

SENATE FLOOR VERSION

February 17, 2022

SENATE BILL NO. 1645

By: David

An Act relating to the Oklahoma Brine Development Act; amending 17 O.S. 2021, Section 518, which relates to evidence of financial ability to drill, operate, and plug wells; increasing dollar amount of financial instrument required to drill and operate certain wells and units; and providing an effective date.

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

SECTION 1. AMENDATORY 17 O.S. 2021, 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

1 of trash and equipment as established by the rules of the Commission
2 and by law.

3 B. To establish evidence of financial ability, the Commission
4 shall require an irrevocable commercial letter of credit, cash, a
5 cashier's check, a Certificate of Deposit, Bank Joint Custody
6 Receipt, other negotiable instrument or a blanket surety bond. The
7 amount of such letter of credit, cash, cashier's check, certificate,
8 bond, receipt or other negotiable instrument shall be in the amount
9 of ~~Twenty-five Thousand Dollars (\$25,000.00)~~ Fifty Thousand Dollars
10 (\$50,000.00) per well. If an operator operates more than four wells
11 subject to this requirement, the operator may file appropriate
12 evidence of financial ability in a blanket amount of ~~One Hundred~~
13 ~~Thousand Dollars (\$100,000.00)~~ Two Hundred Thousand Dollars
14 (\$200,000.00). Any instrument shall constitute an unconditional
15 promise to pay and be in a form negotiable by the Commission.

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

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

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

1 SECTION 2. This act shall become effective November 1, 2022.

2 COMMITTEE REPORT BY: COMMITTEE ON ENERGY
3 February 17, 2022 - DO PASS
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