

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 SENATE BILL 514

By: Daniels

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5
6 AS INTRODUCED

7 An Act relating to the Oklahoma Energy Resources
8 Board; amending 52 O.S. 2021, Sections 228.2, 288.3,
9 288.4, 288.5, 288.7, 288.8A, and 288.11, which relate
10 to definitions, Energy Resources Board composition
11 and duties, the Energy Resources Revolving Fund,
12 levied assessments, and investment of funds;
13 modifying definitions; extending Board sunset date;
14 modifying Board composition and requirements;
15 conforming language; modifying revolving fund
16 purpose; updating statutory language; updating
17 statutory references; repealing 52 O.S. 2021,
18 Sections 288.5A, 288.5B, 288.5C, 288.5D, and 288.5E,
19 which relate to the Committee for Sustaining
20 Oklahoma's Energy Resources, Sustaining Oklahoma's
21 Energy Resources Revolving Fund, Commission on
22 Marginally Producing Oil and Gas Wells, levying of
23 fee, and fee refunds; and providing effective dates.

24
25 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

26 SECTION 1. AMENDATORY 52 O.S. 2021, Section 288.2, is
27 amended to read as follows:

28 Section 288.2. As used in the Oklahoma Energy Education and
29 Marketing Act, Section 288.1 et seq. of this title:

30 1. "Board" means the Oklahoma Energy Resources Board;

1 2. "Person" means any individual, group of individuals, or any
2 partnership, corporation, association, cooperative, or employee
3 thereof, or any other entity;

4 3. "Independent producer" means any person:

5 a. who produces oil or natural gas and is not engaged in
6 refining or marketing of such products, or

7 b. who derives a majority of his or her oil- or natural
8 gas-related income from working interest; and

9 4. ~~"Major oil company" means any person who produces oil or
10 natural gas in the State of Oklahoma and who is a retailer as
11 defined in IRS Code Sec. 613A (d) (2) or a refiner as defined in Sec.
12 613A (d) (4) of the Code or is a subsidiary, directly or indirectly,
13 of a company that is classified as a major oil company as defined
14 herein; and~~

15 5. ~~"Qualified independent producer association" means an entity
16 in existence as of January 1, 1992, that is organized and operating
17 within the state, a majority of whose governing body are independent
18 producers and which represents the independent oil or natural gas
19 industry on a statewide basis the Petroleum Alliance of Oklahoma,
20 formed as a successor of the Oklahoma Independent Petroleum
21 Association and the Oklahoma Oil and Gas Association.~~

22 SECTION 2. AMENDATORY 52 O.S. 2021, Section 288.3, is
23 amended to read as follows:

1 Section 288.3. There is hereby re-created until July 1, 2024
2 2027, the Oklahoma Energy Resources Board which shall be subject to
3 the provisions of the Oklahoma Sunset Law. The purpose of the Board
4 is to coordinate a program designed to demonstrate to the general
5 public the importance of the Oklahoma oil and natural gas
6 exploration and production industry, to encourage the wise and
7 efficient use of energy, to promote environmentally sound production
8 methods and technologies, to develop existing supplies of Oklahoma's
9 oil and natural gas resources, to support research and educational
10 activities concerning the oil and natural gas exploration and
11 production industry and to cause remediation of historical oilfield
12 ~~environmental problems~~ sites determined to be orphaned and devoid of
13 any reasonable means to be funded by a responsible party.

14 SECTION 3. AMENDATORY 52 O.S. 2021, Section 288.4, is
15 amended to read as follows:

16 Section 288.4. A. 1. The Oklahoma Energy Resources Board
17 shall be composed of at least ~~eighteen (18)~~ twenty-three (23)
18 members. The ~~eighteen~~ twenty-three members shall be comprised of
19 eighteen independent oil or natural gas producers, ~~or~~
20 ~~representatives of major oil companies which do business in the~~
21 ~~state,~~ one royalty owner, two oil and/or natural gas purchasers, one
22 representative appointed by the Chancellor of the State Regents for
23 Higher Education, and the Secretary of Energy and Environment or his
24 or her designee.

1 2. The independent oil or natural gas producers of the Oklahoma
2 Energy Resources Board shall be appointed as follows:

3 a. six to be appointed by the Governor,

4 b. six to be appointed by the President Pro Tempore of
5 the Senate, and

6 c. six to be appointed by the Speaker of the House of
7 Representatives.

8 The Governor, President Pro Tempore and Speaker of the House of
9 Representatives shall make appointments of independent producers
10 from a list of names of independent producers which do business in
11 the state submitted by the qualified independent producer
12 ~~associations~~ association.

13 B. The members of the Board shall:

14 1. Be at least twenty-five (25) years of age; and

15 2. Have at least five (5) years of active experience in the oil
16 or natural gas industry.

17 C. Each appointment to the Board shall be for a three-year
18 term. Current members of the board as of the effective date of this
19 act shall serve out their remaining terms based upon their
20 appointment date.

21 D. ~~The initial term of office for independent producer members~~
22 ~~of the Board shall be as follows: six members for one (1) year, six~~
23 ~~members for two (2) years and six members for three (3) years.~~

1 ~~For the initial appointments of independent producers, each~~
2 ~~appointing authority shall make two appointments for one-year terms,~~
3 ~~two appointments for two-year terms and two appointments for three-~~
4 ~~year terms. Thereafter, the terms of the independent producer~~
5 ~~members shall be for three (3) years~~ appointed members of the Board
6 who are independent oil and/or gas producers may be removed from
7 office by a majority vote of the three appointing authorities in a
8 manner as provided by law. The remaining appointed members of the
9 Board may be removed from office by a majority vote of the then-
10 serving Board members.

11 ~~D. The six independent producer members of the Board whose~~
12 ~~initial term of office is for one (1) year shall serve until October~~
13 ~~1, 1993, at which time their terms shall expire and will be replaced~~
14 ~~by the members appointed to three-year terms under subsection E of~~
15 ~~this section.~~

16 ~~E. On October 1, 1993, six members shall be appointed to the~~
17 ~~Board who represent major oil companies which do business in the~~
18 ~~state, two to be appointed by the Governor, two to be appointed by~~
19 ~~the President Pro Tempore of the Senate and two to be appointed by~~
20 ~~the Speaker of the House of Representatives. After October 1, 1993,~~
21 ~~the Board shall be composed of eighteen (18) members, twelve of~~
22 ~~which shall be independent producers and six shall be~~
23 ~~representatives of major oil companies~~ The Board shall elect one of
24 its members to serve as chairperson of the Board. The chairperson

1 shall preside over meetings of the Board and perform such other
2 duties as may be required by the Board. The chairperson shall serve
3 for a period of two (2) years. The Board shall also elect a vice
4 chairperson to succeed the elected chairperson upon expiration of
5 the chairperson's term.

6 ~~F. Vacancies shall be filled for the unexpired term of office~~
7 ~~in the same manner as the original appointment. The appointed~~
8 ~~members may be removed from office by a majority vote of the three~~
9 ~~appointing authorities in a manner as provided by law.~~

10 ~~G. After October 1, 1993, the independent producer and major~~
11 ~~oil company members of the Board appointed pursuant to subsection A~~
12 ~~of this section may by majority vote appoint a maximum of three~~
13 ~~representatives from each of the following producer related areas to~~
14 ~~serve as members of the Board: one member from a royalty owner~~
15 ~~association and two members representing crude oil purchasing~~
16 ~~companies. These additional members shall have full voting rights~~
17 ~~and privileges and will serve three year terms. They may be removed~~
18 ~~from the Board by a majority vote of the independent producer and~~
19 ~~major oil company members of the Board appointed pursuant to~~
20 ~~subsection A of this section.~~

21 ~~H. The Board shall at its first meeting elect one of its~~
22 ~~members as chairperson, who shall preside over meetings of the Board~~
23 ~~and perform such other duties as may be required by the Board. The~~
24 ~~first meeting of the Board shall be called by the Governor.~~

1 ~~F.~~ No member of the Board shall receive a salary for duties
2 performed as a member of the Board however, members are eligible to
3 receive reimbursement for expenses and travel reimbursement as
4 provided for in the State Travel Reimbursement Act.

5 ~~F.~~ G. Members serving on the Board shall be eligible to serve
6 on any other state board or commission if such member is otherwise
7 qualified to hold such appointed office, notwithstanding the
8 provisions of Section 6 of Title 51 of the Oklahoma Statutes.

9 SECTION 4. AMENDATORY 52 O.S. 2021, Section 288.5, is
10 amended to read as follows:

11 Section 288.5. The Oklahoma Energy Resources Board shall have
12 the following powers, duties and responsibilities:

- 13 1. To administer and enforce the provisions of the Oklahoma
14 Energy Education and Marketing Act;
- 15 2. To establish an office for the Board within the State of
16 Oklahoma;
- 17 3. To elect a chairperson, vice chairperson, and whatever other
18 officers may be necessary to direct operations of the Board;
- 19 4. To employ personnel as shall be deemed necessary to carry
20 out the purpose and provisions of the Oklahoma Energy Education and
21 Marketing Act, including but not limited to an attorney to provide
22 legal assistance to the Board, and to prescribe their duties and fix
23 their compensation;

1 5. To establish and administer the Energy Resources Revolving
2 Fund;

3 6. To approve or disapprove the budget of the Board;

4 7. To promulgate rules as it deems necessary to carry out the
5 provisions of the Oklahoma Energy Education and Marketing Act;

6 8. To enter into contracts or agreements for studies, research
7 projects, experimental work, supplies or other services to carry out
8 the purposes of the Oklahoma Energy Education and Marketing Act, and
9 incur those expenses necessary to carry out those purposes. Any
10 such contract or agreement shall provide that:

11 a. the person entering the contract or agreement on
12 behalf of the Board shall develop and submit to the
13 Board a plan or project together with a budget or
14 budgets that shows estimated costs to be incurred for
15 the plan or project, and

16 b. the person entering the contract or agreement shall
17 keep accurate records of all of its transactions,
18 account for funds received and expended, and make
19 periodic reports to the Board of activities conducted,
20 and such other reports as the Board may require;

21 9. To keep accurate records of all financial transactions
22 performed pursuant to the Oklahoma Energy Education and Marketing
23 Act. These records shall be subject to an annual audit, as defined
24 by paragraph 4 of subsection B of Section 212 of Title 74 of the

1 Oklahoma Statutes, by an independent auditor and an annual report
2 shall be compiled and presented to the Governor;

3 10. To cooperate with any private, local, state or national
4 commission, organization, agency or group and to make contracts and
5 agreements for joint programs beneficial to the oil industry;

6 11. To accept donations, grants, contributions and gifts from
7 any public or private source and deposit such in the Energy
8 Resources Revolving Fund;

9 12. To approve or disapprove the investment of any monies in
10 the Energy Resources Revolving Fund; and

11 13. To keep an accurate record of all assessments collected.

12 SECTION 5. AMENDATORY 52 O.S. 2021, Section 288.7, is
13 amended to read as follows:

14 Section 288.7. A. There is hereby created in the State
15 Treasury a revolving fund for the Oklahoma Energy Resources Board to
16 be designated the "Energy Resources Revolving Fund". The fund shall
17 be a continuing fund, not subject to fiscal year limitations and
18 shall consist of all monies received by the Oklahoma Energy
19 Resources Board from assessments received and collected pursuant to
20 Section 288.8A of this title, donations, grants, contributions and
21 gifts from any public or private source. The Board may expend funds
22 as provided for by law. Expenditures from said fund shall be made
23 upon warrants issued by the State Treasurer against claims filed as
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1 prescribed by law with the Director of the Office of Management and
2 Enterprise Services for approval and payment.

3 B. Of the monies collected and not refunded pursuant to
4 Sections 288.8A and 288.9A of this title, a minimum of fifty percent
5 (50%) of ~~said~~ the monies collected, including a prorated share of
6 administrative costs incurred from ~~the effective date of this act~~
7 August 30, 1996, and not subsequently refunded, shall be expended on
8 environmental cleanup, ~~and~~ remediation, restoration, and
9 preservation projects related to oil and gas ~~pollution site~~
10 reclamation, and other projects supporting the vitality of the oil
11 and gas industry in this state. Projects shall be authorized by the
12 Board from a priority list of projects submitted by the Corporation
13 Commission or, only in the absence of Corporation Commission
14 jurisdiction, projects submitted by other appropriate state
15 agencies.

16 C. None of the monies collected and not refunded pursuant to
17 Sections 288.8A and 288.9A of this title shall be used for travel
18 expenses of any member of the ~~Oklahoma~~ Legislature.

19 SECTION 6. AMENDATORY 52 O.S. 2021, Section 288.8A, is
20 amended to read as follows:

21 Section 288.8A. A. To fund the activities of the Oklahoma
22 Energy Resources Board, an assessment shall be levied in the amount
23 of one-tenth of one percent (1/10 of 1%) of the gross revenues
24 received at the wellhead for oil, natural gas, casinghead gas or
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1 condensate produced from each well in ~~the State of Oklahoma~~ this
2 state except for production exempt from the payment of gross
3 production tax pursuant to Section 1001 of Title 68 of the Oklahoma
4 Statutes.

5 B. The assessment levied by subsection A of this section shall
6 be deducted from the proceeds of production by the person remitting
7 gross production tax to the Oklahoma Tax Commission pursuant to
8 Section 1001 of Title 68 of the Oklahoma Statutes. Such assessment
9 shall be remitted to the Oklahoma Tax Commission in the same manner
10 as is provided by law for the payment of gross production tax.

11 Provided, the person remitting the assessment may remit cumulative
12 amounts of Twenty-five Dollars (\$25.00) or less quarterly. To
13 defray the costs of receiving and depositing the assessments levied
14 by this section, the Oklahoma Tax Commission shall retain Two
15 Thousand Dollars (\$2,000.00) per month of the assessments received
16 for deposit in the ~~Oklahoma~~ Tax Commission ~~Revolving~~ Reimbursement
17 Fund created pursuant to Section 113 of Title 68 of the Oklahoma
18 Statutes. The remaining monies received by the Oklahoma Tax
19 Commission pursuant to this section shall be deposited in the Energy
20 Resources Revolving Fund.

21 C. The Board shall be responsible for taking appropriate legal
22 actions to collect any assessment which is not paid or is not
23 properly paid. The Oklahoma Tax Commission shall not be responsible
24 for collecting any assessment not remitted to the Oklahoma Tax
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1 Commission for deposit in the Energy Resources Revolving Fund. The
2 Oklahoma Tax Commission shall report to the Board any information it
3 obtains regarding failure of any person to properly pay the
4 assessment due, including any documentation it may have of such
5 failure.

6 SECTION 7. AMENDATORY 52 O.S. 2021, Section 288.11, is
7 amended to read as follows:

8 Section 288.11. A. The Board may invest, pending disbursement,
9 funds collected through assessments only in obligations of the
10 United States or any agency thereof, in general obligations of any
11 state, in any interest-bearing account or certificate of deposit of
12 a bank that is a member of the Federal Reserve System, or in
13 obligations fully guaranteed as to principal and interest by the
14 United States.

15 B. The Board shall be prohibited from utilizing any funds
16 collected through the assessment procedure outlined in Section ~~8~~
17 288.8A of this ~~act~~ title, for the purpose of influencing
18 governmental action or policy, with the exception of recommending
19 amendments to ~~this act~~ Section 288.1 et seq. of this title in
20 support of its stated mission, and for the purpose of obtaining
21 state or federal funding ~~for the activities of the Sustaining~~
22 ~~Oklahoma's Energy Resources Advisory Committee.~~

23 SECTION 8. REPEALER 52 O.S. 2021, Section 288.5A, is
24 hereby repealed.

1 SECTION 9. REPEALER 52 O.S. 2021, Section 288.5B, is
2 hereby repealed.

3 SECTION 10. REPEALER 52 O.S. 2021, Section 288.5C, is
4 hereby repealed.

5 SECTION 11. REPEALER 52 O.S. 2021, Section 288.5D, is
6 hereby repealed.

7 SECTION 12. REPEALER 52 O.S. 2021, Section 288.5E, is
8 hereby repealed.

9 SECTION 13. Sections 1 through 7 of this act shall become
10 effective November 1, 2023.

11 SECTION 14. Sections 8 through 12 of this act shall become
12 effective July 1, 2024.

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