

ORIGINAL SENATE
FILE NO. SF0020

ENROLLED ACT NO. 3, SENATE

SIXTY-EIGHTH LEGISLATURE OF THE STATE OF WYOMING
2025 GENERAL SESSION

AN ACT relating to oil and gas; requiring the oil and gas conservation commission to promulgate rules to provide bonding options for oil and gas operators as specified; specifying bonding requirements; requiring reports; specifying uses of the conservation fund; authorizing the imposition of fees; making conforming amendments; and providing for effective dates.

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

Section 1. W.S. 30-5-129 is created to read:

30-5-129. Oil and gas bonding; rules for operators; requirements; reports; assessments.

(a) The commission shall promulgate rules to establish bonding options in addition to those specified in W.S. 30-5-104(d)(i)(D) for operators requiring bonds for producing oil or gas in Wyoming. The program required under this subsection shall be in accordance with all of the following:

(i) The commission shall promulgate all rules necessary to implement the program, including rules to provide for operators who produce oil or gas in Wyoming to voluntarily participate in a bonding pool established under this subsection;

(ii) Operators participating in a bonding pool established under this subsection shall be in good standing with the commission before participating and shall remain in good standing with the commission during participation, including compliance with all bonding requirements required under this act and the commission's rules. The commission may establish a process by which the commission may remove

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an operator from participating in a bonding pool if the operator is no longer in good standing with the commission;

(iii) Subject to paragraph (iv) of this subsection, the commission shall contract with a person to establish a bonding pool to serve as financial assurance for the plugging of dry or abandoned wells, for reclamation requirements, for the forfeiture of any applicable bond and for any other requirements associated with the operator's applicable bonds. The bonding pool shall:

(A) Be established with funds assessed under paragraph (v) of this subsection or available under paragraph (vi) of this subsection, including any unexpended and unobligated funds available in the account established under W.S. 30-5-116(b). Except as otherwise provided in this paragraph, no other funds shall be used for the bonding pool without further legislative authorization;

(B) Be authorized to accept additional funds from other sources authorized by law.

(iv) If the commission determines that contracting with a person to establish a bonding pool under paragraph (iii) of this section is impossible, impractical or not feasible, the commission may establish a bonding pool to serve as a secondary level of financial assurance for the plugging of dry or abandoned wells, for reclamation requirements, for the forfeiture of any applicable bond and for any other requirements associated with the operator's applicable bonds. The bonding pool established under this paragraph shall:

(A) Be managed by the commission;

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(B) Require operators to:

(I) Be in compliance with all bonding requirements required under this act and the commission's rules before authorizing operators to participate in the bonding pool;

(II) Maintain compliance with all bonding requirements required under this act and the commission's rules during the operator's participation in the bonding pool.

(C) Be funded by contributions from each operator participating in the bonding pool in accordance with paragraph (v) of this subsection and provide that the commission may use funds available in accordance with paragraph (vi) of this subsection.

(v) The commission may impose an assessment on each participating operator on the fair cash market value, as provided in W.S. 39-14-203, of all oil and gas produced, sold or transported from the operator's wells in Wyoming that are covered under this subsection in accordance with this paragraph. Beginning on July 1, 2025 through June 30, 2030, the assessment shall be zero (0) mills on the dollar. Beginning July 1, 2030, the commission may impose an assessment under this paragraph in an amount not to exceed five-tenths of one (1) mill (\$0.0005) on the dollar. All funds collected under this paragraph shall be deposited in the separate account established under W.S. 30-5-116(b). For purposes of accounting and investing, funds collected under this paragraph shall be accounted for separately. Funds collected under this paragraph shall be expended only on the bonding pool established under paragraph (iii) or (iv) of this subsection;

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(vi) If funds collected under paragraph (v) of this subsection are insufficient to satisfy the obligations of the bonding pool established under paragraph (iii) or (iv) of this subsection, the commission may expend any unexpended and unobligated funds available in the account established under W.S. 30-5-116(b);

(vii) Funds expended under this subsection shall only be expended on expenses associated with the plugging of dry or abandoned wells, reclamation requirements, the forfeiture of any applicable bond and any other requirements associated with the operator's applicable bonds for operators participating in the bonding program under this subsection;

(viii) The commission may enter into agreements with the United States or any federal agency to provide for the plugging of dry or abandoned wells, for reclamation requirements and for any other requirements associated with the operator's applicable bonds for any operator participating in the bonding pool established in this subsection whose wells are located on federal land, without the forfeiture of the operator's federal bond;

(ix) The commission may provide for the transfer of an operator's financial assurance provided under this section to another operator, if the transfer is necessary to ensure that the receiving operator may participate in the bonding options established under this section. No transfer shall occur until the commission has completed a bonding review of the operator to whom the financial assurance is transferred;

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(x) The commission may establish a process by which an operator in good standing with the commission and that participates in the bonding pool established under this subsection may reduce requirements associated with the furnishing of a surety bond or other guaranty in accordance with this act. Nothing under this paragraph shall be construed to relieve an operator of the requirement to pay any assessment imposed under paragraph (v) of this subsection. Before the commission reduces bonding requirements under this paragraph, the commission shall complete a risk analysis to ensure that the reduction does not:

(A) Increase the risk that an operator will be unable to satisfy all plugging and repairing requirements for the operator's wells; and

(B) Impair the financial condition of the bonding pool established under this section or impair the ability to address the plugging and repairing of dry or abandoned wells in accordance with this act or to address the forfeiture of any applicable bonds.

(xi) Not later than October 1, 2025 and each October 1 thereafter, the commission shall report to the joint minerals, business and economic development interim committee and the joint appropriations committee on the bonding program created under this subsection. The report shall include, at a minimum:

(A) The number of operators participating in the program, including any operators added to or removed from the program;

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(B) The amount of funds collected under paragraph (v) of this subsection;

(C) The amount and source of funds expended for the program under this subsection;

(D) The number and type of bonds supported by the program established under this subsection and the total amount of all bonds supported by the program.

(b) The commission shall establish a financial assurance to be available in the event that an operator's surety bond or other guaranty and the bonding pool established under this section are insufficient to address any expenses for the plugging of dry or abandoned wells, for reclamation requirements, for the forfeiture of any applicable bond and for any other requirements associated with the operator's applicable bonds for operators participating under this section. In establishing the financial assurance, the commission:

(i) May expend any unexpended and unobligated funds available in the account established under W.S. 30-5-116(b) to provide the financial assurance, subject to paragraph (vi) of this subsection;

(ii) Shall ensure that the financial assurance, when combined with operator surety bonds or other guaranties and the bonding pool established under paragraph (a)(iii) or (iv) of this section, satisfies all bonding requirements for oil or gas operations;

(iii) May contract with any third party to provide for the financial assurance under this subsection. As part of any contract under this paragraph, the

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commission may expend any unexpended and unobligated funds available in the account established under W.S. 30-5-116(b), subject to paragraph (vi) of this subsection;

(iv) May contract with a company that is certified under the United States department of treasury, bureau of the fiscal service as an approved surety bond company to ensure that the financial assurance established under this subsection satisfies federal bonding requirements;

(v) May enter into any agreement with the United States or any federal agency to ensure that the financial assurance satisfies federal bonding requirements;

(vi) Shall not expend any funds under this subsection unless the operator's surety bond or other guaranty and funds from any bonding pool established under paragraph (a)(iii) or (iv) of this section are insufficient to address all expenses for the plugging of dry or abandoned wells, for reclamation requirements, for the forfeiture of any applicable bond and for any other requirements associated with the operator's applicable bonds;

(vii) Shall, not later than ten (10) days after expending funds available under this subsection, report to the joint minerals, business and economic development interim committee and the joint appropriations committee on the expenditure.

(c) The commission may enter into agreements with the United States or any federal agency to provide for the plugging of dry or abandoned wells, for reclamation requirements and for any other requirements associated with

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the operator's applicable bonds for any operator participating in the bonding options provided in this section that are located on federal land, without the forfeiture of the operator's federal bond. In executing any agreement entered into under this subsection, the commission may expend:

(i) The operator's surety bond or other guaranty;

(ii) If the operator's surety bond or other guaranty is insufficient, unexpended, unobligated funds from the bonding pool established under paragraph (a)(iii) or (iv) of this section.

(d) Unless specifically authorized in this section, nothing in this section shall be construed to abrogate an operator's responsibility to:

(i) Furnish a surety bond or other guaranty in accordance with W.S. 30-5-104(d)(i)(D) and the rules of the commission;

(ii) Complete any plugging, repairing or reclamation of wells in accordance with this act and the rules of the commission.

Section 2. W.S. 30-5-116(b)(intro), 30-5-404(g) and 35-11-504(c)(iv) are amended to read:

30-5-116. Disposition of monies; permissible expenditures; payment of expenses; charge assessed on value of oil or gas produced.

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(b) There is assessed on the fair cash market value as provided by W.S. 39-14-203, of all oil and gas produced, sold or transported from the premises in Wyoming a charge not to exceed eight-tenths of one (1) mill (\$.0008) on the dollar. The commission shall by order fix the amount of the charge in the first instance and may reduce or increase the amount as the expenses chargeable may require. The amounts fixed by the commission shall not exceed the limit prescribed above. It is the duty of the commission to collect all assessments. All monies collected shall be remitted to the state treasurer for deposit in a separate account and used exclusively to pay the costs and expenses incurred in connection with the administration and enforcement of W.S. 30-5-101 through 30-5-119 and to pay the expenses for the plugging of dry or abandoned wells, for reclamation requirements, for the forfeiture of any applicable bond and for any other requirements associated with the operator's applicable bonds for operators participating in the program established under W.S. 30-5-129. The persons owning a working interest, royalty interest, payments out of production, or any other interest in the oil and gas or in the proceeds thereof, subject to the charge in this subsection are liable for the charge in proportion to their ownership at the time of production. The charge so assessed is payable monthly. The sum due is payable to the commission, on or before the twenty-fifth of the second month following the month in which the charge accrued by the producer on behalf of himself and all other interested persons. If there is a sale of oil or gas within this state the charge is payable by the purchaser. Any charge not paid within the time specified bears interest at the rate of one percent (1%) per month from the date of delinquency until paid. This charge together with the interest is a lien upon the oil or gas against which it is levied and assessed. The person paying the charge as

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provided is authorized and required to deduct from any amounts due the persons owning an interest in the oil and gas or in the proceeds at the time of production the proportionate amount of the charge before making the payment. Subsection (b) of this section shall apply to all lands in the state of Wyoming, notwithstanding the provisions of W.S. 30-5-118, however, there is exempted from the charge as levied and assessed the following:

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

(g) Any surety bond or guaranty executed under this section shall be in addition to the surety bond or guaranty required under W.S. 30-5-104(d)(i)(D) and 30-5-129 for reclamation and compliance with rules and orders of the commission.

35-11-504. Bonding for solid waste management facilities.

(c) Rules and regulations of the council promulgated to implement the bonding or financial assurance requirements of this section shall exempt any solid waste management facility:

(iv) Which is subject to bonding or financial assurance requirements under W.S. 30-5-104(d)(i)(D), 30-5-129 or 30 U.S.C. 226(g) as amended as of January 1, 1989; or

Section 3. The Wyoming oil and gas conservation commission shall promulgate all rules necessary to implement this act.

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Section 4.

(a) Except as provided in subsection (b) of this section, this act is effective July 1, 2025.

(b) Sections 3 and 4 are effective immediately upon completion of all acts necessary for a bill to become law as provided by Article 4, Section 8 of the Wyoming Constitution.

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____

DATE APPROVED: _____

I hereby certify that this act originated in the Senate.

Chief Clerk