

ENGROSSED HOUSE AMENDMENT
TO
ENGROSSED SENATE BILL NO. 894

BY: GILES of the SENATE
and
RICE of the HOUSE

AN ACT RELATING TO LIENS; STATING THE STATE OF
OKLAHOMA SHALL HAVE A LIEN UPON ABANDONED WELL-SITE
EQUIPMENT, STRUCTURES AND CONTENTS; # # # PROVIDING
FOR CODIFICATION; AND DECLARING AN EMERGENCY.

AUTHORS: Add the following House Coauthors: WILLIAMS and PILGRIM

AMENDMENT NO. 1. Strike the title, enacting clause and entire bill
and insert

"(LIENS - ABANDONED WELL-SITE EQUIPMENT -
CODIFICATION -
EMERGENCY)

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 53.3 of Title 17, unless there
is created a duplication in numbering, reads as follows:

A. The State of Oklahoma shall have a lien upon any abandoned
oil and gas well-site equipment situated upon a lease site,
including but not limited to production and storage structures,
along with their contents, in an amount equal to the cost of
plugging all wells associated with said lease and restoring the
site. The lien created by this act shall attach only to abandoned
oil and gas well-site equipment located on or affixed to an oil or

gas well which has been plugged, replugged or repaired by the Commission.

B. Well-site equipment is presumed abandoned if:

1. For longer than one (1) year, the well has shown no activity in terms of production, injection, disposal or testing, and has not otherwise been maintained in compliance with plugging rules; and

2. a. the last operator of record is without valid surety as required by Section 318.1 of Title 52 of the Oklahoma Statutes and cannot be located by the Corporation Commission after diligent search, or

b. the last operator of record has plugging liability in excess of the amount of such operator's surety as filed with the Corporation Commission.

The presumption of abandonment shall apply only for purposes of the lien created herein and shall have no effect upon the term, duration, or continued existence of any property or contract right in the premises.

C. The lien created by this section shall be perfected against the equipment when notice of the lien is filed in the office of the county clerk of the county or counties where the equipment is situated. Upon receipt, the county clerk shall record the notice in the tract index and in the mechanic's lien journal. The notice shall contain a description of each item upon which a lien is claimed, and a legal description of the site upon which the equipment is situated.

D. The lien created by this section, once perfected, shall not have priority over all subsequently recorded encumbrances.

E. The lien created by this section shall be assignable by the Corporation Commission.

For purposes of this act the term "abandoned well" shall mean those wells that are described and listed in a report published by the Corporation Commission identifying oil or gas wells which have

been determined to be abandoned or orphaned by the Corporation Commission as a result of bankruptcy, inability to find the owner, or for other reasons.

SECTION 2. 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 22nd day of April, 1992.

Speaker of the House of
Representatives

Passed the Senate the ____ day of _____, 1992.

President of the Senate