

**House Study Bill 740 - Introduced**

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
NATURAL RESOURCES BILL BY  
CHAIRPERSON WOOD)

**A BILL FOR**

1 An Act relating to the production of oil and gas, geologic  
2 hydrogen, hydrocarbons, or other minerals, including  
3 establishing certain duties required of oil and gas  
4 operators, requiring notice and surface use agreement  
5 offers, and providing for remedies.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 557D.1 Short title.

2 This chapter shall be known and may be cited as the "Iowa  
3 *Surface Owners Protection Act*".

4 Sec. 2. NEW SECTION. 557D.2 Applicability.

5 This chapter applies to all of the following:

6 1. Real property and its improvements on which oil and gas  
7 operations are conducted.

8 2. Oil and gas operations commenced on or after July 1,  
9 2026, except for all of the following:

10 a. Maintenance and ongoing production activities related  
11 to an oil or gas well producing or capable of producing oil or  
12 gas on July 1, 2026, for which the operator has a valid permit  
13 from the department of natural resources, except for all of the  
14 following:

15 (1) Reentries, workovers, and other oil or gas operations  
16 are subject to this chapter if the activities disturb  
17 additional surface.

18 (2) The duty to reclaim, as stated in 557D.4, subsection  
19 4, is applicable to a well that is not plugged or abandoned on  
20 July 1, 2026.

21 b. Oil and gas operations conducted within the scope of  
22 an agreement, entered into prior to July 1, 2026, between a  
23 surface owner and an operator that sets forth the rights and  
24 obligations of the parties with respect to surface activities  
25 conducted by the operator.

26 Sec. 3. NEW SECTION. 557D.3 Definitions.

27 As used in this chapter, unless the context otherwise  
28 requires:

29 1. "Farm tenant" means a person who occupies land or  
30 premises belonging to another in subordination to the owner's  
31 title and with the owner's assent, express or implied.

32 2. "Oil and gas operations" means all activities affecting  
33 a surface owner's land that are associated with exploration,  
34 drilling, or production of oil and gas, geologic hydrogen,  
35 hydrocarbons, or other minerals, from initial exploration

1 through final reclamation of the affected surface.

2 3. "*Operator*" means a person with the legal right to conduct  
3 oil and gas operations, including an agent, employee, or  
4 contractor of the person.

5 4. "*Reclaim*" means to substantially restore the surface  
6 affected by oil and gas operations to the condition that  
7 existed prior to the oil and gas operations, or as otherwise  
8 agreed to in writing by the operator and surface owner.

9 5. "*Surface owner*" means a person who holds legal or  
10 equitable title, as shown in the records of the county clerk,  
11 to the surface of the real property on which the operator has  
12 the legal right to conduct oil and gas operations.

13 6. "*Surface use and compensation agreement*" means an  
14 agreement between a surface owner and an operator specifying  
15 the rights and obligations of the surface owner and the  
16 operator concerning oil and gas operations.

17 Sec. 4. NEW SECTION. 557D.4 **Compensation for oil and gas**  
18 **operations.**

19 1. An operator shall compensate the surface owner for all of  
20 the following, as applicable, caused by oil and gas operations:

21 a. For damages sustained to all of the following:

22 (1) Crops.

23 (2) Crop yields.

24 (3) Soils.

25 (4) Water.

26 (5) Groundwater.

27 (6) Any land improvement, including a tile drainage system  
28 or soil and water conservation structure.

29 b. Loss of agricultural production and income.

30 c. Reduction in land value.

31 d. Loss of use.

32 e. Loss of access to the surface owner's land.

33 2. An operator shall compensate a farm tenant of the  
34 surface owner for any crop damage or reduction in crop yields  
35 and any leasehold improvements damaged as a result of the

1 operator's oil and gas operations. The compensation shall  
2 equal the amount invested in the crop or the value of the crop,  
3 whichever is greater, and the cost of repairing and replacing  
4 the improvements.

5 3. An operator shall reclaim all the surface affected by  
6 the operator's oil and gas operations once the oil and gas  
7 operations are completed or the well is plugged or closed.

8 Sec. 5. NEW SECTION. 557D.5 Notice of operations —  
9 proposed surface use and compensation agreement.

10 1. Prior to initial entry upon the land for an activity that  
11 does not disturb the surface, including an inspection, staking,  
12 survey, measurement, or general evaluation of a proposed route  
13 or site for oil and gas operations, the operator shall provide  
14 at least ten business days' notice by certified mail or hand  
15 delivery to the surface owner.

16 2. No less than ninety days before first entering the  
17 surface of the land to conduct oil and gas operations, an  
18 operator shall, by certified mail or hand delivery, give the  
19 surface owner notice of the planned oil and gas operations.  
20 The notice shall include all of the following:

21 a. Sufficient disclosure of the planned oil and gas  
22 operations to enable the surface owner to evaluate the effect  
23 of the operations on the property.

24 b. A copy of the provisions of this chapter.

25 c. The name, address, telephone number and, if available,  
26 facsimile number, and electronic mail address of the operator  
27 and the operator's authorized representative.

28 d. A proposed surface use and compensation agreement  
29 addressing, at a minimum and to the extent known, all of the  
30 following issues:

31 (1) The placement, specifications, maintenance, and design  
32 of well pads, gathering pipelines, and roads to be constructed  
33 for oil and gas operations.

34 (2) Terms of ingress and egress upon the surface of the land  
35 for oil and gas operations.

- 1 (3) Construction, maintenance, and placement of all pits
- 2 and equipment used or planned for oil and gas operations.
- 3 (4) Use and impoundment of water on the surface of the land.
- 4 (5) Removal and restoration of plant life.
- 5 (6) Surface water drainage changes.
- 6 (7) Actions to limit and effectively control precipitation
- 7 runoff and erosion.
- 8 (8) Control and management of noise, weeds, dust, traffic,
- 9 trespass, litter, and interference with the surface owner's
- 10 use.
- 11 (9) Interim and final reclamation.
- 12 (10) Actions to minimize surface damages to the property.
- 13 (11) Operator indemnification for injury to persons caused
- 14 by the operator.
- 15 (12) An offer of compensation for damages to the surface
- 16 affected by oil and gas operations.
- 17 3. If legal title and equitable title are not held by the
- 18 same person, notice shall be given to both the holder of legal
- 19 title and to the holder of equitable title.
- 20 4. *a.* Upon receipt of the notice required by subsection 2,
- 21 the surface owner may do any of the following:
- 22 (1) Accept the proposed surface use and compensation
- 23 agreement.
- 24 (2) Reject the proposed surface use and compensation
- 25 agreement. Failure to accept the proposed agreement within
- 26 ninety days shall be deemed to be a rejection by the surface
- 27 owner.
- 28 *b.* If the proposed agreement is rejected, the surface owner
- 29 may enter into negotiations with the operator, including, if
- 30 the parties agree, with the aid of mediation.
- 31 5. The operator and the surface owner may enter into a
- 32 mutually acceptable agreement that sets forth the rights
- 33 and obligations of the parties with respect to the surface
- 34 activities conducted by the operator.
- 35 6. Notices required under this section shall be deemed to

1 have been received five days after mailing by certified mail or  
2 immediately upon hand delivery.

3 Sec. 6. NEW SECTION. 557D.6 **Entry without agreement.**

4 If, after ninety days from when a surface owner received  
5 notice pursuant to section 557D.5, subsection 2, no surface use  
6 and compensation agreement has been entered into, the operator  
7 may enter the surface owner's property and conduct oil and gas  
8 operations. The operator shall pay actual damages for entry  
9 and use of the surface owner's property.

10 Sec. 7. NEW SECTION. 557D.7 **Damages.**

11 In an action brought pursuant to this chapter, if the court  
12 finds that compensation is owed under section 557D.4, the court  
13 may also award the surface owner one of the following:

14 1. Attorney fees and costs if any of the following occurred:

15 a. The operator conducted oil and gas operations without  
16 providing notice as required by section 557D.5, subsection 2.

17 b. The operator conducted oil and gas operations without a  
18 surface use and compensation agreement and before depositing a  
19 bond or other surety as required pursuant to section 458A.4,  
20 subsection 1, paragraph "d".

21 c. The operator conducted oil and gas operations outside  
22 the scope of a surface use and compensation agreement and, when  
23 entering into the agreement, knew or should have known that oil  
24 and gas operations would be conducted outside the scope of the  
25 agreement.

26 d. The operator failed to exercise good faith in complying  
27 with the provisions of this chapter or the terms of a surface  
28 use and compensation agreement.

29 2. Attorney fees, costs, and treble damages if the court  
30 finds, by clear and convincing evidence, that any of the  
31 following occurred:

32 a. The operator willfully and knowingly entered upon the  
33 premises for the purpose of commencing the drilling of a well  
34 without the occurrence of any of the following:

35 (1) Giving notice as required by section 557D.5, subsection

1 2.

2 (2) Entering a surface use and compensation agreement with  
3 the surface owner before depositing a bond or other surety  
4 pursuant to section 458A.4, subsection 1, paragraph "d".

5 b. The operator willfully and knowingly violated the surface  
6 use and compensation agreement.

7 Sec. 8. NEW SECTION. 557D.8 Remedies not exclusive.

8 The remedies provided by this chapter are not exclusive and  
9 do not preclude a person from seeking other remedies allowed  
10 by law.

11

#### EXPLANATION

12 The inclusion of this explanation does not constitute agreement with  
13 the explanation's substance by the members of the general assembly.

14 This bill relates to the production of oil and gas,  
15 geologic hydrogen, hydrocarbons, or other minerals, including  
16 establishing certain duties required of oil and gas operators,  
17 requiring notice and surface use agreement offers, and  
18 providing for remedies. The bill is known as and may be cited  
19 as the Iowa surface owners protection Act.

20 The bill applies to real property and improvements on  
21 which oil and gas operations are conducted and to oil and gas  
22 operations commenced on or after July 1, 2026, with exceptions  
23 for certain maintenance and ongoing production activities at  
24 wells producing or capable of producing on that date if the  
25 operator holds a valid permit, and for operations conducted  
26 within the scope of agreements entered into before July 1,  
27 2026.

28 The bill defines terms relating to oil and gas operations  
29 and describes oil and gas operations to include activities from  
30 initial exploration through final reclamation of the affected  
31 surface.

32 The bill requires an operator to compensate a surface owner  
33 for certain damages or losses resulting from oil and gas  
34 operations. The bill also requires an operator to compensate  
35 a farm tenant for crop damage or reduced crop yields and

1 for damage to leasehold improvements. The bill requires  
2 an operator to reclaim the surface affected by oil and gas  
3 operations once operations are completed or a well is plugged  
4 or closed.

5 The bill requires the operator to provide at least 10  
6 business days' notice before beginning an activity that does  
7 not disturb the surface. At least 90 days before entering the  
8 surface to conduct oil and gas operations, the bill requires  
9 the operator to provide the surface owner with notice that  
10 includes information about the planned operations, a copy  
11 of the Iowa surface owners protection Act, operator contact  
12 information, and a proposed surface use and compensation  
13 agreement. The bill requires the proposed agreement to address  
14 certain subjects relating to the oil and gas operations. If  
15 legal and equitable title are held by different persons, the  
16 bill directs both persons to receive notice.

17 The bill allows the surface owner to accept or reject the  
18 proposed agreement. Failure to accept the proposed agreement  
19 within 90 days is deemed a rejection. If rejected, the surface  
20 owner may negotiate, including through mediation if the parties  
21 agree. The bill allows the parties to enter into a mutually  
22 acceptable surface use and compensation agreement governing  
23 surface activities.

24 If no agreement is reached within 90 days after the surface  
25 owner receives notice, the bill allows the operator to enter  
26 the property and conduct operations, but must pay actual  
27 damages for entry and use of the surface.

28 The bill provides remedies in court actions. If  
29 compensation is owed, the court may award attorney fees,  
30 costs, and, in some circumstances, treble damages for certain  
31 violations by the operator. The bill also provides that the  
32 remedies in the chapter are not exclusive of other remedies  
33 allowed by law.