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February 27, 2020

**AS AMENDED**

SENATE BILL NO. 1439

By: Paxton

[ Oklahoma Brine Development Act - evidence of financial ability to drill and operate - wells and units - effective date ]

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

SECTION 1. AMENDATORY 17 O.S. 2011, 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 Corporation Commission, his or her agreement to drill, operate and plug wells in compliance with the rules 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 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

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

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

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

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

21 SECTION 2. This act shall become effective November 1, 2020.

22 COMMITTEE REPORT BY: COMMITTEE ON ENERGY  
23 February 27, 2020 - DO PASS AS AMENDED  
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