

1 STATE OF OKLAHOMA

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

3 SENATE BILL 1418

By: Boren

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5  
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  
13 fees; prohibiting retaliation; requiring certain  
14 approval by the Corporation Commission; requiring  
15 certain notice; construing provisions; providing for  
16 codification; and providing an effective date.

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

20 SECTION 1. NEW LAW A new section of law to be codified  
21 in the Oklahoma Statutes as Section 318.11 of Title 52, unless there  
22 is created a duplication in numbering, reads as follows:

23 A. For the purposes of this section:

24 1. "Operator" means the person authorized by the Corporation  
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;
- 25

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  
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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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