

STATE OF OKLAHOMA

1st Session of the 45th Legislature (1995)

COMMITTEE SUBSTITUTE  
FOR ENGROSSED  
HOUSE BILL NO. 1111

By: Rice of the House

and

Easley of the Senate

COMMITTEE SUBSTITUTE

( Corporation Commission - amending 17 O.S., Sections 53.3  
and 253 - well plugging - amending 52 O.S., Section 153 -  
effective date )

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

SECTION 1. AMENDATORY 17 O.S. 1991, Section 53.3, as amended by Section 1, Chapter 362, O.S.L. 1992 (17 O.S. Supp. 1994, Section 53.3), is amended to read as follows:

Section 53.3 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 or is required to be plugged, replugged or repaired by rules of 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 provided for in this section shall be subject to all prior perfected liens.

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. AMENDATORY 52 O.S. 1991, Section 153, is amended to read as follows:

Section 153. The Commission shall have the authority to designate those employees in the Oil and Gas Conservation Division who shall each possess the authority to make investigations, serve orders, issue field citations, subpoenas or notices issued by the Commission or the Conservation Division, to any operator, employee or agent of said operator, and to enter upon any oil or gas lease or property where necessary in the performance of their duties.

SECTION 3. AMENDATORY 17 O.S. 1991, Section 253, is amended to read as follows:

Section 253. A. No proposed monthly fuel adjustment, purchased power adjustment or purchased gas adjustment shall become effective until after the Commission has had an opportunity to determine that the adjustment is calculated in accordance with the terms and conditions of the applicable fuel adjustment clause.

B. The Commission shall adopt ~~regulations~~ rules requiring from each company as a necessary part of and condition to consideration of any adjustment application the monthly filing with the Commission, ~~the President Pro Tempore of the Senate, the Speaker of the House of Representatives and the office of the Governor of the~~ following:

1. A statement by each company subject to a fuel adjustment clause of the items and costs making up the average cost of fuel per million BTU and associated costs in dollars and cents or fraction thereof;

2. A summary of its fuel and gas purchase invoices and its computations of the proposed monthly fuel adjustment or purchased gas adjustment charges;

3. A summary of inventory records of fuel and gas going into and taken out of stockpile or storage;

4. A report containing the average unit price, the change in the average unit price, the volume purchased and a brief explanation of such unit cost increase; and

5. Any other records deemed necessary by the Commission including, but not limited to, the heat rate efficiency and delivery efficiency for affected electric public utilities and the actual capacity factor for each generating facility utilized to produce electric power.

The records and computations filed shall be open to public inspection at the office of the Commission. The Commission shall provide summaries of the records and computations to the Legislature by request of any member thereof.

C. The Commission shall have five (5) business days after the records and computations prescribed in subsection B of this section have been filed to determine the necessity of an administrative proceeding thereon. If the Commission does not determine that a hearing is required, the proposed adjustment charge shall become effective as filed. In the event the Commission decides to hold a hearing on the information filed, it shall notify the public utility within such five-day period, set the matter for a public hearing to commence within thirty (30) business days thereafter, and give notice thereof at least three (3) days prior to the commencement of such hearing by publication in a newspaper of general circulation in the area served by such company. The issue to be determined at such hearing shall be either or both of the following determinations:

1. Whether charges or credits made under the fuel adjustment clauses are based upon the actual prices paid for fuel, purchased gas or purchased power and are properly computed in accordance with the applicable adjustment clause; or

2. Whether the fuel adjustment clauses should be discontinued, amended or suspended. In the event that the Commission determines that it is necessary to set any proposed adjustment charge for hearing, the proposed charge shall nevertheless become effective at the option of the utility following the expiration of the five-day period after its records and computations have been filed, pending

the Commission's finding with respect to such charges. However, in the discretion of the Commission, the effectiveness of the proposed charge may be conditioned upon the filing by the utility with the Commission of an assurance satisfactory to the Commission, which may include a bond with surety, of the utility's ability and willingness to refund to its customers any such amounts as the utility may collect from them in excess of the charge approved by the Commission in its finding. If the Commission has not approved, in whole or in part, or denied the proposed charge within a seven-day period subsequent to the commencement of such hearing, it shall promptly submit a written explanation of its failure to do so to the President Pro Tempore of the Senate, the Speaker of the House of Representatives and the office of the Governor.

SECTION 4. This act shall become effective November 1, 1995.

45-1-1088

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