

1 ENGROSSED SENATE
2 BILL NO. 1439

By: Paxton of the Senate

3 and

4 Caldwell (Trey) of the
5 House

6
7 [Oklahoma Brine Development Act - evidence of
8 financial ability to drill and operate - wells and
9 units - effective date]
10

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

12 SECTION 1. AMENDATORY 17 O.S. 2011, Section 518, is
13 amended to read as follows:

14 Section 518. A. Any person who drills or operates any well or
15 unit for the exploration, development or production of oil or brine,
16 or as an injection or disposal well, within this state, shall
17 furnish in writing, on forms approved by the Corporation Commission,
18 his or her agreement to drill, operate and plug wells in compliance
19 with the rules of the Commission and the laws of this state,
20 together with evidence of financial ability to comply with the
21 requirements for plugging, closure of surface impoundments, removal
22 of trash and equipment as established by the rules of the Commission
23 and by law.
24

1 B. To establish evidence of financial ability, the Commission
2 shall require an irrevocable commercial letter of credit, cash, a
3 cashier's check, a Certificate of Deposit, Bank Joint Custody
4 Receipt, other negotiable instrument or a blanket surety bond. The
5 amount of such letter of credit, cash, cashier's check, certificate,
6 bond, receipt or other negotiable instrument shall be in the amount
7 of ~~Twenty-five Thousand Dollars (\$25,000.00)~~ Fifty Thousand Dollars
8 (\$50,000.00) per well. If an operator operates more than four wells
9 subject to this requirement, the operator may file appropriate
10 evidence of financial ability in a blanket amount of ~~One Hundred~~
11 ~~Thousand Dollars (\$100,000.00)~~ Two Hundred Thousand Dollars
12 (\$200,000.00). Any instrument shall constitute an unconditional
13 promise to pay and be in a form negotiable by the Commission.

14 C. The agreement provided for in subsection A of this section
15 shall provide that if the Commission determines that the person
16 furnishing the agreement has neglected, failed or refused to plug
17 and abandon, or cause to be plugged and abandoned, or replug any
18 well or has neglected, failed or refused to close any surface
19 impoundment or removed or cause to be removed trash and equipment in
20 compliance with the rules of the Commission, then the person shall
21 forfeit from his or her bond, letter of credit or negotiable
22 instrument or shall pay to this state, through the Commission, for
23 deposit in the State Treasury, a sum equal to the cost of plugging
24 the well, closure of any surface impoundment or removal of trash and

1 equipment. The Commission may cause the remedial work to be done,
2 issuing a warrant in payment of the cost thereof drawn against the
3 monies accruing in the State Treasury from the forfeiture or
4 payment. Any monies accruing in the State Treasury by reason of a
5 determination that there has been a noncompliance with the
6 provisions of the agreement or the rules of the Commission, in
7 excess of the cost of remedial action ordered by the Commission,
8 shall be credited to the Oil and Gas Revolving Fund. The Commission
9 shall also recover any costs arising from litigation to enforce this
10 provision. Provided, before a person is required to forfeit or pay
11 any monies to the state pursuant to this section, the Commission
12 shall notify the person at his or her last-known address of the
13 determination of neglect, failure or refusal to plug or replug any
14 well, or close any surface impoundment or remove trash and equipment
15 and such person shall have ten (10) days from the date of
16 notification within which to commence remedial operations. Failure
17 to commence remedial operations shall result in forfeiture or
18 payment as provided in this subsection.

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

23 SECTION 2. This act shall become effective November 1, 2020.
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1 Passed the Senate the 5th day of March, 2020.

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3 _____
4 Presiding Officer of the Senate

5 Passed the House of Representatives the ____ day of _____,
6 2020.

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8 _____
9 Presiding Officer of the House
10 of Representatives