

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. 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.

11  
12 55-1-7236 KB 03/26/15