An Act

ENROLLED SENATE
BILL NO. 767

By: Marlatt of the Senate

and

Jackson of the House

An Act relating to marginal oil and gas wells; transferring duties, assets and obligations of the Commission on Marginally Producing Oil and Gas Wells to the Committee for Sustaining Oklahoma's Energy Resources on certain date; terminating employees and appointments of Commission members by certain date; stating procedures; transferring authority for certain functions; transferring monies in certain revolving funds; authorizing rulemaking; providing for assistance by the Secretary of Energy; amending 52 O.S. 2011, Sections 288.5A and 288.5B, as amended by Section 214, Chapter 304, O.S.L. 2012 (52 O.S. Supp. 2012, Section 288.5B), which relate to a Committee; creating the Committee for Sustaining Oklahoma's Energy Resources and Revolving Fund; providing purposes and duties of Committee; providing composition; providing terms of office; modifying purposes of fund; amending 52 O.S. 2011, Section 703, which relates to levying fees for the Commission on Marginally Producing Oil and Gas Wells; transferring fees to certain Committee; modifying statutory references; amending 52 O.S. 2011, Section 704, which relates to fee refund procedures; transferring duty to refund fees to certain Committee; repealing 52 O.S. 2011, Sections 700, 701, 702, 705, as amended by Section 220, Chapter 304, O.S.L. 2012, 706 and 707 (52 O.S. Supp. 2012, Section 705), which relate to the Commission on Marginally Producing Oil and Gas Wells; providing for codification; providing for recodification; providing an effective date; and declaring an emergency.

SUBJECT: Management structure for state energy resources

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 288.5C of Title 52, unless there is created a duplication in numbering, reads as follows:

A. Effective July 1, 2013, all duties, assets and obligations of the Commission on Marginally Producing Oil and Gas Wells created pursuant to Section 700 of Title 52 of the Oklahoma Statutes shall be transferred to the authority of the Committee for Sustaining Oklahoma's Energy Resources created pursuant to Section 288.5A of Title 52 of the Oklahoma Statutes.

B. Effective July 1, 2013, the terms of the members of the Commission on Marginally Producing Oil and Gas Wells appointed pursuant to the provisions of Section 700 of Title 52 of the Oklahoma Statutes shall be terminated.

C. Effective July 1, 2013, all unclassified full-time-equivalent, part-time, and temporary employees of the Commission on Marginally Producing Oil and Gas Wells shall be terminated. Employees shall be paid for any accrued annual leave and may be eligible for other benefits as provided by law.

D. Activities and functions previously performed by the Commission on Marginally Producing Oil and Gas Wells shall be under the responsibility of the Committee for Sustaining Oklahoma's Energy Resources or a successor committee as provided by law. The Committee may organize itself, create subcommittees or adopt procedures as deemed necessary and appropriate and consistent with the provisions of this act to implement the provisions of this act and carry out the functions and duties of the Commission on Marginally Producing Oil and Gas Wells with the exception of making annual reports as required by paragraph 7 of subsection A of Section 701 of Title 52 of the Oklahoma Statutes.

E. Monies remaining in the Commission on Marginally Producing Oil and Gas Wells Revolving Fund created in Section 705 of Title 52 of the Oklahoma Statutes shall be transferred to the credit of the Sustaining Oklahoma's Energy Resources Revolving Fund created in Section 288.5B of Title 52 of the Oklahoma Statutes for use as provided in this act.

F. The Committee for Sustaining Oklahoma's Energy Resources with the advice and consent of the Oklahoma Energy Resources Board is authorized to promulgate any rules necessary to implement the provisions of this act. The Secretary of Energy may provide assistance as necessary to oversee the transfer of duties, assets and obligations pursuant to this act.

SECTION 2. AMENDATORY 52 O.S. 2011, Section 288.5A, is amended to read as follows:

Section 288.5A. A. ~~In addition to the powers, duties and responsibilities assigned to the Oklahoma Energy Resources Board in Section 288.5 of Title 52 of the Oklahoma Statutes, the Board is authorized to administer the distribution of funds for research and development of new technologies in the oil and gas industry as provided in this act.~~

~~B. The Board shall create an advisory committee~~ There is hereby created the Committee for Sustaining Oklahoma's Energy Resources which shall be under the direction and supervision of the Oklahoma Energy Resources Board and shall be for the purpose of ~~receiving and recommending to the Board proposals for projects designed to encourage~~ encouraging new processes or technological advancements to sustain the oil and natural gas industry in the future for the benefit of the citizens of this state and for advancing activities to support marginally producing oil and gas wells.

~~C.~~ B. 1. The ~~Advisory~~ Committee for Sustaining Oklahoma's Energy Resources ~~may~~ shall be made up of ~~any number of~~ not less than twelve but not more than eighteen members ~~the Board deems necessary and appropriate and the~~. The Oklahoma Energy Resources Board shall select one member of the ~~Energy Resources~~ Board to serve as the chair of the ~~advisory committee~~ Committee. ~~Members~~ Except as otherwise provided, members of the ~~advisory committee~~ Committee shall be appointed by the chair of the ~~advisory committee~~ Committee and approved by a majority of the Board ~~and shall include the~~.

2. The Secretary of Energy~~,~~ or a designee shall serve as a member of the Committee for Sustaining Oklahoma's Energy Resources. The Secretary of Energy shall select one member of the Committee who shall currently be serving on the Oklahoma Energy Initiative Board

on behalf of the University of Oklahoma, Oklahoma State University, the University of Tulsa or Oklahoma City University.

3. Of the remaining members of the Committee for Sustaining Oklahoma's Energy Resources at least:

a. four members shall be independent oil and gas operators, of which at least one shall be from each of the four Corporation Commission regulatory districts as they existed on January 1, 2013, and each shall have operations in the district they represent,

b. one member shall be an independent oil and gas operator from Osage County and shall have operations in Osage County,

c. one member shall be an independent oil and gas operator selected from a list of operators submitted by the Oklahoma Independent Petroleum Association,

d. one member shall be an oil and gas operator selected from a list of operators submitted by the Mid-Continent Oil and Gas Association,

e. one member shall be an Oklahoma oil and gas royalty owner selected from a list of names submitted by the Oklahoma Mineral Owners Association, and

f. one member shall be an Oklahoma oil and gas royalty owner selected from a list of names submitted by the Oklahoma affiliate of the National Association of Royalty Owners. ~~Advisory committee~~

4. With the exception of the Secretary of Energy or the designee of the Secretary, Committee members shall serve ~~at the pleasure of the Board~~ for three-year terms and may be removed from the Committee by a majority vote of the Committee with or without cause. The Oklahoma Energy Resources Board may establish ~~terms of office and~~ any additional qualifications, requirements or conditions it deems appropriate for members of the ~~advisory committee~~ Committee which are consistent with the provisions of this section. The chair of the Committee, with the approval of the Board, shall strive to

select representatives of all facets of the oil and natural gas industry, and the University of Oklahoma, Oklahoma State University ~~and~~, the University of Tulsa, and Oklahoma City University, in addition to any other interested higher education institutions and governmental entities charged with duties and authority over relevant areas.

5. No member of the ~~advisory committee~~ Committee shall receive a salary for duties performed as a member of the ~~advisory committee~~ Committee; however, members may be eligible to receive reimbursement for necessary and actual travel expenses as provided for in the State Travel Reimbursement Act if approved by the Oklahoma Energy Resources Board.

6. Members appointed to serve on the ~~advisory committee~~ Committee shall be eligible to serve on any other state board or commission if ~~such~~ the member is otherwise qualified to hold such appointed office, notwithstanding the provisions of Section 6 of Title 51 of the Oklahoma Statutes.

~~D.~~ C. The ~~Board~~ Committee for Sustaining Oklahoma's Energy Resources is authorized to accept appropriations, donations, grants, contributions and gifts from any public or private source for the purpose of implementing the provisions of this act. The ~~Board~~ Committee shall deposit such funds in the revolving fund created in Section ~~2~~ 288.5B of this ~~act~~ title.

~~E.~~ D. The ~~Board~~ Committee for Sustaining Oklahoma's Energy Resources, with the advice and consent of the Oklahoma Energy Resources Board, is authorized to promulgate rules as necessary to implement the provisions of this act.

SECTION 3. AMENDATORY 52 O.S. 2011, Section 288.5B, as amended by Section 214, Chapter 304, O.S.L. 2012 (52 O.S. Supp. 2012, Section 288.5B), is amended to read as follows:

Section 288.5B. There is hereby created in the State Treasury a revolving fund for the ~~Oklahoma Energy Resources Board~~ Committee for Sustaining Oklahoma's Energy Resources to be designated the "Sustaining Oklahoma's Energy Resources Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies transferred to the ~~Oklahoma Energy~~

~~Resources Board~~ Committee for Sustaining Oklahoma's Energy Resources to further the purposes of this act from any public appropriations and donations, grants, contributions or gifts from any public or private source. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the ~~Oklahoma Energy Resources Board~~ Committee for Sustaining Oklahoma's Energy Resources for the purpose of encouraging and funding research and development of new technologies in the oil and natural gas industry and funding activities to support marginally producing oil and gas wells. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

SECTION 4. AMENDATORY 52 O.S. 2011, Section 703, is amended to read as follows:

Section 703. A. To fund the activities of the ~~Commission on Marginally Producing Oil and Gas Wells~~ Committee for Sustaining Oklahoma's Energy Resources for the purpose of encouraging and funding research and development of new technologies in the oil and natural gas industry and to support activities relating to marginally producing oil and gas wells, a fee shall be levied in the amount of thirty-five hundredths of one cent ($0.0035) on each barrel of petroleum liquid and fifteen thousandths of one cent ($0.00015) on each one thousand (1,000) cubic feet (Mcf) of natural gas, including casinghead gas, produced from each well in the State of Oklahoma except for oil and gas production exempt from the payment of gross production tax pursuant to Section 1001 of Title 68 of the Oklahoma Statutes.

B. The fee levied by subsection A of this section shall be deducted from the proceeds of production by the person remitting gross production tax to the Oklahoma Tax Commission pursuant to Section 1001 et seq. of Title 68 of the Oklahoma Statutes. The fee shall be remitted to the Tax Commission in the same manner as is provided by law for the payment of gross production tax. However, the fee shall not be required to be paid until the accrued amount due from any person required to remit the fee reaches Twenty-five Dollars ($25.00), except that any amount accrued for any calendar year shall be paid by January 31st of the following year. To defray the costs of receiving and depositing the fees levied by this

section, the Tax Commission shall retain three percent (3%) of the fees received for deposit into the Oklahoma Tax Commission Revolving Fund created pursuant to Section 113 of Title 68 of the Oklahoma Statutes. The remaining monies received by the Tax Commission pursuant to this section shall be deposited in the ~~Commission on Marginally Producing Oil and Gas Wells~~ Sustaining Oklahoma's Energy Resources Revolving Fund created by Section ~~705~~ 288.5B of this title.

C. The ~~Commission on Marginally Producing Oil and Gas Wells~~ Committee for Sustaining Oklahoma's Energy Resources shall be responsible for taking appropriate and necessary actions to collect any fee which is not paid or is not properly paid. The Tax Commission shall not be responsible for collecting any fee not remitted to the Tax Commission for deposit into the ~~Commission on Marginally Producing Oil and Gas Wells~~ Sustaining Oklahoma's Energy Resources Revolving Fund. The Tax Commission shall report to the ~~Commission on Marginally Producing Oil and Gas Wells~~ Committee for Sustaining Oklahoma's Energy Resources any information it obtains regarding failure of any person to properly pay the fee due, including any documentation it may have of the failure.

D. The Tax Commission shall promulgate rules to establish procedures and forms necessary for the remittance of the fee levied by this section.

E. The ~~Commission on Marginally Producing Oil and Gas Wells~~ Committee for Sustaining Oklahoma's Energy Resources or any successor committee shall be prohibited from utilizing any funds collected through the assessment authorized by this section for the purpose of influencing governmental action or policy, with the exception of recommending amendments to Section ~~700 et seq.~~ 288.1 et seq. of this title. The ~~Commission~~ Committee shall be authorized to respond to any request for information from the Governor, any members of the Legislature, any public official or state agency.

SECTION 5. AMENDATORY 52 O.S. 2011, Section 704, is amended to read as follows:

Section 704. A. Any person subject to the fee levied by Section ~~4~~ 703 of this ~~act~~ title may request a refund as provided in this section of the fee paid on production for the preceding

calendar year. Upon compliance with the provisions of this section and rules promulgated by the ~~Commission on marginally producing oil and gas wells~~ Committee for Sustaining Oklahoma's Energy Resources to implement this section, the ~~Commission~~ Committee shall refund to each person requesting a refund the amount of the fee paid by or on behalf of such person during the preceding calendar year.

B. The request for a refund of the fee paid on production for the preceding calendar year must be made during the first three (3) calendar months following the calendar year for which the refund is requested. Failure to request a refund during this period shall terminate the right of any person to receive a refund for the fee paid on production for the preceding calendar year. The ~~Commission~~ Committee shall give notice of the availability of the refund through press releases or such other means as it deems appropriate.

C. Each request for a refund shall be made in such manner and upon such forms as the ~~Commission~~ Committee may require. Each person requesting a refund shall execute an affidavit stating the description of the producing property generating the production for which the refund is requested, the amount of the refund requested and that affiant was the owner of the production upon which the fee was levied. The ~~Commission~~ Committee may require such other information and documentation reasonably necessary to verify the accuracy of the request for a refund.

SECTION 6. REPEALER 52 O.S. 2011, Sections 700, 701, 702, 705, as amended by Section 220, Chapter 304, O.S.L. 2012, 706 and 707 (52 O.S. Supp. 2012, Section 705), are hereby repealed.

SECTION 7. RECODIFICATION 52 O.S. 2011, Sections 703 and 704, as amended by Sections 4 and 5 of this act, shall be recodified as Sections 288.5D and 288.5E of Title 52 of the Oklahoma Statutes, unless there is created a duplication in numbering.

SECTION 8. This act shall become effective July 1, 2013.

SECTION 9. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 24th day of April, 2013.

Eddie Fields
Presiding Officer of the Senate

Passed the House of Representatives the 16th day of April, 2013.

Mike Jackson
Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this Monday
day of April 29, 2013, at 3:34 o'clock P M.
By: Candi C. Batt

Approved by the Governor of the State of Oklahoma this 3rd
day of May, 2013, at 2:17 o'clock P M.

Mary Fallin
Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 3rd
day of May, 2013, at 2:30 o'clock P. M.
By: Chris Dennis