J. Kevin Stitt · Governor
Matt Pinnell · Lt. Governor
Cindy Byrd · St. Auditor & Inspector
Lindel Fields · Supt. of Public Instruction
Blayne Arthur · Pres. Board of Agriculture

OKLAHOMA
COMMISSIONERS
OF THE LAND OFFICE

John Fischer · Acting Secretary

To all Operators & Lessees: DATE: 10/22/2025

Royalties to the Commissioners of the Land Office (CLO) shall be calculated and paid consistent with the following:

The Production Revenue Standards Act, 52 Okla. Stat. § 570.12, requires the following information to be included with every royalty payment:

1. Lease or well identification;
2. Month and year of sales included in the payment;
3. Total barrels or MCF attributed to such payment;
4. Price per barrel or MCF, including British Thermal Unit (BTU) adjustment of gas sold;
5. Total amount attributed to such payment of severance and other production taxes*, with the exception of windfall profit tax*;
6. Net value of total sales attributed to such payment after taxes* are deducted;
7. Owner's interest, expressed as a decimal, in production from the property;
8. Owner's share of the total value of sales attributed to such payment prior to any deductions**;
9. Owner's share of the sales value attributed to such payment less owner's share of the production and severance taxes*; and
10. A specific listing of the amount and purpose of any other deductions from the proceeds attributed to such payment due to the owner upon request by the owner. **

* The CLO's royalties are tax exempt. **The CLO requests all deductions to be listed on the check detail.

All revenue decimals shall be calculated to not less than the nearest sixth decimal place, which is the nearest part in one million. Gas volumes reported shall be measured as required by 52 Okla. Stat. § 474.

The CLO website contains a link to the acceptable template for providing such information in Excel format. Go to https://clo.ok.gov/resources/forms/ then select "Check Detail Template".

OIL & GAS ROYALTY CALCULATION: The CLO's Oil and Gas Lease, Rules and Regulations (available on the CLO's website) and Oklahoma Law require you to calculate the CLO's royalty as follows:

GAS ROYALTY. Royalty shall be calculated pursuant to the CLO's Oil and Gas Lease and Oklahoma Administrative Code 385:15-1-24. Neither the volume, value, nor price shall be diminished, directly or indirectly, by any monetary and/or volumetric expenses, losses, charges or reductions of any kind ("**Deductions**") including, but not limited to:

- Gathering, Compression, Dehydration, Separation, Dehydration, Treating, Fuel, Processing, Metering, Percentage of Proceeds ("POP") retained, Percentage of Index ("POI") retained

Any Deductions directly or indirectly taken from or absorbed in the volume, value and/or price shall be added back prior to calculating the royalty amount.

NGL ROYALTY. Royalty on all natural gas liquids or liquid hydrocarbons shall be calculated pursuant to the CLO's Oil and Gas Lease and Oklahoma Administrative Code 385:15-1-24. Neither the volume, value nor price shall be diminished, directly or indirectly, by any Deductions.

Any Deductions directly or indirectly taken from or absorbed in the volume, value and/or price shall be added back prior to calculating the royalty amount.

OIL ROYALTY. Royalty on all oil shall be calculated pursuant to the CLO's Oil and Gas Lease and Oklahoma Administrative Code 385:15-1-24.

DRIP GASOLINE AND CONDENSATE ROYALTY. Royalty on all drip gasoline and natural gas condensate shall be calculated pursuant to the CLO's Oil and Gas Lease and Oklahoma Administrative Code 385:15-1-24.

Failure to properly calculate and pay royalties may result in termination of the CLO's Oil and Gas Lease under its terms and/or the rules and regulations governing the CLO.

If you have any questions, please contact me at (405) 521-4056, or email me at trey.miller@clo.ok.gov.

Sincerely,

Trey Miller

Trey Miller
Director, Royalty Compliance Division