

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 POLICY COMMITTEE  
4 RECOMMENDATION

5 FOR

6 HOUSE BILL NO. 4338

7 By: Moore

8 POLICY COMMITTEE RECOMMENDATION

9 An Act relating to Oklahoma Brine Development Act;  
10 amending 17 O.S. 2021, Section 501, which relates to  
11 purpose; modifying legislative intent; amending 17  
12 O.S. 2021, Section 502, which relates to definitions;  
13 modifying definitions; defining terms; amending 17  
14 O.S. 2021, Section 503, which relates to Corporation  
15 Commission jurisdiction; modifying certain exception;  
16 amending 17 O.S. 2021, Section 504, which relates to  
17 unitization of brine rights; requiring certain  
18 application be filed; updating statutory references;  
19 modifying certain description of certain unit;  
20 amending 17 O.S. 2021, Section 506, which relates to  
21 Commission's findings; modifying description of  
22 certain evidential findings; modifying description of  
23 certain unit; requiring certain orders remain  
24 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;

24

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:

24

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.

23  
24

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

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;

24

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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22 60-2-16285 JL 02/11/26

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