2 Synt Ocheral Assembly IX Diff 3 Regular Session, 2013 HOUSE BILL 2198 4 By: Representative Gillam HOUSE BILL 2198 6 An ACT TO AMEND ARKANSAS LAW CONCERNING THE TIME AND METHOD OF THE PAYMENT OF PROCEEDS OF SALES OF OIL AND 10 GAS PRODUCTION; AND FOR OTHER PURPOSES. IAI 11 Subtitle IAI 12 IAI TO AMEND ARKANSAS LAW CONCERNING THE TIME 13 Subtitle IAI 14 TO AMEND ARKANSAS LAW CONCERNING THE TIME 15 AND METHOD OF THE PAYMENT OF PROCEEDS OF 16 SALES OF OIL AND GAS PRODUCTION. 17 IAI IAI 18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS: 19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS: 21 SECTION 1. Arkansas Code § 15-72-305(a)(3)(A)(iii)(b), concerning the 21 SECTION 1. Arkansas Code § 15-72-305(a)(3)(A)(iii)(b), concerning the 22 ABO FILL (III) ABO FILL (III) 23 and gas, is amended to read as follows: (b) File an application with the commission, 24 (b) File an application with the commission issue an	1	State of Arkansas	As Engrossed: H3/21/13 A Bill	
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32 enforce compliance with this section. These sanctions shall include, but not		-		
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33 be limited to, a civil penalty of up to, but not more than, five hundred		-		
34 <i>dollars (\$500)</i> <u>under § 15-74-709</u> . The commission shall have the authority to				-
 35 suspend the imposition of any sanction for a maximum period of sixty (60) 36 days in order to allow the noncompliant owner the opportunity to furnish 				-



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proof to the commission of his or her compliance with any commission order.
All civil penalties levied by the commission as a result of this provision
shall be collected by the commission and shall be deposited in the State
Treasury to the credit of the Oil and Gas Commission Fund. The commission may
promulgate such other rules and regulations as it deems appropriate and
necessary to carry out the purposes of this section;

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8 SECTION 2. Arkansas Code § 15-72-305(a)(3)(B)(ii)(a), concerning the 9 allocation of production cost following an integration order concerning oil 10 and gas, is amended to read as follows:

11 (a) File an application with the commission, 12 setting forth sufficient facts to identify the well concerned and the 13 responsible operator, requesting that the commission issue an order requiring 14 the operator to appear at the next regularly scheduled hearing and show cause 15 with respect to its failure to timely comply with the provisions of this 16 section. Subsequent to the hearing, the commission shall impose upon an 17 operator who has failed to meet its obligations hereunder such sanctions as 18 are reasonably calculated to enforce compliance with this section. The 19 sanctions shall include, but not be limited to, a civil penalty of up to, but 20 not more than, five hundred dollars (\$500) under § 15-74-709. The commission 21 shall have the authority to suspend the imposition of any sanction for a 22 maximum period of sixty (60) days in order to allow the noncompliant the 23 opportunity to furnish proof to the commission of his or her compliance with 24 any commission order. All civil penalties levied by the commission as a 25 result of this provision shall be collected by the commission and deposited 26 in the State Treasury to the credit of the fund. The commission may 27 promulgate such other rules and regulations as it deems appropriate and necessary to carry out the purposes of this section; or 28

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30 SECTION 3. Arkansas Code § 15-72-305(a)(3)(5)(A), concerning the 31 allocation of production cost following an integration order concerning oil 32 and gas, is amended to read as follows:

33 (5)(A) On or before the thirtieth day of the next calendar month
34 following its receipt of the royalty moneys as provided above, the operator
35 shall distribute the moneys by check or by any form of electronic funds
36 transfer to all royalty owners as provided in this subsection. The

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1 distribution may be made annually for the aggregate of up to twelve (12) months of accumulated royalty moneys where the aggregate amount due any 2 3 royalty owner is at least ten dollars (\$10.00), but less than one hundred 4 dollars (\$100) or less one hundred and fifty dollars (\$150). However, upon 5 written request by the royalty owner, the payment shall be made when the 6 aggregate amount exceeds fifty dollars (\$50.00). Accumulated amounts of less 7 than ten dollars (\$10.00) may be held, but shall be paid when production 8 ceases or by the payor of payment upon relinquishing responsibility. The payment shall be made in a form evidencing With respect to each such 9 10 distribution the operator shall provide the following to the royalty owner in 11 paper form or make accessible in electronic form: 12 13 SECTION 4. Arkansas Code § 15-74-601(a) and (b), concerning the method 14 of payment for oil and gas sales, is amended to read as follows: 15 (a) The proceeds derived from the sale of oil or gas production from 16 any oil or gas well shall be paid to persons legally entitled thereto, 17 commencing no later than six (6) months after the date of first sale and 18 thereafter no later than sixty (60) days after the end of the calendar month 19 within which subsequent production is sold or as provided for under 20 subdivision (b)(2) of this section. 21 (b)(1) The payment of proceeds under subsection (a) of this section is 22 to be made to persons entitled thereto by the first purchasers of the 23 production. 24 (2) The payment may be made annually for the aggregate of up to 25 twelve (12) months of accumulation of proceeds if the aggregate amount owed is at least ten dollars (\$10.00), but less than one hundred dollars (\$100) or 26 27 less one hundred fifty dollars (\$150), provided, upon written request by the 28 royalty owner, the payment shall be made when the aggregate amount exceeds 29 fifty dollars (\$50.00). Accumulated amounts of less than ten dollars (\$10.00) may be held but shall be paid when production ceases or by the payor 30 31 of the payment upon relinquishing responsibility. 32 SECTION 5. Arkansas Code § 15-74-601, concerning the method of payment 33 34 for oil and gas sales, is amended to add an additional subsection to read as 35 follows: 36 (g) Moneys paid by the payor under this section may be paid by either

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1	check or any form of electronic funds transferred to the persons legally
2	entitled to the moneys under § 15-72-305.
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6	/s/Gillam
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