

# GREEN SHEET REDIGEST

HB 632

2016 Regular Session

Jim Morris

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

**CONSERVATION: Provides for financial security required by applicants for drilling permits.**

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## DIGEST

Proposed law requires an applicant provide financial security for a permit to drill or to amend a permit to drill for a change of operator in a form acceptable to the commissioner.

Proposed law requires that an applicant for a permit to drill provide security within 30 days of the completion date or from the date the operator is notified that financial security is required.

Proposed law requires that an applicant to amend a permit to drill for a change of operator provide the security as required by proposed law or by establishing a site specific trust account prior to the operator change.

Proposed law provides that the amount of financial security required will be provided for in rules and regulations promulgated by the commissioner of conservation and may be on individual wells or multiple wells and categorized by location.

Proposed law sets the amount of required financial security for an individual well located on land of a depth equal to or less than 3,000 feet at \$2 per foot. Further provides that the commissioner may increase the financial security by rules promulgated after Sept. 1, 2017, in accordance with the APA.

Proposed law provides that financial security will not be required for wells declared to be orphaned by the commissioner and subsequently transferred to another operator, or wells drilled by an operator who has a certain plugging agreement with the office of conservation.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 30:4.3)

## Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Natural Resources and Environment to the original bill:

1. Remove the definition of "operator in good standing".
2. Remove setting the amount of financial security for wells located on land deeper than 3,001 feet, in water, and offshore.
3. Set the amount of required financial security at \$2 per foot for individual wells drilled 3,000 feet or less.
4. Provide for exceptions from financial security requirements.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Natural Resources to the  
reengrossed bill

1. Allows the commissioner to increase the financial security for individual wells drilled 3,000 feet or less.
2. Changes the exceptions from financial security requirements.