

2 State of Arkansas
3 88th General Assembly
4 Regular Session, 2011

As Engrossed: H3/3/11
A Bill

HOUSE BILL 1393

5
6 By: Representative Webb

7 Filed with: Interim House Committee on Agriculture, Forestry and Economic Development
8 pursuant to A.C.A. §10-3-217.

9 **For An Act To Be Entitled**

10 AN ACT TO PROTECT ARKANSANS BY REQUIRING BONDS FOR
11 GAS DRILLING OPERATIONS; AND FOR OTHER PURPOSES.

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14 **Subtitle**

15 AN ACT TO PROTECT ARKANSANS BY REQUIRING
16 BONDS FOR GAS DRILLING OPERATIONS.

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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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21 *SECTION 1. Arkansas Code § 15-72-201 is amended to read as follows:*
22 *15-72-201. Definitions.*

23 *As used in this act, unless the context otherwise requires:*

24 *(1) "Operator" means the person who has the right to enter upon the*
25 *lands of another for the purpose of exploring, drilling, and developing for*
26 *the production of brine, oil, gas, and all other petroleum hydrocarbons;*

27 *(2) "Person" means any natural person, corporation, association,*
28 *partnership, trustee, guardian, executor, administrator, fiduciary, or*
29 *representative of any kind; ~~and~~*

30 *(3) "Plugging" means:*

31 *(A) Abandoning a producing or nonproductive well; or*

32 *(B) Stopping the flow of water, gas, or oil in a well; and*

33 *~~(3)(4)~~ "Surface owner" means the owner or owners of record of the*
34 *surface of the property on which the drilling operation is to occur.*

1 SECTION 2. Arkansas Code Title 15, Chapter 72, Subchapter 2 is amended
2 to add an additional section to read as follows:

3 15-72-220. Natural Gas Wells -- Bonds.

4 (a) The General Assembly finds that in the event an operator of a
5 natural gas well declares bankruptcy, dissolves, or otherwise fails to meet
6 its obligations, the current financial assurance is not adequate to pay for:

- 7 (1) The reclamation and closure of the gas well; and
- 8 (2) Any damages the exploration and production at the well site
9 may have caused to water quality or quantity.

10 (b) The Oil and Gas Commission shall require financial assurance for
11 natural gas wells as follows:

- 12 (1) For one (1) to twenty-five (25) wells, a ten thousand dollar
13 (\$10,000) bond per well; and
- 14 (2) For twenty-six (26) or more wells, a two hundred fifty
15 thousand dollar (\$250,000) bond.

16 (c) The commission shall require a natural gas well that has not
17 produced in paying quantities in one (1) year to be:

- 18 (1) Returned to production;
- 19 (2) Approved for temporarily abandoned status;
- 20 (3) Plugged and reclaimed; or
- 21 (4) Placed on a bond amount equal to the cost of plugging and
22 reclaiming the well site as determined by the commission.

23 (d) The commission shall have the authority to increase the bond rate
24 in sections (b) and (c) of this section by rule or on a site-specific basis
25 based on the cost of the reclamation.

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27 /s/Webb
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33 Referred by the Arkansas House of Representatives
34 Prepared by: MGF/VJF
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