An Act

ENROLLED HOUSE
BILL NO. 2234

By: Sears and Casey of the House

and

Jolley and Treat of the Senate

An Act relating to oil and gas; amending 17 O.S. 2011, Section 180.10, as amended by Section 59, Chapter 304, O.S.L. 2012 (17 O.S. Supp. 2014, Section 180.10), which relates to the Corporation Commission Plugging Fund; limiting the amount of expenditures for occurrences of seeping natural gas; amending 52 O.S. 2011, Section 317.1, as amended by Section 217, Chapter 304, O.S.L. 2012 (52 O.S. Supp. 2014, Section 317.1), which relates to seeping natural gas; modifying definition of seeping natural gas; deleting the Corporation Commission Gas Seep Fund; deleting source of funds, purposes and expenditure requirements; changing name of fund used for certain expenditures and depositing reimbursements; deleting certain limitation on expenditures; deleting authorization for certain expenditure; deleting authorization for certain reimbursements; providing an effective date; and declaring an emergency.

SUBJECT: Oil and gas

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

SECTION 1. AMENDATORY 17 O.S. 2011, Section 180.10, as amended by Section 59, Chapter 304, O.S.L. 2012 (17 O.S. Supp. 2014, Section 180.10), is amended to read as follows:

Section 180.10 A. There is hereby created in the State Treasury a fund for the Corporation Commission to be designated the "Corporation Commission Plugging Fund". The plugging fund shall consist of monies received by the Corporation Commission as required by law to be deposited to the credit of said fund. The fund shall be a continuing fund not subject to fiscal year limitations and shall not be subject to legislative appropriations. Expenditures from the plugging fund shall be made pursuant to the laws of this state and the statutes relating to the Corporation Commission. For each fiscal year, the Commission may expend not more than eight percent (8%) of the total amount deposited to the credit of the plugging fund during the previous fiscal year for the purpose of responding to occurrences of seeping natural gas as provided for in Section 317.1 of Title 52 of the Oklahoma Statutes. In addition, expenditures from the plugging fund may be made pursuant to The Oklahoma Central Purchasing Act, Section 85.1 et seq. of Title 74 of the Oklahoma Statutes, for purposes of immediately responding to emergency situations, within the Commission's jurisdiction, having potentially critical environmental or public safety impact. Warrants for expenditures from the fund shall be drawn by the State Treasurer, based on claims signed by an authorized employee of the Corporation Commission and approved for payment by the Director of the Office of Management and Enterprise Services. The provisions of this act or rules promulgated pursuant thereto, shall not be construed to relieve or in any way diminish the surety bonding requirements required by Section 318.1 of Title 52 of the Oklahoma Statutes.

B. Prior to July 1, 2016, the plugging fund shall be maintained at Five Million Dollars ($5,000,000.00). If the plugging fund falls below the five-million-dollar maintenance level, the Corporation Commission shall notify the Tax Commission that the plugging fund has fallen below the required maintenance level and that the excise tax which has been levied by subsection A of Section 1101 of Title 68 of the Oklahoma Statutes and subsection A of Section 1102 of Title 68 of the Oklahoma Statutes which is credited and apportioned to the Corporation Commission Plugging Fund pursuant to Section 1103 of Title 68 of the Oklahoma Statutes is to be imposed. Such additional excise tax shall be imposed and collected until such time as is necessary to meet the additional five-million-dollar maintenance level. The Tax Commission shall notify the persons responsible for payment of the excise tax on oil and gas of the imposition of such tax. The provisions of this subsection shall terminate on July 1, 2016.

SECTION 2. AMENDATORY 52 O.S. 2011, Section 317.1, as amended by Section 217, Chapter 304, O.S.L. 2012 (52 O.S. Supp. 2014, Section 317.1), is amended to read as follows:

Section 317.1 A. The Corporation Commission is vested with jurisdiction, power, and authority, and it shall be its duty, to promulgate and enforce rules, and issue and enforce orders relating to seeping natural gas.

B. For purposes of this section, "seeping natural gas" shall mean natural gas which has migrated into, under, or around a structure at hazardous concentrations ~~or is leaking from a distribution pipeline operated by a private natural gas utility regulated by the Commission that serves no more than three hundred (300) customers~~.

C. The jurisdiction, power, and authority of the Commission shall extend to responding to any occurrences of seeping gas and coordinating response efforts of private industry, state, county, municipal, and local government entities. The Commission is authorized to investigate seeping natural gas occurrences as provided for in this section and to order any person responsible for a facility which is found to be causing a seeping natural gas occurrence to abate the hazard.

D. The Commission is authorized to form emergency response teams to immediately respond to seeping natural gas occurrences as provided for in this section.

E. ~~There is hereby created in the State Treasury a fund for the Commission to be designated the "Corporation Commission Gas Seep Fund". The fund shall consist of monies appropriated by the Legislature or monies designated by law to be deposited in the fund. The fund shall be subject to legislative appropriations. The Commission is authorized to make expenditures from the fund as necessary and appropriate for coordinating the response to and investigating seeping natural gas occurrences as specified in this section. Expenditures from the fund shall be made pursuant to The Oklahoma Central Purchasing Act. For purposes of responding to serious environmental emergencies, expenditures from the fund may be made without requisition pursuant to paragraph 5 of subsection A of Section 85.7 of Title 74 of the Oklahoma Statutes. Warrants for expenditures from the fund shall be drawn by the State Treasurer, based on claims signed by an authorized employee or employee of the Commission and approved for payment by the Director of the Office of~~

~~Management and Enterprise Services. Expenditures made pursuant to this act shall be limited to the available balance in the fund and no other fund shall be accessible for any remediation or repair arising under the provisions of this act.~~

~~F.~~ 1. When there is an occurrence of seeping natural gas, the Commission shall seek to abate the hazard by:

a. issuing an order to a responsible person pursuant to subsection C of this section, or

b. plugging a well if the source of the seeping natural gas is a well drilled for the exploration or production of oil or gas, including an injection or disposal well.

2. If the Commission is unable to abate the hazard of a seeping natural gas occurrence as provided for in paragraph 1 of this subsection, the Commission may~~: (1)~~ expend ~~up to Twenty Thousand Dollars ($20,000.00)~~ funds from the Corporation Commission ~~Gas Seep~~ Plugging Fund as provided for in Section 180.10 of Title 17 of the Oklahoma Statutes for the cost of installing a system to divert natural gas away from a structure or otherwise abate the hazards~~; or (2) expend up to One Hundred Twenty five Thousand Dollars ($125,000.00) to repair or replace a distribution pipeline identified in subsection B of this section~~.

3. The Commission may seek reimbursement of expenditures made by the Commission pursuant to this subsection from a responsible person who has not complied with an order issued pursuant to subsection C of this section. Any monies received as reimbursement shall be deposited to the credit of the Corporation Commission ~~Gas Seep~~ Plugging Fund.

4. The Commission shall promulgate rules defining the criteria for determining the eligibility of the owner of a structure for assistance pursuant to this subsection. Eligibility shall be determined based on the nature and extent of the hazard, the financial need of the owner of the structure, and other relevant factors.

~~G.~~ F. The Commission shall not be responsible for damages to land or improvements resulting from the investigation of seeping natural gas occurrences as provided for in this section. Any person entering upon the land pursuant to the authority of the Commission

under this section shall not be liable or held responsible for any damages resulting from operations reasonably necessary or proper for the investigation of the seeping natural gas occurrence or the abatement of associated hazards.

~~H.~~ G. Any person entering upon the land to investigate or abate the associated hazards of a seeping natural gas occurrence, pursuant to the authority of the Commission under this section, shall not be held to have assumed responsibility for future abatement work on the land or be liable for damages or otherwise for conditions subsequently arising from or in connection with the land.

~~I.~~ H. Nothing in this section shall relieve any person or persons otherwise legally responsible from any obligation to properly abate hazards associated with seeping natural gas.

~~J.~~ I. The term "person" as used in this section means any individual, business association or corporation, partnership, governmental or political subdivision, public corporation, body politic and corporate public authority, trust or any other legal entity.

~~K. Upon application, the Commission may reimburse: (1) up to Twenty Thousand Dollars ($20,000.00) of the costs incurred by the applicant in installing a system to divert natural gas away from a structure or otherwise abate the hazards; or (2) up to One Hundred Twenty Five Thousand Dollars ($125,000.00) of the costs incurred by the applicant to repair or replace a distribution pipeline identified in subsection B of this section. Costs associated with occurrences of seeping natural gas reported after January 1, 2003, are eligible for reimbursement under this subsection.~~

SECTION 3. This act shall become effective July 1, 2015.

SECTION 4. 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 House of Representatives the 28th day of April, 2015.

Presiding Officer of the House
of Representatives

Passed the Senate the 5th day of May, 2015.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 6th
day of May, 2015, at 5:00 o'clock P M.
By: Audrey Rockwell

Approved by the Governor of the State of Oklahoma this 12th
day of May, 2015, at 3:33 o'clock P M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 12th
day of May, 2015, at 4:31 o'clock P. M.
By: Chris Benge