

By: Representative Fillingane

To: Oil, Gas and Other Minerals

HOUSE BILL NO. 422

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

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

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

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

15 (2) (a) Before any nonresident not qualified to do business
16 in this state is issued a permit pursuant to subsection (1) of
17 this section, such nonresident shall file with the Secretary of
18 State, on a form prescribed by him, a surety or cash bond in a sum
19 of not less than Ten Thousand Dollars (\$10,000.00), or in a
20 greater amount if so approved by the Secretary of State,
21 conditioned that such sum be paid to the State of Mississippi for
22 the benefit of all persons interested, their legal
23 representatives, attorneys or assigns, in the event the operator
24 of such well shall fail to reasonably restore the land and
25 improvements of the surface estate as a result of mineral
26 exploration and/or production, or in the event the operator shall
27 fail to properly plug a dry or abandoned well in the manner
28 prescribed by the rules of the board. Such bond shall be executed

29 by the operator listed in the drilling permit and, in case of a
30 surety bond, by a corporate surety licensed to do business in the
31 State of Mississippi. Such bond shall cover all subsequent
32 drilling permits issued to such nonresident operator and shall be
33 for a term coextensive with the terms of the permits.

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

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

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

58 (5) Any person issued a permit to drill an oil or gas well
59 under this section is required to pay reasonable compensation to
60 the surface landowner for any timber loss or other damages
61 resulting from the exploration or drilling for oil and gas; and

62 such person is required to lease the land upon which the well is
63 located from the surface landowner for a reasonable rate per year
64 for the lifespan of the well.

65 **SECTION 2.** This act shall take effect and be in force from
66 and after July 1, 2006.