

1 STATE OF OKLAHOMA

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

3 SENATE BILL 1419

By: Boren

6 AS INTRODUCED

7 An Act relating to oil and gas operations; amending
8 52 O.S. 2021, Sections 318.4 and 318.5, which relate
9 to damages; modifying scope of certain bond
10 requirements; updating statutory reference; updating
11 statutory language; requiring certain notice;
12 establishing notice criteria; requiring certain
13 information be provided to surface owners; permitting
14 certain petition; requiring the Corporation
15 Commission to provide timely hearings; stating
liability of successor operators; requiring certain
actions before termination; requiring certain test
and report; requiring the Corporation Commission to
conduct certain hearing; authorizing the Corporation
Commission to take certain actions; authorizing
certain injunction; prohibiting certain retaliation;
construing provision; providing for codification; and
providing an effective date.

16

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

18 SECTION 1. AMENDATORY 52 O.S. 2021, Section 318.4, is
19 amended to read as follows:

20 Section 318.4. A. Every operator doing business in this state
21 shall file a corporate surety bond, letter of credit from a banking
22 institution, cash, or a certificate of deposit with the Secretary of
23 State in the sum of Twenty-five Thousand Dollars (\$25,000.00)
24 conditioned upon compliance with Sections 318.2 through 318.9 of

1 this title for payment of any location damages and anticipated
2 reclamation obligations due which the operator cannot otherwise pay.
3 The Secretary of State shall hold such corporate surety bond, letter
4 of credit from a banking institution, cash, or certificate of
5 deposit for the benefit of the surface owners of this state and
6 shall ensure that such security is in a form readily payable to a
7 surface owner awarded damages in an action brought pursuant to this
8 ~~act~~ section. Each corporate surety bond, letter of credit, cash, or
9 certificate of deposit filed with the Secretary of State shall be
10 accompanied by a filing fee of Ten Dollars (\$10.00).

11 B. The bonding company or banking institution shall file, for
12 such fee as is provided for by law, a certificate that ~~said~~ such
13 bond or letter of credit is in effect or has been canceled, or that
14 a claim has been made against it in the office of the court clerk in
15 each county in which the operator is drilling or planning to drill.
16 ~~Said~~ Such bond or letter of credit must remain in full force and
17 effect as long as the operator continues drilling operations in this
18 state. Each such filing shall be accompanied by a filing fee of Ten
19 Dollars (\$10.00).

20 C. Upon deposit of the bond, letter of credit, cash, or
21 certificate of deposit, the operator shall be permitted entry upon
22 the property and shall be permitted to commence drilling of a well
23 or reworking operations in accordance with the terms and conditions
24 of any lease or other existing contractual or lawful right.

1 D. If the damages and reclamation obligations agreed to by the
2 parties or awarded by the court are greater than the bond, letter of
3 credit, cash, or certificate of deposit posted, the operator shall
4 pay the damages and reclamation obligations immediately or post an
5 additional bond, letter of credit, cash, or certificate of deposit
6 sufficient to cover the damages. Said Such increase in bond, letter
7 of credit, cash, or certificate of deposit shall comply with the
8 requirements of this section.

9 SECTION 2. AMENDATORY 52 O.S. 2021, Section 318.5, is
10 amended to read as follows:

11 Section 318.5. A. Prior to entering the site with heavy
12 equipment, the operator shall negotiate with the surface owner for
13 the payment of any damages and anticipated reclamation obligations
14 which may be caused by the drilling operation. If the parties
15 agree, and a written contract is signed, the operator may enter the
16 site to drill. If agreement is not reached, or if the operator is
17 not able to contact all parties, the operator shall petition the
18 district court in the county in which the drilling site is located
19 for appointment of appraisers to make recommendations to the parties
20 and to the court concerning the amount of damages and anticipated
21 reclamation obligations, if any. Once the operator has petitioned
22 for appointment of appraisers, the operator may enter the site to
23 drill.

1 B. Ten (10) days' notice of the petition to appoint appraisers
2 shall be given to the opposite party, either by personal service or
3 by leaving a copy thereof at the party's usual place of residence
4 with some family member over fifteen (15) years of age, or, in the
5 case of nonresidents, unknown heirs or other persons whose
6 whereabouts cannot be ascertained, by publication in one issue of a
7 newspaper qualified to publish legal notices in ~~said~~ the county, as
8 provided in Section 106 of Title 25 of the Oklahoma Statutes, ~~said~~
9 such ten-day period to begin with the first publication.

10 C. The operator shall select one appraiser, the surface owner
11 shall select one appraiser, and the two selected appraisers shall
12 select a third appraiser for appointment by the court, which such
13 third appraiser shall be a state-certified general real estate
14 appraiser and be in good standing with the Oklahoma Real Estate
15 Appraisal Appraiser Board. Unless for good cause shown, additional
16 time is allowed by the district court, the three ~~(3)~~ appraisers
17 shall be selected within twenty (20) days of service of the notice
18 of the petition to appoint appraisers or within twenty (20) days of
19 the first date of publication of the notice as specified in
20 subsection B of this section. If either of the parties fails to
21 appoint an appraiser or if the two appraisers cannot agree on the
22 selection of the third appraiser within the required time period,
23 the remaining required appraisers shall be selected by the district
24 court upon application of either party of which at least one shall

1 be a state-certified general real estate appraiser and be in good
2 standing with the Oklahoma Real Estate Appraisal Appraiser Board.
3 Before entering upon their duties, such appraisers shall take and
4 subscribe an oath, before a notary public or some other person
5 authorized to administer oaths, that they will perform their duties
6 faithfully and impartially to the best of their ability. They shall
7 inspect the real property and consider the surface damages and
8 anticipated reclamation obligations which the owner has sustained or
9 will sustain by reason of entry upon the subject land and by reason
10 of drilling or maintenance of oil or gas production on the subject
11 tract of land. The appraisers shall then file a written report
12 within thirty (30) days of the date of their appointment with the
13 clerk of the court. The report shall set forth the quantity,
14 boundaries, and value of the property entered on or to be utilized
15 in said such oil or gas drilling, and the amount of surface damages
16 and reclamation done or to be done to the property. The appraisers
17 shall make a valuation and determine the amount of compensation to
18 be paid by the operator to the surface owner and the manner in which
19 the amount shall be paid. Said The appraisers shall then make a
20 report of their proceedings to the court. The compensation of the
21 appraisers shall be fixed and determined by the court. The operator
22 and the surface owner shall share equally in the payment of the
23 appraisers' fees and court costs.

1 D. Within ten (10) days after the report of the appraisers is
2 filed, the clerk of the court shall forward to each attorney of
3 record, each party, and interested party of record, a copy of the
4 report of the appraisers and a notice stating the time limits for
5 filing an exception or a demand for jury trial as provided for in
6 this section. The operator shall provide the clerk of the court
7 with the names and last-known addresses of the parties to whom the
8 notice and report shall be mailed, sufficient copies of the notice
9 and report to be mailed, and pre-addressed, postage-paid envelopes.

10 1. This notice shall be on a form prepared by the
11 Administrative Director of the Courts, approved by the ~~Oklahoma~~
12 Supreme Court, and supplied to all district court clerks.

13 2. If a party has been served by publication, the clerk shall
14 forward a copy of the report of the appraisers and the notice of
15 time limits for filing either an exception or a demand for jury
16 trial to the last-known mailing address of each party, if any, and
17 shall cause a copy of the notice of time limits to be published in
18 one issue of a newspaper qualified to publish legal notices as
19 provided in Section 106 of Title 25 of the Oklahoma Statutes.

20 3. After issuing the notice provided herein, the clerk shall
21 endorse on the notice form filed in the case the date that a copy of
22 the report and the notice form was forwarded to each attorney of
23 record, each party, and each interested party of record, or the date
24 the notice was published.

1 E. The time for filing an exception to the report or a demand
2 for jury trial shall be calculated as commencing from the date the
3 report of the appraisers is filed with the court. Upon failure of
4 the clerk to give notice within the time prescribed, the court, upon
5 application by any interested party, may extend the time for filing
6 an exception to the report or filing a demand for trial by jury for
7 a reasonable period of time not less than twenty (20) days from the
8 date the application is heard by the court. Appraisers' Appraiser
9 fees and court costs may be the subject of an exception, may be
10 included in an action by the petitioner, and may be set and allowed
11 by the court.

12 F. The report of the appraisers may be reviewed by the court,
13 upon written exceptions filed with the court by either party within
14 thirty (30) days after the filing of the report. After the hearing
15 the court shall enter the appropriate order either by confirmation,
16 rejection, modification, or order of a new appraisal for good cause
17 shown. Provided, that in the event a new appraisal is ordered, the
18 operator shall have continuing right of entry subject to the
19 continuance of the bond required herein. Either party may, within
20 sixty (60) days after the filing of such report, file with the clerk
21 a written demand for a trial by jury, in which case the amount of
22 damages shall be assessed by a jury. The trial shall be conducted
23 and judgment entered in the same manner as railroad condemnation
24 actions tried in the court. A copy of the final judgment shall be

1 forwarded to the county assessor in the county or counties in which
2 the property is located. If the party demanding the jury trial does
3 not recover a more favorable verdict than the assessment award of
4 the appraisers, all court costs including reasonable attorney fees
5 shall be assessed against the party.

6 SECTION 3. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 318.11 of Title 52, unless there
8 is created a duplication in numbering, reads as follows:

9 A. In addition to all notices required by Section 318.3 of
10 Title 52 of the Oklahoma Statutes, an operator shall provide written
11 notice to the surface owner at least thirty (30) days before:

12 1. A transfer of operator;
13 2. Assignment of a lease or wellbore interest; or
14 3. Any transaction that changes control of a well, facility, or
15 associated equipment.

16 B. The notice shall include:
17 1. Names and addresses of the proposed successor;
18 2. A list of wells and facilities affected;
19 3. The date the transfer is proposed to be presented to the
20 Corporation Commission; and

21 4. A summary of due-diligence materials required pursuant to
22 Section 4 of this act.

1 SECTION 4. NEW LAW A new section of law to be codified

2 in the Oklahoma Statutes as Section 318.12 of Title 52, unless there
3 is created a duplication in numbering, reads as follows:

4 A. Upon written request, the operator or proposed successor
5 shall provide to the surface owner:

6 1. Mechanical integrity reports and well-status documentation;
7 2. Environmental assessments, spill reports, and inspection
8 results;

9 3. Plugging and site-restoration cost estimates;
10 4. Financial assurance instruments submitted to the Corporation
11 Commission; and

12 5. Any documents required pursuant to Corporation Commission
13 rules for transfer approval.

14 B. Documents shall be delivered in electronic or paper format
15 within ten (10) business days.

16 C. Failure to provide disclosures shall constitute a violation
17 of this act.

18 SECTION 5. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 318.13 of Title 52, unless there
20 is created a duplication in numbering, reads as follows:

21 A. A surface owner has standing before the Corporation
22 Commission to request enforcement of this act.

23 B. A surface owner may file a petition alleging inadequate due
24 diligence, insufficient financial assurance, likelihood of

1 abandonment, violation of notice or disclosure requirements, or
2 regulatory noncompliance.

3 C. Upon petition, the Commission may stay or suspend a
4 transfer, require additional bonding, order inspections or
5 remediation, impose civil penalties, or deny or condition approval.

6 D. The Commission shall provide timely hearings and full
7 participation rights to surface owners.

8 SECTION 6. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 318.14 of Title 52, unless there
10 is created a duplication in numbering, reads as follows:

11 A. Obligations pursuant to this act run with the well and bind
12 all successor operators.

13 B. Transfers that shift wells into undercapitalized or
14 nonoperational entities are presumed fraudulent and shall not
15 relieve the transferring operator of liability.

16 C. Successor operators are jointly and severally liable with
17 the transferor for violations involving inadequate due diligence,
18 false or misleading disclosures, insufficient financial assurance,
19 or lack of required approval or notice.

20 D. No operator may dissolve, withdraw, or terminate its
21 business entity in this state until certifying satisfaction of all
22 obligations pursuant to this act.

1 SECTION 7. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 318.15 of Title 52, unless there
3 is created a duplication in numbering, reads as follows:

4 A. Before any hydraulic fracturing, acidizing, pressure
5 treatment, or reworking activity, the operator shall perform a
6 fracture-point or formation integrity test prior to any new
7 drilling, reworking, or stimulation activity to:

8 1. Determine the fracture initiation pressure of each zone at
9 which the formation will crack;

10 2. Determine safe pressure limits for the proposed treatment;

11 3. Confirm isolation of groundwater-bearing formations;

12 4. Determine operation risk on the groundwater, soil, or nearby
13 wells;

14 5. Prevent unintended fracture propagation;

15 6. Ensure casing, cement, and completion integrity; and

16 7. Ensure that the surface owner is fully informed of
17 activities affecting his or her property.

18 B. A report of results received from the test required pursuant
19 to subsection A of this section shall be filed no less than thirty
20 (30) days before any hydraulic fracturing or reworking begins under
21 oath with the Corporation Commission and shall also be provided to
22 the surface owner and all interest owners within the same time
23 frame. The report shall include the following:

24 1. Test results;

1 2. The maximum pressure that will be used;

2 3. Any risks identified during testing; and

3 4. Steps the operator will take to prevent damage.

4 C. If the test indicates a risk of fracture propagation into

5 freshwater zones, producing horizons, or abandoned wells, the

6 Commission shall conduct a hearing to consider the following

7 remedies:

8 1. Revised stimulation plans;

9 2. Lower pressure limits;

10 3. Stimulation prohibition; or

11 4. Additional casing or cement remediation.

12 D. Inadequate or false testing shall constitute grounds for the

13 Commission to enforce civil penalties, denial or revocation of an

14 operator's permit, or joint and several liability pursuant to

15 Section 6 of this act.

16 E. If an operator fails to conduct the test or exceeds the

17 tested pressure limits, the surface owner may seek an injunction to

18 stop the operation and the operator shall be liable for any

19 resulting damages. The Commission may halt the operation, impose

20 penalties, or deny further permits.

21 F. A surface owner who asks for or uses the information from

22 the fracture-point test shall not be harassed, pressured, or

23 retaliated against by the operator. Any retaliation constitutes

24 actionable damages.

1 G. This section shall be liberally construed to protect surface
2 owners, water supplies, agricultural land, rural communities, and
3 responsible operators.

4 SECTION 8. This act shall become effective November 1, 2026.

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