

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL 852

By: Rader of the Senate

and

Boles of the House

6
7
8
9 COMMITTEE SUBSTITUTE

10 An Act relating to the Corporation Commission;
11 amending 17 O.S. 2021, Section 518, which relates to
12 neglect, failure, or refusal to plug and abandon or
13 replug well; providing that the Commission may
14 extract certain emissions to obtain carbon credit;
15 amending 52 O.S. 2021, Section 310, which relates to
16 abandoned and unplugged or improperly plugged wells;
17 conforming language; providing for promulgation of
18 rules; updating statutory language; and declaring an
19 emergency.

20
21
22
23
24
BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 17 O.S. 2021, Section 518, is
amended to read as follows:

Section 518. A. Any person who drills or operates any well or
unit for the exploration, development or production of oil or brine,
or as an injection or disposal well, within this state, shall
furnish in writing, on forms approved by the Corporation Commission,
his or her agreement to drill, operate and plug wells in compliance

1 with the rules of the Commission and the laws of this state,
2 together with evidence of financial ability to comply with the
3 requirements for plugging, closure of surface impoundments, removal
4 of trash and equipment as established by the rules of the Commission
5 and by law.

6 B. To establish evidence of financial ability, the Commission
7 shall require an irrevocable commercial letter of credit, cash, a
8 cashier's check, a Certificate of Deposit, Bank Joint Custody
9 Receipt, other negotiable instrument or a blanket surety bond. The
10 amount of such letter of credit, cash, cashier's check, certificate,
11 bond, receipt or other negotiable instrument shall be in the amount
12 of Twenty-five Thousand Dollars (\$25,000.00) per well. If an
13 operator operates more than four wells subject to this requirement,
14 the operator may file appropriate evidence of financial ability in a
15 blanket amount of One Hundred Thousand Dollars (\$100,000.00). Any
16 instrument shall constitute an unconditional promise to pay and be
17 in a form negotiable by the Commission.

18 C. The agreement provided for in subsection A of this section
19 shall provide that if the Commission determines that the person
20 furnishing the agreement has neglected, failed or refused to plug
21 and abandon, or cause to be plugged and abandoned, or replug any
22 well or has neglected, failed or refused to close any surface
23 impoundment or removed or cause to be removed trash and equipment in
24 compliance with the rules of the Commission, then the person shall

1 forfeit from his or her bond, letter of credit or negotiable
2 instrument or shall pay to this state, through the Commission, for
3 deposit in the State Treasury, a sum equal to the cost of plugging
4 the well, closure of any surface impoundment or removal of trash and
5 equipment. The Commission may cause the remedial work to be done,
6 issuing a warrant in payment of the cost thereof drawn against the
7 monies accruing in the State Treasury from the forfeiture or
8 payment. In the event that methane is being emitted from a well on
9 which the Commission is performing remedial work, the Commission may
10 capture such emissions from the well and obtain any carbon credits
11 that may be available for the captured emissions. The Commission
12 may promulgate rules as needed to effectuate the capture of
13 emissions and obtaining of credits under this section. Any monies
14 accruing in the State Treasury by reason of a determination that
15 there has been a noncompliance with the provisions of the agreement
16 or the rules of the Commission, in excess of the cost of remedial
17 action ordered by the Commission, shall be credited to the Oil and
18 Gas Revolving Fund. The Commission shall also recover any costs
19 arising from litigation to enforce this provision. Provided, before
20 a person is required to forfeit or pay any monies to the state
21 pursuant to this section, the Commission shall notify the person at
22 his or her last-known address of the determination of neglect,
23 failure or refusal to plug or replug any well, or close any surface
24 impoundment or remove trash and equipment and such person shall have

1 ten (10) days from the date of notification within which to commence
2 remedial operations. Failure to commence remedial operations shall
3 result in forfeiture or payment as provided in this subsection.

4 D. If title to property or a well is transferred, the
5 transferee shall furnish the evidence of financial ability to plug
6 the well and close surface impoundments required by the provisions
7 of this section, prior to the transfer.

8 SECTION 2. AMENDATORY 52 O.S. 2021, Section 310, is
9 amended to read as follows:

10 Section 310. A. If, after notice and hearing, the Corporation
11 Commission finds that:

12 1. A well drilled for the exploration, development, or
13 production of oil or gas, or as an injection or disposal well, is
14 abandoned and unplugged or improperly plugged or is causing or is
15 likely to cause surface or subsurface pollution of any fresh water
16 or is purging or is likely to purge salt water, oil, gas, or other
17 deleterious substances onto the surface of the land in the vicinity
18 of the well; and

19 2. The operator of the well or any other person responsible for
20 plugging, replugging, or repairing the well in such manner as is
21 necessary to prevent further or future pollution cannot be found or
22 is financially unable to pay the cost of performing ~~said~~ the work,
23 the Commission or any person authorized by the Commission may enter
24 upon the land upon which the well is located and plug, replug, or

1 repair the well as may be reasonably required to remedy the
2 condition. If an emergency exists or if it otherwise appears to the
3 Commission that irreparable injury will result if immediate remedial
4 action is not taken, ~~said~~ entry upon the land may be made or
5 authorized by the Commission without notice or hearing, for the
6 purpose of taking such temporary remedial action as the Commission
7 considers necessary to prevent or minimize the injury, pending the
8 giving of notice and hearing. The operation shall be conducted in
9 the manner prescribed by the Commission.

10 B. For the purpose of immediately responding to emergency
11 situations within the Commission's jurisdiction having potentially
12 critical environmental or public safety impact, the Commission may
13 take whatever necessary action, without notice and hearing,
14 including the expenditure of monies from the Corporation Commission
15 Plugging Fund, to promptly respond to the emergency. Such emergency
16 expenditure shall be made pursuant to the provisions of ~~The~~ the
17 Oklahoma Central Purchasing Act upon such terms and conditions
18 established by the Office of Management and Enterprise Services to
19 accomplish the purposes of this section. Thereafter, the Commission
20 shall seek reimbursement from the responsible person, firm or
21 corporation for all expenditures made from the Corporation
22 Commission Plugging Fund. Any monies received as reimbursement
23 shall be deposited to the credit of the Corporation Commission
24 Plugging Fund.

1 C. In the event that methane is being emitted from a well on
2 which the Commission is performing remedial work, the Commission is
3 hereby authorized to capture such emissions from the well and obtain
4 any carbon credits that may be available for the captured emissions.
5 The Commission may promulgate rules as needed to effectuate the
6 capture of emissions and obtaining of credits under this section.

7 D. If, at any time, the monies in the Corporation Commission
8 Plugging Fund are insufficient to cover the cost of remedial action
9 for all wells eligible for plugging, replugging or repair under this
10 statute, the Commission shall prioritize expenditures according to
11 degree of actual or potential environmental harm.

12 SECTION 3. 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.

16

17 59-1-1957 RD 2/23/2023 11:18:17 AM

18

19

20

21

22

23

24