SLS 20RS-196

ENGROSSED

2020 Regular Session

SENATE BILL NO. 447

BY SENATOR ALLAIN

CONSERVATION. Provides relative to plugging of orphaned wells and certain agreements by the commissioner of conservation. (8/1/20)

1	AN ACT
2	To enact R.S. $30:4(T)$ and $83(F)(4)$, relative to the powers and duties of the commissioner
3	of conservation; to provide relative to orphaned wells and certain agreements; to
4	provide terms and conditions; to provide relative to plugging of wells; to provide
5	relative to the Oilfield Site Restoration Commission; and to provide for related
6	matters.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. R.S. $30:4(T)$ and $83(F)(4)$ are hereby enacted to read as follows:
9	§4. Jurisdiction, duties, and powers of the assistant secretary; rules and regulations
10	* * *
11	T. In addition to the requirements set forth in Subsection R of this
12	Section, an organization seeking to enter into a cooperative endeavor agreement
13	with the assistant secretary to assist with plugging orphaned wells in order to
14	alleviate the burden on operators in meeting financial security requirements,
15	shall be chartered as a Louisiana trust company and comply with the Louisiana
16	<u>Trust Company Law, Chapter 7-A of Title 6 of the Louisiana Revised Statutes</u>
17	<u>of 1950.</u>

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1	* * *
2	§83. Oilfield Site Restoration Commission; Department of Natural Resources
3	* * *
4	F. The powers of the commission shall be limited to the following:
5	* * *
6	(4) Approve a cooperative endeavor agreement between the
6 7	(4) <u>Approve a cooperative endeavor agreement between the</u> <u>commissioner and an organization seeking to assist with plugging orphaned</u>
6 7 8	
7	commissioner and an organization seeking to assist with plugging orphaned

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Alan Miller.

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Allain

<u>Present law</u> requires the commissioner of conservation to make, after notice and public hearings, any rules, regulations, and orders that are necessary to require reasonable bond with security for the performance of the duty to plug each dry and abandoned well and the closure and to perform the site cleanup. <u>Present law</u> authorizes the rules, regulations, and orders to classify based on location of the well but require the following exceptions from the reasonable bond and security requirement:

- (1) Wells exempt prior to September 1, 2015, that remain with the operator of record as of that date.
- (2) Wells utilizing plugging credits.

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- (3) Wells exempt that meet the following criteria:
 - (a) Any well declared to be orphaned by the commissioner and subsequently transferred to another operator.
 - (b) Any well to be drilled by an operator who has an agreement with the office of conservation to plug a well that has been declared to be orphaned by the commissioner and that orphaned well is similar to the proposed well in terms of depth and location.

<u>Proposed law</u> requires that if the commissioner seeks to enter into a cooperative endeavor agreement with an organization to assist with plugging orphaned wells and alleviating the burden on operators in meeting financial security requirements, that organization be chartered as a Louisiana trust company and comply with the Louisiana Trust Company Law.

<u>Present law</u> provides for the powers and duties of the Oilfield Site Restoration (OSR) Commission.

Proposed law retains present law and adds the requirement that the OSR commission

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approve any cooperative endeavor agreement between the commissioner and an organization seeking to assist with plugging orphaned wells in order to alleviate the burden on operators in meeting financial security requirements.

Effective August 1, 2020.

(Adds R.S. 30:4(T) and 83(F)(4))