

1 STATE OF OKLAHOMA

2 2nd Session of the 57th Legislature (2020)

3 SENATE BILL 1439

By: Paxton

6 AS INTRODUCED

7 An Act relating to the Oklahoma Brine Development  
8 Act; amending 17 O.S. 2011, Section 518, which  
9 relates to evidence of financial ability to drill and  
10 operate; increasing dollar amount of financial  
instrument required to drill and operate certain  
wells and units; and providing an effective date.

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

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

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

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

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