

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 3056

By: Hilbert

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5
6 AS INTRODUCED

7 An Act relating to the Oklahoma Corporation
8 Commission; imposing fee amount on certain production
9 of oil and natural gas; specifying fee amount;
10 authorizing adjustment of fee amount by Oklahoma
11 Corporation Commission; providing for deduction of
12 fee amount from certain proceeds; prescribing
13 procedure for remittance; creating the Oil and Gas
14 Regulation Revolving Fund; providing for
15 apportionment of revenues to fund; providing for
16 investment of funds; providing for disposition of
17 interest income; providing for expenditures;
18 providing for relationship between fee amount and
19 certain indirect costs; imposing requirement for
20 budgetary limits; providing for continuing effect of
21 budgetary limits; requiring promulgation of rules;
22 prescribing procedures; providing for treatment of
23 carryover balance; providing for continuing effect of
24 fee rates; 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 58 of Title 17, unless there is
created a duplication in numbering, reads as follows:

A. The Corporation Commission is hereby authorized to assess
fees upon each barrel of crude oil and each one thousand cubic feet

1 (Mcf) of natural gas, including casinghead gas, produced in the
2 State of Oklahoma to provide adequate funding to the Oil and Gas
3 Conservation Division of the Corporation Commission for the
4 regulation of the oil and gas industry in the State of Oklahoma.
5 The ratio of the fees shall be based upon a six (6) to one (1) ratio
6 (6:1) of the fee on crude oil to the fee on natural gas.

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

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

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

20 E. The Legislature shall establish budgetary limits for the Oil
21 and Gas Conservation Division of the Corporation Commission. The
22 total of the fees assessed pursuant to this section shall not exceed
23 the amount of the budgetary limits, for both direct and indirect
24 costs, established by the Legislature for each fiscal year.

1 Established budgetary limits shall stay in effect until superseded
2 by further action of the Legislature.

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

15 SECTION 2. This act shall become effective July 1, 2018.

16 SECTION 3. It being immediately necessary for the preservation
17 of the public peace, health or safety, an emergency is hereby
18 declared to exist, by reason whereof this act shall take effect and
19 be in full force from and after its passage and approval.

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