

State of Arkansas  
87th General Assembly  
Regular Session, 2009

# A Bill

HOUSE BILL 2247

By: Representatives Maloch, Glidewell, Hoyt

## For An Act To Be Entitled

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

## Subtitle

TO CODIFY THE DUTY AND THE OBLIGATION OF A MINERAL LESSEE TO A MINERAL LESSOR AND TO ALLOW THE PARTIES TO AN OIL AND GAS LEASE TO STIPULATE THE PRUDENT OPERATOR STANDARD.

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

SECTION 1. Arkansas Code Title 15, Chapter 73, Subchapter 2 is amended to add an additional section to read as follows:

15-73-207. Prudent operator standard.

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

(b) The mineral lessee shall:

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

(2) Develop and operate the leased mineral estate as a prudent operator for the mutual benefit of the mineral lessor and mineral lessee.

(c) The parties to an oil and gas lease may stipulate in the lease a prudent operator standard to be followed by the mineral lessee.



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2       SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
3 General Assembly of the State of Arkansas that oil and gas leasing activity  
4 has significantly increased in the state; that the ongoing development of the  
5 state's oil and gas resources is vital to the state's economic wellbeing; and  
6 that the relationship between mineral lessors and mineral lessees must be  
7 clarified to encourage investment in and development of the state's natural  
8 resources. Therefore, an emergency is declared to exist and this act being  
9 immediately necessary for the preservation of the public peace, health and  
10 safety shall become effective on:

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

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

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