HOUSE SUMMARY OF SENATE AMENDMENTS

HB 632 2016 Regular Session Ji

Jim Morris

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

	Synopsis of Senate Amendments
1.	Changes the required financial security for land-based wells drilled to a depth of 3,000 feet or less from a maximum of 2 ± 0 .
2.	Allows the commissioner to increase the financial security for individual wells drilled 3,000 feet or less by rules after September 1, 2017.
3.	Removes the set amounts for financial security for multiple land-based wells.
4.	Removes the exception from the financial security requirement for wells exempt prior to September 1, 2015.
5.	Removes the exception from the financial security requirement for certain wells transferred to an operator from another operator.
6.	Removes the requirement that the operator have a good compliance record from the exception from financial security requirement for wells transferred to an operator from the orphaned well list.
7.	Makes technical changes.

Digest of Bill as Finally Passed by Senate

<u>Proposed law</u> 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.

<u>Proposed law</u> 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.

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

<u>Proposed law</u> 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.

<u>Proposed law</u> 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.

<u>Proposed law</u> 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)