

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Senator Hardin**

A Bill

SENATE BILL 53

For An Act To Be Entitled

8 "AN ACT TO AUTHORIZE THE ARKANSAS OIL AND GAS COMMISSION
9 TO CONDUCT HEARINGS ON COMPLAINTS OF OIL AND GAS ROYALTY
10 OWNERS, AND TO TAKE APPROPRIATE ACTION TO ASSURE THAT THE
11 ROYALTY OWNERS RECEIVE PAYMENT; AND FOR OTHER PURPOSES."

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13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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15 *SECTION 1. (a) The Arkansas Oil and Gas Commission is hereby*
16 *authorized to receive and investigate complaints of oil and gas royalty owners*
17 *that their lessees or others responsible for the payment of royalty are in*
18 *default of their lease agreements, orders of the Commission or the*
19 *requirements of law with respect thereto and to conduct hearings thereon*
20 *pursuant to the Administrative Procedure Act. After any such hearing the*
21 *Commission may order the party or parties found responsible for the default*
22 *that has resulted in the non-payment or untimely or insufficient payment of*
23 *royalty, herein called 'delinquency', to pay to such owner within such time as*
24 *the Commission deems just and equitable the amount of the delinquency together*
25 *with the amount of interest to which such owner is found by the Commission to*
26 *be entitled under Arkansas Code 15-74-601 et seq. plus, as a penalty, an*
27 *additional amount equal to the sum of those amounts but which penalty shall*
28 *not exceed one hundred thousand dollars (\$100,000).*

29 *(b) Where the amount of the penalty awarded under subsection (a) above*
30 *is less than twenty-five thousand dollars (\$25,000), the Commission may levy,*
31 *in addition thereto, a civil penalty in an amount not to exceed twenty-five*
32 *thousand dollars (\$25,000) less the penalty awarded under subsection (a). Any*
33 *such additional penalty awarded under this subsection (b) shall be paid into*
34 *the general fund of the Commission. The combined amount of penalties awarded*

1 under subsection (a) above and this subsection (b) shall not exceed one
2 hundred thousand dollars (\$100,000) per claim.

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4 (c) Pending compliance with any order issued hereunder the Commission
5 may order the operator of the well or wells from which the delinquency arose
6 to suspend payment of all (8/8ths) of the revenue therefrom allocable to the
7 party or entity responsible for compliance with such order. Where the revenue
8 is being paid by the purchaser directly to such person or entity, the
9 Commission may order that it be suspended by the purchaser.

10 The Commission may order that all or any part of funds ordered to
11 be suspended hereunder be applied to the payment of the delinquency, interest
12 and penalties.

13 (d) In aid of its investigation of claimed delinquencies the Commission
14 may require the operators of the wells from which the royalty is derived to
15 furnish the Commission or its investigator any relevant information pertaining
16 to such well or wells that is in its possession.

17 (e) The person or entity ordered to appear at a hearing held pursuant
18 hereto shall have the right to join, as Third Party Respondents, any parties
19 to whom the oil or gas that is the subject of the hearing was sold and, upon a
20 finding that such Third Party Respondent, without justification, has caused or
21 contributed to a delinquency, such party may be required to pay all or some
22 part of the amounts ordered hereunder to be paid.

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24 SECTION 2. All provisions of this Act of a general and permanent nature
25 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
26 Revision Commission shall incorporate the same in the Code.

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28 SECTION 3. If any provision of this Act or the application thereof to
29 any person or circumstance is held invalid, such invalidity shall not affect
30 other provisions or applications of the Act which can be given effect without
31 the invalid provision or application, and to this end the provisions of this
32 Act are declared to be severable.

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34 SECTION 4. All laws and parts of laws in conflict with this Act are her
35 hereby repealed.

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1 SECTION 5. EMERGENCY. It is found and determined by the General
2 Assembly of the State of Arkansas that current law does not adequately address
3 complaints from oil and gas royalty owners; and that this Act is immediately
4 necessary to provide oil and gas royalty owners a reasonable procedure for
5 addressing the complaints and obtaining relief. Therefore, an emergency is
6 hereby declared to exist and this act being necessary for the preservation of
7 the public peace, health and safety shall be in full force and effect from and
8 after its passage and approval.

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/s/Hardin

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