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

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

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

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

(2) All monies on deposit in the Oil and Gas Conservation Fund on April 10, 1948, and all monies hereafter deposited in such fund, shall be held in trust for the use of the board to pay the expenses and costs incurred in connection with the administration and enforcement of the oil and gas conservation laws of the State of Mississippi and the rules, regulations and orders of the State Oil and Gas Board issued thereunder. Disbursements shall be made from such fund only upon requisition of the State Oil and Gas Supervisor, as approved and allowed by the board, and which requisitions shall be supported by itemized statements thereto attached showing the purpose or purposes of such expenditures.

Such requisitions shall be drawn upon the State Auditor, who shall
issue a warrant upon said fund. Such warrants so issued shall be paid by the State Treasurer upon presentation.

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

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

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

(6) Amounts of surplus in the Oil and Gas Conservation Fund of over Two Hundred Thousand Dollars ($200,000.00) shall be transferred to a separate special fund of the Oil and Gas Board to be known as the Emergency Plugging Fund, for the proper plugging of wells pursuant to this section. The supervisor shall have the authority, and it shall be his duty to transfer any amounts in the Emergency Plugging Fund back to the Oil and Gas Conservation Fund in the event and to the extent to which the Oil and Gas Conservation Fund should at any time contain less than a Two Hundred Thousand Dollars ($200,000.00) surplus.
(7) For purposes of this section, orphan well means any oil or gas well in the state, including Class II wells, which has not been properly plugged according to the requirements of the statutes, rules and regulations governing same and for which a responsible party such as an owner or operator cannot be located or for which, for whatever reason, there is no other party which can be forced to plug the well.

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

SECTION 2. This act shall take effect and be in force from and after July 1, 2001.