MISSISSIPPI LEGISLATURE  REGULAR SESSION 2001

By: Representative Frierson  To: Oil, Gas and Other Minerals

HOUSE BILL NO. 1066

AN ACT TO AMEND SECTION 53-3-11, MISSISSIPPI CODE OF 1972, TO REQUIRE THAT CERTAIN BONDS SHALL BE POSTED BEFORE ANY DRILLING OR EXPLORATION FOR OIL AND GAS IS BEGUN; 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 person is issued a permit pursuant to subsection (1) of this section, such person 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 $100,000.00, 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

H. B. No. 1066  *HR07/ R1450*
State of Mississippi. Such bond shall cover all subsequent drilling permits issued to such operator and shall be for a term co-extensive with the terms of the permits. In addition, persons conducting mineral exploration shall file with the chancery court, in the county where the land to be explored is located, a surety or cash bond equal to the assessed value of the land. If the mineral exploration involves crossing more than one tract of land, the persons conducting the mineral exploration shall post such bond for each of the property owners involved.

(b) The Secretary of State is hereby designated as the agent upon whom process may be served in any action against a 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.
SECTION 2. This act shall take effect and be in force from and after July 1, 2001.