

RÉSUMÉ DIGEST**ACT 634 (HB 632)****2016 Regular Session****Jim Morris**

New 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.

New 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.

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

New 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.

New 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 Administrative Procedure Act.

New 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 June 17, 2016.

(Adds R.S. 30:4.3)