

HOUSE BILL NO. 773

2/11 Introduced
2/11 Referred to Business & Labor
2/15 Hearing
2/25 Special Action
 On Motion Place on 2nd Reading
2/27 2nd Reading Do Not pass
2/27 Bill Killed

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HOUSE BILL NO. 773

INTRODUCED BY *Schuyler Treist E. Smith Switzer*

Backino, Coley, Nisbet, Connor, Beck, Abrams

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE MEASURING AND RECORDING OF AMOUNTS OF OIL PRODUCED; PROVIDING A PENALTY FOR VIOLATION AND MAKING THAT PENALTY APPLICABLE TO CORPORATIONS; AMENDING SECTIONS 45-2-311 AND 82-11-111, MCA."

*Manual
Compton
Seal
Yellowtail
LANE
Grove*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION.

Section 1. Measurement and record required of oil production -- penalty. (1) No producer of oil from an oil well in this state may permit the oil produced to pass beyond his possession or control to the possession or control of another without first accurately measuring, by an approved positive displacement metering system, the amount of oil passed and preserving an accurate record of that amount.

(2) If production cannot be measured due to spillage or leakage, the amount of production must be determined in accordance with methods prescribed in rules adopted by the board pursuant to 82-11-111.

(3) Within 30 days after treating and measurement facilities are installed or modified on a lease, a schematic diagram must be submitted by the producer to the board,

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clearly depicting the vessels, piping, and metering system involved with handling and disposal of oil, water, and gas.

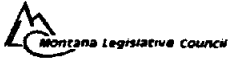
(4) Any person violating the provisions of subsections (1), (2), or (3) is guilty of a misdemeanor and upon conviction shall be punished by a fine of not less than \$10,000 or imprisoned for not less than 6 months or by both such fine and imprisonment.

Section 2. Section 45-2-311, MCA, is amended to read: "45-2-311. Criminal responsibility of corporations.

(1) A corporation may be prosecuted for the commission of an offense if, but only if:

(a) the offense is a misdemeanor and is defined by 45-5-204, 45-6-315, 45-6-317, 45-6-318, 45-6-326, 45-6-327, 45-8-113, 45-8-114, 45-8-212, 45-8-214, or 82-10-104, [section 1], or by another statute which clearly indicates a legislative purpose to impose liability on a corporation and an agent of the corporation performs the conduct which is an element of the offense while acting within the scope of his office or employment and in behalf of the corporation, except that any limitation in the defining statute concerning the corporation's accountability for certain agents or under certain circumstances is applicable; or

(b) the commission of the offense is authorized, requested, commanded, or performed by the board of directors or by a high managerial agent who is acting within the scope



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1 of his employment in behalf of the corporation.

2 (2) A corporation's proof that the high managerial
3 agent having supervisory responsibility over the conduct
4 which is the subject matter of the offense exercised due
5 diligence to prevent the commission of the offense is a
6 defense to a prosecution for any offense to which subsection
7 (1)(a) refers, other than an offense for which absolute
8 liability is imposed. This subsection is inapplicable if the
9 legislative purpose of the statute defining the offense is
10 inconsistent with the provisions of this subsection.

11 (3) For the purposes of this section:

12 (a) "agent" means any director, officer, servant,
13 employee, or other person who is authorized to act in behalf
14 of the corporation;

15 (b) "high managerial agent" means an officer of the
16 corporation or any other agent who has a position of
17 comparable authority for the formulation of corporate policy
18 or the supervision of subordinate employees in a managerial
19 capacity."

20 Section 3. Section 82-11-111, MCA, is amended to read:

21 "82-11-111. Powers and duties of board. (1) The board
22 shall make such investigations as it considers proper to
23 determine whether waste exists or is imminent or whether
24 other facts exist which justify any action by the board
25 under the authority granted by this chapter with respect

1 thereto.

2 (2) Subject to the administrative control of the
3 department under 2-15-121, the board shall:

4 (a) require measures to be taken to prevent
5 contamination of or damage to surrounding land or
6 underground strata caused by drilling operations and
7 production, including but not limited to regulating the
8 disposal of salt water and oil field wastes;

9 (b) classify wells as oil or gas wells for purposes
10 material to the interpretation or enforcement of this
11 chapter;

12 (c) adopt and enforce rules and orders to effectuate
13 the purposes and the intent of this chapter.

14 (3) The board shall determine and prescribe what
15 producing wells shall be defined as "stripper wells" and
16 what wells shall be defined as "wildcat wells" and make such
17 orders as in its judgment are required to protect those
18 wells and provide that stripper wells may be produced to
19 capacity if it is considered necessary in the interest of
20 conservation to do so.

21 (4) With respect to any pool from which gas was being
22 produced by a gas well on or prior to April 1, 1953, this
23 chapter does not authorize the board to limit or restrain
24 the rate (daily or otherwise) of production of gas from that
25 pool by any well then or thereafter drilled and producing

1 from that pool to less than the rate at which the well can
2 be produced without adversely affecting the quantity of gas
3 ultimately recoverable by the well.

4 (5) The board shall adopt rules to implement the
5 provisions of [section 1], including rules governing
6 acceptable methods of measurement and their approval,
7 governing acceptable methods of determination in the event
8 of spillage or leakage, and prescribing the requirements of
9 production records."

10 NEW SECTION. Section 4. Codification instruction.
11 Section 1 is intended to be codified as an integral part of
12 Title 82, chapter 11, part 1, and the provisions of Title
13 82, chapter 11, apply to section 1.

-End-

LC 0292/01
COMM. ON
BUSINESS AND LABOR
ON MOTION, PRINTED AND
PLACED ON SECOND READING

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INTRODUCED BY

Schuyler Trout
E. South Scriver
Bachman, Cole, Nisbet, Connor, Beck, Lebrons

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9/1/11
Comptroller
Beck
Yellowstone
LANE
Gravel

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clearly depicting the vessels, piping, and metering system involved with handling and disposal of oil, water, and gas.

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