

## **Oklahoma Legislature Reforms the Production Revenue Standards Act**

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On May 6, 2026, Governor Stitt signed [House Bill 1371](#), enacting the most significant amendments to the Oklahoma Production Revenue Standards Act (“PRSA”) since its adoption in 1980. The amendments become effective November 1, 2026.

The PRSA establishes Oklahoma’s statutory framework governing the timing and manner in which producing owners and operators must remit to interest owners their share of the proceeds received from the sale of oil and gas production to mineral owners. In general, the statute requires payment to commence within six months after first sale and continue on a periodic basis thereafter. If proceeds are not timely paid, the PRSA imposes statutory interest and provides mineral owners with an exclusive remedy to recover unpaid proceeds and interest, subject to limited exceptions. Historically, disputes under the PRSA have focused on the accrual of interest during title defects, probate proceedings, and other common delays, as well as disputes over royalties not paid due to disagreement over the point at which gas becomes marketable. Such disputes could result in substantial interest exposure and litigation costs for producing owners and operators due to the statutory interest alleged to have accrued under the PRSA (and potentially still accruing during the pendency of a lawsuit). Even when proceeds were held in good-faith suspense, operators could face ongoing interest exposure at 12% compounded annually (or 6% for unmarketable title).

HB 1371 materially reshapes the PRSA interest regime, clarifying when interest does and does not accrue, and it creates a new statutory mechanism allowing operators to escrow long-term unpaid proceeds if they cannot locate the mineral owner and obtain a release from future liability.

HB 1371 replaces the prior 12% compounded annual interest rate with a 15% simple interest rate for untimely paid proceeds. While the nominal rate is higher, eliminating compounding substantially narrows the historical escalation of PRSA interest exposure.

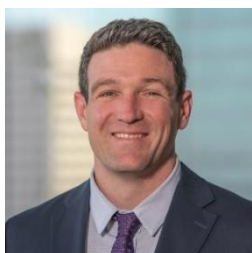
The Legislation also clarifies that interest does not accrue during several common, good-faith payment delays, including probate proceedings, unresolved lien disputes, owner-requested payment holds, and situations involving uncashed or returned checks or rejected electronic payments. Importantly, these non-accrual periods are available provided the operator maintains appropriate records and demonstrates reasonable diligence.

Another consequential change for operators is HB 1371 establishes a Mineral Owner’s Fund, an escrow account administered by the State Treasurer. After proceeds remain unpaid for 36

months, operators may remit the proceeds and accrued interest to the Fund, thereby fully discharging further payment and interest liability. This mechanism functions as a statutory alternative to interpleader, allowing operators to eliminate long-term suspense exposure without court involvement. Mineral owners retain the right to recover funds directly from the State upon proof of identity and ownership. In this manner, HB 1371 also aligned the PRSA with Oklahoma's Unclaimed Property Act by clarifying that mineral proceeds are not presumed abandoned until 36 months after they become due, unless earlier remitted to the Mineral Owner's Fund.

Taken together, the House Bill 1371 amendments to the PRSA represent the most comprehensive modernization of PRSA in decades, raising the stakes for true noncompliance while offering operators clearer rules, defined interest boundaries, and predictable exit from prolonged suspense situations.

This Alert was prepared in collaboration with the Firm's [Energy Practice Group](#) in a continuing effort to keep our clients informed of the transitions of law within the areas they operate. For questions regarding this development, or any other energy questions, please contact Scott or a member of [our team](#).



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