

1 STATE OF OKLAHOMA

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

3 SENATE BILL 1976

By: Green

6 AS INTRODUCED

7 An Act relating to oil and gas; amending 52 O.S.
8 2021, Section 318.1, as amended by Section 1, Chapter
9 24, O.S.L. 2025 (52 O.S. Supp. 2025, Section 318.1),
10 which relates to agreement as to compliance with
11 drilling and plugging regulations; authorizing
12 certain operators to make voluntary election;
requiring certain notice; authorizing retention of
certain right; requiring certain permanence beyond
expiration; requiring operators to post surety by
certain date; updating statutory language; and
declaring an emergency.

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

15 SECTION 1. AMENDATORY 52 O.S. 2021, Section 318.1, as
16 amended by Section 1, Chapter 24, O.S.L. 2025 (52 O.S. Supp. 2025,
17 Section 318.1), is amended to read as follows:

18 Section 318.1. A. Any person who drills or operates any well
19 for the exploration, development, or production of oil or gas, or as
20 an injection or disposal well, within this state, shall furnish in
21 writing, on forms approved by the Corporation Commission, his or her
22 agreement to drill, operate, and plug wells in compliance with the
23 rules of the Commission and the laws of this state, together with
24 evidence of financial ability to comply with the requirements for

1 plugging, closure of surface impoundments, removal of trash and
2 equipment as established by the rules of the Commission and by law.
3 To establish evidence of financial ability, the Commission shall
4 require:

5 1. Category A surety, which shall include a financial statement
6 listing assets and liabilities, and including a general release that
7 the information may be verified with banks and other financial
8 institutions. The statement shall prove a net worth of not less
9 than Fifty Thousand Dollars (\$50,000.00). Category A surety will no
10 longer be accepted as valid form of surety for new operators to
11 select beginning November 1, 2025. All current operators who have
12 valid Category A surety and are in good standing with the Commission
13 will be able to retain their Category A surety for the time they are
14 a valid operator in ~~the State of Oklahoma~~ this state. Any operator
15 eligible to maintain Category A surety may voluntarily elect to
16 convert to Category B surety upon written notice to the Commission.

17 An operator making such election shall retain the right to revert to
18 Category A surety without penalty or additional qualification
19 requirements, provided the operator submits written notice of
20 reversion within three (3) years of the effective date of the
21 election and remains in good standing with the Commission. Upon
22 expiration of the three-year period, the operator shall be
23 permanently subject to Category B surety requirements; or

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

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

- c. for fifty-one to one hundred wells, operators shall post Category B surety in the amount of Fifty Thousand Dollars (\$50,000.00) no later than the due date of the operator's Form 1006B occurring during the calendar year 2026; on the due date of the operator's Form 1006B for the year 2027, operators shall post Category B surety in the amount of Seventy-five Thousand Dollars (\$75,000.00); on the due date of the operator's Form 1006B for the year 2028, operators shall post Category B surety in the full amount of One Hundred Thousand Dollars (\$100,000.00), and
- d. for more than one hundred wells, operators shall post Category B surety in the amount of Sixty-six Thousand Five Hundred Dollars (\$66,500.00) no later than the due date of the operator's Form 1006B occurring during the calendar year 2026; on the due date of the operator's Form 1006B for the year 2027, operators shall post Category B surety in the amount of One Hundred Eight Thousand Dollars (\$108,000.00); on the due date of the operator's Form 1006B for the year 2028, operators shall post Category B surety in the full amount of One Hundred Fifty Thousand Dollars (\$150,000.00).

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~~ the 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 plunger 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 Division Revolving Fund. The

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

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