

STATE OF OKLAHOMA

1st Session of the 48th Legislature (2001)

SENATE BILL 532

By: Easley

AS INTRODUCED

An Act relating to funding for plugging of oil and gas wells; creating Department of Environmental Quality Plugging Fund; providing for deposits thereto and expenditures therefrom; specifying purposes; transferring certain monies to fund; transferring certain employees; stating legislative intent; requiring maintenance of fund at certain level and providing procedures therefor; specifying certain duties of Oklahoma Tax Commission and Department of Environmental Quality; transferring certain obligations, assets, liabilities, files and records of Corporation Commission to Department of Environmental Quality; amending 52 O.S. 1991, Sections 309, 310, 311, 312, 313, 318, as amended by Section 10, Chapter 275, O.S.L. 1997 and 318.1, as last amended by Section 11, Chapter 275, O.S.L. 1997 (52 O.S. Supp. 2000, Sections 318 and 318.1), which relate to oil and gas; transferring certain duties and authority of Corporation Commission to Department of Environmental Quality; requiring certain joint duties; providing for deposit of certain monies; amending 68 O.S. 1991, Sections 1101 and 1102, as amended by Sections 9 and 10, Chapter 328, O.S.L. 1995, 1103, as last amended by Section 12, Chapter 275, O.S.L. 1997 and 1103.1 (68 O.S. Supp. 2000, Sections 1101, 1102 and 1103); extending date of levy of certain tax; modifying apportionment of certain revenues; repealing 17 O.S. 1991, Section 180.10, as amended by Section 5, Chapter 328, O.S.L. 1995 (17 O.S. Supp. 2000, Section 180.10), which relates to the Corporation Commission Plugging Fund; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2-3-404 of Title 27A, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a fund for the Department of Environmental Quality to be designated the "Department

of Environmental Quality Plugging Fund". The fund shall consist of monies received by the Department as required by law to be deposited to the credit of the 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 fund shall be made pursuant to the laws of this state and the statutes relating to the Department of Environmental Quality. 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 Department'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 or employee of the Department and approved for payment by the Director of State Finance.

B. Any monies in the Corporation Commission Plugging Fund on the effective date of this act are hereby transferred to the Department of Environmental Quality Plugging Fund. Any employees of the Corporation Commission whose salaries are paid from the Corporation Commission Plugging Fund are hereby transferred to the Department.

C. It is the intent of the Legislature that the fund be maintained at Five Million Dollars (\$5,000,000.00). If the fund falls below the five-million-dollar maintenance level, the Department shall notify the Oklahoma Tax Commission that the 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 fund pursuant to the provisions of 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 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.

D. All obligations, assets, liabilities, files and records of the Corporation Commission developed or incurred pursuant to the provisions of Sections 309 through 318.1a of Title 52 of the Oklahoma Statutes are hereby transferred to the Department.

SECTION 2. AMENDATORY 52 O.S. 1991, Section 309, is amended to read as follows:

Section 309. The Legislature finds and declares that it is in the public interest to protect the waters and lands of the state against pollution and, for that purpose, it is necessary and desirable in the exercise of the police power of the state to provide additional means whereby wells drilled for the exploration, development, or production of oil or gas, or as injection or disposal wells, may be plugged, replugged, or repaired by ~~the Corporation Commission~~ or under the authority and direction of the ~~Corporation Commission, hereinafter called "Commission"~~ Department of Environmental Quality.

SECTION 3. AMENDATORY 52 O.S. 1991, Section 310, is amended to read as follows:

Section 310. A. If, after notice and hearing, the ~~Commission~~ Department of Environmental Quality finds that:

1. a 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~~ 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~~ the work, the ~~Commission~~ Department or any person authorized by the ~~Commission~~ Department 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~~ Department 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~~ Department without notice or hearing, for the purpose of taking such temporary remedial action as the ~~Commission~~ Department 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~~ Department.

B. For the purpose of immediately responding to emergency situations within the ~~Commission's~~ Department's jurisdiction having potentially critical environmental or public safety impact, the ~~Commission~~ Department may take whatever necessary action, without notice and hearing, including the expenditure of monies from the ~~Corporation-Commission~~ Department of Environmental Quality Plugging 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~~ Department of Central Services to accomplish the purposes of this section. Thereafter, the ~~Commission~~ Department of Environmental Quality shall seek reimbursement from the responsible person, firm or corporation for all expenditures made from the ~~Corporation-Commission~~ Department of Environmental Quality Plugging Fund. Any monies received as reimbursement shall

be deposited to the credit of the ~~Corporation Commission~~ Department of Environmental Quality Plugging Fund.

C. If, at any time, the monies in the ~~Corporation Commission~~ Department of Environmental Quality Plugging Fund are insufficient to cover the cost of remedial action for all wells eligible for plugging, replugging or repair under this statute, the ~~Commission~~ Department shall prioritize expenditures according to degree of actual or potential environmental harm.

D. Any monies received by the Corporation Commission for reimbursement of monies expended from the Corporation Commission Plugging Fund shall be deposited in the Department of Environmental Quality Plugging Fund.

SECTION 4. AMENDATORY 52 O.S. 1991, Section 311, is amended to read as follows:

Section 311. Any person entering upon the land on which the well is located to plug, replug, or repair the same, pursuant to the authority and in accordance with the order of the Corporation Commission or the Department of Environmental Quality, shall not be liable or held responsible for any damages resulting from operations reasonably necessary or proper to plug, replug, or repair the well, except damages to growing crops and improvements.

SECTION 5. AMENDATORY 52 O.S. 1991, Section 312, is amended to read as follows:

Section 312. Any person who plugs, replugs, or repairs a well in accordance with an order of the Corporation Commission or the Department of Environmental Quality under Section 309 et seq. of this act shall not be held to have assumed responsibility for future remedial work on ~~said~~ the well or be liable in damages or otherwise for conditions subsequently arising from or in connection with ~~said~~ the well.

SECTION 6. AMENDATORY 52 O.S. 1991, Section 313, is amended to read as follows:

Section 313. The fact that any person has initiated or supported a proceeding before the Corporation Commission or the Department of Environmental Quality or has remedied or attempted to remedy the condition of any well under the authority of Section 309 et seq. of this act title shall not be construed as an admission of liability or received in evidence against such person in any action or proceeding wherein responsibility for or damages from surface or subsurface pollution, or injury to any fresh water or oil or gas bearing formation is or may become an issue, nor shall such fact be construed as releasing or discharging any action, cause of action, or claim against such person existing in favor of any third person for damages to property resulting from surface or subsurface pollution, or injury to any fresh water or oil or gas bearing formation.

SECTION 7. AMENDATORY 52 O.S. 1991, Section 318, as amended by Section 10, Chapter 275, O.S.L. 1997 (52 O.S. Supp. 2000, Section 318), is amended to read as follows:

Section 318. When the ~~Corporation Commission~~ Department of Environmental Quality 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~~ Department of Environmental Quality Plugging Fund, the ~~Commission Department~~ shall not expend from the ~~Oil and Gas Revolving 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 Department~~ 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 8. AMENDATORY 52 O.S. 1991, Section 318.1, as last amended by Section 11, Chapter 275, O.S.L. 1997 (52 O.S. Supp. 2000, 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 or her~~ the person's agreement to drill, ~~and operate and plug~~ wells in compliance with the rules of the Commission and the laws of this state, and to plug wells in compliance with the rules of the Department of Environmental Quality 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 of the Commission and the Department and by law. To establish evidence of financial ability, the Commission and the Department shall jointly 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. 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 of~~ subsection A B of this section, the amount of such letter of credit, cash, cashier's 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 Conservation 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 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.~~ B. The ~~Commission~~ Department, 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~~ the 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~~ subsection 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 such 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.~~ C. Operators of record as of June 7, 1989, 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 June 7, 1989, 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.~~ D. 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 Conservation 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.~~ E. If the Commission ~~determines~~ and the Department determine 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 of the ~~Commission~~ Department. 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 and the Department.

~~E.~~ F. The agreement provided for in subsection A of this section shall provide that if the ~~Commission~~ Department 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 of the ~~Commission~~ Department, then the person shall forfeit from ~~his or her~~ the bond, letter of

credit or negotiable instrument or shall pay to this state, through the ~~Commission~~ Department, 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~~ Department 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 of the ~~Commission~~ Department, in excess of the cost of remedial action ordered by the ~~Commission~~ Department, shall be credited to the ~~Oil and Gas Revolving Fund~~ Department of Environmental Quality Plugging Fund. The ~~Commission~~ Department 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~~ Department shall notify the person at ~~his or her~~ the person's 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~~ the 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.~~ G. 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.~~ 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 9. AMENDATORY 68 O.S. 1991, Section 1101, as amended by Section 9, Chapter 328, O.S.L. 1995 (68 O.S. Supp. 2000, Section 1101), is amended to read as follows:

Section 1101. A. Prior to ~~July 1, 2001~~ July 1, 2006, and as provided in Section 1103.1 of this title, there is hereby levied, in addition to the gross production tax, an excise tax equal to ninety-five one thousandths of one percent (.095 of 1%) of the gross value on each and every barrel of petroleum oil produced in ~~the State of Oklahoma~~ this state which is subject to gross production tax in ~~the State of Oklahoma~~ this state. Such excise tax of ninety-five one thousandths of one percent (.095 of 1%) of the gross value shall be reported to and collected by the Oklahoma Tax Commission at the same time and in the same manner as is provided by law for the collection of gross production tax on petroleum oil. On petroleum oil sold at the time of production, the excise tax thereon shall be paid by the purchaser, who is hereby authorized to deduct in making settlement

with the producer and/or royalty owner the amount of tax so paid; provided, that in the event oil on which such tax becomes due is not sold at the time of production, but is retained by the producer, the tax on such oil not so sold shall be paid by the producer ~~for himself~~, including the tax due on royalty oil not sold; and provided, further, that in settlement with royalty owner, ~~such~~ the producer shall have the right to deduct the amount of tax so paid on royalty oil, or to deduct therefrom royalty oil equivalent in value at the time such tax becomes due with the amount of tax paid.

The provisions of this subsection shall terminate on ~~June 30, 2001~~ June 30, 2006.

B. Beginning on ~~July 1, 2001~~ July 1, 2006, there is hereby levied, in addition to the gross production tax, an excise tax equal to eighty-five one thousandths of one percent (.085 of 1%) of the gross value on each and every barrel of petroleum oil produced in ~~the State of Oklahoma~~ this state which is subject to gross production tax in ~~the State of Oklahoma~~ this state. Such excise tax of eighty-five one thousandths of one percent (.085 of 1%) of the gross value shall be reported to and collected by the Tax Commission at the same time and in the same manner as is provided by law for the collection of gross production tax on petroleum oil. On petroleum oil sold at the time of production, the excise tax thereon shall be paid by the purchaser, who is hereby authorized to deduct in making settlement with the producer and/or royalty owner the amount of tax so paid; provided, that in the event oil on which such tax becomes due is not sold at the time of production, but is retained by the producer, the tax on such oil not so sold shall be paid by the producer ~~for himself~~, including the tax due on royalty oil not sold; and provided, further, that in settlement with royalty owner, such producer shall have the right to deduct the amount of tax so paid on royalty oil, or to deduct therefrom royalty oil

equivalent in value at the time such tax becomes due with the amount of tax paid.

SECTION 10. AMENDATORY 68 O.S. 1991, Section 1102, as amended by Section 10, Chapter 328, O.S.L. 1995 (68 O.S. Supp. 2000, Section 1102), is amended to read as follows:

Section 1102. A. Prior to ~~July 1, 2001~~ July 1, 2006, and as provided in Section 1103.1 of this title, there is hereby levied, in addition to the gross production tax, an excise tax equal to ninety-five one thousandths of one percent (.095 of 1%) of the gross value of all natural gas and/or casinghead gas produced in ~~the State of Oklahoma~~ this state which is subject to gross production tax in ~~the State of Oklahoma~~ this state. Such excise tax of ninety-five one thousandths of one percent (.095 of 1%) of the gross value shall be reported to and collected by the Oklahoma Tax Commission at the same time and in the same manner as is provided by law for the collection of gross production tax on natural gas and/or casinghead gas, and this excise tax shall apply in all cases where the gross production tax provided for by law applies to the production of natural gas and/or casinghead gas. The excise tax shall be paid by the purchaser, who is hereby authorized to deduct in making settlement with the producer and/or royalty owner the amount of tax so paid~~;~~ provided, however, that if such natural gas and/or casinghead gas is retained by the producer, then the tax shall be paid by the producer, who shall have the right to deduct the amount of tax so paid on royalty gas at the time of settlement with the royalty owner.

The provisions of this subsection shall terminate on ~~June 30, 2001~~ June 30, 2006.

B. Beginning on ~~July 1, 2001~~ July 1, 2006, there is hereby levied, in addition to the gross production tax, an excise tax equal to eighty-five one thousandths of one percent (.085 of 1%) of the gross value of all natural gas and/or casinghead gas produced in ~~the~~

~~State of Oklahoma~~ this state which is subject to gross production tax in ~~the State of Oklahoma~~ this state. Such excise tax of eighty-five one thousandths of one percent (.085 of 1%) of the gross value shall be reported to and collected by the Tax Commission at the same time and in the same manner as is provided by law for the collection of gross production tax on natural gas and/or casinghead gas, and this excise tax shall apply in all cases where the gross production tax provided for by law applies to the production of natural gas and/or casinghead gas. The excise tax shall be paid by the purchaser, who is hereby authorized to deduct in making settlement with the producer and/or royalty owner the amount of tax so paid;; provided, however, that if such natural gas and/or casinghead gas is retained by the producer, then the tax shall be paid by the producer, who shall have the right to deduct the amount of tax so paid on royalty gas at the time of settlement with the royalty owner.

SECTION 11. AMENDATORY 68 O.S. 1991, Section 1103, as last amended by Section 12, Chapter 275, O.S.L. 1997 (68 O.S. Supp. 2000, Section 1103), is amended to read as follows:

Section 1103. A. 1. Prior to ~~July 1, 2001~~ July 1, 2006, and as provided in Section 1103.1 of this title, all monies derived from the levy of the excise tax on petroleum oil provided for by Section 1101 of this title 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~~ the excise tax shall be credited to the General Revenue Fund of the State Treasury;
- b. ten and five hundred twenty-six thousandths percent (10.526%) of the excise tax shall be credited and apportioned to a separate and distinct fund to be

known as the "~~Corporation Commission~~ Department of Environmental Quality Plugging Fund"; and

- c. the remaining four and nine hundred twenty-one thousandths percent (4.921%) of ~~said~~ the 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, 2001~~ July 1, 2006, and as provided in Section 1103.1 of this 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 title 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~~ the excise tax shall be credited to the General Revenue Fund of the State Treasury;
- b. ten and five thousand five hundred fifty-five ten thousandths percent (10.5555%) of the excise tax shall be credited and apportioned to the ~~Corporation Commission~~ Department of Environmental Quality Plugging Fund; and
- c. four and three hundred seventy-nine ten thousandths percent (4.0379%) of ~~said~~ the excise tax shall be credited and apportioned to The Interstate Oil Compact Fund of Oklahoma.

3. Prior to ~~July 1, 2001~~ July 1, 2006, and as provided in Section 1103.1 of this title, all monies to accrue to "~~The the~~ The the Interstate Oil Compact Fund of Oklahoma" under the provisions of Section 1101 et seq. of this article title, together with all monies remaining unexpended in "~~The the~~ The 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~~ the Interstate Oil Compact Commission", the compensation of such clerical, technical, and legal assistants as ~~he or she~~ the assistant representative may with the consent of the Governor employ; the actual and necessary traveling expenses of ~~said~~ the assistant representative and employees, and of the Governor when traveling in ~~his or her~~ the capacity as official representative of the State of Oklahoma on "~~The~~ 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~~ 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~~ The 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~~ the special fund shall remain unexpended, such balance shall be transferred by the State Treasurer to, and become a part of, the General Revenue 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~~ the Interstate Oil Compact Fund of Oklahoma" shall be transferred to and become a part of the General Revenue Fund of the State Treasury and thereafter the excise tax on petroleum oil, natural gas and/or casinghead gas levied by Section 1101 et seq. of this article title shall be levied, collected and deposited in the General Revenue Fund of the State Treasury.

4. All monies to accrue to the ~~Corporation Commission~~ Department of Environmental Quality Plugging Fund are hereby

appropriated and shall be used for payment of expenses related to the statutory purpose of ~~said~~ the fund.

The provisions of this subsection shall terminate on ~~June 30, 2001~~ June 30, 2006.

B. 1. Beginning on ~~July 1, 2001~~ July 1, 2006, all monies derived from the levy of the excise tax on petroleum oil provided for by Section 1101 of this ~~Code~~ title shall be deposited with the State Treasurer, who shall credit and apportion the same as follows:

a. ninety-four and five tenths percent (94.5%) of ~~said~~ the excise tax shall be credited and apportioned to the General Revenue Fund of the State Treasury, and ~~the remaining~~

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

2. Beginning on ~~July 1, 2001~~ July 1, 2006, 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~~ title shall be deposited with the State Treasurer, who shall credit and apportion the same as follows:

a. twenty-one twenty-seconds (21/22) of ~~said~~ the excise tax shall be credited and apportioned to the General Revenue Fund of the State Treasury, and

b. one twenty-second (1/22) of ~~said~~ the excise tax shall be credited and apportioned to ~~The~~ the Interstate Oil Compact Fund of Oklahoma.

3. Beginning on ~~July 1, 2001~~ July 1, 2006, all monies to accrue to "~~The~~ the Interstate Oil Compact Fund of Oklahoma" under the provisions of Section 1101 et seq. of this article title, together with all monies remaining unexpended in "~~The~~ 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~~ the Interstate Oil Compact Commission", the compensation of such clerical, technical, and legal assistants as ~~he or she~~ the assistant representative may with the consent of the Governor employ; the actual and necessary traveling expenses of ~~said~~ the assistant representative and employees, and of the Governor when traveling in ~~his or her~~ the capacity as official representative of the State of Oklahoma on "~~The~~ 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~~ 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~~ The 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~~ the special fund shall remain unexpended, such balance shall be transferred by the State Treasurer to, and become a part of, the General Revenue Fund of the State Treasury 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~~ the Interstate Oil Compact Fund of Oklahoma" shall be transferred to and become a part of the General Revenue Fund of the State Treasury and thereafter the excise tax on petroleum oil, natural gas and/or casinghead gas levied by Section 1101 et seq. of this article title shall be levied, collected and deposited in the General Revenue Fund of the State Treasury.

SECTION 12. 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 of this act and subsection A of Section 6 of this act which is credited and apportioned to the Corporation Commission Plugging Fund pursuant to Section 7 of this act shall be imposed and collected at such times as required by Section 1 of this act~~ Section 1101 of this title and Section 1102 of this title which is credited and apportioned to the Department of Environmental Quality Plugging Fund pursuant to Section 1103 of this title shall be imposed and collected at such times as required by Section 1 of this act to maintain the ~~Corporation Commission~~ Department of Environmental Quality Plugging Fund at a five-million-dollar maintenance level.

SECTION 13. REPEALER 17 O.S. 1991, Section 180.10, as amended by Section 5, Chapter 328, O.S.L. 1995 (17 O.S. Supp. 2000, Section 180.10), is hereby repealed.

SECTION 14. This act shall become effective July 1, 2001.

SECTION 15. 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.