

CHAPTER 53

SENATE BILL No. 424

AN ACT relating to oil and gas leases; concerning the distribution of certain oil and gas lease monies deposited with the court; amending K.S.A. 55-221 and repealing the existing section.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K.S.A. 55-221 is hereby amended to read as follows: 55-221. Such receiver shall proceed immediately to enter into negotiations with prospective purchasers and shall sell an oil and gas lease on the interest of the defendant or defendants, ~~said~~ *such* lease to be for a primary term of not to exceed five ~~(5)~~ years from date and as long thereafter as oil and gas, or either of them, is produced in paying quantities from ~~said~~ *the* land by the lessee. ~~Said~~ *The* lease shall not be sold for less than the minimum bonus, rentals and royalties specified in the order of the court. ~~All bonuses, rentals or other monies paid to the receiver for the execution or extension of the oil and gas lease shall be by the receiver deposited with the court for the use and benefit of the defendants and thereupon. Upon production being obtained or the expiration of the lease, the court shall immediately discharge such receiver, and any future payments paid under said oil and gas lease shall be paid directly into the court and held for the use and benefit of the defendant or defendants. The court shall hold and distribute the monies received in the same manner as property received by a court as proceeds of a class action as specified in subsection (a)(9) of K.S.A. 58-3935, and amendments thereto. Any and all future production payments or other benefits paid under such oil and gas lease shall be retained in suspense by the oil and gas purchasing company and held until further orders of the court or until required to be distributed pursuant to the uniform unclaimed property act, K.S.A. 58-3934, et seq., and amendments thereto.~~ The cost of the receiver and the court cost shall be affixed by the court and shall be paid by the plaintiff.

Sec. 2. K.S.A. 55-221 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

Approved April 8, 2008.

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