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The original instrument was prepared by Alan Miller. The following digest, which does not constitute a part of the legislative instrument, was prepared by Linda Nugent.

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DIGEST

SB 377 Reengrossed 2018 Regular Session Allain

Proposed law provides definitions.

Proposed law provides that if an inactive well has been designated as being inactive with future utility by the operator for a period of 10 years or more and that well is neither scheduled to be plugged and abandoned on a plan approved by the commissioner nor covered under an approved production plan, then the owner may request in writing that the office of conservation determine whether the inactive well has future utility.

Proposed law provides the following procedure to determine whether the inactive well should be plugged:

- (1) Within 30 days of receipt of such a request, the commissioner notifies the operator of the request.
- (2) The operator submits to the office a written justification including any evidence he deems necessary to prove that the well has future utility within 90 days of receipt of the notice from the office.
- (3) The office reviews the operator's written justification and determines whether the inactive well in question has future utility.
- (4) Within 10 days of a final determination by the office, the office submits the operator's written justification and the office's final determination to the owner. If the office determines the well has no future utility, the owner has 10 days from receipt of the justification and determination to request in writing that the well be plugged and abandoned.
- (6) If the owner requests the well be plugged and abandoned, then within 90 days the operator submits a plan to the office to plug and abandon the well.
- (7) The commissioner may approve the plan of plugging and abandonment submitted by the operator that shall include any revisions the commissioner deems necessary.
- (8) The operator plugs the well in accordance with and within the time frame set forth in the plan of plugging and abandonment approved by the commissioner.
- (9) The operator or the owner may appeal the office's determination to the division of administrative law.

Proposed law provides that if the office is unable to carry out any of the responsibilities set forth in proposed law within 90 days of a request or submission due to lack of sufficient personnel or funding, then the commissioner may delay such responsibilities and notify the operator and owner of such a delay and provide an estimate of when the office plans to carry out its responsibility.

Proposed law provides that after notification that the commissioner has delayed the determination, and the owner insists on an expedited determination, the owner or anyone on his behalf may donate an amount determined by the commissioner to be placed in the Oil and Gas Regulatory Fund to defray the costs of an expedited determination. Proposed law requires the office to follow the procedure set forth in present law to expedite the determination.

Proposed law shall not preclude an operator from pursuing a contractual claim for reimbursement of costs of the plugging and abandonment of the well from any owner.

Proposed law requires the commissioner to adopt rules and regulations in accordance with the APA to implement the provisions of proposed law, including but not limited to defining the term "future utility" and establishing the factors to be considered when making the determination of future utility.

Proposed law requires the monies credited to the Oil and Gas Regulatory Fund generated from donations to be used to determine future utility pursuant to proposed law. Provides that monies credited to the fund from the annual assessment paid by an operator who chooses not to plug a well classified as inactive shall be used to fund department employees who are tasked for activities associated with monitoring inactive wells, ensuring the proper plugging of inactive wells, or preventing such wells from being declared orphaned without being covered by financial security or a site-specific trust fund.

Effective August 1, 2018.

(Amends R.S. 30:21(B)(2)(a) and (b); adds R.S. 30:9.3)

### Summary of Amendments Adopted by Senate

#### Committee Amendments Proposed by Senate Committee on Natural Resources to the original bill

1. Defines the term "inactive well".
2. Changes appeals of a determination from district court to division of administrative law.
3. Adds provision that if after notification that the commissioner has delayed the determination, and the owner insists on an expedited determination, the owner may donate an amount determined by the commissioner to be placed in the Oil and Gas Regulatory Fund to defray the costs of an expedited determination.

4. Requires the commissioner to adopt rules and regulations in accordance with the APA.
5. Requires the monies credited to the Oil and Gas Regulatory Fund generated from donations and any annual assessment paid by an operator who chooses not to plug a well classified as inactive to be used to monitor and determine future utility of inactive wells.

Senate Floor Amendments to engrossed bill

1. Provides that in 10 days of a final determination by the office, the office submits the operator's written justification and the office's final determination to the owner. If the office determines the well has no future utility, the owner has 10 days to request that the well be plugged and abandoned.
2. If the owner requests the well be plugged and abandoned, then within 90 days the operator submits a plan to the office to do so.
3. Provides that proposed law shall not preclude an operator from pursuing a contractual claim for reimbursement of costs of the plugging and abandonment of the well from any owner.
4. Requires the monies credited to the Oil and Gas Regulatory Fund generated from donations to be used to determine future utility pursuant to proposed law.
5. Provides that monies credited to the fund from the annual assessment paid by an operator who chooses not to plug a well classified as inactive shall be used to fund department employees who are tasked for activities associated with monitoring inactive wells, ensuring the proper plugging of inactive wells, or preventing such wells from being declared orphaned without being covered by financial security or a site-specific trust fund.
6. Makes technical changes.