

State of South Dakota

EIGHTY-EIGHTH SESSION
LEGISLATIVE ASSEMBLY, 2013

618U0045

HOUSE BILL NO. 1

Introduced by: _____

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~~ fifty
9 thousand dollars per well drilled, or ~~twenty one hundred~~ thousand dollars blanket, with good and
10 sufficient surety, conditioned for the performance of the duty to plug each dry or abandoned
11 well, to restore the premises, insofar as possible, to the condition that existed before the filing
12 of the application to drill; and conditioned on the proper performance of all of the requirements
13 of §§ 45-9-5 to 45-9-18, inclusive. The condition of the bond insofar as it relates to restoration
14 of the surface is deemed to have been complied with if the landowner or lessee and the producer
15 or driller adopt a different plan as approved by the board. The board may require additional
16 bond if the circumstances require.



1 Section 2. That chapter 45-9 be amended by adding thereto a NEW SECTION to read as
2 follows:

3 The operator who has furnished the bond pursuant to § 49-9-15 is limited to six of the
4 following in aggregate:

- 5 (1) A well that is a dry hole and is not properly plugged;
- 6 (2) A well that is plugged and the site is not properly reclaimed; and
- 7 (3) A well that is abandoned and is not properly plugged and the site is not properly
8 reclaimed.

9 If this aggregate of wells is reached, any well permit, for which drilling has not commenced,
10 held by the operator of such bond is suspended. No rights may be exercised under the permit
11 until the aggregate of wells drops below the required limit, or the operator files the appropriate
12 bond to cover the permit, at which time the rights given by the permit is reinstated. The Board
13 of Minerals and Environment may, after notice and hearing, require a higher bond amount than
14 the amounts referred to in § 45-9-15. The additional amount required for the bond shall be
15 related to the economic value of the well or wells and the expected cost of plugging and well
16 site reclamation, as determined by the board. The board may refuse to accept a bond or to add
17 wells to a blanket bond if the operator or surety company has failed in the past to comply with
18 statutes, rules, or orders relating to the operation of wells.

19 Section 3. That § 45-9-15.1 be repealed.

20 ~~45-9-15.1. The Board of Minerals and Environment shall require the furnishing of a surface~~
21 ~~restoration bond if the landowner or lessee is not a party to the oil or gas leasing agreement in~~
22 ~~the amount of two thousand dollars per well drilled, or ten thousand dollars blanket, with good~~
23 ~~and sufficient surety, conditioned for the performance of the duty to restore the premises, insofar~~
24 ~~as possible, to the condition which existed before the filing of the application to drill. The term,~~

- 1 ~~premises, as used in this section, includes the surface property of the landowner or lessee, both~~
- 2 ~~real and personal, and the ingress to and the egress from the real property.~~