

State of Arkansas
76th General Assembly
Regular Session, 1987
By: Rep. King

HOUSE BILL 1756

"AN ACT TO AMEND ACT 222 OF 1929 [ARK. STAT. 53-509 TO 53-515] TO ADD A NEW SECTION TO STATE THE PURPOSE OF THE ACT TO PROHIBIT FIXED PRICE LEASES FOR OIL AND GAS IN ARKANSAS; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES."

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

SECTION 1. Act 222 of 1929, the same being Arkansas Statutes 53-509 to 53-515, is hereby amended to add a new Section to read as follows:

"Section 9. Legislative Purpose. The Arkansas General Assembly by enacting this law seeks to ensure oil and gas royalty owners share proportionally in the proceeds and benefits paid by oil and gas purchasers to producers under oil and gas purchase contracts. The General Assembly states that it is their purpose by this legislation that royalty owners share in the prices paid to producers by oil and gas purchasers. The General Assembly hereby finds and declares it to be the public policy of the State of Arkansas that so-called "fixed price leases" for oil and gas are manifestly unjust and it is therefore the intent of this Act to prohibit fixed price contracts for oil and gas leases. It is to the implementing of this public policy, that the General Assembly makes this statement of purpose."

SECTION 2. Emergency. It is hereby found and declared that due to uncertainties created by a recent decision of the Arkansas Supreme Court this Act is immediately necessary to confirm the intent of the General Assembly in enacting Act 222 of 1929 to prohibit fixed price contracts for oil and gas leases and to insure royalty owners share proportionally in the benefits and proceeds paid to producers by oil and gas purchasers. Therefore, an emergency is hereby declared to exist and this Act being necessary for the immediate preservation of the public peace, health and safety shall be in full

force and effect from and after its passage and approval.