

**HOUSE SUMMARY OF SENATE AMENDMENTS****HCR 72****2016 Regular Session****Jim Morris**

CONSERVATION: Urges and requests the commissioner of conservation to develop and implement a pilot program to reduce the cost of plugging orphaned wells and decrease the number of wells on the orphan wells list

<b>Synopsis of Senate Amendments</b>	
1.	Changes the amount of money to plug certain orphaned wells in the Shreveport and Monroe districts <u>from</u> not less than \$1 million <u>to</u> not less than \$1 million or 20% of monies appropriated to the fund, whichever is less.
2.	Adds the requested pilot program be developed and implemented through the Administrative Procedure Act.
3.	Make technical changes.

**Digest of Bill as Finally Passed by Senate**

Urges and requests the Dept. of Natural Resources, office of conservation, through the Administrative Procedure Act, to develop an alternate method of contracting for services to plug orphaned oil and gas well sites and to implement the alternative method as a pilot program for three years beginning FY 2016-2017. Also urges and requests the office of conservation to report annually on the status of the pilot program to the House Committee on Natural Resources and Environment and the Senate Committee on Natural Resources beginning no later than March 1, 2017.

Provides that the alternative method of contracting shall include, but not be limited to the following:

- (1) Require that the operators in the program have a good record of compliance, in lieu of holding a contractor's license, with the office of conservation with no outstanding violations.
- (2) Develop criteria for qualified bidders that are not a current operator.
- (3) Require a performance bond or letter of credit to an amount below 50% of the contract.
- (4) Provide for a completion date in the contract in lieu of providing for penalties for lapse in work resulting from equipment failure or inclement weather.
- (5) Provide for weekly, or less frequently, reporting of work performed by the contractor in lieu of daily reporting.
- (6) Require that the type equipment used by the contractor be based on the physical characteristics of the well to be plugged.
- (7) Require any pit used during the restoration process be properly lined and properly disposed of after work is completed and limit reporting requirements for such pit.
- (8) Consider payment for the contract be on a cost plus a prenegotiated percentage.
- (9) Prioritize the focus of the pilot program on a large number of land based orphaned wells that would otherwise not be a priority under the current method of contracting.

Directs the Dept. of Natural Resources, office of conservation when the pilot program is implemented, from the monies appropriated to the office, to fund the pilot program in an amount not less than \$1,000,000 or 20% of the amount appropriated to the fund, whichever is less, will be allocated to plug orphaned wells drilled to a depth less than 3,000 feet in the office of conservation's Shreveport and Monroe districts beginning FY 2016-2017 and through the end of FY 2018-2019.