

STATE OF OKLAHOMA

1st Session of the 44th Legislature (1993)

COMMITTEE SUBSTITUTE

FOR HOUSE BILL NO. 1732

By: Williams

COMMITTEE SUBSTITUTE

An Act relating to oil and gas wells; amending 17 O.S. 1991, Section 180.10, which relates to the Corporation Commission Plugging Fund; modifying name of fund; amending 52 O.S. 1991, Sections 139, 140 and 310, which relate to pollution abatement and well plugging, changing source of funds for expenditures; clarifying limitation on expenditures; requiring prioritization of expenditures; amending 52 O.S. 1991, Section 318, which relates to remedial work; modifying name of certain fund; amending 52 O.S. 1991, Section 318.1 as amended by Section 2, Chapter 362, O.S.L. 1992 (52 O.S. Supp. 1992, Section 318.1), which relates to well plugging; allowing participation in certain indemnity fund; requiring deposit of additional fee; authorizing Commission to set fee; providing for deposit of fee; providing for establishment of Well Plugging and Cleanup Indemnity Fund; stating purpose of fund; stating administration of fund; providing for establishment of Well Plugging and Cleanup Indemnity Fund Committee; providing membership; stating duties of Committee; providing grounds for payment from fund; requiring deposit of payments; stating amount of payment; providing for certain remedial work; providing for determination of participation in fund; requiring certain financial reports; providing for annual audit; requiring Commission to submit certain report; amending 68 O.S. 1991, Sections 1103 and 1103.1, which relate to petroleum excise tax; modifying name of Corporation Commission Plugging Fund; repealing Section 21, Chapter 398, O.S.L. 1992, as amended by Section 2, Chapter 401, O.S.L. 1992 (17 O.S. Supp. 1992, Section 57), which relates to the Oil and Gas Division Revolving Fund; providing for codification; providing effective dates; and declaring an emergency.

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

SECTION 1. AMENDATORY 17 O.S. 1991, 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 and Cleanup Fund". The plugging and cleanup fund shall consist of monies received by the Corporation Commission as required by law to be deposited to the

credit of said fund. Said fund shall be a continuing fund not subject to fiscal year limitations and shall not be subject to legislative appropriations. Expenditures from said plugging and cleanup fund shall be made pursuant to the laws of this state and the statutes relating to the Corporation Commission. In addition, expenditures from said plugging and cleanup fund may be made pursuant to the Oklahoma Central Purchasing Act 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 said fund shall be drawn by the State Treasurer, based on claims signed by an authorized employee or employee of the Corporation Commission and approved for payment by the Director of State Finance. The provisions of this act or rules or regulations 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, 1995, the plugging and cleanup fund shall be maintained at Five Million Dollars (\$5,000,000.00). If the plugging and cleanup fund falls below the five-million-dollar maintenance level, the Corporation Commission shall notify the Tax Commission that the plugging and cleanup fund has fallen below the required maintenance level and that the excise tax which has been levied by subsection A of Section ~~5~~ 1101 of ~~this act~~ Title 68 of the Oklahoma Statutes and subsection A of Section ~~6~~ 1102 of ~~this act~~ Title 68 of the Oklahoma Statutes which is credited and apportioned to the Corporation Commission Plugging and Cleanup Fund pursuant to Section ~~7~~ 1103 of ~~this act~~ 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, 1995.

SECTION 2. AMENDATORY 52 O.S. 1991, Section 139, is amended to read as follows:

Section 139. A. The Corporation Commission is vested with jurisdiction, power and authority, and it shall be its duty, to make and enforce such rules, regulations and orders governing and regulating the handling, storage and disposition of saltwater, mineral brines, waste oil and other deleterious substances produced from or obtained or used in connection with the drilling, development, producing, refining and processing of oil and gas within the State of Oklahoma or operation of oil or gas wells in this state as are reasonable and necessary for the purpose of preventing the pollution of the surface and subsurface waters in the state, and to otherwise carry out the purpose of this act.

B. 1. For the purpose of immediately responding to emergency situations having potentially critical environmental or public safety impact and resulting from activities within its jurisdiction, the Commission may take whatever necessary action, without notice and hearing, including the expenditure of monies from the Corporation Commission ~~Revolving~~ Plugging and Cleanup Fund, to promptly respond to the emergency. Such emergency expenditure shall be made pursuant to the provisions of the Oklahoma Central Purchasing Act, upon such terms and conditions established by the Office of Public Affairs to accomplish the purposes of this section. Thereafter, the Commission shall seek reimbursement from the responsible person, firm or corporation for all expenditures made from the Corporation Commission ~~Revolving~~ Plugging and Cleanup Fund. Any monies received as reimbursement shall be deposited to the credit of the Corporation Commission ~~Revolving~~ Plugging and Cleanup Fund.

2. ~~The~~ Except for expenditures made from the Corporation Commission Plugging and Cleanup Fund, the Commission shall not expend from any fund in the State Treasury, in any fiscal year, for the purposes herein provided, an amount of money in excess of the total sum specifically authorized annually by the Legislature for such purposes. Any monies received by the Commission through execution on any required surety shall not be subject to such limitation on expenditure for remedial action.

3. Neither the Commission nor any independent contractor of the Commission authorized to conduct remedial action under this section shall be held liable or responsible for any damages resulting from non-negligent actions reasonably necessary for conducting remedial work. Nothing in this section shall limit the authority of the Commission or relieve any person or persons otherwise legally responsible from any obligation to prevent or remediate pollution.

C. If, at any time, the monies in the Corporation Commission Plugging and Cleanup Fund are insufficient to cover the cost of remedial action for all wells or sites eligible under this section or Sections 140 and 310 of this title, the Commission shall prioritize expenditures according to degree of actual or potential environmental harm.

SECTION 3. AMENDATORY 52 O.S. 1991, Section 140, is amended to read as follows:

Section 140. A. The Commission shall not, by a general rule, regulation, or order, prohibit the storage in earthen ponds of the deleterious substances described in Section 139 of this title, but shall by general rule, regulation, or order prescribe standards, conditions, or limitations for the use of such ponds, and shall by rule, regulation, or order prohibit the storage of such substances in earthen ponds in areas, fields, or instances found to be required to prevent pollution.

B. If, after notice and hearing, the Commission finds that:

1. An earthen pond is subject to the provisions of this act;
2. It is a facility constructed or used for permanent storage or disposal of deleterious substances;

3. It is causing or is likely to cause the discharge of deleterious substances to the environment; and

4. The operator of said facility or any other person responsible for repairing or closing of said facility in such manner as is necessary to prevent further or future pollution cannot be found or is financially unable to pay the cost of performing said work; the Commission or any person authorized by the Commission may enter upon the land upon which the facility is

located and repair, close or take such other steps as may be reasonably necessary to remedy the condition.

C. If an emergency exists or if it otherwise appears to the Commission that irreparable injury will result if immediate remedial action is not taken, said entry upon the land may be made or authorized by the Commission without notice or hearing, for the purpose of taking such temporary remedial action as the Commission considers necessary to prevent or minimize the injury, pending the giving of notice and hearing.

D. For the purpose of immediately responding to emergency situations having potentially critical environmental or public safety impact, the Commission may take whatever necessary action, without notice and hearing, including the expenditure of monies from the Corporation Commission ~~Revolving~~ Plugging and Cleanup Fund, to promptly respond to the emergency. Such emergency expenditure shall be made pursuant to the provisions of the Oklahoma Central Purchasing Act, Section 85.1 et seq. of Title 74 of the Oklahoma Statutes, upon such terms and conditions established by the ~~Office of Public Affairs~~ Department of Central Services to accomplish the purposes of this section. Thereafter, the Commission shall seek reimbursement from the responsible person, firm or corporation for all expenditures made from the Corporation Commission ~~Revolving~~ Plugging and Cleanup Fund. Any monies received as reimbursement shall be deposited to the credit of the Corporation Commission ~~Revolving~~ Plugging and Cleanup Fund.

E. When the Commission undertakes any remedial action pursuant to this section, all such remedial work shall be done by contracts let upon competitive bids; ~~provided further that.~~ Except for expenditures made from the Corporation Commission Plugging and Cleanup Fund, the Commission shall not expend from ~~the Conservation Fund or~~ any other fund in the State Treasury, in any fiscal year, for the purposes herein provided, an amount of money in excess of the total sum specifically authorized annually by the Legislature for such purposes. Any monies received by the Commission through execution on any required surety shall not be subject to such limitation on expenditure for remedial action.

F. Neither the Commission nor any independent contractor of the Commission authorized to conduct remedial action under this section shall be held liable or responsible for any damages resulting from operations reasonably necessary to:

1. Contain or remove deleterious substances discharged from a facility;
2. Repair a facility; or
3. Close a facility for abandonment.

G. Nothing in this section shall limit the authority of the Commission or relieve any person or persons otherwise legally responsible from any obligation to:

1. Properly contain and dispose of deleterious substances;
2. Repair an earthen pond; or
3. Properly close an earthen pond before abandonment. It is intended that the provisions of this section shall serve as a supplemental remedy when any person or persons obligated to do so fail or cannot be made to do so.

G. If, at any time, the monies in the Corporation Commission Plugging and Cleanup Fund are insufficient to cover the cost of remedial action for all wells or sites eligible under this section or Sections 139 and 310 of this title, the Commission shall prioritize expenditures according to degree of actual or potential environmental harm.

SECTION 4. AMENDATORY 52 O.S. 1991, Section 310, is amended to read as follows:

Section 310. A. If, after notice and hearing, the Commission finds that:

1. A well drilled for the exploration, development, or production of oil or gas, or as an injection or disposal well, is abandoned and unplugged or improperly plugged or is causing or is likely to cause surface or subsurface pollution of any fresh water or is purging or is likely to purge salt water, oil, gas, or other deleterious substances onto the surface of the land in the vicinity of the well; and

2. The operator of the well or any other person responsible for plugging, replugging, or repairing the well in such manner as

is necessary to prevent further or future pollution cannot be found or is financially unable to pay the cost of performing said work,

the Commission or any person authorized by the Commission may enter upon the land upon which the well is located and plug, replug, or repair the well as may be reasonably required to remedy the condition. If an emergency exists or if it otherwise appears to the Commission that irreparable injury will result if immediate remedial action is not taken, said entry upon the land may be made or authorized by the Commission without notice or hearing, for the purpose of taking such temporary remedial action as the Commission considers necessary to prevent or minimize the injury, pending the giving of notice and hearing. The operation shall be conducted in the manner prescribed by the Commission.

B. For the purpose of immediately responding to emergency situations within the Commission's jurisdiction having potentially critical environmental or public safety impact, the Commission may take whatever necessary action, without notice and hearing, including the expenditure of monies from the Corporation Commission Plugging and Cleanup Fund, to promptly respond to the emergency. Such emergency expenditure shall be made pursuant to the provisions of the Oklahoma Central Purchasing Act upon such terms and conditions established by the Office of Public Affairs to accomplish the purposes of this section. Thereafter, the Commission shall seek reimbursement from the responsible person, firm or corporation for all expenditures made from the Corporation Commission Plugging and Cleanup Fund. Any monies received as reimbursement shall be deposited to the credit of the Corporation Commission Plugging and Cleanup Fund.

C. If, at any time, the monies in the Corporation Commission Plugging and Cleanup Fund are insufficient to cover the cost of remedial action for all wells or sites eligible ~~for plugging, replugging or repair~~ under this ~~statute~~ section or Sections 139 and 140 of this title, the Commission shall prioritize expenditures according to degree of actual or potential environmental harm.

SECTION 5. AMENDATORY 52 O.S. 1991, Section 318, is amended to read as follows:

Section 318. When the Commission undertakes to plug, replug, or repair any well or wells as authorized and provided in Sections 309 and 310 of this title, all such remedial work shall be done by contracts let upon competitive bids. Except for expenditures made from the Corporation Commission Plugging and Cleanup Fund, the Commission shall not expend from the Conservation Fund or any other fund in the State Treasury, in any fiscal year, for the purposes herein provided, an amount of money in excess of the total sum specifically authorized annually by the Legislature for such purposes. Provided any monies received by the Commission through execution on any required surety shall not be subject to such limitation on expenditure for plugging, replugging or repairing any well or wells.

SECTION 6. AMENDATORY 52 O.S. 1991, Section 318.1, as amended by Section 2, Chapter 362, O.S.L. 1992 (52 O.S. Supp. 1992, Section 318.1), is amended to read as follows:

Section 318.1 A. Any person who drills or operates any well for the exploration, development or production of oil or gas, or as an injection or disposal well, within this state, shall furnish in writing, on forms approved by the Corporation Commission, his agreement to drill, operate and plug wells in compliance with the rules and regulations of the Commission and the laws of this state, together with evidence of financial ability to comply with the requirements for plugging, closure of surface impoundments, removal of trash and equipment as established by the rules and regulations of the Commission and by law. To establish evidence of financial ability, the Commission shall require:

1. Category A surety which shall include a financial statement listing assets and liabilities and including a general release that the information may be verified with banks and other financial institutions. The statement shall prove a net worth of not less than Fifty Thousand Dollars (\$50,000.00); ~~or~~

2. Participation in the Well Plugging and Cleanup Indemnity Fund, as provided in Section 7 of this act; or

3. Category B surety which shall include an irrevocable commercial letter of credit, cash, a cashier's check, a Certificate of Deposit, Bank Joint Custody Receipt, other negotiable instrument or, a blanket surety bond. Except as provided in paragraph ~~3~~ 4 of this subsection ~~A of this section~~, amount of such letter of credit, cash, check, certificate, bond, receipt or other negotiable instrument shall be in the amount of Twenty-five Thousand Dollars (\$25,000.00) but may be set higher at the discretion of the Director of the Oil and Gas Division. The Commission is authorized to determine the amount of Category B surety based upon the past performance of the operator and its insiders and affiliates regarding compliance with the laws of this state, and any rules and regulations promulgated thereto including but not limited to the drilling, operation and plugging of wells, closure of surface impoundments or removal of trash and equipment. Any instrument shall constitute an unconditional promise to pay and be in a form negotiable by the Commission.

~~3.~~ 4. The Commission upon certification by any operator subject to Category B surety that its plugging liability statewide is less than the twenty-five-thousand-dollar standard specified in this section may allow said operator to provide Category B type surety in an amount less than the required Twenty-five Thousand Dollars (\$25,000.00), but at least sufficient to cover the estimated cost of all plugging, closure, and removal operations currently the responsibility of that operator. The liability certification referred to in this paragraph shall take the form of an affidavit from a licensed well plugger estimating the costs of all plugging, closure, and removal operations of the operator requesting such relief. This alternative amount shall be modified upward upon the assumption of additional operations by said operator, the maximum amount of Category B surety to be posted not to exceed the twenty-five-thousand-dollar total unless as provided previously.

B. Operators of record as of the effective date of this act who do not have any outstanding contempt citations or fines and

whose insiders or affiliates have no outstanding contempt citations or fines may post Category A surety.

New operators, operators who have outstanding fines or contempt citations and operators whose insiders or affiliates have outstanding contempt citations or fines as of the effective date of this act shall be required to post Category B surety. Operators who have posted Category B surety and have operated under this type surety and have no outstanding fines at the end of three (3) years may post Category A surety.

Operators using Category A surety who are assessed a fine of Two Thousand Dollars (\$2,000.00) or more and who do not pay the fine within the specified time shall be required to post a Category B surety within thirty (30) days of notification by the Commission.

C. For good cause shown concerning pollution or improper plugging of wells by the operator posting either Category A or B surety or by an insider or affiliate of such operator, the Commission, upon application of the Director of the Oil and Gas Division, after notice and hearing, may require the filing of additional Category B surety in an amount greater than Twenty-five Thousand Dollars (\$25,000.00) but not to exceed One Hundred Thousand Dollars (\$100,000.00).

D. If the Commission determines that a blanket surety bond is required, the bond shall be conditioned on the fact that the operator shall cause the wells to be plugged and abandoned surface impoundments to be closed, and trash and equipment to be removed in accordance with the laws of this state and the rules and regulations of the Commission. Each bond shall be executed by a corporate surety authorized to do business in this state and shall be renewed and continued in effect until the conditions have been met or release of the bond is authorized by the Commission.

E. The agreement provided for in subsection A of this section shall provide that if the Commission determines that the person furnishing the agreement has neglected, failed, or refused to plug and abandon, or cause to be plugged and abandoned, or replug any well or has neglected, failed or refused to close any surface

impoundment or removed or cause to be removed trash and equipment in compliance with the rules ~~and regulations~~ of the Commission, then the person shall forfeit from his bond, letter of credit or negotiable instrument or shall pay to this state, through the Commission, for deposit in the State Treasury, a sum equal to the cost of plugging the well, closure of any surface impoundment or removal of trash and equipment. The Commission may cause the remedial work to be done, issuing a warrant in payment of the cost thereof drawn against the monies accruing in the State Treasury from the forfeiture or payment. Any monies accruing in the State Treasury by reason of a determination that there has been a noncompliance with the provisions of the agreement or the rules and regulations of the Commission, in excess of the cost of remedial action ordered by the Commission, shall be credited to the ~~Conservation~~ Corporation Commission Plugging and Cleanup Fund. The Commission shall also recover any costs arising from litigation to enforce this provision. Provided, before a person is required to forfeit or pay any monies to the state pursuant to this section, the Commission shall notify the person at his last-known address of the determination of neglect, failure or refusal to plug or replug any well, or close any surface impoundment or remove trash and equipment and said person shall have ten (10) days from the date of notification within which to commence remedial operations. Failure to commence remedial operations shall result in forfeiture or payment as provided in this subsection.

F. It shall be unlawful for any person to drill or operate any oil or gas well subject to the provisions of this section, without the evidence of financial ability required by this section. The Commission shall shut in, without notice, hearing or order of the Commission, the wells of any such person violating the provisions of this subsection and such wells shall remain shut in for noncompliance until the required evidence of Category B surety is obtained and verified by the Commission.

G. The Commission, upon determination that a person operated an oil and gas well subject to the provisions of this section

without the evidence of financial ability required by this section, shall in addition to meeting the requirements of subsection F of this section, require such person to pay an additional fee for deposit in the State Treasury. The Commission shall establish the amount of such fee. Any monies accruing in the State Treasury by reason of this subsection shall be credited to the Corporation Commission Plugging and Cleanup Fund.

H. If title to property or a well is transferred, the transferee shall furnish the evidence of financial ability to plug the well and close surface impoundments required by the provisions of this section, prior to the transfer.

~~H.~~ I. As used in this section:

1. "Affiliate" means an entity that owns twenty percent (20%) or more of the operator, or an entity of which twenty percent (20%) or more is owned by the operator; and

2. "Insider" means officer, director, or person in control of the operator; general partners of or in the operator; general or limited partnership in which the operator is a general partner; spouse of an officer, director, or person in control of the operator; spouse of a general partner of or in the operator; corporation of which the operator is a director, officer, or person in control; affiliate, or insider of an affiliate as if such affiliate were the operator; or managing agent of the operator.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 318.1b of Title 52, unless there is created a duplication in numbering, reads as follows:

A. The Corporation Commission shall establish a Well Plugging and Cleanup Indemnity Fund, as provided for in this section. The indemnity fund shall be made available as a method whereby a person can provide evidence of financial ability as required by Section 318.1 of Title 52 of the Oklahoma Statutes.

B. The indemnity fund shall be administered by a qualified private administrator. The Commission shall establish a Well Plugging and Cleanup Indemnity Fund Committee. The Committee shall be composed of the Chairman of the Corporation Commission

and of not more than five (5) other members appointed by the Commission. The appointed members shall have knowledge and experience in the oil and gas industry or professional experience in investment or funds management. By July 1, 1994, the Committee shall select and retain a qualified administrator of the indemnity fund. After July 1, 1994, the Committee shall continue to function and shall make recommendations to the Commission on all matters related to the choice of the administrator of the indemnity fund and management of the fund. The Oil and Gas Division of the Corporation Commission shall provide staffing assistance for the Committee.

C. If the Commission determines that a person participating in the Well Plugging and Cleanup Indemnity Fund has neglected, failed, or refused to plug and abandon, or cause to be plugged and abandoned, or replug any well or has neglected, failed or refused to close any surface impoundment or remove or cause to be removed trash and equipment in compliance with the rules of the Commission, then the administrator of the Indemnity Fund shall pay to this state, through the Commission, for deposit in the State Treasury, a sum equal to the cost of plugging the well, closure of any surface impoundment or removal of trash and equipment. The Commission may cause the remedial work to be done, issuing a warrant in payment of the cost thereof drawn against the monies accruing in the State Treasury from the payment.

D. Qualifications and premiums for participation in the Well Plugging and Cleanup Indemnity Fund shall be determined by the administrator of the fund.

E. The administrator of the Well Plugging and Cleanup Indemnity Fund shall submit a financial report on a fiscal year basis to the Commission and the Speaker of the House of Representatives and the President Pro Tempore of the Senate. The fund shall be subject to an annual audit by the State Auditor and Inspector or an independent auditor.

F. The Commission shall submit an annual report to the Governor, the Secretary of Energy, the Speaker of the House of Representatives and the President Pro Tempore of the Senate

detailing participation in fund, payments made from the Well Plugging and Cleanup Indemnity Fund and remedial action taken by the Commission.

SECTION 8. AMENDATORY 68 O.S. 1991, Section 1103, is amended to read as follows:

Section 1103. A. 1. Prior to July 1, 1995 and as provided in Section ~~§~~ 1103.1 of this ~~act~~ title, all monies derived from the levy of the excise tax on petroleum oil provided for by Section 1101 of this Code shall be deposited with the State Treasurer, who shall credit and apportion the same as follows:

- a. eighty-four and five hundred fifty-three thousandths percent (84.553%) of said excise tax shall be credited and apportioned to a separate and distinct fund to be known as the "Conservation Fund", which fund is hereby created;
- b. ten and five hundred twenty-six thousandths percent (10.526%) shall be credited and apportioned to a separate and distinct fund to be known as the "Corporation Commission Plugging and Cleanup Fund"; and
- c. the remaining four and nine hundred twenty-one thousandths percent (4.921%) of said excise tax shall be credited and apportioned to a separate and distinct fund to be known as "The Interstate Oil Compact Fund of Oklahoma", which fund is hereby created.

2. Prior to July 1, 1995 and as provided in Section ~~§~~ 1103.1 of this ~~act~~ title, all monies derived from the levy of the excise tax on natural gas and/or casinghead gas provided for by Section 1102 of this Code shall be deposited with the State Treasurer, who shall credit and apportion the same as follows:

- a. eighty-five and four thousand sixty-six ten thousandths percent (85.4066%) of said excise tax shall be credited and apportioned to said Conservation Fund;

- b. ten and five thousand five hundred fifty-five ten thousandths percent (10.5555%) shall be credited and apportioned to the Corporation Commission Plugging and Cleanup Fund; and
- c. four and three hundred seventy-nine ten thousandths percent (4.0379%) of said excise tax shall be credited and apportioned to The Interstate Oil Compact Fund of Oklahoma.

3. Prior to July 1, 1995 and as provided in Section & 1103.1 of this ~~act~~ title, all monies to accrue to the "Conservation Fund" under the provisions of this article, together with all monies remaining unexpended in the "Conservation Fund" created under the provisions of this subsection are hereby appropriated and shall be used for the payment of salaries and expenses, including premiums on surety bonds as are required by law, of the employees of the Conservation Department, provided for by statute, and all items of office expense and office supplies, including stationery, telephone and telegraph, postage and printing and all other items of expense as fixed and authorized by law, and all expenses necessary to administer and enforce any other statutes of this state enacted to conserve oil and gas; but no monies shall be paid out of said Conservation Fund until the claim therefor has been itemized and verified by claimant and approved by the Conservation Officer and Corporation Commission, and when so approved, the State Treasurer shall draw his warrant therefor upon the State Treasurer and the same shall be paid out of the Conservation Fund hereby created.

4. Prior to July 1, 1995 and as provided in Section & 1103.1 of this ~~act~~ title, all monies to accrue to "The Interstate Oil Compact Fund of Oklahoma" under the provisions of this article, together with all monies remaining unexpended in "The Interstate Oil Compact Fund of Oklahoma" created under this subsection are hereby appropriated and shall be used for the payment of the compensation of the assistant representative of the State of Oklahoma on "The Interstate Oil Compact Commission", the compensation of such clerical, technical, and legal assistants as

he may with the consent of the Governor employ; the actual and necessary traveling expenses of said assistant representative and employees, and of the Governor when traveling in his capacity as official representative of the State of Oklahoma on "The Interstate Oil Compact Commission"; all items of office expense, including the cost of office supplies and equipment; such contributions as the Governor shall deem necessary and proper to pay to "The Interstate Oil Compact Commission" to defray its expenses; and such other necessary expenses as may be incurred in enabling the State of Oklahoma to fully cooperate in accomplishing the objects of the Interstate Compact to conserve oil and gas. Said fund shall be disbursed by the State Treasurer upon sworn, itemized claims approved by the assistant representative and the Governor; provided, that if at the end of any fiscal year any part of said special fund shall remain unexpended, such balance shall be transferred by the State Treasurer to, and become a part of, the "Conservation Fund" of the state for the ensuing fiscal year. Provided, further, that if the State of Oklahoma withdraws from the Interstate Compact to conserve oil and gas, any unencumbered monies in "The Interstate Oil Compact Fund of Oklahoma" shall be transferred to and become a part of the "Conservation Fund" and thereafter the excise tax on petroleum oil, natural gas and/or casinghead gas levied by this article shall be levied and collected wholly for the purpose for which the "Conservation Fund" is created.

5. All monies to accrue to the Corporation Commission Plugging Fund are hereby appropriated and shall be used for payment of expenses related to the statutory purpose of said fund.

The provisions of this subsection shall terminate on June 30, 1995.

B. 1. Beginning on July 1, 1995, all monies derived from the levy of the excise tax on petroleum oil provided for by Section 1101 of this Code shall be deposited with the State Treasurer, who shall credit and apportion the same as follows: ninety-four and five tenths percent (94.5%) of said excise tax shall be credited and apportioned to a separate and distinct fund to be known as the

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"Conservation Fund", which fund is hereby created, and the remaining five and five-tenths percent (5.5%) of said excise tax shall be credited and apportioned to a separate and distinct fund to be known as "The Interstate Oil Compact Fund of Oklahoma", which fund is hereby created.

2. Beginning on July 1, 1995, all monies derived from the levy of the excise tax on natural gas and/or casinghead gas provided for by Section 1102 of this Code shall be deposited with the State Treasurer, who shall credit and apportion the same as follows: twenty-one twenty-seconds ($21/22$) of said excise tax shall be credited and apportioned to said Conservation Fund, and one twenty-second ($1/22$) of said excise tax shall be credited and apportioned to The Interstate Oil Compact Fund of Oklahoma.

3. Beginning on July 1, 1995, all monies to accrue to the "Conservation Fund" under the provisions of this article, together with all monies remaining unexpended in the "Conservation Fund" created under the provisions of this subsection are hereby appropriated and shall be used for the payment of salaries and expenses, including premiums on surety bonds as are required by law, of the employees of the Conservation Department, provided for by statute, and all items of office expense and office supplies, including stationery, telephone and telegraph, postage and printing and all other items of expense as fixed and authorized by law, and all expenses necessary to administer and enforce any other statutes of this state enacted to conserve oil and gas; but no monies shall be paid out of said Conservation Fund until the claim therefor has been itemized and verified by claimant and approved by the Conservation Officer and Corporation Commission, and when so approved, the State Treasurer shall draw his warrant therefor upon the State Treasurer and the same shall be paid out of the Conservation Fund hereby created.

4. Beginning on July 1, 1995, all monies to accrue to "The Interstate Oil Compact Fund of Oklahoma" under the provisions of this article, together with all monies remaining unexpended in "The Interstate Oil Compact Fund of Oklahoma" created under this subsection are hereby appropriated and shall be used for the

payment of the compensation of the assistant representative of the State of Oklahoma on "The Interstate Oil Compact Commission", the compensation of such clerical, technical, and legal assistants as he may with the consent of the Governor employ; the actual and necessary traveling expenses of said assistant representative and employees, and of the Governor when traveling in his capacity as official representative of the State of Oklahoma on "The Interstate Oil Compact Commission"; all items of office expense, including the cost of office supplies and equipment; such contributions as the Governor shall deem necessary and proper to pay to "The Interstate Oil Compact Commission" to defray its expenses; and such other necessary expenses as may be incurred in enabling the State of Oklahoma to fully cooperate in accomplishing the objects of the Interstate Compact to conserve oil and gas. Said fund shall be disbursed by the State Treasurer upon sworn, itemized claims approved by the assistant representative and the Governor; provided, that if at the end of any fiscal year any part of said special fund shall remain unexpended, such balance shall be transferred by the State Treasurer to, and become a part of, the "Conservation Fund" of the state for the ensuing fiscal year. Provided, further, that if the State of Oklahoma withdraws from the Interstate Compact to conserve oil and gas, any unencumbered monies in "The Interstate Oil Compact Fund of Oklahoma" shall be transferred to and become a part of the "Conservation Fund" and thereafter the excise tax on petroleum oil, natural gas and/or casinghead gas levied by this article shall be levied and collected wholly for the purpose for which the "Conservation Fund" is created.

SECTION 9. AMENDATORY 68 O.S. 1991, Section 1103.1, is amended to read as follows:

Section 1103.1 The additional excise tax levied by subsection A of Section ~~5~~ 1101 of this ~~act~~ title and subsection A of Section ~~6~~ 1102 of this ~~act~~ title which is credited and apportioned to the Corporation Commission Plugging and Cleanup Fund pursuant to Section ~~7~~ 1103 of this ~~act~~ title shall be imposed and collected at such times as required by Section ~~4~~ 180.10 of ~~this act~~ Title 17 of Req. No. 6638Page 18

the Oklahoma Statutes to maintain the Corporation Commission Plugging and Cleanup Fund at a five-million-dollar maintenance level.

SECTION 10. REPEALER Section 21, Chapter 398, O.S.L. 1992, as amended by Section 2, Chapter 401, O.S.L. 1992 (17 O.S. Supp. 1992, Section 57), is hereby repealed.

SECTION 11. Sections 1 through 5 and 7 through 10 of this act shall become effective July 1, 1993.

SECTION 12. Section 6 of this act shall become effective July 1, 1994.

SECTION 13. 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.

44-1-6638

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