

State of Arkansas

76th General Assembly

Regular Session, 1987

SENATE BILL 566

By: Senators Harriman and Hardin

"AN ACT RELATING TO THE PAYMENT OF OIL AND GAS ROYALTIES TO PERMIT ROYALTY OWNERS THE OPTION OF HAVING ROYALTIES PAID BY THE WORKING INTEREST OWNER WHEN ALL GAS FROM A DRILLING UNIT IS DELIVERED TO A SINGLE SOURCE; AND FOR OTHER PURPOSES."

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

SECTION 1. Notwithstanding any other laws relating to the payment of oil and gas royalties, in all instances where all the gas from a producing drilling unit is being delivered to a single source or marketed in such a manner that the working interests remain in constant balance, any royalty interest owner in the unit shall have the option of electing to be paid royalties directly from their working interest owners and under the terms and conditions of the oil and gas lease. The royalty interest owner who elects to receive a distribution from the working interest owner of his lease shall notify the working interest owner of his election by registered mail.

SECTION 2. After receiving notification of his royalty interest owner's election to receive direct royalty distributions, the working interest owner shall be responsible for paying royalties directly to the royalty owner under the terms of the oil and gas lease and shall be responsible for notifying any other parties, formerly responsible for payment of royalties, of his assumption of the royalty payments.

SECTION 3. The working interest owner shall make royalty payments to the royalty interest owner using the same time periods for paying royalties to royalty owners as set out in Section 15 of Act 105 of 1939, as amended.

SECTION 4. All laws and parts of laws in conflict with this Act are

hereby repealed.