

SENATE FILE NO. SF0020

Oil and gas bonding-options and bonding pools.

Sponsored by: Joint Minerals, Business & Economic
Development Interim Committee

A BILL

for

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

8

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

10

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

12

13 **30-5-129. Oil and gas bonding; rules for operators;**
14 **requirements; reports; assessments.**

15

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

7
8 (i) The commission shall promulgate all rules
9 necessary to implement the program, including rules to
10 provide for operators who produce oil or gas in Wyoming to
11 voluntarily participate in a bonding pool established under
12 this subsection;

13
14 (ii) Operators participating in a bonding pool
15 established under this subsection shall be in good standing
16 with the commission before participating and shall remain
17 in good standing with the commission during participation,
18 including compliance with all bonding requirements required
19 under this act and the commission's rules. The commission
20 may establish a process by which the commission may remove
21 an operator from participating in a bonding pool if the
22 operator is no longer in good standing with the commission;

23

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

8
9 (A) Be established with funds assessed
10 under paragraph (v) of this subsection or available under
11 paragraph (vi) of this subsection. Except as otherwise
12 provided in this paragraph, no other funds shall be used
13 for the bonding pool without further legislative
14 authorization;

15
16 (B) Be authorized to accept additional
17 funds from other sources authorized by law.

18
19 (iv) If the commission determines that
20 contracting with a person to establish a bonding pool under
21 paragraph (iii) of this section is impossible, impractical
22 or not feasible, the commission may establish a bonding
23 pool to serve as a secondary level of financial assurance

1 for the plugging of dry or abandoned wells, for reclamation
2 requirements, for the forfeiture of any applicable bond and
3 for any other requirements associated with the operator's
4 applicable bonds. The bonding pool established under this
5 paragraph shall:

6

7 (A) Be managed by the commission;

8

9 (B) Require operators to:

10

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

15

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

20

21 (C) Be funded by contributions from each
22 operator participating in the bonding pool in accordance
23 with paragraph (v) of this subsection and provide that the

1 commission may use funds available in accordance with
2 paragraph (vi) of this subsection.

3

4 (v) The commission may impose an assessment on
5 each participating operator on the fair cash market value,
6 as provided in W.S. 39-14-203, of all oil and gas produced,
7 sold or transported from the operator's wells in Wyoming
8 that are covered under this subsection in accordance with
9 this paragraph. Beginning on July 1, 2025 through June 30,
10 2030, the assessment shall be zero (0) mills on the dollar.
11 Beginning July 1, 2030, the commission may impose an
12 assessment under this paragraph in an amount not to exceed
13 five-tenths of one (1) mill (\$0.0005) on the dollar. All
14 funds collected under this paragraph shall be deposited in
15 the separate account established under W.S. 30-5-116(b).
16 For purposes of accounting and investing, funds collected
17 under this paragraph shall be accounted for separately.
18 Funds collected under this paragraph shall be expended only
19 on the bonding pool established under paragraph (iii) or
20 (iv) of this subsection;

21

22 (vi) If funds collected under paragraph (v) of
23 this subsection are insufficient to satisfy the obligations

1 of the bonding pool established under paragraph (iii) or
2 (iv) of this subsection, the commission may expend any
3 unexpended and unobligated funds available in the account
4 established under W.S. 30-5-116(b);

5

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

13

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

22

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

9

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

22

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

4

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

10

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

17

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

21

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

1

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

4

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

8

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

19

20 (i) May expend any unexpended and unobligated
21 funds available in the account established under W.S.
22 30-5-116(b) to provide the financial assurance, subject to
23 paragraph (vi) of this subsection;

1

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

7

8 (iii) May contract with any third party to
9 provide for the financial assurance under this subsection.
10 As part of any contract under this paragraph, the
11 commission may expend any unexpended and unobligated funds
12 available in the account established under W.S.
13 30-5-116(b), subject to paragraph (vi) of this subsection;

14

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

21

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

4

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

14

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

20

21 (c) The commission may enter into agreements with the
22 United States or any federal agency to provide for the
23 plugging of dry or abandoned wells, for reclamation

1 requirements and for any other requirements associated with
2 the operator's applicable bonds for any operator
3 participating in the bonding options provided in this
4 section that are located on federal land, without the
5 forfeiture of the operator's federal bond. In executing any
6 agreement entered into under this subsection, the
7 commission may expend:

8

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

11

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

16

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

20

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

1

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

5

6 **Section 2.** W.S. 30-5-116(b)(intro), 30-5-404(g) and
7 35-11-504(c)(iv) are amended to read:

8

9 **30-5-116. Disposition of monies; permissible**
10 **expenditures; payment of expenses; charge assessed on value**
11 **of oil or gas produced.**

12

13 (b) There is assessed on the fair cash market value
14 as provided by W.S. 39-14-203, of all oil and gas produced,
15 sold or transported from the premises in Wyoming a charge
16 not to exceed eight-tenths of one (1) mill (\$.0008) on the
17 dollar. The commission shall by order fix the amount of the
18 charge in the first instance and may reduce or increase the
19 amount as the expenses chargeable may require. The amounts
20 fixed by the commission shall not exceed the limit
21 prescribed above. It is the duty of the commission to
22 collect all assessments. All monies collected shall be
23 remitted to the state treasurer for deposit in a separate

1 account and used exclusively to pay the costs and expenses
2 incurred in connection with the administration and
3 enforcement of W.S. 30-5-101 through 30-5-119 and to pay
4 the expenses for the plugging of dry or abandoned wells,
5 for reclamation requirements, for the forfeiture of any
6 applicable bond and for any other requirements associated
7 with the operator's applicable bonds for operators
8 participating in the program established under W.S.
9 30-5-129. The persons owning a working interest, royalty
10 interest, payments out of production, or any other interest
11 in the oil and gas or in the proceeds thereof, subject to
12 the charge in this subsection are liable for the charge in
13 proportion to their ownership at the time of production.
14 The charge so assessed is payable monthly. The sum due is
15 payable to the commission, on or before the twenty-fifth of
16 the second month following the month in which the charge
17 accrued by the producer on behalf of himself and all other
18 interested persons. If there is a sale of oil or gas within
19 this state the charge is payable by the purchaser. Any
20 charge not paid within the time specified bears interest at
21 the rate of one percent (1%) per month from the date of
22 delinquency until paid. This charge together with the
23 interest is a lien upon the oil or gas against which it is

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

10

11 **30-5-404. Surety bond or guaranty; approval;**
12 **objections; release of surety bond or guaranty.**

13

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

19

20 **35-11-504. Bonding for solid waste management**
21 **facilities.**

22

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

5

6 (iv) Which is subject to bonding or financial
7 assurance requirements under W.S. 30-5-104(d)(i)(D),
8 30-5-129 or 30 U.S.C. 226(g) as amended as of January 1,
9 1989; or

10

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

14

1 **Section 4.**

2

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

5

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

10

11

(END)