

1 ENGROSSED HOUSE AMENDMENT
TO
2 ENGROSSED SENATE BILL NO. 852 By: Rader of the Senate
3 and
4 Boles of the House
5
6
7 An Act relating to the Corporation Commission;
8 amending 17 O.S. 2021, Section 518, which relates to
9 neglect, failure, or refusal to plug and abandon or
10 replug well; providing that the Commission may
11 extract certain emissions to obtain carbon credit;
12 amending 52 O.S. 2021, Section 310, which relates to
13 abandoned and unplugged or improperly plugged wells;
14 conforming language; providing for promulgation of
15 rules; updating statutory language; and declaring an
16 emergency.
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18 AMENDMENT NO. 1. Strike the title, enacting clause, and entire bill
19 and insert:
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21 "[Corporation Commission - extraction of emissions
22 to obtain carbon credit - deposit of proceeds -
23 hiring of administrator of program - promulgation
24 of rules -
emergency]

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

1 SECTION 1. AMENDATORY 17 O.S. 2021, Section 518, is
2 amended to read as follows:

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

13 B. To establish evidence of financial ability, the Commission
14 shall require an irrevocable commercial letter of credit, cash, a
15 cashier's check, a ~~Certificate of Deposit~~ certificate of deposit,
16 ~~Bank Joint Custody Receipt~~ bank joint custody receipt, other
17 negotiable instrument or a blanket surety bond. The amount of such
18 letter of credit, cash, cashier's check, certificate, bond, receipt
19 or other negotiable instrument shall be in the amount of Twenty-five
20 Thousand Dollars (\$25,000.00) per well. If an operator operates
21 more than four wells subject to this requirement, the operator may
22 file appropriate evidence of financial ability in a blanket amount
23 of One Hundred Thousand Dollars (\$100,000.00). Any instrument shall
24

1 constitute an unconditional promise to pay and be in a form
2 negotiable by the Commission.

3 C. The agreement provided for in subsection A of this section
4 shall provide that if the Commission determines that the person
5 furnishing the agreement has neglected, failed or refused to plug
6 and abandon, or cause to be plugged and abandoned, or replug any
7 well or has neglected, failed or refused to close any surface
8 impoundment or removed or cause to be removed trash and equipment in
9 compliance with the rules of the Commission, then the person shall
10 forfeit from his or her bond, letter of credit or negotiable
11 instrument or shall pay to this state, through the Commission, for
12 deposit in the State Treasury, a sum equal to the cost of plugging
13 the well, closure of any surface impoundment or removal of trash and
14 equipment. The Commission may cause the remedial work to be done,
15 issuing a warrant in payment of the cost thereof drawn against the
16 monies accruing in the State Treasury from the forfeiture or
17 payment. In the event that a well on the Commission's orphaned
18 wells list has measurable methane, pursuant to the American Carbon
19 Registry standards or pursuant to the standards of other carbon
20 registries chosen by the Commission, the Commission may test and
21 record the measurements of such emissions from the well pursuant to
22 the requirements of the American Carbon Registry or pursuant to the
23 standards of other carbon registries chosen by the Commission and
24 obtain any carbon credits that may be available for the measured

1 emissions. The Commission may use proceeds received from the sale
2 of carbon credits, which shall be deposited into the Oil and Gas
3 Division Revolving Fund, to offset the cost of administering the
4 program and testing for methane. The Commission may hire an
5 administrator to assist in facilitating the program. All funds
6 remaining after testing, administration, and the cost to market and
7 secure the credits value shall be placed in the Corporation
8 Commission Plugging Fund. Nothing in this section shall prohibit
9 the Commission from transferring an orphaned well, and all
10 associated potential carbon credits, pursuant to the Commission's
11 well transfer program. The Commission may promulgate rules as
12 needed to effectuate the capture of emissions and obtaining of
13 credits under this section. Any monies accruing in the State
14 Treasury by reason of a determination that there has been a
15 noncompliance with the provisions of the agreement or the rules of
16 the Commission, in excess of the cost of remedial action ordered by
17 the Commission, shall be credited to the Oil and Gas Division
18 Revolving Fund. The Commission shall also recover any costs arising
19 from litigation to enforce this provision. Provided, before a
20 person is required to forfeit or pay any monies to the state
21 pursuant to this section, the Commission shall notify the person at
22 his or her last-known address of the determination of neglect,
23 failure or refusal to plug or replug any well, or close any surface
24 impoundment or remove trash and equipment and such person shall have

1 ten (10) days from the date of notification within which to commence
2 remedial operations. Failure to commence remedial operations shall
3 result in forfeiture or payment as provided in this subsection.

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

8 SECTION 2. AMENDATORY 52 O.S. 2021, Section 310, is
9 amended to read as follows:

10 Section 310. A. If, after notice and hearing, the Corporation
11 Commission finds that:

12 1. A well drilled for the exploration, development, or
13 production of oil or gas, or as an injection or disposal well, is
14 abandoned and unplugged or improperly plugged or is causing or is
15 likely to cause surface or subsurface pollution of any fresh water
16 or is purging or is likely to purge salt water, oil, gas, or other
17 deleterious substances onto the surface of the land in the vicinity
18 of the well; and

19 2. The operator of the well or any other person responsible for
20 plugging, replugging, or repairing the well in such manner as is
21 necessary to prevent further or future pollution cannot be found or
22 is financially unable to pay the cost of performing ~~said~~ the work,
23 the Commission or any person authorized by the Commission may enter
24 upon the land upon which the well is located and plug, replug, or

1 repair the well as may be reasonably required to remedy the
2 condition. If an emergency exists or if it otherwise appears to the
3 Commission that irreparable injury will result if immediate remedial
4 action is not taken, ~~said~~ such entry upon the land may be made or
5 authorized by the Commission without notice or hearing, for the
6 purpose of taking such temporary remedial action as the Commission
7 considers necessary to prevent or minimize the injury, pending the
8 giving of notice and hearing. The operation shall be conducted in
9 the manner prescribed by the Commission.

10 B. For the purpose of immediately responding to emergency
11 situations within the Commission's jurisdiction having potentially
12 critical environmental or public safety impact, the Commission may
13 take whatever necessary action, without notice and hearing,
14 including the expenditure of monies from the Corporation Commission
15 Plugging Fund, to promptly respond to the emergency. Such emergency
16 expenditure shall be made pursuant to the provisions of ~~The~~ the
17 Oklahoma Central Purchasing Act upon such terms and conditions
18 established by the Office of Management and Enterprise Services to
19 accomplish the purposes of this section. Thereafter, the Commission
20 shall seek reimbursement from the responsible person, firm or
21 corporation for all expenditures made from the Corporation
22 Commission Plugging Fund. Any monies received as reimbursement
23 shall be deposited to the credit of the Corporation Commission
24 Plugging Fund.

1 C. In the event that a well on the Commission's orphaned wells
2 list has measurable methane, pursuant to the American Carbon
3 Registry standards or pursuant to the standards of other carbon
4 registries chosen by the Commission, the Commission may test and
5 record the measurements of such emissions from the well pursuant to
6 the requirements of the American Carbon Registry or pursuant to the
7 standards of other carbon registries chosen by the Commission and
8 obtain any carbon credits that may be available for the measured
9 emissions. The Commission may use proceeds received from the sale
10 of carbon credits, which shall be deposited into the Oil and Gas
11 Division Revolving Fund, to offset the cost of administering the
12 program and testing for methane. The Commission may hire an
13 administrator to assist in facilitating the program. All funds
14 remaining after testing, administration, and the cost to market and
15 secure the credits value shall be placed in the Corporation
16 Commission Plugging Fund. Nothing in this section shall prohibit
17 the Commission from transferring an orphaned well, and all
18 associated potential carbon credits, pursuant to the Commission's
19 well transfer program. The Commission may promulgate rules as
20 needed to effectuate the capture of emissions and obtaining of
21 credits under this section.

22 D. If, at any time, the monies in the Corporation Commission
23 Plugging Fund are insufficient to cover the cost of remedial action
24 for all wells eligible for plugging, replugging or repair under this

1 statute, the Commission shall prioritize expenditures according to
2 degree of actual or potential environmental harm.

3 SECTION 3. It being immediately necessary for the preservation
4 of the public peace, health or safety, an emergency is hereby
5 declared to exist, by reason whereof this act shall take effect and
6 be in full force from and after its passage and approval."

7 Passed the House of Representatives the 27th day of April, 2023.

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10 _____
Presiding Officer of the House of
Representatives

11
12 Passed the Senate the ____ day of _____, 2023.

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14
15 _____
Presiding Officer of the Senate

1 ENGROSSED SENATE
2 BILL NO. 852

By: Rader of the Senate

3 and

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6 An Act relating to the Corporation Commission;
7 amending 17 O.S. 2021, Section 518, which relates to
8 neglect, failure, or refusal to plug and abandon or
9 replug well; providing that the Commission may
10 extract certain emissions to obtain carbon credit;
11 amending 52 O.S. 2021, Section 310, which relates to
12 abandoned and unplugged or improperly plugged wells;
13 conforming language; providing for promulgation of
14 rules; updating statutory language; and declaring an
15 emergency.

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

17 SECTION 4. AMENDATORY 17 O.S. 2021, Section 518, is
18 amended to read as follows:

19 Section 518. A. Any person who drills or operates any well or
20 unit for the exploration, development or production of oil or brine,
21 or as an injection or disposal well, within this state, shall
22 furnish in writing, on forms approved by the Corporation Commission,
23 his or her agreement to drill, operate and plug wells in compliance
24 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) per well. If an
10 operator operates more than four wells subject to this requirement,
11 the operator may file appropriate evidence of financial ability in a
12 blanket amount of One Hundred Thousand Dollars (\$100,000.00). Any
13 instrument shall constitute an unconditional promise to pay and be
14 in a form negotiable by the Commission.

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

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

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

5 SECTION 5. AMENDATORY 52 O.S. 2021, Section 310, is
6 amended to read as follows:

7 Section 310. A. If, after notice and hearing, the Corporation
8 Commission finds that:

9 1. A well drilled for the exploration, development, or
10 production of oil or gas, or as an injection or disposal well, is
11 abandoned and unplugged or improperly plugged or is causing or is
12 likely to cause surface or subsurface pollution of any fresh water
13 or is purging or is likely to purge salt water, oil, gas, or other
14 deleterious substances onto the surface of the land in the vicinity
15 of the well; and

16 2. The operator of the well or any other person responsible for
17 plugging, replugging, or repairing the well in such manner as is
18 necessary to prevent further or future pollution cannot be found or
19 is financially unable to pay the cost of performing ~~said~~ the work,
20 the Commission or any person authorized by the Commission may enter
21 upon the land upon which the well is located and plug, replug, or
22 repair the well as may be reasonably required to remedy the
23 condition. If an emergency exists or if it otherwise appears to the
24 Commission that irreparable injury will result if immediate remedial

1 action is not taken, ~~said~~ entry upon the land may be made or
2 authorized by the Commission without notice or hearing, for the
3 purpose of taking such temporary remedial action as the Commission
4 considers necessary to prevent or minimize the injury, pending the
5 giving of notice and hearing. The operation shall be conducted in
6 the manner prescribed by the Commission.

7 B. For the purpose of immediately responding to emergency
8 situations within the Commission's jurisdiction having potentially
9 critical environmental or public safety impact, the Commission may
10 take whatever necessary action, without notice and hearing,
11 including the expenditure of monies from the Corporation Commission
12 Plugging Fund, to promptly respond to the emergency. Such emergency
13 expenditure shall be made pursuant to the provisions of ~~The~~ the
14 Oklahoma Central Purchasing Act upon such terms and conditions
15 established by the Office of Management and Enterprise Services to
16 accomplish the purposes of this section. Thereafter, the Commission
17 shall seek reimbursement from the responsible person, firm or
18 corporation for all expenditures made from the Corporation
19 Commission Plugging Fund. Any monies received as reimbursement
20 shall be deposited to the credit of the Corporation Commission
21 Plugging Fund.

22 C. In the event that methane is being emitted from a well on
23 which the Commission is performing remedial work, the Commission is
24 hereby authorized to capture such emissions from the well and obtain

1 any carbon credits that may be available for the captured emissions.
2 The Commission may promulgate rules as needed to effectuate the
3 capture of emissions and obtaining of credits under this section.

4 D. If, at any time, the monies in the Corporation Commission
5 Plugging Fund are insufficient to cover the cost of remedial action
6 for all wells eligible for plugging, replugging or repair under this
7 statute, the Commission shall prioritize expenditures according to
8 degree of actual or potential environmental harm.

9 SECTION 6. It being immediately necessary for the preservation
10 of the public peace, health or safety, an emergency is hereby
11 declared to exist, by reason whereof this act shall take effect and
12 be in full force from and after its passage and approval.

13 Passed the Senate the 8th day of March, 2023.

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Presiding Officer of the Senate

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17 Passed the House of Representatives the ____ day of _____,
18 2023.

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Presiding Officer of the House
of Representatives

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