

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Oil and gas bonding-options for federal wells.

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 operating on
4 federal lands; specifying bonding requirements; requiring
5 reports; specifying uses of the conservation fund;
6 authorizing the imposition of fees; making conforming
7 amendments; and 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

1 30-5-129. Oil and gas bonding; rules for operators
2 operating on federal lands; requirements; reports;
3 assessments.

4

5 (a) The commission shall promulgate rules to establish
6 bonding options in addition to those specified in W.S. 30-
7 5-104(d)(i)(D) for operators requiring bonds for producing
8 oil or gas on federal lands in Wyoming. Rules promulgated
9 under this section shall:

10

11 (i) Apply to operators who produce oil or gas on
12 federal land located in Wyoming, provided that
13 participation by any operator under this section is
14 voluntary;

15

16 (ii) Require operators to comply with all current
17 bonding requirements as specified in this act and in the
18 rules of the commission;

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21 *****

22 STAFF COMMENT

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24 The working group may wish to consider the interplay
25 between complying with state bonding requirements when the
26 operators are operating on federal land.

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5 (iii) Establish a bonding pool to serve as a
6 secondary level of financial assurance for the plugging of
7 dry or abandoned wells and for any forfeiture of an
8 operator's applicable federal bonds, subject to paragraph
9 (iv) of this subsection. The bonding pool established under
10 this paragraph shall:

11

12 (A) Be managed by the commission;

13

14 (B) Require operators to:

15

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

20

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

1

2 (C) Subject to subsection (c) of this
3 section, be limited to operators producing oil or gas on
4 federal lands until the date specified in subsection (c) of
5 this section;

6

7 (D) Be funded by contributions from each
8 operator participating in the bonding pool. The commission
9 may impose an assessment on each participating operator on
10 the fair cash market value as provided in W.S. 39-14-203 on
11 all oil and gas produced, sold or transported from the
12 operator's wells covered under this section in Wyoming a
13 charge not to exceed XX mills on the dollar. Funds from the
14 assessment shall be deposited into the Wyoming bonding pool
15 account, which is hereby created. All funds in the account
16 shall be invested by the state treasurer in accordance with
17 law and shall be used exclusively to pay the costs and
18 expenses of plugging or repairing dry and abandoned wells
19 and the costs for the forfeiture of federal bonds for
20 operators participating in the bonding pool if the
21 operator's financial assurance or surety bond or other
22 guaranty is insufficient to perform the duty to plug each
23 dry or abandoned well or the repair of wells causing waste;

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2 (E) Be authorized to accept additional funds
3 from other sources authorized by law.

4

5 (iv) In lieu of establishing a bonding pool under
6 paragraph (iii) of this subsection, establish a process by
7 which the commission may contract with any person for that
8 person to establish a bonding pool to serve as a secondary
9 level of financial assurance for the plugging of dry or
10 abandoned wells and for any forfeiture of an operator's
11 applicable federal bonds. The bonding pool established
12 under this paragraph shall be in accordance with all of the
13 following:

14

15 (A) The commission may impose an assessment
16 on each participating operator on the fair cash market
17 value as provided in W.S. 39-14-203 on all oil and gas
18 produced, sold or transported from the operator's wells
19 covered under this section in Wyoming a charge not to
20 exceed XX mills on the dollar. Funds collected under this
21 subparagraph shall be expended only on the costs associated
22 with establishing or funding the bonding pool under this
23 paragraph;

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(B) Operators participating in the bonding pool under this paragraph shall comply with subparagraphs (iii)(B) and (C) of this subsection;

(C) Not later than fifteen (15) days after establishing a bonding pool under this paragraph, the commission shall report the establishment of the bonding pool to the joint minerals, business and economic development interim committee and the joint appropriations committee;

(D) In entering any contract under this paragraph, the commission shall ensure that funds in the bonding pool are expended only for the costs of plugging of dry or abandoned wells and for any forfeiture of any applicable federal bonds for operators who are participating in the bonding options specified by this section.

(v) Establish a financial assurance to address any expenses associated with the plugging of dry or

1 abandoned wells or repairing wells causing waste, in
2 accordance with subsection (b) of this section;

3

4 (vi) Establish a process by which an operator in
5 good standing with the commission and that participates in
6 the bonding pool established under this subsection may
7 reduce requirements associated with the furnishing of a
8 surety bond or other guaranty in accordance with this act.
9 Nothing under this paragraph shall be construed to relieve
10 an operator of the requirement to pay any assessment
11 imposed under paragraph (iii) or (iv) of this subsection.
12 Before the commission reduces bonding requirements under
13 this paragraph, the commission shall complete a risk
14 analysis to ensure that the reduction does not:

15

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

19

20 (B) Impair the financial condition of the
21 Wyoming bonding pool account or the account's ability to
22 address the plugging and repairing of dry or abandoned

1 wells in accordance with this act or to address the
2 forfeiture of any applicable federal bonds.

3

4 (vii) Establish a process by which the commission
5 may remove an operator from participation in the bonding
6 options established under this section if the operator
7 fails to maintain compliance with the requirements of this
8 section or if the operator is no longer in good standing
9 with the commission;

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11 *****
12 *****
13 STAFF COMMENT

14
15 The working group may wish to consider what other
16 requirements should be specified in statute before an
17 operator is removed from this bonding program beyond
18 falling out of good standing. (For example, should there be
19 a process for the refund or forfeiture of any bonds or
20 contributions to the bonding pool.)

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24
25 (viii) Provide for the transfer of an operator's
26 financial assurance provided under this section to another
27 operator, if the transfer is necessary to ensure that the
28 receiving operator may participate in the bonding options
29 established under this section. No transfer shall occur

1 until the commission has completed a bonding review of the
2 operator to whom the financial assurance is transferred.

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4 (b) The commission shall establish a financial
5 assurance to be available in the event that an operator's
6 surety bond or other guaranty and the Wyoming bonding pool
7 account are insufficient to address any expenses associated
8 with the plugging of dry or abandoned wells or repairing
9 wells causing waste and to address the forfeiture of any
10 applicable federal bond of an operator participating under
11 this section. In establishing the financial assurance, the
12 commission:

13

14 (i) May expend any unexpended and unobligated
15 funds available in the account established under W.S. 30-5-
16 116(b) to provide the financial assurance, subject to
17 paragraph (vi) of this subsection;

18

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

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2 (iii) May contract with any third party to
3 provide for the financial assurance under this subsection.

4 As part of any contract under this paragraph, the
5 commission may expend any unexpended and unobligated funds
6 available in the account established under W.S. 30-5-
7 116(b), subject to paragraph (vi) of this subsection;

8

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

15

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

19

20 (vi) Shall not expend any funds under this
21 subsection unless the operator's surety bond or other
22 guaranty and the Wyoming bonding pool account are

1 insufficient to address all expenses associated with the
2 plugging or repairing of the operator's wells;

3

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

9

10 (c) Beginning July 1, 2026, the commission may
11 promulgate rules to allow any operator operating oil or gas
12 wells in Wyoming to participate in the bonding options
13 available under this section, in accordance with all
14 requirements of this section and all rules promulgated
15 under this section.

16

17 (d) The commission may enter into agreements with the
18 United States or any federal agency to provide for the
19 plugging or repairing of the wells of any operator
20 participating in the bonding options provided in this
21 section that are located on federal land, without the
22 forfeiture of the operator's federal bond. In executing any

1 agreement entered into under this subsection to plug or
2 repair an operator's wells, the commission may expend:

3

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

6

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

11

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

15

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

19

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

23

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

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4 **30-5-116. Disposition of monies; permissible**
5 **expenditures; payment of expenses; charge assessed on value**
6 **of oil or gas produced.**

7

8 (b) There is assessed on the fair cash market value
9 as provided by W.S. 39-14-203, of all oil and gas produced,
10 sold or transported from the premises in Wyoming a charge
11 not to exceed eight-tenths of one (1) mill (\$.0008) on the
12 dollar. The commission shall by order fix the amount of the
13 charge in the first instance and may reduce or increase the
14 amount as the expenses chargeable may require. The amounts
15 fixed by the commission shall not exceed the limit
16 prescribed above. It is the duty of the commission to
17 collect all assessments. All monies collected shall be
18 remitted to the state treasurer for deposit in a separate
19 account and used exclusively to pay the costs and expenses
20 incurred in connection with the administration and
21 enforcement of W.S. 30-5-101 through 30-5-119 and to pay
22 the expenses of plugging and repairing wells and the
23 forfeiture of federal bonds for wells covered under the

1 financial assurance established under W.S. 30-5-129. The
2 persons owning a working interest, royalty interest,
3 payments out of production, or any other interest in the
4 oil and gas or in the proceeds thereof, subject to the
5 charge in this subsection are liable for the charge in
6 proportion to their ownership at the time of production.
7 The charge so assessed is payable monthly. The sum due is
8 payable to the commission, on or before the twenty-fifth of
9 the second month following the month in which the charge
10 accrued by the producer on behalf of himself and all other
11 interested persons. If there is a sale of oil or gas within
12 this state the charge is payable by the purchaser. Any
13 charge not paid within the time specified bears interest at
14 the rate of one percent (1%) per month from the date of
15 delinquency until paid. This charge together with the
16 interest is a lien upon the oil or gas against which it is
17 levied and assessed. The person paying the charge as
18 provided is authorized and required to deduct from any
19 amounts due the persons owning an interest in the oil and
20 gas or in the proceeds at the time of production the
21 proportionate amount of the charge before making the
22 payment. Subsection (b) of this section shall apply to all
23 lands in the state of Wyoming, notwithstanding the

1 provisions of W.S. 30-5-118, however, there is exempted
2 from the charge as levied and assessed the following:

3

4 **30-5-404. Surety bond or guaranty; approval;**
5 **objections; release of surety bond or guaranty.**

6

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

12

13 **35-11-504. Bonding for solid waste management**
14 **facilities.**

15

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

20

21 (iv) Which is subject to bonding or financial
22 assurance requirements under W.S. 30-5-104(d)(i)(D), 30-5-

1 129 or 30 U.S.C. 226(g) as amended as of January 1, 1989;
2 or

3

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

7

8 **Section 4.**

9

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

12

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

17

18 (END)