

By: Senator(s) Harkins

To: Appropriations

SENATE BILL NO. 2830

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.



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

* * *

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

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



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

* * *

SECTION 3. 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 * * * 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 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 * * * Fiscal
Officer, who shall issue a warrant upon * * * the 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) * * * Upon request of the State Oil and Gas Supervisor, the State Fiscal Officer shall transfer funds from the Capital Expense Fund as authorized in Section 27-103-303(4) to the Oil and Gas Board for the emergency plugging of any oil or gas well, including any Class II well, in the state * * * that has been determined by the board to represent an imminent threat to the environment and * * * that 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. * * *

* * *

(* * * 6) For purposes of this section, "orphan well" means any oil or gas well in the state, including Class II wells, * * * that 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 * * * that can be forced to plug the well.

* * *

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

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

(2) The State Oil and Gas Supervisor, as ex officio Secretary of the State Oil and Gas Board, shall remit to the State



Treasurer all monies collected by reason of the assessments made, fixed and authorized under the provisions of subsection (1) of this section, and the State Treasurer shall deposit all such monies in a special fund known as the "Oil and Gas Conservation Fund."

* * *

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

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

(b) Any monies collected shall be used exclusively:
(i) to pay the expenses and other costs connected with administration and enforcement of this chapter and the rules, regulations and orders of the board pursuant to this chapter; and
(ii) to fund the Carbon Dioxide Storage Fund established in this chapter.

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

(d) Transfers to the Carbon Dioxide Storage Fund from the per-ton fees shall be made monthly. Transfers from excess



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

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

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



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

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

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



and collection of permit fees for Class VI underground injection control wells within its jurisdiction.

* * *

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

27-104-205. (1) From and after July 1, 2016, the expenses of the following enumerated state agencies shall be defrayed by appropriation of the Legislature from the State General Fund: the State Fire Marshal, the State Fire Academy, the Office of Secretary of State (not including the Preneed Contracts Loss Recovery Fund), the Mississippi Public Service Commission, the Mississippi Department of Information Technology Services, the State Personnel Board, the Mississippi Department of Insurance (not including the Municipal Fire Protection Fund, Section 83-1-37, the County Volunteer Fire Department Fund, Section 83-1-39, and the Mississippi Propane Education and Research Fund, Section 75-57-119), the Mississippi Law Enforcement Officers' Minimum Standards Board * * *, the Mississippi Gaming Commission; the Mississippi Oil and Gas Board * * *, the Mississippi Department of Revenue - License Tag * * *, the Office of the State Public Defender * * *, the Mississippi Workers' Compensation Commission (not including the Second Injury Trust Fund) * * *, the Office of Attorney General * * *, and the Mississippi Department of Finance and Administration (not including the Statewide Cost Allocation Plan, the Office of Surplus Property and the Office of



Insurance). Beginning July 1, 2016, any fees, assessments or other revenues charged for the support of the above-named state agencies shall be deposited into the State General Fund, and any special fund or depository established within the State Treasury for the deposit of such fees, assessments or revenues shall be abolished and the balance transferred to the State General Fund. Expenses heretofore drawn from such special funds or other depositories shall be drawn from the agencies General Fund Account.

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

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

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

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



271 **SECTION 7.** On July 1, 2018, an amount of funds equal to the
272 amount of funds previously transferred from the special funds of
273 the Mississippi State Oil and Gas Board to the State General Fund,
274 in accordance with Section 27-104-205, shall be transferred from
275 the State General fund to those special funds. For the purposes
276 of this section, the special funds of the Mississippi State Oil
277 and Gas Board shall include those special funds provided for in
278 Sections 53-1-7, 53-1-73, 53-1-77, 53-3-13 and 53-11-23.

279 **SECTION 8.** This act shall take effect and be in force from
280 and after July 1, 2018.

