AN ACT TO AMEND SECTION 53-1-77, MISSISSIPPI CODE OF 1972, TO AUTHORIZE THE STATE OIL AND GAS BOARD TO TAKE AN AUTOMATIC LIEN ON ANY SURFACE EQUIPMENT CONNECTED OR ASSOCIATED WITH AN OIL OR GAS WELL THAT THE STATE OIL AND GAS BOARD HAS DETERMINED TO BE AN "ORPHAN" WELL FOR THE PURPOSE OF PROPERLY PLUGGING AND ABANDONING THE WELL; 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 shall take an automatic lien on any surface equipment connected or associated with an oil or gas well that the board has determined to be an "orphan" well for the purpose of properly plugging and abandoning the well.

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