

By: Representatives Staples, Dixon

To: Appropriations

HOUSE BILL NO. 965
(As Passed the House)

1 AN ACT TO AMEND SECTIONS 53-1-7, 53-1-73, 53-1-77, 53-3-13
2 AND 53-11-23, MISSISSIPPI CODE OF 1972, TO DELETE THE PROVISIONS
3 OF LAW REQUIRING CERTAIN EXPENSES OF THE MISSISSIPPI STATE OIL AND
4 GAS BOARD TO BE DEFRAID BY APPROPRIATION FROM THE STATE GENERAL
5 FUND; TO AMEND SECTION 27-104-205, MISSISSIPPI CODE OF 1972, TO
6 REMOVE THE REQUIREMENT THAT THE STATE OIL AND GAS BOARD BE FUNDED
7 BY APPROPRIATIONS FROM THE GENERAL FUND; TO FURTHER AMEND SECTION
8 53-1-77, MISSISSIPPI CODE OF 1972, TO RETAIN THE AUTHORITY OF THE
9 BOARD TO OBTAIN FUNDS FROM THE CAPITAL EXPENSE FUND FOR THE
10 EMERGENCY PLUGGING OF ORPHANED WELLS; TO TRANSFER FROM THE STATE
11 GENERAL FUND A CERTAIN AMOUNT OF FUNDS TO THE SPECIAL FUNDS OF THE
12 STATE OIL AND GAS BOARD; AND FOR RELATED PURPOSES.

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

14 **SECTION 1.** Section 53-1-7, Mississippi Code of 1972, is
15 amended as follows:

16 53-1-7. The board shall appoint a State Oil and Gas
17 Supervisor, herein called supervisor, who shall be a competent and
18 qualified administrator and receive as compensation for his
19 services an annual salary to be fixed by law. The supervisor
20 shall be solely responsible for the administration of the offices
21 of the State Oil and Gas Board and shall be charged with the duty
22 of enforcing Sections 53-1-1 through 53-1-47, and Sections 53-3-3
23 through 53-3-165, and all rules, regulations and orders duly



24 adopted by the board. The supervisor shall be ex officio
25 secretary of the board and shall give bond, in such sum as the
26 board may direct, with corporate surety to be approved by the
27 board, conditioned that he will well and truly account for all
28 funds coming into his hands as such secretary. He shall remit to
29 the State Treasurer all monies collected by him as such secretary
30 for deposit in trust for the use of the board in a special fund
31 known as the Oil and Gas Conservation Fund to be expended as
32 provided by law.

33 The supervisor shall devote his entire time to his official
34 duties.

35 In addition, it shall be the supervisor's duty and
36 responsibility to:

37 (a) Supervise and manage all personnel of the offices
38 of the Oil and Gas Board.

39 (b) Formulate the duties and responsibilities of every
40 staff employee in detail, including written job descriptions and
41 written policies and procedures for performing staff tasks.

42 (c) Outline a detailed method of preparing, and devise
43 a systematic procedure for the filing of reports by field
44 inspectors.

45 (d) Formulate written policies and procedures for the
46 effective and efficient operation of the office, and present these
47 policies and procedures to the board for promulgation.



48 (e) Supervise the provision of technical support and
49 assistance to the board in its decision-making capacity.

50 * * *

51 **SECTION 2.** Section 53-1-73, Mississippi Code of 1972, is
52 amended as follows:

53 53-1-73. For the purposes of paying the costs and expenses
54 incurred in connection with the administration and enforcement of
55 the oil and gas conservation laws of the State of Mississippi and
56 of the rules, regulations and orders of the State Oil and Gas
57 Board, there is * * * levied and assessed against each barrel of
58 oil produced in the State of Mississippi a charge not to exceed
59 sixty (60) mills on each barrel of such oil sold, and against each
60 one thousand (1,000) cubic feet of gas produced and sold a charge
61 not to exceed six (6) mills on each one thousand (1,000) cubic
62 feet of gas. The State Oil and Gas Board shall fix the amount of
63 such charge in the first instances, and may, from time to time,
64 change, reduce or increase the amount thereof, as in its judgment
65 the charges against the fund may require, but the amounts fixed
66 by * * * the board shall not exceed the limits hereinabove
67 prescribed; and it shall be the duty of the board to make
68 collection of such assessments. All monies collected shall be
69 used exclusively to pay the expenses and other costs in connection
70 with the functioning of the State Oil and Gas Board and the
71 administration of the oil and gas conservation laws of the State



72 of Mississippi now in force or hereafter enacted and the rules,
73 regulations and orders of * * * the board.

74 * * *

75 **SECTION 3.** Section 53-1-77, Mississippi Code of 1972, is
76 amended as follows:

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

84 (2) All monies on deposit in the Oil and Gas Conservation
85 Fund on April 10, 1948, and all monies hereafter deposited in such
86 fund, shall be for the use of the board to pay the expenses and
87 costs incurred in connection with the administration and
88 enforcement of the oil and gas conservation laws of the State of
89 Mississippi and the rules, regulations and orders of the State Oil
90 and Gas Board issued thereunder. Disbursements shall be made from
91 such fund only upon requisition of the State Oil and Gas
92 Supervisor, as approved and allowed by the board, and which
93 requisitions shall be supported by itemized statements thereto
94 attached showing the purpose or purposes of such expenditures.
95 Such requisitions shall be drawn upon the State * * * Fiscal
96 Officer, who shall issue a warrant upon * * * the fund. Such



97 warrants so issued shall be paid by the State Treasurer upon
98 presentation.

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

105 (4) * * * Upon request of the State Oil and Gas Supervisor,
106 the State Fiscal Officer shall transfer funds from the Capital
107 Expense Fund as authorized in Section 27-103-303(4) to the Oil and
108 Gas Board for the emergency plugging of any oil or gas well,
109 including any Class II well, in the state * * * that has been
110 determined by the board to represent an imminent threat to the
111 environment and * * * that has been determined by the board to be
112 an "orphan" well.

113 (5) The board shall have the authority, in its discretion,
114 to use whatever legal means available to it to attempt to collect
115 any amounts so expended from any responsible party. * * *

116 * * *

117 (* * *6) For purposes of this section, "orphan well" means
118 any oil or gas well in the state, including Class II wells, * * *
119 that has not been properly plugged according to the requirements
120 of the statutes, rules and regulations governing same and for
121 which a responsible party such as an owner or operator cannot be



122 located or for which, for whatever reason, there is no other
123 party * * * that can be forced to plug the well. * * *

124 **SECTION 4.** Section 53-3-13, Mississippi Code of 1972, is
125 amended as follows:

126 53-3-13. (1) Any person securing a permit to drill a well
127 in search of oil or gas under the provisions of Section 53-3-11
128 shall pay to the Oil and Gas Supervisor a fee of Six Hundred
129 Dollars (\$600.00) upon and for the issuance of the permit. A
130 lesser sum may be paid if the State Oil and Gas Board shall adopt
131 a rule fixing the amount to be paid at a sum less than Six Hundred
132 Dollars (\$600.00). Any such permit, when issued and the fee paid
133 thereon, shall be good for a period of one (1) year from the date
134 thereof; and in the event drilling has commenced within one (1)
135 year, the permit shall be good for the life of the well commenced,
136 unless during the course of drilling or production the operator is
137 changed. In the event a change of operators from that listed in
138 the drilling permit is desired, the operator listed and the
139 proposed new operator shall apply to the State Oil and Gas Board
140 for authority to change operators on forms to be prescribed by
141 order of the State Oil and Gas Board. The fee for such change of
142 operators shall be One Hundred Dollars (\$100.00) per change, or
143 some lesser sum as may be fixed by order of the board.

144 (2) The State Oil and Gas Supervisor, as ex officio
145 Secretary of the State Oil and Gas Board, shall remit to the State
146 Treasurer all monies collected by reason of the assessments made,



147 fixed and authorized under the provisions of subsection (1) of
148 this section, and the State Treasurer shall deposit all such
149 monies in a special fund known as the "Oil and Gas Conservation
150 Fund."

151 * * *

152 **SECTION 5.** Section 53-11-23, Mississippi Code of 1972, is
153 amended as follows:

154 53-11-23. (1) (a) The board is authorized to adopt
155 regulations within its jurisdiction to assess sequestration fees
156 that shall be subject to the approval of the Legislature.

157 (b) Any monies collected shall be used exclusively:

158 (i) to pay the expenses and other costs connected with
159 administration and enforcement of this chapter and the rules,
160 regulations and orders of the board pursuant to this chapter; and
161 (ii) to fund the Carbon Dioxide Storage Fund established in this
162 chapter.

163 (c) Any per-ton fee shall first be applied to the
164 administration and enforcement costs of the board's activities
165 required or authorized by this chapter, and any amount exceeding
166 those costs shall be transferred to a separate special fund of the
167 State Oil and Gas Board which is hereby created and is to be known
168 as the Carbon Dioxide Storage Fund.

169 (d) Transfers to the Carbon Dioxide Storage Fund from
170 the per-ton fees shall be made monthly. Transfers from excess
171 funds collected under subsection (1)(c) of this section may be



172 made at any time in the fiscal year that the board shall determine
173 appropriate. At the beginning of the following fiscal year after
174 the transfer of the excess funds, the rate or rates to be
175 collected under subsection (1)(c) of this section shall be reduced
176 to reflect the excess from the prior year.

177 (e) When the balance in the Carbon Dioxide Storage Fund
178 reaches or exceeds Two Million Five Hundred Thousand Dollars
179 (\$2,500,000.00) per geologic sequestration facility, the board
180 shall abate the per-ton fee, and may adjust the annual regulatory
181 fee as prescribed herein. The abatement shall be effective at the
182 beginning of the ensuing fiscal year. When the Carbon Dioxide
183 Storage Fund is reduced below Two Million Five Hundred Thousand
184 Dollars (\$2,500,000.00) per geologic sequestration facility, the
185 per-ton fee shall again be imposed on all geologic storage
186 operators until such time as the fund shall reach or exceed Two
187 Million Five Hundred Thousand Dollars (\$2,500,000.00) per geologic
188 sequestration facility. The imposition of the per-ton fee shall
189 be effective at the beginning of the ensuing fiscal year.

190 (f) Monies in the Carbon Dioxide Storage Fund created
191 in this chapter may be used in the board's discretion but only if
192 inadequate funds are available from responsible parties including
193 the financial assurance funds provided in Section 53-11-27(2).
194 Monies in the Carbon Dioxide Storage Fund shall only be used for
195 oversight of geologic storage facilities after cessation of
196 injection at the facility and release of the facility's



197 performance bond or other assurance of performance and as shall be
198 necessary or appropriate to satisfy the requirements of the
199 federal Safe Drinking Water Act, including, without limitation,
200 matters with respect to closed facilities such as: (i)
201 inspecting, testing and monitoring of the facility, including
202 remaining surface facilities and wells; (ii) repairing mechanical
203 problems associated with remaining wells and surface
204 infrastructure; and (iii) repairing mechanical leaks at the
205 facility.

206 (g) The Carbon Dioxide Storage Fund shall be used for
207 the purposes set forth in this chapter and for no other
208 governmental purposes, nor shall any portion of the fund ever be
209 available to borrow from by any branch of government, it being the
210 intent of the Legislature that this fund and its increments shall
211 remain intact and inviolate. Any interest earned on monies in
212 this fund shall remain in this fund and shall not lapse into the
213 General Fund.

214 (2) To facilitate the proper administration of the Class VI
215 underground injection control program within its jurisdiction, the
216 commission is authorized to assess and collect fees from Class VI
217 permit applicants for Class VI underground injection control wells
218 permitted by the permit board. The commission is further
219 authorized to promulgate rules and regulations for the assessment
220 and collection of permit fees for Class VI underground injection
221 control wells within its jurisdiction.



222 * * *

223 **SECTION 6.** Section 27-104-205, Mississippi Code of 1972, is
224 amended as follows:

225 27-104-205. (1) From and after July 1, 2016, the expenses
226 of the following enumerated state agencies shall be defrayed by
227 appropriation of the Legislature from the State General Fund: the
228 State Fire Marshal, the State Fire Academy, the Office of
229 Secretary of State (not including the Preneed Contracts Loss
230 Recovery Fund), the Mississippi Public Service Commission, the
231 Mississippi Department of Information Technology Services, the
232 State Personnel Board, the Mississippi Department of Insurance
233 (not including the Municipal Fire Protection Fund, Section
234 83-1-37, the County Volunteer Fire Department Fund, Section
235 83-1-39, and the Mississippi Propane Education and Research Fund,
236 Section 75-57-119), the Mississippi Law Enforcement Officers'
237 Minimum Standards Board * * *,l the Mississippi Gaming
238 Commission * * *,l the Mississippi Department of Revenue - License
239 Tag * * *,l the Office of the State Public Defender * * *,l the
240 Mississippi Workers' Compensation Commission (not including the
241 Second Injury Trust Fund) * * *,l the Office of Attorney
242 General * * *,l and the Mississippi Department of Finance and
243 Administration (not including the Statewide Cost Allocation Plan,
244 the Office of Surplus Property and the Office of Insurance).
245 Beginning July 1, 2016, any fees, assessments or other revenues
246 charged for the support of the above-named state agencies shall be



247 deposited into the State General Fund, and any special fund or
248 depository established within the State Treasury for the deposit
249 of such fees, assessments or revenues shall be abolished and the
250 balance transferred to the State General Fund. Expenses
251 heretofore drawn from such special funds or other depositories
252 shall be drawn from the agencies General Fund Account.

253 (2) Beginning with the fiscal year ending June 30, 2016, the
254 amount to be appropriated annually from the State General Fund for
255 the support of each of the above-named state agencies shall not
256 exceed the amount appropriated for such purpose in the preceding
257 fiscal year, plus any increases in or additional fees, assessments
258 or other charges authorized by act of the Legislature for the
259 succeeding fiscal year.

260 (3) The provisions of this section shall not apply to any
261 trust fund account that is maintained by any above-named agency.

262 (4) The provisions of this section shall not prohibit any of
263 the above-named agencies from maintaining clearing accounts in
264 approved depositories.

265 (5) The provisions of this section shall not apply to any
266 trust fund accounts maintained by the Public Employees' Retirement
267 System and protected under Section 272A of the Mississippi
268 Constitution of 1890.

269 **SECTION 7.** On the effective date of this act, an amount of
270 funds equal to the amount of funds previously transferred from the
271 special funds of the Mississippi State Oil and Gas Board to the



272 State General Fund in accordance with Section 27-104-205 shall be
273 transferred from the State General Fund to those special funds.
274 For the purposes of this section the special funds of the
275 Mississippi State Oil and Gas Board shall include those special
276 funds provided for in Sections 53-1-7, 53-1-73, 53-1-77, 53-3-13
277 and 53-11-23.

278 **SECTION 8.** This act shall take effect and be in force from
279 and after its passage.

