

By: Moak

To: Oil, Gas and Other  
Minerals

HOUSE BILL NO. 152

1 AN ACT TO AMEND SECTION 53-1-77, MISSISSIPPI CODE OF 1972, TO  
2 AUTHORIZE THE STATE OIL AND GAS BOARD TO PLACE A LIEN ON ANY OIL  
3 OR GAS WELL AT THE TIME THE WELL IS SOLD BY THE ORIGINAL  
4 OWNER/OPERATOR TO ANOTHER PARTY FOR THE PURPOSE OF ENSURING THAT  
5 FUNDS ARE AVAILABLE TO PROPERLY PLUG AND ABANDON THE WELL WHEN  
6 NECESSARY; AND FOR RELATED PURPOSES.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

8 SECTION 1. Section 53-1-77, Mississippi Code of 1972, is  
9 amended as follows:

10 53-1-77. (1) The State Oil and Gas Supervisor, as ex  
11 officio secretary of such board, shall remit to the State  
12 Treasurer all monies collected by reason of the assessments made  
13 and fixed under the provisions of Section 53-1-73, and the State  
14 Treasurer shall deposit all such monies in a special fund known as  
15 the "Oil and Gas Conservation Fund," which is hereby continued in  
16 effect.

17 (2) All monies on deposit in the Oil and Gas Conservation  
18 Fund on April 10, 1948, and all monies hereafter deposited in such  
19 fund, shall be held in trust for the use of the board to pay the  
20 expenses and costs incurred in connection with the administration  
21 and enforcement of the oil and gas conservation laws of the State  
22 of Mississippi and the rules, regulations and orders of the State  
23 Oil and Gas Board issued thereunder. Disbursements shall be made

24 from such fund only upon requisition of the State Oil and Gas  
25 Supervisor, as approved and allowed by the board, and which  
26 requisitions shall be supported by itemized statements thereto  
27 attached showing the purpose or purposes of such expenditures.  
28 Such requisitions shall be drawn upon the State Auditor, who shall  
29 issue a warrant upon said fund. Such warrants so issued shall be  
30 paid by the State Treasurer upon presentation.

31 (3) The State Oil and Gas Supervisor, as ex officio  
32 secretary of the Oil and Gas Board, shall submit, within ten (10)  
33 days, after the convening of each session of the Legislature, to  
34 the Legislature a detailed report of all receipts, expenditures  
35 and balance on hand, of funds coming to the Oil and Gas Board from  
36 any source whatsoever.

37 (4) In the event that at any particular time, the Oil and  
38 Gas Conservation Fund contains an amount greater than Two Hundred  
39 Thousand Dollars (\$200,000.00) more than the current fiscal year's  
40 estimated budget, the amount of the excess may be used by the  
41 board and at the board's discretion, to plug any oil or gas well,  
42 including any Class II well, in the state which has been  
43 determined by the board to represent an imminent threat to the  
44 environment and which has been determined by the board to be an  
45 "orphan" well.

46 (5) The board shall have the authority, in its discretion,  
47 to use whatever legal means available to it to attempt to collect  
48 any amounts so expended from any responsible party. Any amounts  
49 so collected shall be returned to the Oil and Gas Board's  
50 Emergency Plugging Fund created herein.

51 (6) Amounts of surplus in the Oil and Gas Conservation Fund  
52 of over Two Hundred Thousand Dollars (\$200,000.00) shall be  
53 transferred to a separate special fund of the Oil and Gas Board to  
54 be known as the Emergency Plugging Fund, for the proper plugging

55 of wells pursuant to this section. The supervisor shall have the  
56 authority, and it shall be his duty to transfer any amounts in the  
57 Emergency Plugging Fund back to the Oil and Gas Conservation Fund  
58 in the event and to the extent to which the Oil and Gas  
59 Conservation Fund should at any time contain less than a Two  
60 Hundred Thousand Dollars (\$200,000.00) surplus.

61 (7) For purposes of this section, orphan well means any oil  
62 or gas well in the state, including Class II wells, which has not  
63 been properly plugged according to the requirements of the  
64 statutes, rules and regulations governing same and for which a  
65 responsible party such as an owner or operator cannot be located  
66 or for which, for whatever reason, there is no other party which  
67 can be forced to plug the well.

68 (8) The board may place a lien on any oil or gas well at the  
69 time the well is sold by the original owner/operator to another  
70 party for the purpose of ensuring that funds are available to  
71 properly plug and abandon the well when necessary.

72 SECTION 2. This act shall take effect and be in force from  
73 and after July 1, 2000.