

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Oil and gas bonding-options for federal wells-2.

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 create a bonding program to
3 establish bonding options for oil and gas operators
4 operating on federal lands; specifying bonding requirements
5 and restrictions; requiring reports; making conforming
6 amendments; authorizing rulemaking; and providing for
7 effective dates.

8

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

10

11 *****

12

13

STAFF COMMENT

14

1 Please note that this bill draft has not completed the full
2 LSO review process and may be subject to change.

3
4
5
6

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

8

9 30-5-129. Oil and gas bonding; rules for operators
10 operating on federal lands; requirements; reports;
11 assessments.

12

13 (a) The commission shall create a bonding program to
14 establish bonding options in addition to those specified in
15 W.S. 30-5-104(d)(i)(D) for operators required to provide
16 bonds for producing oil or gas on federal lands in Wyoming.
17 The program required under this subsection shall be in
18 accordance with all of the following:

19

20 (i) The commission shall promulgate all rules
21 necessary to implement the program, including rules to
22 provide for operators to voluntarily participate in the
23 bonding pool established under this subsection;

24

1 (ii) Operators participating in the bonding pool
2 established under this subsection shall be in good standing
3 with the commission before participating and shall remain
4 in good standing with the commission during participation,
5 including compliance with all bonding requirements required
6 under this act and the commission's rules. The commission
7 may establish a process by which the commission may remove
8 an operator from participating in the bonding pool if the
9 operator is no longer in good standing with the commission;

10

11 (iii) The commission shall contract with a person
12 to establish a bonding pool to serve as financial assurance
13 for the plugging of dry or abandoned wells, for reclamation
14 requirements, for the forfeiture of any applicable federal
15 bond and for any other requirements associated with the
16 operator's applicable bonds. The bonding pool shall:

17

18 (A) Be established with funds assessed under
19 paragraph (iv) of this subsection or available under
20 paragraph (v) of this subsection. Except as otherwise
21 provided in this paragraph, no other funds shall be used
22 for the bonding pool without further legislative
23 authorization;

1

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

4

5 (iv) The commission may impose an assessment on
6 each participating operator on the fair cash market value,
7 as provided in W.S. 39-14-203, of all oil and gas produced,
8 sold or transported from the operator's wells in Wyoming
9 that are covered under this subsection a charge not to
10 exceed XX mills on the dollar. All funds collected under
11 this paragraph shall be deposited in the separate account
12 established under W.S. 30-5-116(b). For purposes of
13 accounting and investing, funds collected under this
14 paragraph shall be accounted for separately. Funds
15 collected under this paragraph shall be expended only on
16 the bonding pool established under this subsection as
17 authorized by paragraph (vi) of this subsection;

18

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

1

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

9

10 (vii) The commission may enter into agreements
11 with the United States or any federal agency to provide for
12 the plugging or repairing of the wells of any operator
13 participating in the bonding pool established in this
14 subsection whose wells are located on federal land, without
15 the forfeiture of the operator's federal bond;

16

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

23

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

4

5 (B) The amount of funds collected under
6 paragraph (iv) of this subsection;

7

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

10

11 **Section 2.** W.S. 30-5-116(b)(intro), 30-5-404(g) and
12 35-11-504(c)(iv) are amended to read:

13

14 **30-5-116. Disposition of monies; permissible**
15 **expenditures; payment of expenses; charge assessed on value**
16 **of oil or gas produced.**

17

18 (b) There is assessed on the fair cash market value
19 as provided by W.S. 39-14-203, of all oil and gas produced,
20 sold or transported from the premises in Wyoming a charge
21 not to exceed eight-tenths of one (1) mill (\$.0008) on the
22 dollar. The commission shall by order fix the amount of the
23 charge in the first instance and may reduce or increase the

1 amount as the expenses chargeable may require. The amounts
2 fixed by the commission shall not exceed the limit
3 prescribed above. It is the duty of the commission to
4 collect all assessments. All monies collected shall be
5 remitted to the state treasurer for deposit in a separate
6 account and used exclusively to pay the costs and expenses
7 incurred in connection with the administration and
8 enforcement of W.S. 30-5-101 through 30-5-119 and to pay
9 the expenses of plugging and repairing wells, reclamation
10 requirements, the forfeiture of federal bonds and any other
11 requirements associated with the operator's applicable
12 bonds for wells covered under the bonding program
13 established under W.S. 30-5-129. The persons owning a
14 working interest, royalty interest, payments out of
15 production, or any other interest in the oil and gas or in
16 the proceeds thereof, subject to the charge in this
17 subsection are liable for the charge in proportion to their
18 ownership at the time of production. The charge so assessed
19 is payable monthly. The sum due is payable to the
20 commission, on or before the twenty-fifth of the second
21 month following the month in which the charge accrued by
22 the producer on behalf of himself and all other interested
23 persons. If there is a sale of oil or gas within this state

1 the charge is payable by the purchaser. Any charge not paid
2 within the time specified bears interest at the rate of one
3 percent (1%) per month from the date of delinquency until
4 paid. This charge together with the interest is a lien upon
5 the oil or gas against which it is levied and assessed. The
6 person paying the charge as provided is authorized and
7 required to deduct from any amounts due the persons owning
8 an interest in the oil and gas or in the proceeds at the
9 time of production the proportionate amount of the charge
10 before making the payment. Subsection (b) of this section
11 shall apply to all lands in the state of Wyoming,
12 notwithstanding the provisions of W.S. 30-5-118, however,
13 there is exempted from the charge as levied and assessed
14 the following:

15

16 **30-5-404. Surety bond or guaranty; approval;**
17 **objections; release of surety bond or guaranty.**

18

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

1

2 **35-11-504. Bonding for solid waste management**
3 **facilities.**

4

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

9

10 (iv) Which is subject to bonding or financial
11 assurance requirements under W.S. 30-5-104(d)(i)(D), 30-5-
12 129 or 30 U.S.C. 226(g) as amended as of January 1, 1989;
13 or

14

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

18

19 **Section 4.**

20

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

23

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

5

6

(END)