

# State Oil and Gas Board



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## State Of Mississippi

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LISA IVSHIN  
Executive Director

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Board Attorney

July 18, 2012

## POLICY STATEMENT

### **To All Oil and Gas Operators and Attorneys Who Practice Before the Mississippi State Oil and Gas Board**

This is to restate and confirm the policy of the Mississippi State Oil and Gas Board (the "Board") with respect to the type activities which will be deemed sufficient to continue a Drilling Permit in force and effect beyond the period of one (1) year from the date of issuance.

By way of background, Miss. Code Anno. Section 53-3-13 (1972) (as amended), provides that Drilling Permits issued by the Mississippi State Oil and Gas Board "shall be good for a period of one (1) year from the date thereof."

Consistent with the statute, Statewide Rule 4 ["Application to Drill"] states: "(I)f drilling operations have not commenced within twelve (12) months after date of issuance, the permit shall become void."

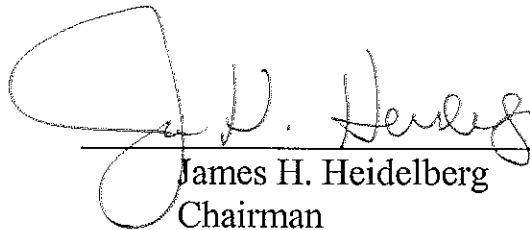
It is the policy of the Mississippi State Oil and Gas Board that Drilling Permits lawfully issued by this agency shall automatically terminate or expire twelve (12) months from the date of issuance unless within that time period **actual drilling operations** are commenced by the permit holder

and the permitted well is spudded utilizing a drilling rig on-site at the location. Preliminary or preparatory work done at the location in anticipation of the commencement of actual drilling operations (e. g., the staking of the well location, site preparation, the moving of equipment to the location, the setting of surface conductor pipe, the preparation of roads and pits, etc.) will not suffice for the purpose of continuing a Drilling Permit in force beyond the prescribed twelve (12) months expiration period (in the absence of actual drilling operations).

Stated differently, the actual penetration of the ground by the drill bit at the permitted well location is required in order to continue a Drilling Permit in force beyond the period of twelve (12) months from the date of issuance.

Operators should be aware that operations which may legally suffice for the purposes of maintaining or extending a mineral lease beyond 'primary term' expiration may not suffice for the purposes of continuing a Drilling Permit in force.

If you have any questions regarding this matter, please contact Lisa A. Ivshin, the State Oil and Gas Supervisor at 1-601-576-4920, or Howard O. Leach, the Attorney for the Mississippi State Oil and Gas Board at 1-601-576-4921.

  
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James H. Heidelberg  
Chairman