

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 SENATE BILL 1418

By: Boren

6 AS INTRODUCED

7 An Act relating to oil and gas operations; defining
8 terms; establishing certain liability; requiring
9 certain actions prior to transfer; authorizing
10 promulgation of rules; authorizing certain disclosure
11 upon written request; authorizing certain petition;
12 authorizing civil action and recovery of certain
fees; prohibiting retaliation; requiring certain
13 approval by the Corporation Commission; requiring
14 certain notice; construing provisions; providing for
15 codification; and providing an effective date.

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

17 SECTION 1. NEW LAW A new section of law to be codified

18 in the Oklahoma Statutes as Section 318.11 of Title 52, unless there
19 is created a duplication in numbering, reads as follows:

20 A. For the purposes of this section:

21 1. "Operator" means the person authorized by the Corporation
22 Commission to drill, complete, and operate a well for the intended
development and production of oil, gas, or other hydrocarbons,
regardless of whether the well is completed or produces any;

1 2. "Plugging and site-restoration obligations" include all
2 duties to plug, re-plug, repair, remediate, or reclaim a well or
3 associated site;

4 3. "Successor" means any person or entity that acquires,
5 whether directly or indirectly, assets or operating interests from a
6 transferring operator; and

7 4. "Transfer" means any sale, assignment, conveyance, merger,
8 division, or other transaction by which an operator or its assets,
9 leases, wells, or operating interests are transferred to another
10 person or entity.

11 B. A successor shall be jointly and severally liable with the
12 transferring operator for all plugging and site-restoration
13 obligations associated with any well, lease, or operating interest
14 acquired through a transfer unless the Corporation Commission
15 determines, prior to the transfer, that the successor has provided
16 sufficient financial assurance to satisfy all such obligations.

17 C. Liability pursuant to subsection B of this section shall be
18 established under the following conditions:

19 1. The successor has inadequate capitalization to meet plugging
20 and restoration obligations as determined by:

- 21 a. submitted financial statements,
- 22 b. the estimated cost to plug and restore all acquired
23 wells as provided by the Commission, and
- 24 c. posted financial assurance;

1 2. The transfer is made to an entity that shares ownership,
2 management, officers, or controlling persons with the transferring
3 operator and the transfer would reasonably diminish the ability of
4 the transferring operator or successor to satisfy plugging
5 obligations;

6 3. The transferring operator is insolvent, financially
7 distressed, or subject to foreclosure, or has outstanding unpaid
8 regulatory penalties or compliance orders at the time of the
9 transfer;

10 4. The transaction has the effect of avoiding or delaying
11 plugging obligations including any transfer for nominal or non-arm's
12 length consideration; or

13 5. Any material misrepresentation or omission related to the
14 condition of wells, estimated plugging costs, or financial assurance
15 submitted to the Commission in connection with the transfer.

16 D. 1. A successor shall conduct reasonable due diligence
17 regarding the condition of all wells, associated liabilities, and
18 plugging and site-restoration obligations prior to any transfer.

19 2. A transferring operator shall provide accurate and complete
20 information regarding well condition, production status, mechanical
21 integrity, and estimated plugging costs.

22 3. Failure by either the transferring operator or the successor
23 to comply with this subsection shall constitute an independent basis
24 for successor liability.

1 4. The Corporation Commission shall promulgate rules to
2 establish minimum due-diligence requirements including well
3 inspection standards, documentation of mechanical integrity and
4 environmental conditions, cost estimates for plugging and
5 restoration, and disclosure of outstanding violations or enforcement
6 orders.

7 E. 1. A surface rights owner shall be entitled, upon written
8 request, to receive from the operator and successor:

- 9 a. documentation of due diligence pursuant to subsection
10 D of this section,
- 11 b. known environmental or mechanical conditions that may
12 affect the surface or groundwater, and
- 13 c. financial assurance information of the operator or
14 successor submitted to the Commission.

15 2. A surface rights owner may, within thirty (30) days of
16 receiving notice of a proposed transfer or upon discovering a
17 violation of this section, file with the Commission:

- 18 a. a petition alleging inadequate due diligence,
- 19 b. a request to stay approval of the transfer until
20 deficiencies are corrected, or
- 21 c. a request for an administrative hearing regarding the
22 adequacy of the successor's financial assurance.

23 3. A surface rights owner that is harmed by an operator's or
24 successor's failure to perform due diligence or misrepresentation

1 related to a transfer may bring a civil action in district court for
2 injunctive relief, recovery of actual damages, including
3 contamination or surface restoration costs, and attorney fees and
4 court costs.

5 4. An operator or successor shall not take adverse action
6 against a surface rights owner for exercising rights pursuant to
7 this section. Retaliatory conduct shall be subject to penalties as
8 determined by the Commission.

9 F. 1. No transfer of operator status, well ownership, or
10 operating interest is effective unless approved by the Commission
11 after review of due-diligence submissions, surface-owner notices,
12 and financial assurance documents.

13 2. The transferring operator shall provide written notice to
14 all affected surface rights owners no later than thirty (30) days
15 before Commission consideration of a transfer.

16 3. Failure to provide notice invalidates the transfer and
17 constitutes a violation of this section.

18 4. The Commission may disapprove or stay any transfer if:

- 19 a. due-diligence requirements have not been met,
- 20 b. the successor lacks adequate financial assurance, or
- 21 c. a surface-owner petition pursuant to paragraph 2 of
22 subsection E of this section is pending and
23 nonfrivolous.

1 5. If an unapproved transfer occurs, the successor and
2 transferring operator remain jointly and severally liable.

3 G. 1. Nothing in this section shall be construed to limit the
4 state's rights under fraudulent transfer law, environmental
5 statutes, or common-law doctrines of successor liability.

6 2. Nothing herein shall impair the priority of claims under
7 federal bankruptcy law; however, successor liability shall apply to
8 post-petition acquisitions or transactions approved by the
9 bankruptcy court.

10 SECTION 2. This act shall become effective November 1, 2026.

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