



WOGCC Adopts New Bonding Requirements

By: [Samuel Yemington](#)

On December 8, 2015, the Wyoming Oil and Gas Conservation Commission (WOGCC) unanimously approved a rulemaking measure increasing the well bonding requirements for oil and gas operators in the state. This measure is the next step in adopting the proposed revisions discussed in an October article regarding WOGCC's rulemaking on bonding and APDs [\[view\]](#).

Under the former rule, the bonding rate for an individual well was \$10,000 for a well shallower than 2,000 feet, and \$20,000 for a well deeper than 2,000 feet. Alternatively, an operator could choose to post a blanket bond of \$75,000 covering all wells. The new rule adopts a rate of \$10 per foot for individual wells and increases the blanket bond. In addition to increasing the bonding requirements, the rule amends the notice requirements prior to transfer of oil and gas assets.

The decision to amend the rule comes largely in response to the state inheriting the plugging and abandonment obligations from bankrupt operators for thousands of orphaned coal-bed methane wells. The changes to the rule include:

- Individual well bonding calculated on a \$10 per foot basis, regardless of well depth;
- The blanket bond amount increased from \$75,000 to \$100,000 (less than the \$150,000 initially proposed by the WOGCC);
- Existing operators will no longer be permitted to maintain \$25,000 blanket bond under grandfather provision;
- The timeframe on notice of transfer of wells is now 30 days, with an option of extending to 60 days if the transfer includes a large number of wells;
- Operators are now required to notify the counties of the transfers of wells;
- Construction of well pads prior to approval of an APD is allowed for good cause; and
- Fees for APDs and renewals are unchanged.

The amended rule will become effective after review and approval by Governor Mead. For additional information on oil and gas bonding in Wyoming and the WOGCC, please contact [Samuel Yemington](#) or [James Parrot](#).