

STATE OF OKLAHOMA

1st Session of the 45th Legislature (1995)

HOUSE BILL NO. 1111

By: Rice

AS INTRODUCED

An Act relating to the Corporation Commission;

amending 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), which relates to well plugging; modifying time period for attachment of lien; and providing an 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. This act shall become effective November 1, 1995.

45-1-5847           KSM