect on any existing brine, solution gas or
15 brine and solution gas units which have been created voluntarily or
16 by a judicial decree to the extent such unit was established as of
17 the ~~date of this act~~ September 1, 1990. Any existing brine or brine
18 and solution gas unit may be expanded using the provisions of this
19 act.

20 SECTION 10. AMENDATORY 17 O.S. 2021, Section 517, is
21 amended to read as follows:

22 Section 517. A. The proceeds derived from the sale of brine,
23 produced water, solution gas, or brine and solution gas production
24 shall be paid to persons legally entitled thereto, commencing no

1 later than six (6) months after the date of first sale, and
2 thereafter no later than sixty (60) days after the end of the
3 calendar month within which proceeds are received for subsequent
4 production. In those instances where proceeds are not received for
5 disposition of brine, produced water, solution gas, or brine and
6 solution gas production due to venting, flaring, use for operations,
7 nonpayment from purchasers, or any other cause, the time periods
8 previously specified within which any required payment shall be paid
9 to the persons legally entitled thereto shall be measured from the
10 date on which such venting, flaring, use for operations, nonpayment
11 or other event occurred. Provided, proceeds from the sale of brine,
12 produced water, and solution gas from lands covered by a pending
13 application for unitization pursuant to this act shall be paid to
14 persons legally entitled thereto within six (6) months from the
15 entry of a final order of unitization, together with interest
16 thereon at the rate of six percent (6%) per annum to be compounded
17 annually, calculated from the date of first sale after the filing of
18 the application for unitization. Such payment is to be made to
19 persons entitled thereto by the operator of such production.
20 Provided, such operator may remit to the persons entitled to such
21 proceeds from production semiannually for the aggregate of six (6)
22 months' accumulation of monthly proceeds of amounts less than
23 Twenty-five Dollars (\$25.00). Further provided, that any delay in
24 determining the persons legally entitled to an interest in such

1 proceeds from production caused by unmarketable title to such
2 interest shall not affect payments to persons whose title is
3 marketable. Provided, however, that in those instances where such
4 proceeds cannot be paid because the title thereto is not marketable,
5 the operator of such production shall cause all proceeds due such
6 interest to earn interest at the rate of six percent (6%) per annum
7 to be compounded annually, calculated from the last day of the
8 production month, until such time as the title to such interest has
9 been perfected. Marketability of title shall be determined in
10 accordance with the then current title examination standards of the
11 Oklahoma Bar Association.

12 B. The following information shall be included with each
13 payment made to a brine owner from the sale of brine:

14 1. Unit identification;

15 2. Month and year of sales included in the payment;

16 3. Total volume of production from the unit of brine, produced
17 water, or solution gas and in the case of a brine production unit,
18 the concentration of chemical substances contained therein and
19 volumes extracted therefrom;

20 4. Owner's interest, expressed as a decimal, in production from
21 the unit;

22 5. Total value of extracted chemical substances and solution
23 gas, including the price per unit of measurement at which the
24 products were sold;

1 6. Owner's share of the total value of sales prior to any
2 deductions;

3 7. Owner's share of the total value of sales after any
4 deductions; and

5 8. A specific detailed listing of the amount and purpose of any
6 deductions, including, but not limited to BTU adjustments and taxes,
7 from the gross proceeds due to the owner.

8 C. Any operator that violates this section shall be liable to
9 the persons legally entitled to the proceeds from production for the
10 unpaid amount of such proceeds with interest thereon at the rate of
11 twelve percent (12%) per annum to be compounded annually, calculated
12 from the last day of the production month.

13 D. The district court for the county in which the unit is
14 located shall have jurisdiction over all proceedings brought
15 pursuant to this section. The prevailing party in any proceeding
16 brought pursuant to this section shall be entitled to recover any
17 court costs and reasonable expert witness and ~~attorney's~~ attorney
18 fees.

19 SECTION 11. AMENDATORY 17 O.S. 2021, Section 519, is
20 amended to read as follows:

21 Section 519. Before entering upon a site for brine well
22 drilling, except in instances where there are non-state resident
23 surface owners, non-state resident surface tenants, unknown heirs,
24 imperfect titles, surface owners, or surface tenants whose

1 whereabouts cannot be ascertained with reasonable diligence, the
2 operator shall give to the surface owner a written notice of his or
3 her intent to drill containing a designation of the proposed
4 location and the approximate date that the operator proposes to
5 commence drilling.

6 Such notice shall be given in writing by certified mail to the
7 surface owner. If the operator makes an affidavit that he or she
8 has conducted a search with reasonable diligence and the whereabouts
9 of the surface owner cannot be ascertained or such notice cannot be
10 delivered, then constructive notice of the intent to drill may be
11 given in the same manner as provided for the notice of proceedings
12 to appoint appraisers set forth in Section ~~22~~ 521 of this ~~act~~ title.

13 Within five (5) days of the date of delivery or service of the
14 notice of intent to drill, it shall be the duty of the operator and
15 the surface owner to enter into good-faith negotiations to determine
16 the surface damages.

17 The provisions of Sections 519 through 522 of this title are
18 hereby expressly made inapplicable to the formation of a produced
19 water unit.

20 SECTION 12. This act shall become effective November 1, 2026.
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