

HOUSE BILL NO. HB0116

Split estates-good faith negotiations.

Sponsored by: Representative(s) Clausen, Barlow, Kirkbride
and Lindholm and Senator(s) Boner and
Wasserburger

A BILL

for

1 AN ACT relating to oil and gas; authorizing surface owner
2 objections for an operator's failure to comply with
3 requirements to negotiate in good faith; specifying
4 procedures; amending notice requirements; and providing for
5 an effective date.

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7 *Be It Enacted by the Legislature of the State of Wyoming:*

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9 **Section 1.** W.S. 30-5-404(c) and by creating a new
10 subsection (h) is amended to read:

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12 **30-5-404. Surety bond or guaranty; approval;**
13 **objections; release of surety bond or guaranty.**

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1 (c) Within seven (7) days following receipt of a
2 surety bond or other guaranty or the establishment of a
3 blanket bond or other guaranty specified or referenced in
4 this section, the commission shall notify the surface owner
5 of receipt of the surety bond or other guaranty or the
6 establishment of a blanket bond or other guaranty based on
7 the oil and gas operator's request and the written notice
8 required under W.S. 30-5-402(e). The commission's notice
9 shall also include a description of the amount and the type
10 of the bond or guaranty received or established and provide
11 to the surface owner a copy of the statement required under
12 W.S. 30-5-403(a). The commission's notice shall also
13 include a statement notifying the surface owner that within
14 thirty (30) days after receipt of the notice the surface
15 owner may object to the amount or the type of the surety
16 bond or guaranty or to the oil and gas operator's failure
17 to negotiate in good faith. If, at the expiration of thirty
18 (30) days after receipt of the commission's notice by the
19 surface owner, he makes no objection based on the oil and
20 gas operator's failure to negotiate in good faith under
21 W.S. 30-5-402(c) and (f) or to the amount or the type of
22 the surety bond or guaranty, the commission shall approve
23 the surety bond or guaranty. If the surface owner objects

1 based on the oil and gas operator's failure to negotiate in
2 good faith, the surface owner shall comply with subsection
3 (h) of this section. If the surface owner objects in
4 writing to the amount or the type of the surety bond or
5 guaranty, the commission shall give immediate consideration
6 to the surety bond or guaranty objected to and the
7 accompanying papers filed by the oil and gas operator in
8 support of the surety bond or guaranty amount and the type
9 of surety bond or guaranty submitted or established, and
10 the surface owner's objections, and the commission shall
11 render a final decision as to the acceptability of the
12 amount and type of the surety bond or guaranty and shall
13 notify the parties of the decision. Proof of any
14 additional surety bond or guaranty required by the
15 commission shall be filed with the commission within thirty
16 (30) days of the commission's final decision. Any
17 aggrieved party may appeal the final decision of the
18 commission to the district court in accordance with the
19 Wyoming Administrative Procedure Act.

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21 (h) A surface owner who objects based on the oil and
22 gas operator's failure to negotiate in good faith under
23 W.S. 30-5-402(c) and (f) shall file the objection in the

1 district court in the county where the land is located. The
2 court shall proceed without a jury to resolve the
3 objection. The parties may present oral and documentary
4 proof and may argue in support of their respective
5 positions but the rules of evidence need not be followed.
6 Neither party is required to offer the opinion of an expert
7 or to be represented by an attorney. Unless demanded by a
8 party and at his own expense, a record of testimony
9 received at the hearing need not be kept. The court may
10 enter any order necessary to resolve the objection,
11 including ordering the oil and gas operator to resume and
12 attempt to complete good faith negotiations in accordance
13 with W.S. 30-5-402(c) and (f). Either party, within thirty
14 (30) days after entry of a final order resolving the
15 objection, may file a written demand for trial. The action
16 shall be restored to the docket of the court as though
17 proceedings under this subsection had not occurred. The oil
18 and gas operator shall not enter the land or otherwise
19 access the property and shall not conduct oil and gas
20 operations until final resolution of the objection and any
21 appeals.

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1 **Section 2.** This act is effective July 1, 2020.

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