

By: Senator(s) Fillingane

To: Energy

SENATE BILL NO. 2427

1 AN ACT TO REQUIRE ONSHORE WELLS TO COMPLY, AT A MINIMUM, WITH
 2 THE ANCHORING REQUIREMENTS OF THE RIG MANUFACTURER, THE ANCHORING
 3 REQUIREMENTS PROMULGATED BY THE AMERICAN PETROLEUM INSTITUTE OR AN
 4 EQUIVALENT INDUSTRY STANDARD AS DETERMINED BY THE STATE OIL AND
 5 GAS BOARD; TO AMEND SECTION 53-1-3, MISSISSIPPI CODE OF 1972, TO
 6 DEFINE THE TERM "ONSHORE WELL"; TO AMEND SECTION 53-1-17,
 7 MISSISSIPPI CODE OF 1972, TO DIRECT THE BOARD TO REQUIRE ANCHORING
 8 CERTIFICATES FOR ONSHORE WELLS; AND FOR RELATED PURPOSES.

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

10 **SECTION 1.** The following shall be codified as a new section
 11 within Title 53, Chapter 1, Mississippi Code of 1972:

12 53-1- . Onshore wells shall, at a minimum, comply with the
 13 anchoring requirements of the rig manufacturer, the relevant
 14 anchoring requirements promulgated by the American Petroleum
 15 Institute or an equivalent industry standard as determined by the
 16 board.

17 **SECTION 2.** Section 53-1-3, Mississippi Code of 1972, is
 18 amended as follows:

19 53-1-3. Unless the context otherwise requires, the words
 20 defined in this section shall have the following meaning when



21 found in Sections 53-1-1 through 53-1-47, inclusive, and in
22 Sections 53-3-3 through 53-3-21, inclusive:

23 (a) "Board" shall mean the State Oil and Gas Board as
24 created by Section 53-1-5.

25 (b) "Person" shall mean any individual, corporation,
26 partnership, association, or any state, municipality, political
27 subdivision of any state, or any agency, department or
28 instrumentality of the United States, or any other entity, or any
29 officer, agent or employee of any of the above.

30 (c) "Oil" shall mean crude petroleum oil and all other
31 hydrocarbons, regardless of gravity, which are produced at the
32 well in liquid form by ordinary production methods and which are
33 not the result of condensation of gas.

34 (d) "Gas" shall mean all natural gas, whether
35 hydrocarbon or nonhydrocarbon or any combination or mixture
36 thereof, including hydrocarbons, hydrogen sulphide, helium, carbon
37 dioxide, nitrogen, hydrogen, casinghead gas, occluded natural gas
38 from coal seams, compressed air and all other hydrocarbons not
39 defined as oil in subsection (c) above.

40 (e) "Pool" shall mean an underground reservoir
41 containing a common accumulation of oil or gas or both. Each zone
42 of a general structure which is completely separated from any
43 other zone in the structure is included in the term "pool" as used
44 herein.



45 (f) "Field" shall mean the general area which is
46 underlaid or appears to be underlaid by at least one (1) pool; and
47 "field" shall include the underground reservoir or reservoirs
48 containing oil or gas or both. The words "field" and "pool" mean
49 the same thing when only one (1) underground reservoir is
50 involved; however, "field," unlike "pool," may relate to two (2)
51 or more pools.

52 (g) "Owner" shall mean the person who has the right to
53 drill into and produce from any pool, and to appropriate the
54 production either for himself or for himself and another or
55 others; "royalty owner" shall mean any person who possesses an
56 interest in the production but who is not an "owner" as herein
57 defined.

58 (h) "Producer" shall mean the owner of a well or wells
59 capable of producing oil or gas or both.

60 (i) "Product" shall mean any commodity made from oil or
61 gas, and shall include refined crude oil, processed crude
62 petroleum, residuum from crude petroleum, cracking stock,
63 uncracked fuel oil, fuel oil, treated crude oil, residuum,
64 casinghead gasoline, natural gas gasoline, naphtha, distillate,
65 gasoline, kerosene, waste oil, blended gasoline, lubricating oil,
66 blends or mixtures of oil with one or more liquid products or
67 by-products derived from oil or gas, and blends or mixtures of two
68 (2) or more liquid products or by-products derived from oil,



69 condensate, gas or petroleum hydrocarbons, whether hereinabove
70 enumerated or not.

71 (j) "Underground Injection Program" shall mean a
72 program regulating the injection of any fluids produced or fluids
73 associated with the exploration, storage and/or production of oil
74 and/or gas and being among those other laws relating to the
75 conservation of oil and gas as referred to in Section 53-1-17(a).

76 (k) "Illegal oil and illegal gas" shall mean oil or gas
77 which has been produced within the State of Mississippi from any
78 well during any time that the well has produced in excess of the
79 amount allowed by law or by any rule, regulation or order of the
80 board. "Illegal product" shall mean any product derived, in whole
81 or in part, from illegal oil or illegal gas.

82 (l) "Waste" shall mean and include the following:

83 (i) The inefficient, excessive or improper use or
84 dissipation of reservoir energy; and the locating, spacing,
85 drilling, equipping, operating or producing of any oil or gas well
86 or wells in a manner which results or tends to result in reducing
87 the quantity of oil or gas ultimately to be recovered from any
88 pool in this state.

89 (ii) The inefficient storing of oil; and the
90 locating, spacing, drilling, equipping, operating or producing of
91 any oil or gas well or wells in a manner causing or tending to
92 cause unnecessary or excessive surface loss or destruction of oil
93 or gas.



94 (iii) Abuse of the correlative rights and
95 opportunities of each owner of oil or gas in a pool due to
96 nonuniform, disproportionate, or unratable withdrawals causing
97 undue drainage between tracts of land or resulting in one or more
98 owners in such pool producing more than his just and equitable
99 share of the production from such pool.

100 (iv) Producing oil or gas in such manner as to
101 cause unnecessary channeling of water or gas or both or coning of
102 water.

103 (v) The operation of any oil well or wells with an
104 inefficient gas-oil ratio.

105 (vi) The drowning with water of any stratum or
106 part thereof capable of producing oil or gas.

107 (vii) The creation of unnecessary fire hazards.

108 (viii) The escape into the open air, from a well
109 producing both oil and gas, of gas in excess of the amount which
110 is necessary in the efficient drilling or operation of the well.

111 (ix) Permitting gas produced from a gas well to
112 escape into open air.

113 (x) The use of gas from gas wells, except sour
114 gas, for the manufacture of carbon black, except and unless the
115 board shall find that there are no adequate pipeline connections
116 to otherwise market the gas.

117 (m) "Drainage unit" or "drilling unit" shall mean the
118 maximum area in a pool which may be assigned to one (1) well so as



119 to produce the reasonably recoverable oil or gas in such area,
120 shall be established by statewide rules or by special field rules
121 of the board, and shall be of such size and configuration as will
122 foster, encourage and promote the development, production and
123 utilization of the natural resource of oil and gas.

124 (n) "Developed area" or "developed unit" shall mean a
125 drainage unit having a well completed therein which is capable of
126 producing oil or gas in paying quantities.

127 (o) A "certificate of compliance" shall mean a
128 certificate issued by the board showing compliance with the
129 conservation laws of the state, and conservation rules,
130 regulations and orders of the board, prior to connection with a
131 pipeline.

132 (p) A "certificate of clearance" shall mean a permit
133 for the transportation or the delivery of oil, gas or products,
134 approved and issued or registered under the authority of the
135 board.

136 (q) "Supervisor" or "State Oil and Gas Supervisor"
137 shall mean the officer appointed by the State Oil and Gas Board
138 pursuant to Section 53-1-7.

139 (r) "Orphan well" shall mean any oil or gas well in the
140 state, including Class II wells, which has not been properly
141 plugged according to the requirements of the statutes, rules and
142 regulations governing same and for which a responsible party such
143 as an owner or operator cannot be located or for which, for



144 whatever reason, there is no other party which can be forced to
145 plug the well.

146 (s) "Refined hydrocarbons" shall mean any refined
147 petroleum products.

148 (t) "Oil field exploration and production wastes" shall
149 mean:

150 (i) Any liquid, gaseous, solid, naturally
151 occurring radioactive, or other substance(s), including but not
152 limited to, any chemical, produced water, sludge, oil-water
153 emulsion, oil field brine, waste oil, sediment, scale or other
154 waste substance(s);

155 (ii) Any equipment or any other related apparatus
156 containing or contaminated with such substance(s) as set forth in
157 subparagraph (i) above; or

158 (iii) Any land or structures containing or
159 contaminated with such substance(s) as set forth in subparagraph
160 (i) above, which is associated with, produced by, or used in the
161 exploration, drilling, and/or production of oil, gas or other
162 minerals within the territorial limits of the State of
163 Mississippi.

164 (u) "Noncommercial disposal of oil field exploration
165 and production waste" shall mean the storage, treatment, recovery,
166 processing, disposal or acceptance of oil field exploration and
167 production waste which is not commercial oil field exploration and
168 production waste disposal as defined in Section 17-17-3.



169 (v) "Onshore well" means a well located on lands that
170 are not submerged under ocean waters or inland bays during mean
171 high tide.

172 (w) An "anchoring certificate" shall mean a certificate
173 issued by the board showing compliance with the anchoring
174 standards adopted by the board pursuant to Section 1 of this act.

175 **SECTION 3.** Section 53-1-17, Mississippi Code of 1972, is
176 amended as follows:

177 53-1-17. (1) The board shall have jurisdiction and
178 authority over all persons and property necessary to enforce
179 effectively the provisions of this chapter and all other laws
180 relating to the conservation of oil and gas.

181 (2) The board shall have the authority, and it shall be its
182 duty, to make such inquiries as it may think proper to determine
183 whether or not waste, over which it has jurisdiction, exists or is
184 imminent. In the exercise of such power the board shall have the
185 authority to collect data; to make investigations and inspections;
186 to examine properties, leases, papers, books and records,
187 including drilling records and logs; to examine, check, test and
188 gauge oil and gas wells, tanks, refineries and modes of
189 transportation; to hold hearings; to require the keeping of
190 records and the making of reports; and to take such action as may
191 be reasonably necessary to enforce the provisions of Sections
192 53-1-1 through 53-1-47, inclusive, and Sections 53-3-1 through
193 53-3-21, inclusive.



194 (3) The board shall have the authority, and it shall be its
195 duty, to make, after notice and hearing as hereinafter provided,
196 such reasonable rules, regulations and orders as may be necessary
197 from time to time in the proper administration and enforcement of
198 the provisions of Sections 53-1-1 through 53-1-47, inclusive, and
199 Sections 53-3-1 through 53-3-21, inclusive, and to amend the same
200 after due notice and hearing, including but not limited to, rules,
201 regulations and orders for the following purposes:

202 (a) To require that the drilling, casing and plugging
203 of wells be done in such a manner as to prevent the escape of oil
204 or gas out of one stratum to another; to prevent the intrusion of
205 water into an oil or gas stratum from a separate stratum; to
206 prevent the pollution of freshwater supplies by oil, gas or
207 saltwater; and generally to prevent waste as herein defined. The
208 duty is hereby imposed upon the State Oil and Gas Board to make
209 suitable and adequate rules and regulations, subject to the
210 approval of the Mississippi Commission on Environmental Quality,
211 requiring the disposal of waste products such as, but not limited
212 to, mud, acids, saltwater or any corrosive products brought to the
213 surface from any oil, gas or condensate well in this state, to
214 prevent seepage, overflow or damage and injury to the topsoil or
215 surface. The Commission on Environmental Quality shall have the
216 exclusive authority to regulate the commercial disposal of such
217 waste products pursuant to Section 17-17-47. However, the board
218 shall have the exclusive authority to regulate and promulgate



219 rules and regulations pertaining to commercial and noncommercial
220 Class II underground injection wells. It is the policy of the
221 state not only to conserve minerals but to conserve and protect
222 its surface lands for agriculture, timber and any and all other
223 beneficial purposes, and the destruction of surface lands where
224 reasonable means of their protection exist shall no longer be
225 permitted.

226 (b) To require the making of reports showing the
227 location of oil and gas wells; to require the filing, within
228 thirty (30) days from the time of the completion of any wells
229 drilled for oil or gas, of logs and drilling records.

230 (c) To require adequate proof of financial
231 responsibility in a form acceptable to the board and conditioned
232 for the performance of the duties outlined in paragraphs (a) and
233 (b) of this subsection, including the duty to plug each dry or
234 abandoned well.

235 (d) To prevent the drowning by water of any stratum or
236 part thereof capable of producing oil or gas in paying quantities
237 and to prevent the premature and irregular encroachment of water
238 which reduces, or tends to reduce, the total ultimate recovery of
239 oil or gas from any pool.

240 (e) To require the operation of wells with efficient
241 gas-oil ratios, and to fix the limits of such ratios.



242 (f) To prevent "blowouts," "caving" and "seepage" in
243 the sense that conditions indicated by such terms are generally
244 understood in the oil and gas business.

245 (g) To prevent the creation of unnecessary fire
246 hazards.

247 (h) To identify the ownership of all oil and gas wells
248 producing leases, refineries, tanks, plants, structures and
249 storage and transportation equipment and facilities.

250 (i) To regulate the shooting, perforating and chemical
251 treatment of wells.

252 (j) To regulate secondary recovery methods, including
253 the introduction of gas, air, water or other substances into
254 producing formations.

255 (k) To regulate the spacing of wells and to establish
256 drilling units.

257 (l) To allocate and apportion the production of oil or
258 gas, or both, from any pool or field for the prevention of waste
259 as herein defined, and to allocate such production among or
260 between tracts of land under separate ownership in such pool on a
261 fair and equitable basis to the end that each such tract will be
262 permitted to produce not more than its just and equitable share
263 from the pool. The owners and producers of each discovery well
264 located in a new field or pool shall certify to the Oil and Gas
265 Board an itemized list of the expenses incurred in the actual
266 drilling of such well. The Oil and Gas Board shall investigate



267 such cost and shall certify the amount found by them to be
268 correct. The discovery well shall not be liable to the
269 restrictions of Sections 53-1-1 through 53-1-47, inclusive, and
270 Sections 53-3-1 through 53-3-21, inclusive, until the cost of
271 drilling such well shall have been recovered in oil or gas from
272 said discovery well. Such cost having been recovered, the
273 discovery well shall be subject to the terms of said sections as
274 are other wells in the field.

275 (m) To prevent, so far as is practicable, reasonably
276 avoidable drainage from each developed unit which is not equalized
277 by counter-drainage.

278 (n) To require all of those making settlement with the
279 owners of oil or gas interests to render statements to such owners
280 showing the quantity and gravity purchased and the price per
281 barrel of oil or one thousand (1,000) cubic feet of gas.

282 (o) To require, either generally or with respect to
283 particular areas, certificates of clearance in connection with the
284 transportation or delivery of oil, gas or any product thereof.

285 (p) To promulgate rules and regulations governing the
286 safety of storage of gas, liquefied petroleum gases, refined
287 hydrocarbons and/or oil in underground storage wells, but the
288 jurisdiction of the State Oil and Gas Board regarding safety shall
289 cease upon reaching header on flow line beyond associated wellhead
290 facilities, which includes the wellhead, manual and automatic



291 safety valves, automatic shut-in safety devices, flow lines from
292 wellhead to header, brine lines, and tanks or pits and flares.

293 (q) To make such determinations of oil and/or natural
294 gas maximum lawful ceiling prices as allowed by federal or state
295 law.

296 (r) To require anchoring certificates for onshore
297 wells.

298 (4) In order to carry out its duties and responsibilities as
299 fixed by law, the board is authorized and empowered to purchase,
300 own and operate automobiles in the number and in the manner
301 specified in Section 25-1-85. The board is further authorized and
302 empowered to purchase, in the manner specified by law, operate and
303 maintain in good order the necessary and suitable equipment
304 required to install a complete radio base station, including
305 mobile units to be installed in automobiles owned by the board.

306 (5) The board shall have the authority, and it shall be its
307 duty, to promulgate official policies of the board.

308 (6) The board shall continue to have the power to make
309 rules, regulations and orders necessary to prevent and protect
310 against discrimination in the purchase, production and sale of oil
311 and gas and against the unratable withdrawal of same, including as
312 provided in Statewide Rule 48.

313 (7) Notwithstanding any other provision contained in the
314 Laws of the State of Mississippi, the board shall have exclusive
315 jurisdiction and authority, and it shall be its duty, to make,



316 after notice and hearing as hereinafter provided, such reasonable
317 rules, regulations, standards and orders, and to issue such
318 permits as may be necessary, to regulate the use, management,
319 manufacture, production, ownership, investigation and
320 noncommercial disposal of oil field exploration and production
321 waste in order to prevent, eliminate or reduce waste by pollution
322 to acceptable levels in order to protect the public health, safety
323 and the environment.

324 **SECTION 4.** This act shall take effect and be in force from
325 and after July 1, 2025.

