

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 3469

By: Boles

AS INTRODUCED

An Act relating to oil and gas; amending 52 O.S. 2021, Section 318.1, as amended by Section 1, Chapter 24, O.S.L. 2025 (52 O.S. Supp. 2025, Section 318.1), which relates to agreement as to compliance with drilling and plugging regulations; authorizing 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; and declaring an emergency.

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

SECTION 1. AMENDATORY 52 O.S. 2021, Section 318.1, as amended by Section 1, Chapter 24, O.S.L. 2025 (52 O.S. Supp. 2025, 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 Oklahoma 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

1 requirements for plugging, closure of surface impoundments, removal
2 of trash and equipment as established by the rules of the Commission
3 and by law. To establish evidence of financial ability, the
4 Commission shall 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. Any operator eligible to
15 maintain Category A surety may voluntarily elect to convert to
16 Category B surety upon written notice to the Commission. An
17 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
24

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

9 a. for one to ten wells, Twenty-five Thousand Dollars
10 (\$25,000.00),

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

23 c. for fifty-one to one hundred wells, operators shall
24 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) .

By the end of the year in 2028, all Category B operators shall be
required to post surety in the full amounts specified in paragraph 2
of this subsection, based upon the number of wells operated. The

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

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

1 amount of Category B surety to be posted not to exceed One Hundred
2 Fifty Thousand Dollars (\$150,000.00).

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

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

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

19 D. If the Commission determines that a blanket surety bond is
20 required, the bond shall be conditioned on the fact that the
21 operator shall cause the wells to be plugged and abandoned surface
22 impoundments to be closed, and trash and equipment to be removed in
23 accordance with the laws of this state and the rules of the
24 Commission. Each bond shall be executed by a corporate surety

1 authorized to do business in this state and shall be renewed and
2 continued in effect until the conditions have been met or release of
3 the bond is authorized by the Commission.

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

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

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

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

21 H. As used in this section:

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

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

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

13

14 60-2-15913 JBH 01/13/26

15

16

17

18

19

20

21

22

23

24