

By: Representatives Bounds, Staples

To: Appropriations

HOUSE BILL NO. 740  
(As Sent to Governor)

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, UNTIL JULY 1, 2021,  
9 THE AUTHORITY OF THE BOARD TO OBTAIN FUNDS FROM THE CAPITAL  
10 EXPENSE FUND FOR THE EMERGENCY PLUGGING OF ORPHANED WELLS; TO  
11 AMEND SECTION 27-103-303, MISSISSIPPI CODE OF 1972, TO CONFORM TO  
12 THE PROVISIONS OF THIS ACT; 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 held in trust for the use of the board to pay the  
87 expenses and costs incurred in connection with the administration  
88 and enforcement of the oil and gas conservation laws of the State  
89 of Mississippi and the rules, regulations and orders of the State  
90 Oil and Gas Board issued thereunder. Disbursements shall be made  
91 from 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) In the event that at any particular time, the Oil and  
106 Gas Conservation Fund contains an amount greater than Two Hundred  
107 Thousand Dollars (\$200,000.00) more than the current fiscal year's  
108 estimated budget, the amount of the excess may be used by the  
109 board and at the board's discretion, to plug any oil or gas well,  
110 including any Class II well, in the state \* \* \* that has been  
111 determined by the board to represent an imminent threat to the  
112 environment and \* \* \* that has been determined by the board to be  
113 an "orphan" well.

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

119 (6) Amounts of surplus in the Oil and Gas Conservation Fund  
120 of over Two Hundred Thousand Dollars (\$200,000.00) shall be  
121 transferred to a separate special fund of the Oil and Gas Board to



122 be known as the Emergency Plugging Fund, for the proper plugging  
123 of wells pursuant to this section. The supervisor shall have the  
124 authority, and it shall be his duty to transfer any amounts in the  
125 Emergency Plugging Fund back to the Oil and Gas Conservation Fund  
126 in the event and to the extent to which the Oil and Gas  
127 Conservation Fund should at any time contain less than a Two  
128 Hundred Thousand Dollars (\$200,000.00) surplus.

129 (7) For purposes of this section, orphan well means any oil  
130 or gas well in the state, including Class II wells, \* \* \*that has  
131 not been properly plugged according to the requirements of the  
132 statutes, rules and regulations governing same and for which a  
133 responsible party such as an owner or operator cannot be located  
134 or for which, for whatever reason, there is no other party \* \* \*  
135 that can be forced to plug the well.

136 (8) Upon request of the State Oil and Gas Supervisor and  
137 subject to the limitations set forth in Section 27-103-303(4), the  
138 Director of the Department of Finance and Administration may  
139 transfer funds from the Capital Expense Fund to the State Oil and  
140 Gas Board for the emergency plugging of any oil or gas well,  
141 including any Class II well, in the state that has been determined  
142 by the board to represent an imminent threat to the environment  
143 and that has been determined by the board to be an "orphan" well.  
144 This subsection (8) shall stand repealed from and after July 1,  
145 2021. \* \* \*  
146 \* \* \*



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

149           53-3-13. (1) Any person securing a permit to drill a well  
150 in search of oil or gas under the provisions of Section 53-3-11  
151 shall pay to the Oil and Gas Supervisor a fee of Six Hundred  
152 Dollars (\$600.00) upon and for the issuance of the permit. A  
153 lesser sum may be paid if the State Oil and Gas Board shall adopt  
154 a rule fixing the amount to be paid at a sum less than Six Hundred  
155 Dollars (\$600.00). Any such permit, when issued and the fee paid  
156 thereon, shall be good for a period of one (1) year from the date  
157 thereof; and in the event drilling has commenced within one (1)  
158 year, the permit shall be good for the life of the well commenced,  
159 unless during the course of drilling or production the operator is  
160 changed. In the event a change of operators from that listed in  
161 the drilling permit is desired, the operator listed and the  
162 proposed new operator shall apply to the State Oil and Gas Board  
163 for authority to change operators on forms to be prescribed by  
164 order of the State Oil and Gas Board. The fee for such change of  
165 operators shall be One Hundred Dollars (\$100.00) per change, or  
166 some lesser sum as may be fixed by order of the board.

167           (2) The State Oil and Gas Supervisor, as ex officio  
168 Secretary of the State Oil and Gas Board, shall remit to the State  
169 Treasurer all monies collected by reason of the assessments made,  
170 fixed and authorized under the provisions of subsection (1) of  
171 this section, and the State Treasurer shall deposit all such



172 monies in a special fund known as the "Oil and Gas Conservation  
173 Fund."

174 \* \* \*

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

177 53-11-23. (1) (a) The board is authorized to adopt  
178 regulations within its jurisdiction to assess sequestration fees  
179 that shall be subject to the approval of the Legislature.

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

181 (i) to pay the expenses and other costs connected with  
182 administration and enforcement of this chapter and the rules,  
183 regulations and orders of the board pursuant to this chapter; and  
184 (ii) to fund the Carbon Dioxide Storage Fund established in this  
185 chapter.

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

192 (d) Transfers to the Carbon Dioxide Storage Fund from  
193 the per-ton fees shall be made monthly. Transfers from excess  
194 funds collected under subsection (1)(c) of this section may be  
195 made at any time in the fiscal year that the board shall determine  
196 appropriate. At the beginning of the following fiscal year after





197 the transfer of the excess funds, the rate or rates to be  
198 collected under subsection (1)(c) of this section shall be reduced  
199 to reflect the excess from the prior year.

200 (e) When the balance in the Carbon Dioxide Storage Fund  
201 reaches or exceeds Two Million Five Hundred Thousand Dollars  
202 (\$2,500,000.00) per geologic sequestration facility, the board  
203 shall abate the per-ton fee, and may adjust the annual regulatory  
204 fee as prescribed herein. The abatement shall be effective at the  
205 beginning of the ensuing fiscal year. When the Carbon Dioxide  
206 Storage Fund is reduced below Two Million Five Hundred Thousand  
207 Dollars (\$2,500,000.00) per geologic sequestration facility, the  
208 per-ton fee shall again be imposed on all geologic storage  
209 operators until such time as the fund shall reach or exceed Two  
210 Million Five Hundred Thousand Dollars (\$2,500,000.00) per geologic  
211 sequestration facility. The imposition of the per-ton fee shall  
212 be effective at the beginning of the ensuing fiscal year.

213 (f) Monies in the Carbon Dioxide Storage Fund created  
214 in this chapter may be used in the board's discretion but only if  
215 inadequate funds are available from responsible parties including  
216 the financial assurance funds provided in Section 53-11-27(2).  
217 Monies in the Carbon Dioxide Storage Fund shall only be used for  
218 oversight of geologic storage facilities after cessation of  
219 injection at the facility and release of the facility's  
220 performance bond or other assurance of performance and as shall be  
221 necessary or appropriate to satisfy the requirements of the



222 federal Safe Drinking Water Act, including, without limitation,  
223 matters with respect to closed facilities such as: (i)  
224 inspecting, testing and monitoring of the facility, including  
225 remaining surface facilities and wells; (ii) repairing mechanical  
226 problems associated with remaining wells and surface  
227 infrastructure; and (iii) repairing mechanical leaks at the  
228 facility.

229 (g) The Carbon Dioxide Storage Fund shall be used for  
230 the purposes set forth in this chapter and for no other  
231 governmental purposes, nor shall any portion of the fund ever be  
232 available to borrow from by any branch of government, it being the  
233 intent of the Legislature that this fund and its increments shall  
234 remain intact and inviolate. Any interest earned on monies in  
235 this fund shall remain in this fund and shall not lapse into the  
236 General Fund.

237 (2) To facilitate the proper administration of the Class VI  
238 underground injection control program within its jurisdiction, the  
239 commission is authorized to assess and collect fees from Class VI  
240 permit applicants for Class VI underground injection control wells  
241 permitted by the permit board. The commission is further  
242 authorized to promulgate rules and regulations for the assessment  
243 and collection of permit fees for Class VI underground injection  
244 control wells within its jurisdiction.

245 \* \* \*



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

248           27-104-205. (1) From and after July 1, 2016, the expenses  
249 of the following enumerated state agencies shall be defrayed by  
250 appropriation of the Legislature from the State General Fund: the  
251 State Fire Marshal, the State Fire Academy, the Office of  
252 Secretary of State (not including the Preneed Contracts Loss  
253 Recovery Fund), the Mississippi Public Service Commission, the  
254 Mississippi Department of Information Technology Services, (not  
255 including the Mississippi Department of Information Technology  
256 Services Revolving Fund), the State Personnel Board, the  
257 Mississippi Department of Insurance (not including the Municipal  
258 Fire Protection Fund, Section 83-1-37, the County Volunteer Fire  
259 Department Fund, Section 83-1-39, and the Mississippi Propane  
260 Education and Research Fund, Section 75-57-119), the Mississippi  
261 Law Enforcement Officers' Minimum Standards Board, the Mississippi  
262 Gaming Commission, \* \* \* the Mississippi Department of Revenue -  
263 License Tag, the Office of the State Public Defender, the  
264 Mississippi Workers' Compensation Commission (not including the  
265 Second Injury Trust Fund) and the Office of Attorney General.  
266 Beginning July 1, 2016, any fees, assessments or other revenues  
267 charged for the support of the above-named state agencies shall be  
268 deposited into the State General Fund, and any special fund or  
269 depository established within the State Treasury for the deposit  
270 of such fees, assessments or revenues shall be abolished and the



271 balance transferred to the State General Fund. Expenses  
272 heretofore drawn from such special funds or other depositories  
273 shall be drawn from the agencies General Fund Account.

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

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

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

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

290 **SECTION 7.** Section 27-103-303, Mississippi Code of 1972, is  
291 amended as follows:

292 27-103-303. (1) There is created in the State Treasury a  
293 special fund, separate and apart from any other fund, to be  
294 designated the Capital Expense Fund.



295 (2) The Capital Expense Fund shall not be considered as a  
296 surplus or available funds when adopting a balanced budget as  
297 required by law. The State Treasurer shall invest all sums in the  
298 Capital Expense Fund not needed for the purposes provided for in  
299 this section in certificates of deposit, repurchase agreements and  
300 other securities as authorized in Section 27-105-33(d) or Section  
301 7-9-103, as the State Treasurer may determine to yield the highest  
302 market rate available. Interest earned on this fund shall be  
303 deposited by the State Treasurer into the State General Fund.

304 (3) The Capital Expense Fund shall be used for capital  
305 expense needs, repair and renovation of state-owned properties and  
306 specific expenditures authorized by the Legislature. The  
307 Legislature shall designate those capital expense projects, repair  
308 and renovation projects and other authorized projects in an  
309 appropriation act passed by the Legislature, which shall direct  
310 the Director of the Department of Finance and Administration to  
311 administer the projects.

312 (4) In addition to the purposes specified in subsection (3)  
313 of this section, the Capital Expense Fund shall be used to provide  
314 funds for emergency repairs on state-owned buildings and, until  
315 July 1, 2021, for the emergency plugging of orphaned wells  
316 identified by the Oil and Gas Board, upon requisition of the  
317 Director of the Department of Finance and Administration.  
318 Whenever the director determines that funds are immediately needed  
319 for emergency repairs on state-owned buildings or the Oil and Gas



320 Board, through the State Oil and Gas Supervisor, has requested  
321 funds for the emergency plugging of orphaned wells identified by  
322 the board, he shall requisition the funds needed from the Capital  
323 Expense Fund, which shall be subject to the limitations set forth  
324 in this subsection. At the same time he makes the requisition,  
325 the director shall notify the Lieutenant Governor, the Speaker of  
326 the House of Representatives, the respective Chairmen of the  
327 Senate Appropriations Committee, the Senate Finance Committee, the  
328 House Appropriations Committee and the House Ways and Means  
329 Committee and the Legislative Budget Office of his determination  
330 of the need for the funds, the amount that he has requisitioned  
331 and where the funds will be used. If the amount requisitioned is  
332 available in the Capital Expense Fund, is not allocated for any  
333 specific projects as authorized in subsection (3) of this section  
334 and is within the limitations set forth below in this subsection,  
335 then the director may escalate the budget of the Bureau of  
336 Building, Grounds and Real Property Management or the Oil and Gas  
337 Board to use the full amount of the requisitioned funds for the  
338 emergency repairs or plugging of orphaned wells, and transfer that  
339 amount to the bureau or board for that purpose. If the amount  
340 requisitioned is more than the amount available in the Capital  
341 Expense Fund or above the limitations set forth below in this  
342 subsection, then the director may escalate the budget of the  
343 bureau or board to use the amount that is available within the  
344 limitations for the emergency repairs or plugging of orphaned



345 wells, and transfer that amount to the bureau or board for that  
346 purpose. The maximum amount that may be transferred from the  
347 Capital Expense Fund to the bureau or board for any single  
348 emergency shall be One Million Dollars (\$1,000,000.00), and the  
349 maximum amount that may be transferred to the bureau or board for  
350 all emergencies during any fiscal year shall be Five Million  
351 Dollars (\$5,000,000.00).

352 (5) Funds deposited in the Capital Expense Fund shall be  
353 used only for the purposes specified in this section, and as long  
354 as the provisions of this section remain in effect, no other  
355 expenditure, appropriation or transfer of funds in the Capital  
356 Expense Fund shall be made except by act of the Legislature making  
357 specific reference to the Capital Expense Fund as the source of  
358 those funds.

359 (6) Unexpended funds in the Capital Expense Fund at the end  
360 of a fiscal year shall not lapse into the State General Fund but  
361 shall remain in the fund for use under this section. Any funds  
362 appropriated from the Capital Expense Fund that are unexpended at  
363 the end of a fiscal year shall lapse into the Capital Expense  
364 Fund.

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

