

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 719 of the Regular Session

1 State of Arkansas
2 87th General Assembly
3 Regular Session, 2009
4

As Engrossed: S3/18/09

A Bill

HOUSE BILL 2247

5 By: Representatives Maloch, Glidewell, Hoyt
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8 **For An Act To Be Entitled**

9 AN ACT TO CODIFY THE DUTY AND THE OBLIGATION OF A
10 MINERAL LESSEE TO A MINERAL LESSOR; TO ALLOW THE
11 PARTIES TO AN OIL AND GAS LEASE TO STIPULATE THE
12 PRUDENT OPERATOR STANDARD; AND FOR OTHER
13 PURPOSES.
14

15 **Subtitle**

16 TO CODIFY THE DUTY AND THE OBLIGATION OF
17 A MINERAL LESSEE TO A MINERAL LESSOR AND
18 TO ALLOW THE PARTIES TO AN OIL AND GAS
19 LEASE TO STIPULATE THE PRUDENT OPERATOR
20 STANDARD.
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 SECTION 1. Arkansas Code Title 15, Chapter 73, Subchapter 2 is amended
27 to add an additional section to read as follows:

28 15-73-207. Prudent operator standard.

29 (a) A mineral lessee under an oil and gas lease does not owe a
30 fiduciary duty or a fiduciary obligation to the mineral lessor.

31 (b) The mineral lessee shall:

32 (1) Perform the covenants of the lease in good faith; and

33 (2) Develop and operate the leased mineral estate as a prudent
34 operator for the mutual benefit of the mineral lessor and mineral lessee.
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SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
General Assembly of the State of Arkansas that oil and gas leasing activity
has significantly increased in the state; that the ongoing development of the
state’s oil and gas resources is vital to the state’s economic wellbeing; and
that the relationship between mineral lessors and mineral lessees must be
clarified to encourage investment in and development of the state’s natural
resources. Therefore, an emergency is declared to exist and this act being
immediately necessary for the preservation of the public peace, health and
safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor,
the expiration of the period of time during which the Governor may veto the
bill; or

(3) If the bill is vetoed by the Governor and the veto is
overridden, the date the last house overrides the veto.

/s/ Maloch

APPROVED: 3/31/2009