

STATE OF OKLAHOMA

1st Session of the 44th Legislature (1993)

HOUSE BILL NO. 1325

By: McCorkell

AS INTRODUCED

An Act relating to the Corporation Commission;

amending 17 O.S. 1991, Section 518, which relates to certain wells relating to brine; clarifying application of section; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 17 O.S. 1991, Section 518, is amended to read as follows:

Section 518. A. Any person who drills or operates any well or unit for the exploration, development or production of ~~oil or~~ brine, ~~or as an injection or disposal well,~~ within this state, shall furnish in writing, on forms approved by the Commission, his agreement to drill, operate and plug wells in compliance with the rules and regulations of the Commission and the laws of this state, together with evidence of financial ability to comply with the requirements for plugging, closure of surface impoundments, removal of trash and equipment as established by the rules ~~and regulations~~ of the Commission and by law.

B. To establish evidence of financial ability, the Commission shall require an irrevocable commercial letter of credit, cash, a cashier's check, a Certificate of Deposit, Bank Joint Custody Receipt, other negotiable instrument or a blanket surety bond. The amount of such letter of credit, cash, check, certificate, bond, receipt or other negotiable instrument shall be in the amount of

Twenty-five Thousand Dollars (\$25,000.00) per well. If an operator operates more than four (4) wells subject to this requirement, the operator may file appropriate evidence of financial ability in a blanket amount of One Hundred Thousand Dollars (\$100,000.00). Any instrument shall constitute an unconditional promise to pay and be in a form negotiable by the Commission.

C. The agreement provided for in subsection A of this section shall provide that if the Commission determines that the person furnishing the agreement has neglected, failed or refused to plug and abandon, or cause to be plugged and abandoned, or replug any well or has neglected, failed or refused to close any surface impoundment or removed or cause to be removed trash and equipment in compliance with the rules and regulations of the Commission, then the person shall forfeit from his bond, letter of credit or negotiable instrument or shall pay to this state, through the Commission, for deposit in the State Treasury, a sum equal to the cost of plugging the well, closure of any surface impoundment or removal of trash and equipment. The Commission may cause the remedial work to be done, issuing a warrant in payment of the cost thereof drawn against the monies accruing in the State Treasury from the forfeiture or payment. Any monies accruing in the State Treasury by reason of a determination that there has been a noncompliance with the provisions of the agreement or the rules and regulations of the Commission, in excess of the cost of remedial action ordered by the Commission, shall be credited to the Conservation Fund. The Commission shall also recover any costs arising from litigation to enforce this provision. Provided, before a person is required to forfeit or pay any monies to the state pursuant to this section, the Commission shall notify the person at his last-known address of the determination of neglect, failure or refusal to plug or replug any well, or close any surface impoundment or remove trash and equipment and said person shall have ten (10)

days from the date of notification within which to commence remedial operations. Failure to commence remedial operations shall result in forfeiture or payment as provided in this subsection.

D. If title to property or a well is transferred, the transferee shall furnish the evidence of financial ability to plug the well and close surface impoundments required by the provisions of this section, prior to the transfer.

SECTION 2. This act shall become effective September 1, 1993.

44-1-5310

KSM