

# ACT No. 634

2016 Regular Session

HOUSE BILL NO. 632

BY REPRESENTATIVES JIM MORRIS, ARMES, BILLIOT, BISHOP, TERRY BROWN, CHANEY, COUSSAN, DEVILLIER, FOIL, GISCLAIR, GUINN, LYONS, MIGUEZ, MONTOUCET, WHITE, AND ZERINGUE

1 AN ACT

2 To enact R.S. 30:4.3, relative to financial security required by the commissioner of  
3 conservation; to provide for financial security required to conduct certain oil and gas  
4 activity; to authorize the commissioner of conservation to promulgate rules and  
5 regulations; to provide for required amounts; to provide for exemptions; to provide  
6 for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 30:4.3 is hereby enacted to read as follows:

9 §4.3. Financial Security

10 A. As required by R.S. 30:4, an applicant for a permit to drill or to amend  
11 a permit to drill for change of operator shall provide financial security as provided  
12 in this Section in a form acceptable to the commissioner. For an application for a  
13 permit to drill, the security shall be provided within thirty days of the completion  
14 date or from the date the operator is notified that financial security is required. For  
15 an application to amend a permit to drill for a change of operator, the security shall  
16 be provided as required by this Section or by establishing a site-specific trust account  
17 in accordance with R.S. 30:88 prior to the operator change.

18 B.(1) Except as provided in Paragraph (2) of this Subsection, the amount of  
19 the financial security shall be provided for in rules and regulations promulgated by  
20 the commissioner in accordance with the Administrative Procedure Act. The  
21 amounts may be on an individual-well or multiple-well basis and may be categorized  
22 based on the well's location.

1                   (2) For an individual well located on land of a depth equal to or less than  
 2                   three thousand feet, the financial security required shall be two dollars per foot.  
 3                   However, the commissioner may increase the financial security by rules and  
 4                   regulations promulgated after September 1, 2017, in accordance with the  
 5                   Administrative Procedure Act.

6                   C. Financial security shall not be required for the following wells:

7                   (1) Any well declared to be orphaned by the commissioner and subsequently  
 8                   transferred to another operator.

9                   (2) Any well to be drilled by an operator who has an agreement with the  
 10                  office of conservation to plug a well that has been declared to be orphaned by the  
 11                  commissioner and that orphaned well is similar to the proposed well in terms of  
 12                  depth and location.

13                  Section 2. This Act shall become effective upon signature by the governor or, if not  
 14                  signed by the governor, upon expiration of the time for bills to become law without signature  
 15                  by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
 16                  vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 17                  effective on the day following such approval.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_