

Stricken language would be deleted from and underlined language would be added to the law as it existed  
prior to this session of the General Assembly.  
Act 1266 of the Regular Session

1 State of Arkansas  
2 8th General Assembly  
3 Regular Session, 2005  
4

# A Bill

HOUSE BILL 2417

5 By: Representative Mahony  
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7

## For An Act To Be Entitled

9 AN ACT TO PROVIDE THE OIL AND GAS COMMISSION WITH  
10 MORE FLEXIBLE AUTHORITY TO GUARANTEE PROPER  
11 OPERATIONS OF OIL WELLS; TO FUND THE ABANDONED  
12 AND ORPHANED WELL PLUGGING FUND; AND FOR OTHER  
13 PURPOSES.  
14

## Subtitle

15 AN ACT TO PROVIDE THE OIL AND GAS  
16 COMMISSION WITH MORE FLEXIBLE AUTHORITY  
17 TO GUARANTEE PROPER OPERATIONS OF OIL  
18 AND GAS WELLS AND BRINE PRODUCTION  
19 UNITS; TO CREATE THE ABANDONED AND  
20 ORPHANED WELL PLUGGING FUND.  
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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26 SECTION 1. Arkansas Code Title 15, Chapter 71, Subchapter 1 is amended  
27 to read as follows:

28 15-71-115. Annual fee assessment.

29 (a)(1) The Oil and Gas Commission shall establish by rule a fee  
30 structure to be paid annually by well operators of only those wells producing  
31 liquid hydrocarbons.

32 (2) The date for payment of the first annual fee assessment  
33 shall be determined by rule.

34 (3) All annual fees collected shall be deposited into the  
35 Abandoned and Orphaned Well Plugging Fund.



1           (b)(1) All bonds or other financial assurances in effect on the  
 2 effective date of this section shall remain in effect until released by the  
 3 commission from obligation through payment of the initial Abandoned and  
 4 Orphaned Well Plugging Fund fee assessment under this section.

5           (2)(A) Additionally, a person shall file and maintain with the  
 6 commission the amount of financial security required under this section for  
 7 two (2) consecutive calendar years of payments to the Abandoned and Orphaned  
 8 Well Plugging Fund payments until the required payments have been made if the  
 9 person is a well operator who:

10                           (i) Did not operate a well before the effective date  
 11 of this section; or

12                           (ii) Has not after the effective date of this  
 13 section made annual payments to the Abandoned and Orphaned Well Plugging Fund  
 14 for at least two (2) consecutive calendar years preceding an application to  
 15 drill or transfer wells.

16                           (B)(i) When the operator has made the required payments,  
 17 the financial security shall be released.

18                           (ii) However, the financial security shall not be  
 19 released under subdivision (b)(2)(B)(i) of this section, if the commission  
 20 has filed a claim against the financial security instrument.

21           (c)(1) Fees shall be assessed for each calendar year, commencing on a  
 22 date to be established by the commission for all wells of record on January 1  
 23 of each year and each subsequent year.

24           (2) The fees assessed by the commission under this section are  
 25 in addition to any other fees required by law.

26           (3) All fees assessed under this section shall be submitted to  
 27 the commission no later than sixty (60) days after the date listed on the  
 28 annual fee assessment letter sent to the well operator.

29           (d) All the fees assessed and collected by the commission each year  
 30 under this section shall be deposited into the Abandoned and Orphaned Well  
 31 Plugging Fund.

32           (e) If a well operator is delinquent for more than sixty (60) days in  
 33 the payment of fees assessed under this section or if amounts have been  
 34 expended from the Abandoned and Orphaned Well Plugging Fund to plug, repair,  
 35 or restore an operator's well or well site, no further permits may be issued  
 36 to that operator, and the commission may issue an order to cease production

1 of that operator's current wells until all delinquent fees and expended  
2 Abandoned and Orphaned Well Plugging Fund moneys have been repaid to the  
3 fund.

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6 APPROVED: 3/29/2005  
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