

OKLAHOMA HOUSE OF REPRESENTATIVES
COMMITTEE REPORT

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JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET COMMITTEE

HB2234

By: Sears et al of the House
Jolley et al of the Senate

Title: Oil and gas; modifying definition of seeping natural gas; changing funds and expenditure authorizations; effective date; emergency.

Coauthored By:

Recommendation: **DO PASS**

Amendments:



Chr.
Representative Earl Sears

YEAS: 20

Brown, Casey, Coody (A), Cox, Hoskin, Inman, Johnson, Martin, McCall, McCullough, McDaniel (J), McDaniel (R), Ownbey, Peterson, Rousselot, Sanders, Sears, Sherrer, Wesselhoft, Wright

NAYS: 0

CONSTITUTIONAL PRIVILEGE: 0

OKLAHOMA STATE SENATE
JOINT
COMMITTEE REPORT

April 15, 2015

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET

HB 2234

By: Sears of the House and Jolley and Treat of the Senate

Title: Oil and gas; modifying definition of seeping natural gas; changing funds and expenditure authorizations; effective date; emergency.

Recommendation: **DO PASS**

Aye: Allen, Barrington, Bice, Brecheen, Brinkley, Brooks, Dahm, David, Ford, Fry, Garrison, Griffin, Halligan, Holt, Jech, Justice, Newberry, Quinn, Shaw, Simpson, Stanislawski, Thompson, Yen, Treat, Jolley

Nay:

Pass:

Senator Clark Jolley, Chair

1 STATE OF OKLAHOMA

2 1st Session of the 55th Legislature (2015)

3 HOUSE BILL 2234

By: Sears and Casey of the
House

4 and

5 Jolley and Treat of the
6 Senate

7
8
9 AS INTRODUCED

10 An Act relating to oil and gas; amending 17 O.S.
11 2011, Section 180.10, as amended by Section 59,
12 Chapter 304, O.S.L. 2012 (17 O.S. Supp. 2014, Section
13 180.10), which relates to the Corporation Commission
14 Plugging Fund; limiting the amount of expenditures
15 for occurrences of seeping natural gas; amending 52
16 O.S. 2011, Section 317.1, as amended by Section 217,
17 Chapter 304, O.S.L. 2012 (52 O.S. Supp. 2014, Section
18 317.1), which relates to seeping natural gas;
19 modifying definition of seeping natural gas; deleting
20 the Corporation Commission Gas Seep Fund; deleting
21 source of funds, purposes and expenditure
22 requirements; changing name of fund used for certain
23 expenditures and depositing reimbursements; deleting
24 certain limitation on expenditures; deleting
authorization for certain expenditure; deleting
authorization for certain reimbursements; providing
an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 17 O.S. 2011, Section 180.10, as
amended by Section 59, Chapter 304, O.S.L. 2012 (17 O.S. Supp. 2014,
Section 180.10), is amended to read as follows:

1 Section 180.10 A. There is hereby created in the State
2 Treasury a fund for the Corporation Commission to be designated the
3 "Corporation Commission Plugging Fund". The plugging fund shall
4 consist of monies received by the Corporation Commission as required
5 by law to be deposited to the credit of said fund. The fund shall
6 be a continuing fund not subject to fiscal year limitations and
7 shall not be subject to legislative appropriations. Expenditures
8 from the plugging fund shall be made pursuant to the laws of this
9 state and the statutes relating to the Corporation Commission. For
10 each fiscal year, the Commission may expend not more than eight
11 percent (8%) of the total amount deposited to the credit of the
12 plugging fund during the previous fiscal year for the purpose of
13 responding to occurrences of seeping natural gas as provided for in
14 Section 317.1 of Title 52 of the Oklahoma Statutes. In addition,
15 expenditures from the plugging fund may be made pursuant to The
16 Oklahoma Central Purchasing Act, Section 85.1 et seq. of Title 74 of
17 the Oklahoma Statutes, for purposes of immediately responding to
18 emergency situations, within the Commission's jurisdiction, having
19 potentially critical environmental or public safety impact.
20 Warrants for expenditures from the fund shall be drawn by the State
21 Treasurer, based on claims signed by an authorized employee of the
22 Corporation Commission and approved for payment by the Director of
23 the Office of Management and Enterprise Services. The provisions of
24 this act or rules promulgated pursuant thereto, shall not be

1 construed to relieve or in any way diminish the surety bonding
2 requirements required by Section 318.1 of Title 52 of the Oklahoma
3 Statutes.

4 B. Prior to July 1, 2016, the plugging fund shall be maintained
5 at Five Million Dollars (\$5,000,000.00). If the plugging fund falls
6 below the five-million-dollar maintenance level, the Corporation
7 Commission shall notify the Tax Commission that the plugging fund
8 has fallen below the required maintenance level and that the excise
9 tax which has been levied by subsection A of Section 1101 of Title
10 68 of the Oklahoma Statutes and subsection A of Section 1102 of
11 Title 68 of the Oklahoma Statutes which is credited and apportioned
12 to the Corporation Commission Plugging Fund pursuant to Section 1103
13 of Title 68 of the Oklahoma Statutes is to be imposed. Such
14 additional excise tax shall be imposed and collected until such time
15 as is necessary to meet the additional five-million-dollar
16 maintenance level. The Tax Commission shall notify the persons
17 responsible for payment of the excise tax on oil and gas of the
18 imposition of such tax. The provisions of this subsection shall
19 terminate on July 1, 2016.

20 SECTION 2. AMENDATORY 52 O.S. 2011, Section 317.1, as
21 amended by Section 217, Chapter 304, O.S.L. 2012 (52 O.S. Supp.
22 2014, Section 317.1), is amended to read as follows:

23 Section 317.1 A. The Corporation Commission is vested with
24 jurisdiction, power, and authority, and it shall be its duty, to

1 promulgate and enforce rules, and issue and enforce orders relating
2 to seeping natural gas.

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

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

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

20 E. ~~There is hereby created in the State Treasury a fund for the~~
21 ~~Commission to be designated the "Corporation Commission Gas Seep~~
22 ~~Fund". The fund shall consist of monies appropriated by the~~
23 ~~Legislature or monies designated by law to be deposited in the fund.~~
24 ~~The fund shall be subject to legislative appropriations. The~~

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

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

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

24

1 2. If the Commission is unable to abate the hazard of a seeping
2 natural gas occurrence as provided for in paragraph 1 of this
3 subsection, the Commission may: ~~(1) expend up to Twenty Thousand~~
4 ~~Dollars (\$20,000.00) funds~~ from the Corporation Commission Gas Seep
5 Plugging Fund as provided for in Section 180.10 of Title 17 of the
6 Oklahoma Statutes for the cost of installing a system to divert
7 natural gas away from a structure or otherwise abate the hazards; ~~or~~
8 ~~(2) expend up to One Hundred Twenty-five Thousand Dollars~~
9 ~~(\$125,000.00) to repair or replace a distribution pipeline~~
10 ~~identified in subsection B of this section.~~

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

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

23 ~~G. F.~~ F. The Commission shall not be responsible for damages to
24 land or improvements resulting from the investigation of seeping

1 natural gas occurrences as provided for in this section. Any person
2 entering upon the land pursuant to the authority of the Commission
3 under this section shall not be liable or held responsible for any
4 damages resulting from operations reasonably necessary or proper for
5 the investigation of the seeping natural gas occurrence or the
6 abatement of associated hazards.

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

13 ~~F. H.~~ H. Nothing in this section shall relieve any person or
14 persons otherwise legally responsible from any obligation to
15 properly abate hazards associated with seeping natural gas.

16 ~~J. I.~~ I. The term "person" as used in this section means any
17 individual, business association or corporation, partnership,
18 governmental or political subdivision, public corporation, body
19 politic and corporate public authority, trust or any other legal
20 entity.

21 ~~K. Upon application, the Commission may reimburse: (1) up to~~
22 ~~Twenty Thousand Dollars (\$20,000.00) of the costs incurred by the~~
23 ~~applicant in installing a system to divert natural gas away from a~~
24 ~~structure or otherwise abate the hazards; or (2) up to One Hundred~~

1 ~~Twenty Five Thousand Dollars (\$125,000.00) of the costs incurred by~~
2 ~~the applicant to repair or replace a distribution pipeline~~
3 ~~identified in subsection B of this section. Costs associated with~~
4 ~~occurrences of seeping natural gas reported after January 1, 2003,~~
5 ~~are eligible for reimbursement under this subsection.~~

6 SECTION 3. This act shall become effective July 1, 2015.

7 SECTION 4. It being immediately necessary for the preservation
8 of the public peace, health and safety, an emergency is hereby
9 declared to exist, by reason whereof this act shall take effect and
10 be in full force from and after its passage and approval.

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12 55-1-7236 KB 03/26/15
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