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## DIGEST

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HB 632 Engrossed

2016 Regular Session

Jim Morris

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

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 shall 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. However, 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 no more than \$2 per foot.

Proposed law also sets the financial security of wells located on land based on the number of wells as follows:

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

Proposed law provides for exceptions from the financial security requirements for wells exempt before Sept. 1, 2015 and have the same operator or immediate family, orphaned wells or wells held by another operator transferred to a good history with the office, and wells where the operator has plugged a like well from the orphaned list pursuant to an agreement with the office.

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.