

1 STATE OF OKLAHOMA

2 2nd Session of the 56th Legislature (2018)

3 HOUSE BILL 2989

By: McEntire

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6 AS INTRODUCED

7 An Act relating to oil and gas; authorizing
8 Corporation Commission to assess fees per unit of oil
9 and gas; specifying fee amounts; specifying fee
10 ratios; allowing for fee adjustments; directing fees
11 be deducted from oil and gas production; directing
12 Tax Commission to promulgate certain rules; creating
13 the oil and gas regulation revolving fund; providing
14 fund specifics; directing the Legislature to
15 establish budgetary limits not to exceed fees;
16 directing Corporation Commission to promulgate rule
17 and establish procedures; directing Commission to
18 monitor for yearly fee adjustments; providing for
19 codification; and providing an effective date.

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

26 SECTION 1. NEW LAW A new section of law to be codified
27 in the Oklahoma Statutes as Section 58 of Title 17, unless there is
28 created a duplication in numbering, reads as follows:

29 A. The Corporation Commission is hereby authorized to assess
30 fees upon each barrel of crude oil and each one thousand (1,000)
31 cubic feet (Mcf) of natural gas, including casinghead gas, produced
32 in the State of Oklahoma to provide adequate funding to the Oil and
33 Gas Conservation Division of the Corporation Commission for the
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1 regulation of the oil and gas industry in the State of Oklahoma.
2 The ratio of the fees shall be based upon a six to one ratio (6:1)
3 of the fee on crude oil to the fee on natural gas.

4 B. The initial fees assessed shall be two and four-tenths cents
5 (\$0.024) on each barrel on crude oil and four-tenths of one cent
6 (\$0.004) on each one thousand (1,000) cubic feet (Mcf) of natural
7 gas, including casinghead gas, produced from each well in the State
8 of Oklahoma. The amount of fees assessed shall be adjusted by the
9 Corporation Commission annually to meet the budgetary needs of the
10 Oil and Gas Conservation Division of the Corporation Commission
11 subject to the provisions of this section.

12 C. The fees assessed by subsections A and B of this section
13 shall be deducted from the proceeds of production by the person
14 remitting gross production tax to the Oklahoma Tax Commission
15 pursuant to Section 1001 et seq. of Title 68 of the Oklahoma
16 Statutes. The fees shall be remitted to the Tax Commission in the
17 same manner as is provided by law for the payment of gross
18 production tax. The Tax Commission shall promulgate rules to
19 establish procedures and forms necessary for the remittance of the
20 fees assessed by this section.

21 D. All fees assessed and collected pursuant to this section
22 shall be deposited by the Oklahoma Tax Commission in the Oil and Gas
23 Regulation Revolving Fund hereby created. The Fund shall be a
24 continuing fund not subject to fiscal year limitations and shall

1 consist of the monies received by the Tax Commission from the fees
2 assessed pursuant to the provisions of this section. Monies in the
3 Fund shall be invested by the State Treasurer as authorized by law
4 for the investment of state funds and the interest or return on
5 investment earned by the investment of such monies shall be credited
6 back to the Fund. All monies accruing to the credit of the fund are
7 not subject to legislative appropriation are hereby appropriated and
8 may be budgeted and expended by the Corporation Commission to pay
9 the costs, both direct and indirect, of the Oil and Gas Conservation
10 Division. Indirect costs being paid from this Fund shall be
11 reasonably related to the actual costs of the indirect services
12 being provided to the Division. Expenditures from said fund shall
13 be made upon warrants issued by the State Treasurer against claims
14 filed as prescribed by law with the Director of the Office of
15 Management and Enterprise Services for approval and payment.

16 E. The Legislature shall establish budgetary limits for the Oil
17 and Gas Conservation Division of the Corporation Commission. The
18 total of the fees assessed pursuant to this section shall not exceed
19 the amount of the budgetary limits, for both direct and indirect
20 costs, established by the Legislature for each fiscal year.
21 Established budgetary limits shall stay in effect until superseded
22 by further action of the Legislature.

23 F. The Corporation Commission shall promulgate rules to
24 establish procedures to adjust the amount of the annual fees

1 authorized to be assessed in this section. The procedures shall
2 provide for soliciting comment and participation in the process by
3 the oil and gas industry and the public, and for public hearing on
4 the proposed fees to be assessed. The Corporation Commission shall
5 consider any anticipated carryover balance in the Oil and Gas
6 Regulation Revolving Fund from the then current fiscal year in
7 setting the fees to be assessed for the subsequent fiscal year. The
8 fees assessed in this section, as adjusted by the Corporation
9 Commission, shall remain in effect until adjusted by further action
10 of the Corporation Commission.

11 SECTION 2. This act shall become effective November 1, 2018.

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