

1 his or her agreement to drill, operate and plug wells in compliance
2 with the rules of the Commission and the laws of this state,
3 together with evidence of financial ability to comply with the
4 requirements for plugging, closure of surface impoundments, removal
5 of trash and equipment as established by the rules of the Commission
6 and by law. To establish evidence of financial ability, the
7 Commission shall require:

8 1. Category A surety, which shall include a financial statement
9 listing assets and liabilities, and including a general release that
10 the information may be verified with banks and other financial
11 institutions. The statement shall prove a net worth of not less
12 than Fifty Thousand Dollars (\$50,000.00). Category A surety will no
13 longer be accepted as valid form of surety for new operators to
14 select beginning November 1, 2025. All current operators who have
15 valid Category A surety and are in good standing with the Commission
16 will be able to retain their Category A surety for the time they are
17 a valid operator in the State of Oklahoma. Any operator eligible to
18 maintain Category A surety may voluntarily elect to convert to
19 Category B surety upon written notice to the Commission. An
20 operator making such election shall retain the right to revert to
21 Category A surety without penalty or additional qualification
22 requirements, provided the operator submits written notice of
23 reversion within three (3) years of the effective date of the
24 election and remains in good standing with the Commission. Upon

1 expiration of the three-year period, the operator shall be
2 permanently subject to Category B surety requirements; or

3 2. Category B surety, which shall include an irrevocable
4 commercial letter of credit, cash, a cashier's check, a Certificate
5 of Deposit, other negotiable instrument, or a blanket surety bond.
6 Except as provided in paragraph 1 of subsection B or subsection C of
7 this section, amount of such letter of credit, cash, cashier's
8 check, certificate, bond, receipt or other negotiable instrument
9 shall be based on the number of wells that the person operates and
10 shall have the option of using the phase-in schedule as follows:

- 11 a. for one to ten wells, Twenty-five Thousand Dollars
12 (\$25,000.00),
- 13 b. for eleven to fifty wells, operators shall post
14 Category B surety in the amount of Thirty-three
15 Thousand Three Hundred Dollars (\$33,300.00) no later
16 than the due date of the operator's Form 1006B
17 occurring during the calendar year 2026; on the due
18 date of the operator's Form 1006B for the year 2027,
19 operators shall post Category B surety in the amount
20 of Forty-one Thousand Six Hundred Dollars
21 (\$41,600.00); on the due date of the operator's Form
22 1006B for the year 2028, operators shall post Category
23 B surety in the full amount of Fifty Thousand Dollars
24 (\$50,000.00),

- 1 c. for fifty-one to one hundred wells, operators shall
2 post Category B surety in the amount of Fifty Thousand
3 Dollars (\$50,000.00) no later than the due date of the
4 operator's Form 1006B occurring during the calendar
5 year 2026; on the due date of the operator's Form
6 1006B for the year 2027, operators shall post Category
7 B surety in the amount of Seventy-five Thousand
8 Dollars (\$75,000.00); on the due date of the
9 operator's Form 1006B for the year 2028, operators
10 shall post Category B surety in the full amount of One
11 Hundred Thousand Dollars (\$100,000.00), and
- 12 d. for more than one hundred wells, operators shall post
13 Category B surety in the amount of Sixty-six Thousand
14 Five Hundred Dollars (\$66,500.00) no later than the
15 due date of the operator's Form 1006B occurring during
16 the calendar year 2026; on the due date of the
17 operator's Form 1006B for the year 2027, operators
18 shall post Category B surety in the amount of One
19 Hundred Eight Thousand Dollars (\$108,000.00); on the
20 due date of the operator's Form 1006B for the year
21 2028, operators shall post Category B surety in the
22 full amount of One Hundred Fifty Thousand Dollars
23 (\$150,000.00).
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1 By the end of the year in 2028, all Category B operators shall be
2 required to post surety in the full amounts specified in paragraph 2
3 of this subsection, based upon the number of wells operated. The
4 Commission is authorized to determine a higher amount of Category B
5 surety based upon the past performance of the operator and its
6 insiders and affiliates regarding compliance with the laws of this
7 state, and any rules promulgated thereto including, but not limited
8 to, the drilling, operation and plugging of wells, closure of
9 surface impoundments or removal of trash and equipment, provided
10 that such higher amount shall not exceed One Hundred Fifty Thousand
11 Dollars (\$150,000.00). Any instrument shall constitute an
12 unconditional promise to pay and be in a form negotiable by the
13 Commission.

14 B. 1. The Commission upon certification by any operator
15 subject to Category B surety that its plugging liability statewide
16 is less than the amount based on the number of wells operated as
17 specified in this section may allow said operator to provide
18 Category B type surety in an amount less than the amount required by
19 this section, but at least sufficient to cover the estimated cost of
20 all plugging, closure, and removal operations currently the
21 responsibility of that operator. The liability certification
22 referred to in this subsection shall take the form of an affidavit
23 from a licensed well plugger estimating the costs of all plugging,
24 closure, and removal operations of the operator requesting such

1 relief. This alternative amount shall be modified upward upon the
2 assumption of additional operations by such operator, the maximum
3 amount of Category B surety to be posted not to exceed One Hundred
4 Fifty Thousand Dollars (\$150,000.00).

5 2. New operators, operators who have outstanding fines or
6 contempt citations and operators whose insiders or affiliates have
7 outstanding contempt citations or fines as of June 7, 1989, shall be
8 required to post Category B surety.

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

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

21 D. If the Commission determines that a blanket surety bond is
22 required, the bond shall be conditioned on the fact that the
23 operator shall cause the wells to be plugged and abandoned surface
24 impoundments to be closed, and trash and equipment to be removed in

1 accordance with the laws of this state and the rules of the
2 Commission. Each bond shall be executed by a corporate surety
3 authorized to do business in this state and shall be renewed and
4 continued in effect until the conditions have been met or release of
5 the bond is authorized by the Commission.

6 E. The agreement provided for in subsection A of this section
7 shall provide that if the Commission determines that the person
8 furnishing the agreement has neglected, failed, or refused to plug
9 and abandon, or cause to be plugged and abandoned, or replug any
10 well or has neglected, failed or refused to close any surface
11 impoundment or removed or cause to be removed trash and equipment in
12 compliance with the rules of the Commission, then the person shall
13 forfeit from his or her bond, letter of credit or negotiable
14 instrument or shall pay to this state, through the Commission, for
15 deposit in the State Treasury, a sum equal to the cost of plugging
16 the well, closure of any surface impoundment or removal of trash and
17 equipment. The Commission may cause the remedial work to be done,
18 issuing a warrant in payment of the cost thereof drawn against the
19 monies accruing in the State Treasury from the forfeiture or
20 payment. Any monies accruing in the State Treasury by reason of a
21 determination that there has been a noncompliance with the
22 provisions of the agreement or the rules of the Commission, in
23 excess of the cost of remedial action ordered by the Commission,
24 shall be credited to the Oil and Gas Revolving Fund. The Commission

1 shall also recover any costs arising from litigation to enforce this
2 provision. Provided, before a person is required to forfeit or pay
3 any monies to the state pursuant to this section, the Commission
4 shall notify the person at his or her ~~last-known~~ last known address
5 of the determination of neglect, failure or refusal to plug or
6 replug any well, or close any surface impoundment or remove trash
7 and equipment and said person shall have ten (10) days from the date
8 of notification within which to commence remedial operations.
9 Failure to commence remedial operations shall result in forfeiture
10 or payment as provided in this subsection.

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

19 G. 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.

23 H. As used in this section:
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1 1. "Affiliate" means an entity that owns twenty percent (20%)
2 or more of the operator, or an entity of which twenty percent (20%)
3 or more is owned by the operator; and

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

12 SECTION 2. It being immediately necessary for the preservation
13 of the public peace, health or safety, an emergency is hereby
14 declared to exist, by reason whereof this resolution shall take
15 effect and be in full force from and after its passage and approval.

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17 COMMITTEE REPORT BY: COMMITTEE ON ENERGY AND NATURAL RESOURCES
18 OVERSIGHT, dated 02/25/2026 - DO PASS, As Coauthored.

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