

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

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

1 **30-5-129. Oil and gas bonding; rules for operators;**
2 **requirements; reports; assessments.**

3

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

10

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

16

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

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

3

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

11

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

18

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

21

22 (iv) If the commission determines that
23 contracting with a person to establish a bonding pool under

1 paragraph (iii) of this section is impossible, impractical
2 or not feasible, the commission may establish a bonding
3 pool to serve as a secondary level of 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 established under this
8 paragraph shall:

9

10 (A) Be managed by the commission;

11

12 (B) Require operators to:

13

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

18

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

23

1 (C) Be funded by contributions from each operator
2 participating in the bonding pool in accordance with
3 paragraph (v) of this subsection and may use funds
4 available in accordance with paragraph (vi) of this
5 subsection.

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

1

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

8

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

16

17 (viii) The commission may enter into agreements
18 with the United States or any federal agency to provide for
19 the plugging of dry or abandoned wells, for reclamation
20 requirements, for the forfeiture of any applicable bond and
21 for any other requirements associated with the operator's
22 applicable bonds for any operator participating in the
23 bonding pool established in this subsection whose wells are

1 located on federal land, without the forfeiture of the
2 operator's federal bond;

3

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

12

13 (x) The commission may establish a process by
14 which an operator in good standing with the commission and
15 that participates in the bonding pool established under
16 this subsection may reduce requirements associated with the
17 furnishing of a surety bond or other guaranty in accordance
18 with this act. Nothing under this paragraph shall be
19 construed to relieve an operator of the requirement to pay
20 any assessment imposed under paragraph (v) of this
21 subsection. Before the commission reduces bonding
22 requirements under this paragraph, the commission shall

1 complete a risk analysis to ensure that the reduction does
2 not:

3

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

7

8 (B) Impair the financial condition of the
9 Wyoming bonding pool account or the account's ability to
10 address the plugging and repairing of dry or abandoned
11 wells in accordance with this act or to address the
12 forfeiture of any applicable bonds.

13

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

20

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

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

(B) The amount of funds collected under paragraph (iv) 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 Wyoming bonding pool account 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:

1 (i) May expend any unexpended and unobligated
2 funds available in the account established under W.S. 30-5-
3 116(b) to provide the financial assurance, subject to
4 paragraph (vi) of this subsection;

5

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

11

12 (iii) May contract with any third party to
13 provide for the financial assurance under this subsection.
14 As part of any contract under this paragraph, the
15 commission may expend any unexpended and unobligated funds
16 available in the account established under W.S. 30-5-
17 116(b), subject to paragraph (vi) of this subsection;

18

19 (iv) May contract with a company that is
20 certified under the United States department of treasury,
21 bureau of the fiscal service as an approved surety bond
22 company to ensure that the financial assurance established

1 under this subsection satisfies federal bonding
2 requirements;

3

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

7

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

17

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

23

1 (c) The commission may enter into agreements with the
2 United States or any federal agency to provide for the
3 plugging of dry or abandoned wells, for reclamation
4 requirements, for the forfeiture of any applicable bond and
5 for any other requirements associated with the operator's
6 applicable bonds for any operator participating in the
7 bonding options provided in this section that are located
8 on federal land, without the forfeiture of the operator's
9 federal bond. In executing any agreement entered into under
10 this subsection, the commission may expend:

11

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

14

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

19

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

23

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

4

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

8

9 **Section 2.** W.S. 30-5-116(b)(intro), 30-5-404(g) and
10 35-11-504(c)(iv) are amended to read:

11

12 **30-5-116. Disposition of monies; permissible**
13 **expenditures; payment of expenses; charge assessed on value**
14 **of oil or gas produced.**

15

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

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

1 the rate of one percent (1%) per month from the date of
2 delinquency until paid. This charge together with the
3 interest is a lien upon the oil or gas against which it is
4 levied and assessed. The person paying the charge as
5 provided is authorized and required to deduct from any
6 amounts due the persons owning an interest in the oil and
7 gas or in the proceeds at the time of production the
8 proportionate amount of the charge before making the
9 payment. Subsection (b) of this section shall apply to all
10 lands in the state of Wyoming, notwithstanding the
11 provisions of W.S. 30-5-118, however, there is exempted
12 from the charge as levied and assessed the following:

13

14 **30-5-404. Surety bond or guaranty; approval;**
15 **objections; release of surety bond or guaranty.**

16

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

22

1 **35-11-504. Bonding for solid waste management**
2 **facilities.**

3

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

8

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

13

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

17

18 **Section 4.**

19

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

22

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)