

By: Representative Moak

To: Oil, Gas and Other Minerals

HOUSE BILL NO. 560

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

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

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

10 53-1-77. (1) The State Oil and Gas Supervisor, as ex
11 officio secretary of such board, shall remit to the State
12 Treasurer all monies collected by reason of the assessments made
13 and fixed under the provisions of Section 53-1-73, and the State
14 Treasurer shall deposit all such monies in a special fund known as
15 the "Oil and Gas Conservation Fund," which is hereby continued in
16 effect.

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



29 issue a warrant upon said fund. Such warrants so issued shall be
30 paid by the State Treasurer upon presentation.

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

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

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

51 (6) Amounts of surplus in the Oil and Gas Conservation Fund
52 of over Two Hundred Thousand Dollars (\$200,000.00) shall be
53 transferred to a separate special fund of the Oil and Gas Board to
54 be known as the Emergency Plugging Fund, for the proper plugging
55 of wells pursuant to this section. The supervisor shall have the
56 authority, and it shall be his duty to transfer any amounts in the
57 Emergency Plugging Fund back to the Oil and Gas Conservation Fund
58 in the event and to the extent to which the Oil and Gas
59 Conservation Fund should at any time contain less than a Two
60 Hundred Thousand Dollars (\$200,000.00) surplus.



61 (7) For purposes of this section, orphan well means any oil
62 or gas well in the state, including Class II wells, which has not
63 been properly plugged according to the requirements of the
64 statutes, rules and regulations governing same and for which a
65 responsible party such as an owner or operator cannot be located
66 or for which, for whatever reason, there is no other party which
67 can be forced to plug the well.

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

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

