

# An Act

ENROLLED HOUSE  
BILL NO. 1369

By: Boles and Waldron of the  
House

and

Green and Boren of the  
Senate

An Act relating to oil and gas; amending 52 O.S. 2021, Section 318.1, which relates to evidence of financial ability for drilling and operating wells; phasing out category A surety; modifying surety amounts; providing for tiered surety amount based on number of operating wells; and providing an effective date.

SUBJECT: Oil and gas

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

SECTION 1. AMENDATORY 52 O.S. 2021, Section 318.1, is amended to read as follows:

Section 318.1. A. Any person who drills or operates any well for the exploration, development or production of oil or gas, 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. To establish evidence of financial ability, the Commission shall require:

1. Category A surety which shall include a financial statement listing assets and liabilities and including a general release that the information may be verified with banks and other financial institutions. The statement shall prove a net worth of not less

than Fifty Thousand Dollars (\$50,000.00). Category A surety will no longer be accepted as valid form of surety for new operators to select beginning November 1, 2025. All current operators who have valid Category A surety and are in good standing with the Commission will be able to retain their Category A surety for the time they are a valid operator in the State of Oklahoma; or

2. Category B surety which shall include an irrevocable commercial letter of credit, cash, a cashier's check, a Certificate of Deposit, ~~Bank Joint Custody Receipt,~~ other negotiable instrument, or, a blanket surety bond. Except as provided in paragraph ~~3~~ 1 of subsection ~~A~~ B or subsection C of this section, amount of such letter of credit, cash, cashier's check, certificate, bond, receipt or other negotiable instrument shall be ~~in the amount of Twenty-five Thousand Dollars (\$25,000.00) but may be set higher at the discretion of the Director of the Oil and Gas Conservation Division~~ based on the number of wells that the person operates as follows:

- a. for one to ten wells, Twenty-five Thousand Dollars (\$25,000.00),
- b. for eleven to fifty wells, Fifty Thousand Dollars (\$50,000.00),
- c. for fifty-one to one hundred wells, One Hundred Thousand Dollars (\$100,000.00), and
- d. for more than one hundred wells, One Hundred Fifty Thousand Dollars (\$150,000.00).

The Commission is authorized to determine ~~the~~ a higher amount of Category B surety based upon the past performance of the operator and its insiders and affiliates regarding compliance with the laws of this state, and any rules promulgated thereto including but not limited to the drilling, operation and plugging of wells, closure of surface impoundments or removal of trash and equipment, provided that such higher amount shall not exceed One Hundred Fifty Thousand Dollars (\$150,000.00). Any instrument shall constitute an unconditional promise to pay and be in a form negotiable by the Commission.

~~3. B. 1.~~ 1. The Commission upon certification by any operator subject to Category B surety that its plugging liability statewide is less than the ~~twenty-five-thousand-dollar standard~~ amount based on the number of wells operated as specified in this section may

allow said operator to provide Category B type surety in an amount less than the amount required ~~Twenty-five Thousand Dollars (\$25,000.00)~~ by this section, but at least sufficient to cover the estimated cost of all plugging, closure, and removal operations currently the responsibility of that operator. The liability certification referred to in this ~~paragraph~~ subsection shall take the form of an affidavit from a licensed well plugger estimating the costs of all plugging, closure, and removal operations of the operator requesting such relief. This alternative amount shall be modified upward upon the assumption of additional operations by such operator, the maximum amount of Category B surety to be posted not to exceed ~~the twenty-five thousand dollar total unless as provided previously~~ One Hundred Fifty Thousand Dollars (\$150,000.00).

~~B. Operators of record as of June 7, 1989, who do not have any outstanding contempt citations or fines and whose insiders or affiliates have no outstanding contempt citations or fines may post Category A surety.~~

2. New operators, operators who have outstanding fines or contempt citations and operators whose insiders or affiliates have outstanding contempt citations or fines as of June 7, 1989, shall be required to post Category B surety. ~~Operators who have posted Category B surety and have operated under this type surety and have no outstanding fines at the end of three (3) years may post Category A surety.~~

3. Operators using Category A surety who are assessed a fine of Two Thousand Dollars (\$2,000.00) or more and who do not pay the fine within the specified time shall be required to post a Category B surety within thirty (30) days of notification by the Commission.

C. For good cause shown concerning pollution or improper plugging of wells by the operator posting either Category A or B surety or by an insider or affiliate of such operator, the Commission, upon application of the Director of the Oil and Gas Conservation Division, after notice and hearing, may require the filing of additional Category B surety in an amount greater than Twenty-five Thousand Dollars (\$25,000.00) but not to exceed ~~One Hundred Thousand Dollars (\$100,000.00)~~ One Hundred Fifty Thousand Dollars (\$150,000.00).

D. If the Commission determines that a blanket surety bond is required, the bond shall be conditioned on the fact that the operator shall cause the wells to be plugged and abandoned surface

impoundments to be closed, and trash and equipment to be removed in accordance with the laws of this state and the rules of the Commission. Each bond shall be executed by a corporate surety authorized to do business in this state and shall be renewed and continued in effect until the conditions have been met or release of the bond is authorized by the Commission.

E. The agreement provided for in subsection A of this section shall provide that if the Commission determines that the person furnishing the agreement has neglected, failed, or refused to plug and abandon, or cause to be plugged and abandoned, or replug any well or has neglected, failed or refused to close any surface impoundment or removed or cause to be removed trash and equipment in compliance with the rules of the Commission, then the person shall forfeit from his or her bond, letter of credit or negotiable instrument or shall pay to this state, through the Commission, for deposit in the State Treasury, a sum equal to the cost of plugging the well, closure of any surface impoundment or removal of trash and equipment. The Commission may cause the remedial work to be done, issuing a warrant in payment of the cost thereof drawn against the monies accruing in the State Treasury from the forfeiture or payment. Any monies accruing in the State Treasury by reason of a determination that there has been a noncompliance with the provisions of the agreement or the rules of the Commission, in excess of the cost of remedial action ordered by the Commission, shall be credited to the Oil and Gas Revolving Fund. The Commission shall also recover any costs arising from litigation to enforce this provision. Provided, before a person is required to forfeit or pay any monies to the state pursuant to this section, the Commission shall notify the person at his or her last-known address of the determination of neglect, failure or refusal to plug or replug any well, or close any surface impoundment or remove trash and equipment and said person shall have ten (10) days from the date of notification within which to commence remedial operations. Failure to commence remedial operations shall result in forfeiture or payment as provided in this subsection.

F. It shall be unlawful for any person to drill or operate any oil or gas well subject to the provisions of this section, without the evidence of financial ability required by this section. The Commission shall shut in, without notice, hearing or order of the Commission, the wells of any such person violating the provisions of this subsection and such wells shall remain shut in for noncompliance until the required evidence of Category B surety is obtained and verified by the Commission.

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

H. As used in this section:

1. "Affiliate" means an entity that owns twenty percent (20%) or more of the operator, or an entity of which twenty percent (20%) or more is owned by the operator; and

2. "Insider" means officer, director, or person in control of the operator; general partners of or in the operator; general or limited partnership in which the operator is a general partner; spouse of an officer, director, or person in control of the operator; spouse of a general partner of or in the operator; corporation of which the operator is a director, officer, or person in control; affiliate, or insider of an affiliate as if such affiliate were the operator; or managing agent of the operator.

SECTION 2. This act shall become effective November 1, 2025.

Passed the House of Representatives the 5th day of March, 2025.

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Presiding Officer of the House  
of Representatives

Passed the Senate the 28th day of April, 2025.

\_\_\_\_\_  
Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

By: \_\_\_\_\_

Approved by the Governor of the State of Oklahoma this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

By: \_\_\_\_\_