

By: Representative Frierson

To: Oil, Gas and Other Minerals

HOUSE BILL NO. 1066

1 AN ACT TO AMEND SECTION 53-3-11, MISSISSIPPI CODE OF 1972, TO
2 REQUIRE THAT CERTAIN BONDS SHALL BE POSTED BEFORE ANY DRILLING OR
3 EXPLORATION FOR OIL AND GAS IS BEGUN; AND FOR RELATED PURPOSES.

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

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

7 53-3-11. (1) Any person desiring or proposing to drill any
8 well in search of oil or gas, before commencing the drilling of
9 any such well, shall notify the oil and gas supervisor upon such
10 form as the board may prescribe. The drilling of any well for oil
11 or gas is hereby prohibited until such notice is given and a
12 permit therefor is issued.

13 (2) (a) Before any person is issued a permit pursuant to
14 subsection (1) of this section, such person shall file with the
15 Secretary of State, on a form prescribed by him, a surety or cash
16 bond in a sum of not less than One Hundred Thousand Dollars
17 (\$100,000.00), or in a greater amount if so approved by the
18 Secretary of State, conditioned that such sum be paid to the State
19 of Mississippi for the benefit of all persons interested, their
20 legal representatives, attorneys or assigns, in the event the
21 operator of such well shall fail to reasonably restore the land
22 and improvements of the surface estate as a result of mineral
23 exploration and/or production, or in the event the operator shall
24 fail to properly plug a dry or abandoned well in the manner
25 prescribed by the rules of the board. Such bond shall be executed
26 by the operator listed in the drilling permit and, in case of a
27 surety bond, by a corporate surety licensed to do business in the

28 State of Mississippi. Such bond shall cover all subsequent
29 drilling permits issued to such * * * operator and shall be for a
30 term co-extensive with the terms of the permits. In addition,
31 persons conducting mineral exploration shall file with the
32 chancery court, in the county where the land to be explored is
33 located, a surety or cash bond equal to the assessed value of the
34 land. If the mineral exploration involves crossing more than one
35 (1) tract of land, the persons conducting the mineral exploration
36 shall post such bond for each of the property owners involved.

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

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

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

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