

1 State of Arkansas  
2 88th General Assembly  
3 Regular Session, 2011  
4

As Engrossed: S2/21/11 H3/24/11

# A Bill

SENATE BILL 265

5 By: Senator Salmon  
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## For An Act To Be Entitled

8 AN ACT TO CLARIFY THE TIME OF EXPIRATION OF OIL AND  
9 GAS LEASES AND THE SEVERANCE OF SECTIONS OR UNITS IN  
10 WHICH PRODUCTION HAS NOT BEEN OBTAINED DURING THE  
11 PRIMARY TERM OF THE LEASES; AND FOR OTHER PURPOSES.  
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## Subtitle

14 TO CLARIFY THE TIME OF EXPIRATION OF OIL  
15 AND GAS LEASES AND THE SEVERANCE OF  
16 SECTIONS OR UNITS IN WHICH PRODUCTION HAS  
17 NOT BEEN OBTAINED DURING THE PRIMARY TERM  
18 OF THE LEASES.  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 SECTION 1. Arkansas Code § 15-73-201 is amended to read as follows:

25 15-73-201. Lease extended by production – Scope.

26 (a) *The term of an oil and gas, or oil or gas, lease extended by*  
27 ~~*production in quantities in activities on lands in one (1) section or pooling*~~  
28 ~~*unit, in which there is production whether established by rule or by order of*~~  
29 ~~*the Oil and Gas Commission or the lease, shall not be extended in lands in to*~~  
30 ~~*sections or pooling units under the lease where there has been no production*~~  
31 ~~*or exploration activity.*~~

32 (b) ~~*This section shall not apply when drilling operations have*~~  
33 ~~*commenced on any part of lands in sections or pooling units under the lease*~~  
34 ~~*within one (1) year after the expiration of the primary term, or within one*~~  
35 ~~*(1) year after the completion of a well on any part of lands in sections or*~~  
36 ~~*pooling units under the lease.*~~ *Subsection (a) of this section does not*



1 prevent the parties to the lease from agreeing to a continuous drilling  
2 provision in order to extend the lease term to additional lands drilled or  
3 included in another section or unit if the lessor's waiver of the right to  
4 terminate the lease to the additional lands, sections, or units where no  
5 activity has occurred before the expiration of the lease is fully set forth  
6 in the lease or another agreement in bold, enlarged, or other distinctive  
7 print.

8 ~~(c) The provisions of this section shall apply to all oil and gas, or~~  
9 ~~oil or gas, leases entered into on and after July 4, 1983. After the primary~~  
10 ~~term of a lease in an uncontrolled oil field with no spacing requirements, a~~  
11 ~~producing well shall contain a maximum of one (1) governmental quarter-~~  
12 ~~quarter section as a production unit.~~

13 ~~(e) The provisions of this section shall apply to all oil and gas, or~~  
14 ~~oil or gas, leases entered into on and after July 4, 1983.~~

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16 /s/Salmon  
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