

HOUSE BILL NO. HB0178

Oil and gas division and transfer orders.

Sponsored by: Representative(s) Walters and Miller and
Senator(s) Von Flatern

A BILL

for

1 AN ACT relating to oil and gas production; providing
2 requirements related to division and transfer orders;
3 providing a penalty; and providing for effective dates.

4

5 *Be It Enacted by the Legislature of the State of Wyoming:*

6

7 **Section 1.** W.S. 30-5-303 by creating a new subsection
8 (d), 30-5-304(a) by creating a new paragraph (ix) and by
9 renumbering (ix) as (x) and 30-5-305(a) and by creating new
10 subsections (c) through (h) are amended to read:

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12 **30-5-303. Payment for production; penalty for**
13 **violation; jurisdiction; costs and fees.**

14

1 (d) If the party responsible for sending any division
2 order to an interest owner pursuant to W.S. 30-5-305(c)
3 fails to send the division order in accordance with that
4 subsection, that party is liable to the interest owner in
5 the amount of one hundred dollars (\$100.00) for each month
6 that the division order is not provided to the interest
7 owner subsequent to the payment due date.

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9 **30-5-304. Definitions.**

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11 (a) As used in this act:

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13 (ix) "Commission" means the Wyoming oil and gas
14 conservation commission;

15
16 ~~(ix)~~ (x) "This act" means W.S. 30-5-301 through
17 30-5-305.

18
19 **30-5-305. Collection; reporting and remittance of**
20 **royalties; division and transfer orders.**

21
22 (a) Unless otherwise expressly provided for by
23 specific language in an executed written agreement,

1 "royalty", "overriding royalty", "other nonworking
2 interests" and "working interests" shall be interpreted as
3 defined in W.S. 30-5-304. ~~A division order may not alter or
4 amend the terms of an oil or gas lease or other contractual
5 agreement. A division order that alters or amends the
6 terms of an oil and gas lease or other contractual
7 agreement is invalid to the extent of the alteration or
8 amendment and the terms of the oil and gas lease or other
9 contractual agreement shall take precedence.~~

10
11 (c) Effective July 1, 2017, before the date on which
12 payment is due and, when applicable, subsequent to any
13 transfer by assignment, sale or other disposition of
14 ownership interest, a lessee, operator or other party
15 legally responsible for payment for oil or gas production
16 shall send a division order to all interest owners. A
17 division order shall not alter or amend the terms of an oil
18 or gas lease or other contractual agreement. A division
19 order that alters or amends the terms of an oil or gas
20 lease or other contractual agreement is invalid to the
21 extent of the alteration or amendment, and the terms of the
22 oil or gas lease or other contractual agreement shall take
23 precedence.

1

2 (d) The division order required by subsection (c) of
3 this section shall be on a form available through the
4 commission. The division order shall provide the following
5 information:

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7 (i) All interest owners' names and addresses;

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9 (ii) A legal description and name of the
10 property from which the oil or gas is being produced, the
11 type of production and, if applicable, the lease number;

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13 (iii) The interest owner's type of interest;

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15 (iv) All interest owners' respective percentages
16 of ownership totaling one hundred percent (100%) of the
17 ownership interests subject to the division order;

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19 (v) The authorization to suspend payment to the
20 interest owner for production until any title dispute or
21 adverse claim regarding the interest claimed by the
22 interest owner is resolved or for failure to sign and

1 return the division order pursuant to subsection (e) of
2 this section;

3
4 (vi) A provision requiring the interest owner to
5 provide notice of any change in the interest owner's
6 interest in production by sending a copy of the county
7 recorded transfer instrument to the party responsible for
8 sending division orders;

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10 (vii) Provisions for the valuation and timing of
11 settlements of oil or gas production to the interest owner;

12
13 (viii) The effective date of the division order;

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15 (ix) Any other terms necessary to facilitate the
16 transaction.

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18 (e) If, within sixty (60) days of the date of
19 issuance, the interest owner fails to sign and return the
20 division order and does not provide written notice
21 disputing any material information contained in the
22 division order, the party responsible for sending the
23 division order shall resend the division order to the

1 interest owner via signature required mail service. If,
2 within thirty (30) days of the date of second issuance, the
3 interest owner fails to sign and return the division order
4 and does not provide written notice disputing any material
5 information contained in the division order, the party
6 responsible for sending the division order shall cause a
7 notice of the division order to be published once a week
8 for four (4) consecutive weeks in a newspaper of general
9 circulation in the county in which the production is
10 located. If, after providing such notice by publication of
11 the division order, the interest owner fails to sign and
12 return the division order and does not provide written
13 notice disputing any material information contained in the
14 division order, the party responsible for sending the
15 division order shall deposit all proceeds credited to the
16 interest owner to an escrow account in accordance with W.S.
17 30-5-302. If the escrow agent is unable to deliver the
18 payment to the interest owner within three (3) years from
19 the end of the month in which the proceeds were deposited
20 into the escrow account, the payment shall be considered
21 unclaimed for purposes of W.S. 34-24-101 through 34-24-139.
22 Applicable escrow fees shall be deducted from the payments.

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1 (f) Any delay caused by an interest owner's failure
2 to sign and return the division order shall not affect
3 payments to all other interest owners entitled to payment.

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5 (g) Effective July 1, 2017, unless otherwise provided
6 by an oil or gas lease or other contractual agreement, if
7 an interest owner provides notice of any change in the
8 interest owner's interest in production by sending a copy
9 of the county recorded transfer instrument to the party
10 responsible for sending division orders for the production
11 that party shall send to all interest owners an amended or
12 corrected division order on a form available through the
13 commission.

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15 (h) Effective July 1, 2017, unless otherwise provided
16 by an oil or gas lease or other contractual agreement, if
17 there is a change in the party legally responsible for
18 payment for oil or gas production, the new responsible
19 party shall issue a transfer order to all interest owners
20 in the property. The transfer order shall advise that the
21 responsibility for distributing payments for production has
22 been transferred to the new party, who shall make payments

