HOUSE BILL NO. 925

AN ACT TO AMEND SECTION 53-3-11, MISSISSIPPI CODE OF 1972, TO REQUIRE THAT ANY PERSON ISSUED A PERMIT TO DRILL AN OIL OR GAS WELL SHALL PAY REASONABLE COMPENSATION TO THE SURFACE LANDOWNER FOR DAMAGES AND SHALL PAY A REASONABLE RATE PER YEAR TO LEASE THE LAND UPON WHICH THE WELL IS LOCATED; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Section 53-3-11, Mississippi Code of 1972, is amended as follows:

53-3-11. (1) Any person desiring or proposing to drill any well in search of oil or gas, before commencing the drilling of any such well, shall notify the oil and gas supervisor upon such form as the board may prescribe. The drilling of any well for oil or gas is hereby prohibited until such notice is given and a permit therefor is issued.

(2) (a) Before any nonresident not qualified to do business in this state is issued a permit pursuant to subsection (1) of this section, such nonresident shall file with the Secretary of State, on a form prescribed by him, a surety or cash bond in a sum of not less than Ten Thousand Dollars ($10,000.00), or in a greater amount if so approved by the Secretary of State, conditioned that such sum be paid to the State of Mississippi for the benefit of all persons interested, their legal representatives, attorneys or assigns, in the event the operator of such well shall fail to reasonably restore the land and improvements of the surface estate as a result of mineral exploration and/or production, or in the event the operator shall fail to properly plug a dry or abandoned well in the manner prescribed by the rules of the board. Such bond shall be executed...
by the operator listed in the drilling permit and, in case of a
surety bond, by a corporate surety licensed to do business in the
State of Mississippi. Such bond shall cover all subsequent
drilling permits issued to such nonresident operator and shall be
for a term co-extensive with the terms of the permits.

(b) The Secretary of State is hereby designated as the
agent upon whom process may be served in any action against such
nonresident operator to recover damages to the surface estate
arising from mineral exploration and/or production. Any such
action for damages shall be commenced within six (6) years next
after the closing of the well.

(3) A person issued a permit to drill an oil or gas well
under this section is required to provide notice of the intended
drill site location prior to commencing operations. The notice
shall be sent by United States certified mail to the taxpayer
shown on the most recent county ad valorem tax receipt available
in the office of the tax collector of the county in which the well
site is located, and shall be posted to the mailing address shown
on that ad valorem tax receipt. The notice shall include a copy
of the unit plat showing the proposed well location. The
notification requirement of this subsection (3) shall apply only
to permits to drill new wells and shall not apply to well
reentries, recompletions or reworking operations on existing or
previously permitted wells. Failure to give the notice provided
for in this subsection (3) shall not invalidate the well permit.

(4) The drilling of any well, which is not in accordance
with a spacing pattern fixed by the board, is hereby prohibited
until and unless a permit is issued by the board after notice and
hearing.

(5) Any person issued a permit to drill an oil or gas well
under this section is required to pay reasonable compensation to
the surface landowner for any timber loss or other damages
resulting from the exploration or drilling for oil and gas; and
such person is required to lease the land upon which the well is located from the surface landowner for a reasonable rate per year for the lifespan of the well.

SECTION 2. This act shall take effect and be in force from and after July 1, 2001.