

State of South Dakota

EIGHTY-EIGHTH SESSION
LEGISLATIVE ASSEMBLY, 2013

753U0046

HOUSE AGRICULTURE AND NATURAL RESOURCES

ENGROSSED NO. **SB 1** - 02/21/2013

Introduced by: Senators Maher, Rampelberg, Rhoden, Sutton, and Tieszen and Representatives Magstadt, Hawley, Hoffman, Olson (Betty), Rozum, Schrempp, and Solum at the request of the Interim Oil and Gas Study Committee

1 FOR AN ACT ENTITLED, An Act to revise the provisions regarding plugging and
2 performance bonds for oil and gas wells and to repeal the supplemental restoration bond
3 requirement.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

5 Section 1. That § 45-9-15 be amended to read as follows:

6 45-9-15. Without limiting its general authority, the Board of Minerals and Environment may
7 require, or may delegate to the secretary of environment and natural resources, specific authority
8 to require the furnishing of a plugging and performance bond in the amount ~~of five~~ as follows:

9 (1) For wells at or less than fifty-five hundred feet in depth, an individual bond of ten
10 thousand dollars per well drilled or a thirty thousand dollar blanket; or

11 (2) For wells more than fifty-five hundred feet in depth, an individual bond of fifty
12 thousand dollars per well drilled, or ~~twenty~~ one hundred thousand dollars blanket,

13 with good and sufficient surety, conditioned for the performance of the duty to plug each dry



1 or abandoned well, to restore the premises, insofar as possible, to the condition that existed
2 before the filing of the application to drill; and conditioned on the proper performance of all of
3 the requirements of §§ 45-9-5 to 45-9-18, inclusive. The condition of the bond insofar as it
4 relates to restoration of the surface is deemed to have been complied with if the landowner or
5 lessee and the producer or driller adopt a different plan as approved by the board. The board
6 may require additional bond if the circumstances require.

7 Section 2. That § 45-9-15.1 be repealed.

8 ~~45-9-15.1. The Board of Minerals and Environment shall require the furnishing of a surface~~
9 ~~restoration bond if the landowner or lessee is not a party to the oil or gas leasing agreement in~~
10 ~~the amount of two thousand dollars per well drilled, or ten thousand dollars blanket, with good~~
11 ~~and sufficient surety, conditioned for the performance of the duty to restore the premises, insofar~~
12 ~~as possible, to the condition which existed before the filing of the application to drill. The term,~~
13 ~~premises, as used in this section, includes the surface property of the landowner or lessee, both~~
14 ~~real and personal, and the ingress to and the egress from the real property.~~

15 Section 3. The bond requirements in section 1 of this Act do not apply to any wells
16 permitted or drilled prior to July 1, 2013, unless the well is sold or transferred after July 1, 2013.