

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 3943

By: Kane

AS INTRODUCED

An Act relating to public lands; amending 64 O.S. 2021, Sections 1023, as amended by Section 1, Chapter 360, O.S.L. 2025, 1065, and 1067 (64 O.S. Supp. 2025, Section 1023), which relate to the administration of leases by the Commissioners of the Land Office; authorizing hunting lease contracts; requiring certain value; authorizing concurrent leases; requiring certain notices; clarifying certain rights and liabilities associated with hunting lease contracts; and providing an effective date.

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

SECTION 1. AMENDATORY 64 O.S. 2021, Section 1023, as amended by Section 1, Chapter 360, O.S.L. 2025 (64 O.S. Supp. 2025, Section 1023), is amended to read as follows:

Section 1023. A. The Commissioners of the Land Office are authorized to grant commercial ~~leases and~~, agricultural, and hunting leases in trust property.

Commercial leases shall not exceed fifty-five (55) years. The granting of any commercial lease in excess of three (3) years shall be by public bidding at not less than fair market value. All

1 commercial leases shall provide for fair market value throughout the
2 term of the lease.

3 Agricultural leases of trust property shall be limited to a
4 maximum of five (5) years and shall be by public bidding at not less
5 than fair market value.

6 Hunting leases of trust property shall be offered at not less
7 than fair market value as determined by the Commissioners. Hunting
8 leases may be offered on the same parcels as commercial and
9 agricultural leases; provided, notice of such hunting lease or
10 intent to lease is given prior to the commencement of such
11 commercial or agricultural lease.

12 The granting of any interest in trust property at less than fair
13 market value or not in compliance with this section is void.

14 Any permanent improvement made on commercial trust property from
15 and after July 1, 1989, shall revert to the trust at the end of the
16 lease.

17 B. In connection with any commercial and agricultural leases,
18 the Commissioners of the Land Office shall, unless otherwise
19 exempted by the Constitution or laws of this state:

20 1. Require payment of ad valorem property taxes on any
21 improvements and structures on state school land, which would
22 otherwise be subject to ad valorem property taxation if constructed
23 on privately owned land; ~~and~~

1 2. Indemnify and hold harmless the Commissioners of the Land
2 Office from any financial obligation related to land, financing, or
3 operation; and

4 3. Provide to the lessee notice of any existing or potential
5 hunting lease contracts affecting such lease, along with a copy of
6 the terms and rights associated with such contract.

7 C. An appraiser selected by the Commissioners of the Land
8 Office shall appraise any improvements approved by the Commissioners
9 of the Land Office made to the property leased as an agricultural
10 lease by the current lessee that cannot be removed without manifest
11 injury to the land. When the Commissioners enter into a new lease
12 for the property, the lease shall require the new lessee to
13 reimburse the previous lessee for the appraised value of any
14 improvements made by the previous lessee by the date the new lessee
15 is permitted to take occupancy of the property. It shall be
16 considered a default of the lease of the property to the new lessee
17 if such reimbursement is not made. Provided, no fees may be charged
18 to a lessee above those included in the originally accepted bid to
19 irrigate land used for agricultural purposes if the water is not
20 sourced from lands owned or managed by the Commissioners.

21 D. The Commissioners of the Land Office may refuse to accept
22 any bid or lease on a commercial, agricultural, hunting, or mineral
23 lease where the party is in default of any installment due or in
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1 violation of any provisions contained in a prior or current lease
2 contract.

3 E. The Commissioners of the Land Office may refuse to accept
4 any bid or lease contract where the interested party cannot show
5 adequate creditworthiness as determined by the Land Office.

6 F. The Commissioners of the Land Office shall promulgate rules
7 to implement the provisions of this section.

8 SECTION 2. AMENDATORY 64 O.S. 2021, Section 1065, is
9 amended to read as follows:

10 Section 1065. Each agricultural, timber, grazing, hunting, or
11 other lease to any surface interest in land in which the deposits
12 are segregated, as provided in ~~the preceding section~~ Section 1064 of
13 this title shall reserve to the state, its lessees or grantees the
14 right to drill and operate oil and gas wells on such premises, and
15 the easement, use and right-of-way to enter upon and fully enjoy the
16 mining right reserved in this article.

17 SECTION 3. AMENDATORY 64 O.S. 2021, Section 1067, is
18 amended to read as follows:

19 Section 1067. Any person, firm or corporation leasing under the
20 provisions of this article, and operating for oil and gas, shall be
21 liable to the surface owner, the lessee or purchaser, for all
22 damages or loss accruing to the surface interest in said land and to
23 all crops and improvements thereupon and appurtenances and
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1 hereditaments thereunto belonging, whether said land be
2 agricultural, timber, grazing, hunting, or otherwise.

3 SECTION 4. This act shall become effective November 1, 2026.
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