

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 HOUSE BILL 1672

By: Thomsen

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6 AS INTRODUCED

7 An Act relating to oil and gas; amending 52 O.S.
8 2011, Section 24.4, which relates to gas pipelines
9 and companies; modifying certain definition; and
10 providing an effective date.

11 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

12 SECTION 1. AMENDATORY 52 O.S. 2011, Section 24.4, is
13 amended to read as follows:

14 Section 24.4 For the purposes of this act:

15 1. "Gathering" is the transportation of natural gas through a
16 pipeline for hire, compensation or otherwise, or transporting
17 natural gas through a pipeline, in whole or in part, for such
18 person's own account, whether in connection with the purchase and
19 resale of natural gas, or in connection with the processing of
20 natural gas or otherwise, performed by a person other than a local
21 distribution company, intrastate transmission pipeline or interstate
22 pipeline. Gathering includes those activities or processes
23 performed between the delivery points and the redelivery points,
24 which shall include and be limited to only transportation,

1 processing, measurement, conditioning, compressing, pressure
2 regulation, recompressing, cleaning and treating of such gas and the
3 fuel or gas loss associated with such foregoing activities. The
4 terms "conditioning, cleaning and treating" as used herein shall
5 include those processes of separation, dehydration, removal of all
6 contaminants and inerts and filtering. Gathering specifically shall
7 not include processing or the extraction of natural gas liquids and
8 products;

9 2. "Gatherer" shall mean any person who performs the activities
10 or processes defined as gathering;

11 3. "Person" shall mean any individual, corporation, firm,
12 partnership, master limited partnership, limited liability company,
13 association, venture, trust, institution, or federal, state, or
14 local governmental instrumentality, or any legal entity however
15 organized;

16 4. "Shipper" shall mean any person who owns or controls natural
17 gas that seeks or receives gathering service from a gatherer;

18 5. "Terms and conditions of service" shall include all factors
19 defining the obligations between the gatherer and shipper respecting
20 any gathering activities or process, including, but not limited to,
21 nominations, deductions for fuel, accounting for imbalances,
22 imbalance penalties, assessments, charges or makeup provisions,
23 costs, charges and fees for connection or maintaining connections,
24 duration of gathering service, location of receipt and delivery

1 points, quality specifications of natural gas, minimum and maximum
2 pressures, and measurement;

3 6. "Delivery point(s)" shall mean the point where the
4 possession or control of the gas stream transfers from a shipper to
5 a gatherer;

6 7. "Redelivery point(s)" shall mean the point at which the
7 gatherer relinquishes possession or control of the gas stream;

8 8. "Similarly situated shipper" shall mean any person so
9 designated by the Commission, after application and hearing, wherein
10 the Commission determines that such applicant should receive the
11 benefits and obligations specified in a previously issued Commission
12 order under this act. In determining whether a person is a
13 similarly situated shipper, the Commission shall consider all
14 relevant conditions and factors including those utilized in fixing
15 the fee or terms and conditions of service in the previous order.
16 Similarly situated shipper status shall be limited to applicant's
17 interest in the well(s) covered by the previous order; and

18 9. "Spread fee" shall mean the monthly difference obtained by
19 subtracting the value received by the gatherer for the natural gas
20 liquids attributable to shipper from the value of the heating
21 content of the natural gas converted to natural gas liquids
22 attributable to the shipper, established by the cost of natural gas
23 purchased by the gatherer to specifically replace such heating
24 content or, if no actual purchases were made, by the value received

1 by gatherer for natural gas sold at the plant tailgate; provided,
2 however, in any month that the result of this calculation generates
3 a value of zero or less, there shall be deemed to be no spread fee.

4 SECTION 2. This act shall become effective November 1, 2017.

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6 56-1-5796 JM 12/30/16

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