

1 STATE OF OKLAHOMA

2 1st Session of the 51st Legislature (2007)

3 CONFERENCE COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 SENATE BILL 136

By: Crutchfield of the Senate

and

Hyman of the House

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9 CONFERENCE COMMITTEE SUBSTITUTE

10 An Act relating to oil and gas; amending 52 O.S.
11 2001, Section 29, which relates to production levels
12 of gas wells; providing exemption from allowables for
13 certain gas reservoirs; amending 52 O.S. 2001,
14 Section 87.1, which relates to common source of
15 supply; authorizing Corporation Commission to
16 increase certain drilling and spacing units; amending
17 52 O.S. 2001, Section 146, which relates to right of
18 condemnation; authorizing condemnation for certain
19 electric lines; amending 52 O.S. 2001, Section 147,
20 which relates to condemnation proceedings;
21 authorizing the Commission to institute condemnation
22 proceedings for certain oil or gas exploration
23 leases; amending Section 5, Chapter 252, O.S.L. 2006
24 (52 O.S. Supp. 2006, Section 317.1), which relates to
seeping natural gas; modifying definition; limiting
expenditures from certain fund; prohibiting access of
other funds; authorizing the Commission to expend
certain monies for certain purposes; amending 52 O.S.
2001, Section 703, as amended by Section 1, Chapter
382, O.S.L. 2002 (52 O.S. Supp. 2006, Section 703),
which relates to the Commission on Marginally
Producing Oil and Gas Wells; modifying certain fee;
clarifying statutory language; providing an effective
date; and declaring an emergency.

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

2 SECTION 1. AMENDATORY 52 O.S. 2001, Section 29, is
3 amended to read as follows:

4 Section 29. A. Every corporation, joint stock company, limited
5 copartnership, partnership or other person now or hereafter claiming
6 or exercising the right to produce natural gas within the limits of
7 this state, as owner, lessee, licensee, or by virtue of any other
8 right or claim is hereby prohibited from producing from any gas well
9 an amount in excess of that prescribed by the Oklahoma Corporation
10 Commission.

11 B. Except as otherwise provided in this section, the
12 Corporation Commission shall have the power and authority to
13 promulgate production rules from time to time for all natural gas
14 wells producing within this state, or for such categories of natural
15 gas wells producing within this state as the Commission may deem
16 appropriate, establishing levels of production upon a finding that
17 the levels of production so established will be sufficient to
18 prevent waste as the same is defined in Section 86.3 of this title
19 and will protect the interests of the public against production of
20 the natural gas reserves underlying this state in amounts in excess
21 of the reasonable market demand therefor.

22 C. For thirty (30) months from the date of first production, a
23 discovery gas well, as defined in this subsection, subject to the
24 provisions of this section, shall have a production allowable which

1 shall be the greater of one thousand three hundred (1,300) MCFD or
2 sixty-five percent (65%) of the absolute open flow (AOF) as
3 specified by the Corporation Commission. Such discovery well
4 allowable shall not be available for any discovery gas well wherein
5 two (2) or more separate common sources of supply are commingled and
6 one (1) common source of supply would not qualify a new gas well as
7 a discovery gas well, as defined in this section.

8 Drilling and spacing units which are downspaced after June 1,
9 1997, shall not qualify for the discovery gas well allowable.

10 For purposes of this subsection, "discovery gas well" shall mean
11 a new gas well, which is not an off-pattern well, which is the first
12 well completed in a common source of supply within a drilling and
13 spacing unit and is at least one (1) mile from all existing gas
14 wells which are completed in the same common source of supply. In
15 the absence of spacing, a discovery well shall be the first well in
16 the governmental section completed in a common source of supply,
17 provided that the discovery gas well shall not be drilled closer
18 than one thousand three hundred twenty (1,320) feet from the
19 boundaries of the governmental section and is at least one (1) mile
20 from all existing gas wells which are completed in the same common
21 source of supply.

22 Allowables shall not apply, regardless of unit size, in the
23 instance of production of gas by reservoir dewatering to extract

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1 said gas from reservoirs having initial water saturations at or
2 above fifty percent (50%).

3 D. The authority granted to the Corporation Commission by this
4 section is in addition to that provided for in Section 239 of this
5 title.

6 E. The Corporation Commission may, for good cause shown under
7 the exigencies of a particular case and after appropriate notice and
8 hearing, establish a production level different from the levels
9 provided by this section or established by rule promulgated by the
10 Corporation Commission.

11 F. Production rules promulgated by the Corporation Commission
12 pursuant to the authority granted in subsection B of this section
13 shall be promulgated pursuant to Article I of the Administrative
14 Procedures Act, Sections 250.3 through 308.2 of Title 75 of the
15 Oklahoma Statutes, including the provisions contained therein
16 prescribing the required notice and hearing for rulemaking.

17 G. The provisions of subsection A of this section and
18 production rules promulgated by the Corporation Commission pursuant
19 to subsection B of this section shall not supersede or invalidate
20 the provisions of any rule or order of the Corporation Commission
21 establishing production levels for natural gas from a well which has
22 been expressly authorized by Corporation Commission order to produce
23 at a specified rate applicable only to that well where the basis for
24 the rate established is based upon a determination by the

1 Corporation Commission that reasonable cause exists to expect that
2 production below the rate would damage the well and cause waste, a
3 so-called "hardship well", or establishing field rules under Section
4 239 of this title governing the taking of gas from a specified
5 common source of supply or field.

6 SECTION 2. AMENDATORY 52 O.S. 2001, Section 87.1, is
7 amended to read as follows:

8 Section 87.1 Whenever the production from any common source of
9 supply of oil or natural gas in this state can be obtained only
10 under conditions constituting waste or drainage not compensated by
11 counterdrainage, then any person having the right to drill into and
12 produce from such common source of supply may, except as otherwise
13 authorized or in this section provided, take therefrom only such
14 proportion of the oil or natural gas that may be produced therefrom
15 without waste or without such drainage as the productive capacity of
16 the well or wells of any such person considered with the acreage
17 properly assignable to each such well bears to the total productive
18 capacities of the wells in such common source of supply considered
19 with the acreage properly assignable to each well therein.

20 (a) To prevent or to assist in preventing the various types of
21 waste of oil or gas prohibited by statute, or any of said wastes, or
22 to protect or assist in protecting the correlative rights of
23 interested parties, the Corporation Commission, upon a proper
24 application and notice given as hereinafter provided, and after a

1 hearing as provided in said notice, shall have the power to
2 establish well spacing and drilling units of specified and
3 approximately uniform size and shape covering any common source of
4 supply, or prospective common source of supply, of oil or gas within
5 the State of Oklahoma; provided, that the Commission may authorize
6 the drilling of an additional well or wells on any spacing and
7 drilling unit or units or any portion or portions thereof or may
8 establish, reestablish, or reform well spacing and drilling units of
9 different sizes and shapes when the Commission determines that a
10 common source of supply contains predominantly oil underlying an
11 area or areas and contains predominantly gas underlying a different
12 area or areas; provided further that the units in the predominantly
13 oil area or areas shall be of approximately uniform size and shape,
14 and the units in the predominantly gas area or areas shall be of
15 approximately uniform size and shape, except that the units in the
16 gas area or areas may be of nonuniform size and shape when they
17 adjoin the units in the oil area or areas; provided further that the
18 drilling pattern for such nonuniform units need not be uniform, and
19 provided further that the Commission shall adjust the allowable
20 production within said common source of supply, or any part thereof,
21 and take such other action as may be necessary to protect the rights
22 of interested parties. Any order issued pursuant to the provisions
23 hereof may be entered after a hearing upon the petition of any
24 person owning an interest in the minerals in lands embraced within

1 such common source of supply, or the right to drill a well for oil
2 or gas on the lands embraced within such common source of supply, or
3 on the petition of the Conservation Officer of the State of
4 Oklahoma. When such a petition is filed with the Commission, the
5 Commission shall give at least fifteen (15) days' notice of the
6 hearing to be held upon such petition by one publication, at least
7 fifteen (15) days prior to the hearing, in some newspaper of general
8 circulation published in Oklahoma County, and by one publication, at
9 least fifteen (15) days prior to the date of the hearing, in some
10 newspaper published in the county, or in each county, if there be
11 more than one, in which the lands embraced within the application
12 are situated. Except as to the notice of hearing on such a
13 petition, the procedural requirements of Sections 86.1 et seq. of
14 this title, shall govern all proceedings and hearings provided for
15 by this section.

16 (b) In case of a spacing unit of one hundred sixty (160) acres
17 or more, no oil and/or gas leasehold interest outside the spacing
18 unit involved may be held by production from the spacing unit more
19 than ninety (90) days beyond expiration of the primary term of the
20 lease.

21 (c) In establishing a well spacing or drilling unit for a
22 common source of supply thereunder, the acreage to be embraced
23 within each unit shall not exceed six hundred forty (640) acres for
24 a gas well plus ten percent (10%) tolerance, unless a governmental

1 section contains more than six hundred forty (640) acres in which
2 case the unit may comprise the entire section. Provided, however,
3 fractional sections along the state boundary line and within the
4 townships along the boundary where the survey west of the Indian
5 Meridian meets the survey east of the Cimarron Meridian may be
6 spaced with adjoining section unit, and the shape thereof shall be
7 determined by the Commission from the evidence introduced at the
8 hearing, and the following facts, among other things, shall be
9 material: (1) The lands embraced in the actual or prospective
10 common source of supply; (2) the plan of well spacing then being
11 employed or contemplated in said source of supply; (3) the depth at
12 which production from said common source of supply has been or is
13 expected to be found; (4) the nature and character of the producing
14 or prospective producing formation or formations; and (5) any other
15 available geological or scientific data pertaining to said actual or
16 prospective source of supply which may be of probative value to said
17 Commission in determining the proper spacing and well drilling unit
18 therefor, with due and relative allowance for the correlative rights
19 and obligations of the producers and royalty owners interested
20 therein.

21 The order establishing such spacing or drilling units shall set
22 forth: (1) the outside boundaries of the surface area included in
23 such order; (2) the size, form, and shape of the spacing or drilling
24 units so established; (3) the drilling pattern for the area, which

1 shall be uniform except as hereinbefore provided; and (4) the
2 location of the permitted well on each such spacing or drilling
3 unit. To such order shall be attached a plat upon which shall be
4 indicated the foregoing information. Subject to other provisions of
5 this act, Section 81 et seq. of this title, the order establishing
6 such spacing or drilling units shall direct that no more than one
7 well shall thereafter be produced from the common source of supply
8 on any unit so established, and that the well permitted on that unit
9 shall be drilled at the location thereon as prescribed by the
10 Commission, with such exception as may be reasonably necessary where
11 it is shown, upon application, notice and hearing in conformity with
12 the procedural requirements of Sections 86.1 et seq. of this title,
13 and the Commission finds that any such spacing unit is located on
14 the edge of a pool and adjacent to a producing unit, or for some
15 other reason that to require the drilling of a well at the
16 prescribed location on such spacing unit would be inequitable or
17 unreasonable. Whenever such an exception is granted, the Commission
18 shall adjust the allowable production for said spacing unit and take
19 such other action as may be necessary to protect the rights of
20 interested parties.

21 Any well spacing or drilling unit for a common source of supply
22 thereunder which exceeds six hundred forty (640) acres for a gas
23 well plus ten percent (10%) tolerance or exceeds the total amount of
24 acreage contained in a governmental section, and is not in

1 production or in the process of drilling development on the
2 effective date of this act shall be de-spaced. However, fractional
3 sections along the state boundary line and within the townships
4 along the boundary where the survey west of the Indian Meridian
5 meets the survey east of the Cimarron Meridian may be spaced with
6 adjoining section unit, and the shape thereof shall be determined by
7 the Commission.

8 (d) The Commission shall have jurisdiction upon the filing of a
9 proper application therefor, and upon notice given as provided in
10 subsection (a) above, to decrease the size of the well spacing units
11 or to permit additional wells to be drilled within the established
12 units, upon proper proof at such hearing that such modification or
13 extension of the order establishing drilling or spacing units will
14 prevent or assist in preventing the various types of wastes
15 prohibited by statute, or any of said wastes, or will protect or
16 assist in protecting the correlative rights of persons interested in
17 said common source of supply, or upon the filing of a proper
18 application therefor to enlarge the area covered by the spacing
19 order, if such proof discloses that the development or the trend of
20 development indicates that such common source of supply underlies an
21 area not covered by the spacing order and such proof discloses that
22 the applicant is an owner within the area or within a drilling and
23 spacing unit contiguous to the area covered by the application.
24 Except in the instance of reservoir dewatering as described herein,

1 the Commission shall not establish well spacing units of more than
2 forty (40) acres in size covering common sources of supply of oil,
3 the top of which lies less than four thousand (4,000) feet below the
4 surface as determined by the original or discovery well in said
5 common source of supply, and the Commission shall not establish well
6 spacing units of more than eighty (80) acres in size covering common
7 sources of supply of oil, the top of which lies less than nine
8 thousand nine hundred ninety (9,990) feet and more than four
9 thousand (4,000) feet below the surface as determined by the
10 original or discovery well in said common source of supply. In the
11 instance of reservoir dewatering to extract oil from reservoirs
12 having initial water saturations at or above fifty percent (50%),
13 the Commission may establish drilling and spacing units not to
14 exceed ~~one hundred sixty (160)~~ six hundred forty (640) acres in
15 size.

16 (e) The drilling of any well or wells into any common source of
17 supply for the purpose of producing oil or gas therefrom, after a
18 spacing order has been entered by the Commission covering such
19 common source of supply, at a location other than that fixed by said
20 order is hereby prohibited. The drilling of any well or wells into
21 a common source of supply, covered by a pending spacing application,
22 at a location other than that approved by a special order of the
23 Commission authorizing the drilling of such well is hereby
24 prohibited. The operation of any well drilled in violation of any

1 spacing so entered is also hereby prohibited. When two or more
2 separately owned tracts of land are embraced within an established
3 spacing unit, or where there are undivided interests separately
4 owned, or both such separately owned tracts and undivided interests
5 embraced within such established spacing unit, the owners thereof
6 may validly pool their interests and develop their lands as a unit.
7 Where, however, such owners have not agreed to pool their interests
8 and where one such separate owner has drilled or proposes to drill a
9 well on said unit to the common source of supply, the Commission, to
10 avoid the drilling of unnecessary wells, or to protect correlative
11 rights, shall, upon a proper application therefor and a hearing
12 thereon, require such owners to pool and develop their lands in the
13 spacing unit as a unit. The applicant shall give all the owners
14 whose addresses are known or could be known through the exercise of
15 due diligence at least fifteen (15) days' notice by mail, return
16 receipt requested. The applicant shall also give notice by one
17 publication, at least fifteen (15) days prior to the hearing, in
18 some newspaper of general circulation published in Oklahoma County,
19 and by one publication, at least fifteen (15) days prior to the date
20 of the hearing, in some newspaper published in the county, or in
21 each county, if there be more than one, in which the lands embraced
22 within the spacing unit are situated. The applicant shall file
23 proof of publication and an affidavit of mailing with the Commission
24 prior to the hearing. All orders requiring such pooling shall be

1 made after notice and hearing, and shall be upon such terms and
2 conditions as are just and reasonable and will afford to the owner
3 of such tract in the unit the opportunity to recover or receive
4 without unnecessary expense his just and fair share of the oil and
5 gas. The portion of the production allocated to the owner of each
6 tract or interests included in a well spacing unit formed by a
7 pooling order shall, when produced, be considered as if produced by
8 such owner from the separately owned tract or interest by a well
9 drilled thereon. Such pooling order of the Commission shall make
10 definite provisions for the payment of cost of the development and
11 operation, which shall be limited to the actual expenditures
12 required for such purpose not in excess of what are reasonable,
13 including a reasonable charge for supervision. In the event of any
14 dispute relative to such costs, the Commission shall determine the
15 proper costs after due notice to interested parties and a hearing
16 thereon. The operator of such unit, in addition to any other right
17 provided by the pooling order or orders of the Commission, shall
18 have a lien on the mineral leasehold estate or rights owned by the
19 other owners therein and upon their shares of the production from
20 such unit to the extent that costs incurred in the development and
21 operation upon said unit are a charge against such interest by order
22 of the Commission or by operation of law. Such liens shall be
23 separable as to each separate owner within such unit, and shall
24 remain liens until the owner or owners drilling or operating the

1 well have been paid the amount due under the terms of the pooling
2 order. The Commission is specifically authorized to provide that
3 the owner or owners drilling, or paying for the drilling, or for the
4 operation of a well for the benefit of all shall be entitled to
5 production from such well which would be received by the owner or
6 owners for whose benefit the well was drilled or operated, after
7 payment of royalty, until the owner or owners drilling or operating
8 the well have been paid the amount due under the terms of the
9 pooling order or order settling such dispute. No part of the
10 production or proceeds accruing to any owner of a separate interest
11 in such unit shall be applied toward payment of any cost properly
12 chargeable to any other interest in said unit.

13 For the purpose of this section, the owner or owners of oil and
14 gas rights in and under an unleased tract of land shall be regarded
15 as a lessee to the extent of a seven-eighths (7/8) interest in and
16 to said rights and a lessor to the extent of the remaining
17 one-eighth (1/8) interest therein. Should the owners of separate
18 tracts or interests embraced within a spacing unit fail to agree
19 upon a pooling of their interests and the drilling of a well on the
20 unit, and should it be established by final, unappealable judgment
21 of a court of competent jurisdiction that the Commission is without
22 authority to require pooling as provided for herein, then, subject
23 to all other applicable provisions of this act, the owner of each
24 tract or interest embraced within a spacing unit may drill on his

1 separately owned tract, and the allowable production therefrom shall
2 be that portion of the allowable for the full spacing unit as the
3 area of such separately owned tract bears to the full spacing unit.

4 In the event a producing well or wells are completed upon a unit
5 where there are, or may thereafter be, two or more separately owned
6 tracts, each royalty interest owner shall share in all production
7 from the well or wells drilled within the unit, or in the gas well
8 rental provided for in the lease covering such separately owned
9 tract or interest in lieu of the customary fixed royalty, to the
10 extent of such royalty interest owner's interest in the unit. Each
11 royalty interest owner's interest in the unit shall be defined as
12 the percentage of royalty owned in each separate tract by the
13 royalty owner, multiplied by the proportion that the acreage in each
14 separately owned tract or interest bears to the entire acreage of
15 the unit.

16 (f) Notwithstanding any provision of this section to the
17 contrary, the Corporation Commission shall have jurisdiction upon
18 the filing of a proper application therefor, and upon notice given
19 as provided in subsection (a) above, to establish spacing rules for
20 horizontally drilled oil wells whereby horizontally drilled oil
21 wells may have well spacing units established of up to six hundred
22 forty (640) acres plus tolerances and variances as allowed for gas
23 wells pursuant to subsection C of this section. For purposes of
24 this subsection a "horizontally drilled oil well" shall mean an oil

1 well drilled, completed or recompleted in a manner in which the
2 horizontal component of the completion interval in the geological
3 formation exceeds the vertical component thereof and which
4 horizontal component extends a minimum of one hundred fifty (150)
5 feet in the formation. The Corporation Commission shall promulgate
6 rules necessary for the proper administration of this subsection.

7 SECTION 3. AMENDATORY 52 O.S. 2001, Section 146, is
8 amended to read as follows:

9 Section 146. The Corporation Commission of Oklahoma is hereby
10 granted the right of condemnation by eminent domain for the purpose
11 of obtaining rights-of-way when necessary to enforce and place in
12 effect orders issued by the Corporation Commission, provided, the
13 right of condemnation hereby granted shall be restricted to ~~such~~
14 pipeline and above-ground electric line right-of-way easement
15 easements and shall not be construed to authorize the obtaining of
16 any other rights for drilling locations or other facilities, and the
17 right-of-way ~~easement~~ easements obtained shall be without prejudice
18 to the rights of the owner of such lands or other rights or
19 interests therein as to all other uses thereof.

20 SECTION 4. AMENDATORY 52 O.S. 2001, Section 147, is
21 amended to read as follows:

22 Section 147. Every person, firm or corporation operating an oil
23 ~~and or~~ gas mining exploration lease in the State of Oklahoma, and
24 having been ~~directed~~ allowed by order ~~or orders~~ of the Corporation

1 Commission to dispose of water or other deleterious substances
2 therefrom, upon proper showing at a hearing before the ~~Corporation~~
3 Commission, that the ~~necessary~~ rights-of-way necessary to dispose of
4 such water or other deleterious substances ~~are impossible to obtain~~
5 cannot be obtained by negotiation and purchase, such person, firm or
6 corporation shall be authorized to institute condemnation
7 proceedings in the name of the ~~Corporation~~ Commission to obtain
8 rights-of-way necessary to comply with such order ~~or orders~~ of the
9 ~~Corporation~~ Commission. Any person, firm or corporation may file an
10 application with the Commission to institute condemnation
11 proceedings to obtain rights-of-way necessary to install saltwater
12 disposal pipelines and to set above-ground electric distribution
13 lines, so long as neither is to be used for commercial purposes, if
14 such lines are required for an oil or gas exploration operation,
15 provided the Commission determines upon a hearing that such rights-
16 of-way are necessary and otherwise cannot be obtained by negotiation
17 and purchase.

18 SECTION 5. AMENDATORY Section 5, Chapter 252, O.S.L.
19 2006 (52 O.S. Supp. 2006, Section 317.1), is amended to read as
20 follows:

21 Section 317.1 A. The Corporation Commission is vested with
22 jurisdiction, power, and authority, and it shall be its duty, to
23 promulgate and enforce rules, and issue and enforce orders relating
24 to seeping natural gas.

1 B. For purposes of this section, "seeping natural gas" shall
2 mean natural gas which has migrated into, under, or around a
3 structure at hazardous concentrations or is leaking from a
4 distribution pipeline operated by a private natural gas utility
5 regulated by the Commission that serves no more than three hundred
6 (300) customers.

7 C. The jurisdiction, power, and authority of the Commission
8 shall extend to responding to any occurrences of seeping gas and
9 coordinating response efforts of private industry, state, county,
10 municipal, and local government entities. The Commission is
11 authorized to investigate seeping natural gas occurrences as
12 provided for in this section and to order any person responsible for
13 a facility which is found to be causing a seeping natural gas
14 occurrence to abate the hazard.

15 D. The Commission is authorized to form emergency response
16 teams to immediately respond to seeping natural gas occurrences as
17 provided for in this section.

18 E. There is hereby created in the State Treasury a fund for the
19 Commission to be designated the "Corporation Commission Gas Seep
20 Fund". The fund shall consist of monies appropriated by the
21 Legislature or monies designated by law to be deposited in the fund.
22 The fund shall be subject to legislative appropriations. The
23 Commission is authorized to make expenditures from the fund as
24 necessary and appropriate for coordinating the response to and

1 investigating seeping natural gas occurrences as specified in this
2 section. Expenditures from the fund shall be made pursuant to the
3 Oklahoma Central Purchasing Act. For purposes of responding to
4 serious environmental emergencies, expenditures from the fund may be
5 made without requisition pursuant to paragraph 5 of subsection A of
6 Section 85.7 of Title 74 of the Oklahoma Statutes. Warrants for
7 expenditures from the fund shall be drawn by the State Treasurer,
8 based on claims signed by an authorized employee or employee of the
9 Commission and approved for payment by the Director of State
10 Finance. Expenditures made pursuant to this act shall be limited to
11 the available balance in the fund and no other fund shall be
12 accessible for any remediation or repair arising under the
13 provisions of this act.

14 F. 1. When there is an occurrence of seeping natural gas, the
15 Commission shall seek to abate the hazard by:

- 16 a. issuing an order to a responsible person pursuant to
17 subsection C of this section, or
18 b. plugging a well if the source of the seeping natural
19 gas is a well drilled for the exploration or
20 production of oil or gas, including an injection or
21 disposal well.

22 2. If the Commission is unable to abate the hazard of a seeping
23 natural gas occurrence as provided for in paragraph 1 of this
24 subsection, the Commission may: (1) expend up to Twenty Thousand

1 Dollars (\$20,000.00) from the Corporation Commission Gas Seep Fund
2 for the cost of installing a system to divert natural gas away from
3 a structure or otherwise abate the hazards; or (2) expend up to One
4 Hundred Twenty-five Thousand Dollars (\$125,000.00) to repair or
5 replace a distribution pipeline identified in subsection B of this
6 section.

7 3. The Commission may seek reimbursement of expenditures made
8 by the Commission pursuant to this subsection from a responsible
9 person who has not complied with an order issued pursuant to
10 subsection C of this section. Any monies received as reimbursement
11 shall be deposited to the credit of the Corporation Commission Gas
12 Seep Fund.

13 4. The Commission shall promulgate rules defining the criteria
14 for determining the eligibility of the owner of a structure for
15 assistance pursuant to this subsection. Eligibility shall be
16 determined based on the nature and extent of the hazard, the
17 financial need of the owner of the structure, and other relevant
18 factors.

19 G. The Commission shall not be responsible for damages to land
20 or improvements resulting from the investigation of seeping natural
21 gas occurrences as provided for in this section. Any person
22 entering upon the land pursuant to the authority of the Commission
23 under this section shall not be liable or held responsible for any
24 damages resulting from operations reasonably necessary or proper for

1 the investigation of the seeping natural gas occurrence or the
2 abatement of associated hazards.

3 H. Any person entering upon the land to investigate or abate
4 the associated hazards of a seeping natural gas occurrence, pursuant
5 to the authority of the Commission under this section, shall not be
6 held to have assumed responsibility for future abatement work on the
7 land or be liable for damages or otherwise for conditions
8 subsequently arising from or in connection with the land.

9 I. Nothing in this section shall relieve any person or persons
10 otherwise legally responsible from any obligation to properly abate
11 hazards associated with seeping natural gas.

12 J. The term "person" as used in this section means any
13 individual, business association or corporation, partnership,
14 governmental or political subdivision, public corporation, body
15 politic and corporate public authority, trust or any other legal
16 entity.

17 K. Upon application, the Commission may reimburse: (1) up to
18 Twenty Thousand Dollars (\$20,000.00) of the costs incurred by the
19 applicant in installing a system to divert natural gas away from a
20 structure or otherwise abate the hazards; or (2) up to One Hundred
21 Twenty-Five Thousand Dollars (\$125,000.00) of the costs incurred by
22 the applicant to repair or replace a distribution pipeline
23 identified in Subsection B of this section. Costs associated with
24

1 occurrences of seeping natural gas reported after January 1, 2003,
2 are eligible for reimbursement under this subsection.

3 SECTION 6. AMENDATORY 52 O.S. 2001, Section 703, as
4 amended by Section 1, Chapter 382, O.S.L. 2002 (52 O.S. Supp. 2006,
5 Section 703), is amended to read as follows:

6 Section 703. A. To fund the activities of the Commission on
7 Marginally Producing Oil and Gas Wells, a fee shall be levied in the
8 amount of ~~two tenths of one cent (\$0.002)~~ thirty-five hundredths of
9 one cent (\$0.0035) on each barrel of petroleum liquid and ~~one tenth~~
10 ~~of one cent (\$0.001) on each ten thousand (10,000)~~ fifteen
11 thousandths of one cent (\$0.00015) on each one thousand (1,000)
12 cubic feet (Mcf) of natural gas, including casinghead gas, produced
13 from each well in the State of Oklahoma except for oil and gas
14 production exempt from the payment of gross production tax pursuant
15 to Section 1001 of Title 68 of the Oklahoma Statutes.

16 B. The fee levied by subsection A of this section shall be
17 deducted from the proceeds of production by the person remitting
18 gross production tax to the Oklahoma Tax Commission pursuant to
19 Section 1001 et seq. of Title 68 of the Oklahoma Statutes. ~~Such~~ The
20 fee shall be remitted to the ~~Oklahoma~~ Tax Commission in the same
21 manner as is provided by law for the payment of gross production
22 tax. However, the fee shall not be required to be paid until the
23 accrued amount due from any person required to remit ~~such~~ the fee
24 reaches Twenty-five Dollars (\$25.00), except that any amount accrued

1 for any calendar year shall be paid by January 31st of the following
2 year. To defray the costs of receiving and depositing the fees
3 levied by this section, the ~~Oklahoma~~ Tax Commission shall retain
4 three percent (3%) of the fees received for deposit into the
5 Oklahoma Tax Commission Revolving Fund created pursuant to Section
6 113 of Title 68 of the Oklahoma Statutes. The remaining monies
7 received by the ~~Oklahoma~~ Tax Commission pursuant to this section
8 shall be deposited in the Commission on Marginally Producing Oil and
9 Gas Wells Revolving Fund created by Section 705 of this title.

10 C. The Commission on Marginally Producing Oil and Gas Wells
11 shall be responsible for taking appropriate and necessary actions to
12 collect any fee which is not paid or is not properly paid. The
13 ~~Oklahoma~~ Tax Commission shall not be responsible for collecting any
14 fee not remitted to the ~~Oklahoma~~ Tax Commission for deposit into the
15 Commission on Marginally Producing Oil and Gas Wells Revolving Fund.
16 The ~~Oklahoma~~ Tax Commission shall report to the Commission on
17 Marginally Producing Oil and Gas Wells any information it obtains
18 regarding failure of any person to properly pay the fee due,
19 including any documentation it may have of ~~such~~ the failure.

20 D. The ~~Oklahoma~~ Tax Commission shall promulgate rules to
21 establish ~~such~~ procedures and forms necessary for the remittance of
22 the fee levied by this section.

23 E. The Commission on Marginally Producing Oil and Gas Wells
24 shall be prohibited from utilizing any funds collected through the

1 assessment authorized by this section for the purpose of influencing
2 governmental action or policy, with the exception of recommending
3 amendments to ~~this act~~ Section 700 et seq. of this title. ~~Provided,~~
4 ~~however, the~~ The Commission shall be authorized to respond to any
5 request for information from the Governor, any members of the
6 Legislature, any public official or state agency.

7 SECTION 7. Section 6 of this act shall become effective January
8 1, 2008.

9 SECTION 8. It being immediately necessary for the preservation
10 of the public peace, health and safety, an emergency is hereby
11 declared to exist, by reason whereof this act shall take effect and
12 be in full force from and after its passage and approval.

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