
DIGEST

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HB 632 Original

2016 Regular Session

Jim Morris

Abstract: Provides for financial security requirements of certain drilling permit applicants.

Proposed law defines an "operator in good standing" as an operator who has no outstanding violations and who has a record of compliance with applicable statutory requirements and the rules and regulations of the office of conservation for a period of 48 months immediately prior to the date an application for a permit to drill or an amendment to such permit is filed with the office.

Proposed law exempts an operator in good standing from the financial security requirements in proposed law. In order for a new owner or an operator to retain the status of an operator in good standing, the new owner shall meet the requirement of proposed law as determined by the commissioner.

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 may be provided by an individual well based on drilling depth or on multiple wells based on the number of wells as follows:

(1) Land based wells based on depth of individual well:

Measured Depth	Amount
<3,000 ft.	\$1 per ft.
3,001ft. - 10,000 ft.	\$2 per ft.
>10,001 ft.	\$3 per ft.

(2) Land based on number of wells:

Number of Wells	Amount
<10	\$ 25,000
11 - 99	\$125,000
>100	\$250,000

(3) For individual wells located in water in the coastal zone, except those located in a field designated as offshore, the amount shall be \$8 per foot of well depth.

(4) For multiple wells located in water in the coastal zone, except those located in a field designated as offshore, based on the number of wells:

Measured Depth	Amount
<10	\$ 125,000
11 - 99	\$ 625,000
>100	\$1,250,000

(5) For individual wells locate offshore as designated by the commissioner, the amount shall be \$12 per foot of well depth.

(6) For multiple wells locate offshore as designated by the commissioner, based on the number of wells:

Measured Depth	Amount
<10	\$ 250,000
11 - 99	\$1,250,000
>100	\$2,500,000

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

(Adds R.S. 30:3(18) and 4.3)