HLS 243ES-59 ENGROSSED

2024 Third Extraordinary Session

HOUSE BILL NO. 23

1

BY REPRESENTATIVE GEYMANN AND SENATOR HENSGENS

MINERALS: Provides for the administration of the Oilfield Site Restoration Fund (Item #16)

AN ACT

2 To amend and reenact R.S. 30:81(B), 83(Section heading), (A), and (H), 83.1(A)(1) and (2), 3 (B), and (C), 84(A)(7), 85(A)(4), 86(A)(2), (B), (E)(introductory paragraph), (1), (2), 4 and (5) through (7), (G), and (H), 87(A), (B), and (F)(1), 88(B) and (C), 88.1(C) and 5 (D), 88.2(C), 89(C)(3), 90(Section heading), (A) through (C), and (E)(introductory paragraph) and (5), 91(B)(2)(c), and 95, to enact R.S. 30:82(16), and to repeal R.S. 6 7 30:82(3) and 83(B) through (G) and (I), relative to oilfield site restoration; to provide 8 for the use and administration of the Oilfield Site Restoration Fund; to repeal the 9 Oilfield Site Restoration Commission; to authorize the Natural Resources Trust 10 Authority to administer the fund with the oversight of the State Mineral and Energy 11 Board; to transfer functions of the commission to the trust authority; to provide 12 definitions; to provide for the administration of federal funds for oilfield site 13 restoration and plugging of orphan wells; to provide for the authority to execute 14 financial agreements and instruments; to provide for the calculation of oilfield site 15 restoration fees; to increase oilfield site restoration fees; to provide an effective date; 16 and to provide for related matters. 17 Be it enacted by the Legislature of Louisiana: 18 Section 1. R.S. 30:81(B), 83(Section heading), (A), and (H), 83.1(A)(1) and (2), (B), 19 and (C), 84(A)(7), 85(A)(4), 86(A)(2), (B), (E)(introductory paragraph), (1), (2), and (5) 20 through (7), (G), and (H), 87(A), (B), and (F)(1), 88(B) and (C), 88.1(C) and (D), 88.2(C),

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

89(C)(3), 90(Section heading), (A) through (C), and (E)(introductory paragraph) and (5),

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2 91(B)(2)(c), and 95 are hereby amended and reenacted and R.S. 30:82(16) is hereby enacted

to read as follows:

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§81. Policy and purpose

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B. It is in the public interest and within the police power of this state to establish an oilfield site restoration commission and an oilfield site restoration fund to provide for the proper and timely cleanup, closure, and restoration of oilfield sites, to be administered by the assistant secretary of the office of conservation within the Department of Energy and Natural Resources.

§82. Definitions

As used in this Part, the following terms shall have the meanings ascribed to them in this Section, unless the context or use clearly indicates otherwise:

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(16) "Trust authority" means the Natural Resources Trust Authority established pursuant to R.S. 36:356.1.

§83. Oilfield Site Restoration Commission site restoration; administration by the Department of Energy and Natural Resources

A. The Oilfield Site Restoration Commission is hereby created within the office of the secretary of the Department of Energy and Natural Resources. The commission shall have the power to sue and be sued and shall be domiciled in the parish of East Baton Rouge. Venue for any suit brought by or against the commission shall be in the Nineteenth Judicial District Court. The Natural Resources Trust Authority, under the direction of the secretary and subject to oversight by the State Mineral and Energy Board pursuant to R.S. 36:356.1, is authorized to perform the following functions related to oilfield site restoration:

(1) Approve and evaluate a priority list for site restoration annually.

1	(2) Pledge the revenues available to fund authorized purposes and to secure
2	the issuance of bonds to fund such purposes provided in R.S. 30:83.1, provided that
3	annual debt service shall not be in excess of fifty percent of the pledged revenues
4	estimated to be received in the calendar year the bonds are issued.
5	(3) Approve lists of contractors acceptable to conduct site assessment and
6	site restoration.
7	(4) Approve a cooperative endeavor agreement between the trust authority
8	and an organization seeking to assist with plugging orphaned wells in order to
9	alleviate the burden on operators in meeting financial security requirements.
10	(5) Review administration of site restoration activities and review the
11	adequacy of site restoration assessments and reopen the funding needs and
12	arrangements for site-specific trust accounts every four years. However, unless the
13	oilfield site is transferred from one party to another after the adoption of a standard
14	for evaluation, site-specific trust accounts established prior to the adoption of a
15	standard for evaluation by the Department of Energy and Natural Resources, office
16	of conservation shall not be reassessed if the operator of record provides to the office
17	on an annual basis, utilizing the methodology in use at the time that the site-specific
18	trust account was established, proof that the security is adequate to ensure proper
19	closure of the wells upon completion of activity.
20	(6) Provide general administration and management of the Oilfield Site
21	Restoration Fund, funds collected from financial security instruments previously tied
22	to a specific well or wells that have since been plugged or are otherwise not tied to
23	a specific well or wells, and all site-specific trust accounts.
24	(7) Perform any function authorized by this Part or which is consistent with
25	its purpose and not otherwise assigned by this Part to the secretary or assistant
26	secretary.
27	* * *
28	H.B. The Department of Energy and Natural Resources shall adopt rules and
29	regulations, in accordance with the Administrative Procedure Act, to implement the

provisions of this Part and to provide for procedures for site assessments and restoration.

* * *

§83.1. Authorization of bonds

A.(1) An issuer is authorized to issue bonds pursuant to the provisions of R.S. 9:2341 through 2347 for the benefit of the commission trust authority, at the direction of the secretary, to raise funds for authorized purposes in accordance with the provisions of this Section and the constitutional and statutory provisions governing the issuance of bonds by such entities.

(2) The bonds may be secured by an irrevocable pledge and dedication of revenues of the commission trust authority, at the direction of the secretary, which shall consist of all monies deposited in the fund pursuant to R.S. 30:86(D), collected, derived, or received from the oilfield site restoration fees and penalties imposed pursuant to R.S. 30:87 or any other lawfully available revenues, if any, to the extent appropriated, provided that annual debt service shall not be in excess of fifty percent of the pledged revenues estimated to be received in the calendar year the bonds are issued, but shall not include site-specific trust account monies as identified in R.S. 30:86(D)(6) and 88. The bonds of the issuer shall be revenue bonds payable solely from the above-described sources, to the extent appropriated and released from the state, and such pledge shall not constitute a pledge of the full faith and credit of the state.

* * *

B.(1) When any bonds have been issued and secured in accordance with the provisions of this Section, neither the commission trust authority, nor the department, nor the state, nor any other entity may act to impair any obligation or contract for the benefit of the holders of the bonds or discontinue or decrease any fee, penalties, or other revenue in anticipation of the collection of which the bonds have been issued until all of the bonds have been retired as to principal and interest or irrevocable provision otherwise made for their complete redemption and payment

in principal, interest, and redemption premium, if any, and the complete payment of all amounts due under the trust agreement pursuant to which the bonds are issued.

- (2) Any pledge of revenues for the security of the bonds shall be valid and binding from the time the pledge is made and shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the state, the department, or the commission trust authority whether or not such parties have notice thereof. Any trust agreement by which a pledge is created need not be filed or recorded.
- Authority are is hereby authorized on behalf of the commission to execute loan, reimbursement, investment, and bond purchase agreements, and all documents as may be necessary or desirable to carry out the provisions of this Section and is are further authorized to take any and all further actions and execute and deliver all other documents as may be necessary in connection with the issuance of any bonds, notes, certificates, reimbursement obligations, or other evidences of indebtedness referred to in this Section. The provisions of R.S. 9:2347(J) shall not apply to bonds or any contractual obligation, including the pledge of state funds, to be undertaken or incurred in connection therewith.
- (4) At the direction of the secretary, the commission trust authority is authorized to create funds or accounts for the deposit of the revenues or the proceeds of the bonds, including funds described above or other revenues and monies pledged in connection therewith or respect thereto.
- (5) The department and, at the direction of the secretary, the commission trust authority is authorized to enter into any and all agreements or contracts, execute any and all instruments, and do and perform any and all acts necessary, convenient, or desirable for the issuance of the bonds or to carry out any power expressly given in this Section.

1	C. Notwithstanding any provision of law to the contrary, any revenues				
2	received by the commission trust authority pledged to the repayment of any bonds				
3	issued in accordance with this Section may be collected and disbursed as set forth in				
4	the documents providing for the issuance of the bonds or other related documents.				
5	§84. Powers of the secretary				
6	A. The powers of the secretary shall include without limitation the power to				
7	do the following:				
8	* * *				
9	(7) The secretary shall maintain all oversight, supervisory, and fiscal				
10	responsibility imposed under the provisions of this Part which are not specifically				
11	conferred upon the commission trust authority.				
12	* * *				
13	§85. Powers of the assistant secretary				
14	A. The powers of the assistant secretary shall include without limitation the				
15	power to do the following, subject to the supervision of the secretary:				
16	* * *				
17	(4) Modify funding requirements of site-specific trust accounts either upon				
18	recommendation of the commission trust authority, the secretary, or upon his own				
19	determination, based upon changes in operation, site conditions, or trust account				
20	status.				
21	* * *				
22	§86. Oilfield Site Restoration Fund				
23	A.				
24	* * *				
25	(2) Out of the funds remaining in the Bond Security and Redemption Fund,				
26	after a sufficient amount is allocated from that fund to pay all the obligations secured				
27	by the full faith and credit of the state that become due and payable within each fiscal				
28	year, the treasurer shall pay into the Oilfield Site Restoration Fund an amount equal				
29	to the revenues generated from collection of the fees provided for in Subsection D				

of this Section. The treasurer shall also transfer into the Oilfield Site Restoration Fund the amount of thirty million dollars in federal funding from the first federal funds received by the state for which oilfield site restoration or plugging orphan wells is an allowable use, as determined by the Joint Legislative Committee on the Budget. Such funds shall constitute a special custodial trust fund which shall be administered by the secretary, who Natural Resources Trust Authority, which shall make disbursements from the fund solely in accordance with the purposes and uses authorized by this Part.

B. The funds received shall be placed in the special trust fund in the custody of the state treasurer to be used only in accordance with this Part and shall not be placed in the general fund. The funds provided to the commission trust authority pursuant to this Section shall at all times be and remain the property of the commission trust authority. The funds shall be used only for the purposes set forth in this Part and for no other governmental purposes. Except for the pledge of the revenues provided in R.S. 30:83.1, it is the intent of the legislature that this fund and its increments shall remain intact and inviolate. Any interest or earnings of the fund shall be credited only to the fund.

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E. Except as otherwise provided in this Section, the monies in the fund may be disbursed and expended pursuant to the authority and direction of the secretary or assistant secretary the Natural Resources Trust Authority for the following purposes and uses:

(1) Any oilfield site assessment or restoration conducted by the Department of Energy and Natural Resources pursuant to this Part, and the payment of the principal, interest, and legal fees, credit enhancement fees, trustee fees, and other related costs of issuance or ongoing expenses in connection with issuance of bonds or other debt obligations on behalf of the commission, at the direction of the secretary trust authority; pursuant to R.S. 30:83.1 for the purpose of financing the costs of the oilfield site assessments and restorations.

(2) Upon approval of the commission trust authority, the administration of this Part by the department in an amount not to exceed nine hundred fifty thousand dollars each fiscal year. Amounts expended pursuant to Paragraph (4) of this Subsection shall not count towards the administrative expenditure limitation.

* * *

- (5) Any costs associated with response to any emergency as provided in R.S. 30:6.1 unless directed by the commission trust authority not to expend monies in the fund pursuant to Subsection G of this Section. The department shall seek to recover from the responsible party any monies disbursed and spent from the fund for any emergency as defined in R.S. 30:6.1 within six months of the initial expenditure for such emergency.
- (6) Upon approval of the commission trust authority, up to five hundred thousand dollars per fiscal year for the office of conservation to act alone, or in conjunction with the voluntarily participating parties, for the assessment and restoration of commercial oilfield waste disposal facilities used for the storage, treatment, or disposal of non-hazardous oilfield waste for a fee or other consideration, which were abandoned, leaving no financially responsible owner, operator, or bonding company, in accordance with the plan of closure as required in the permit, or if the permit did not provide a plan of closure, a plan approved by the commission trust authority; however, a responsible person shall not be released from his duty or liability, if any, imposed by this Section.
- (7) Except for the costs of administration of this Part by the Department of Energy and Natural Resources not exceeding the limitations set by the United States Congress or administering federal agency for the federal funds appropriated or granted, the monies deposited into the fund pursuant to Paragraphs (D)(9), (10), and (11) of this Section shall be used only for the purposes of assessing and restoring orphan oilfield sites. Notwithstanding any other requirements in this Part, the monies may be expended by the secretary through a contract entered into under any competitive process authorized by Title 38 or 39 of the Louisiana Revised Statutes

of 1950. The contract may be awarded to any qualified party whether or not the party is on the approved list of contractors acceptable to conduct site assessment and restoration by the commission trust authority.

* * *

G. Upon declaration of an emergency as defined in R.S. 30:6.1, the assistant secretary shall notify the commission trust authority and the State Mineral and Energy Board of the declared emergency. A meeting of the commission shall be held within ninety days after the emergency declaration. At such meeting, the commission Upon notification, the trust authority, in consultation with the State Mineral and Energy Board, may direct that no monies in the fund be disbursed or spent for response activity related to the emergency declaration.

H. At the direction of the secretary or the Natural Resources Trust Authority, federal monies dedicated pursuant to Paragraph (D)(9) or (10) of this Section shall be placed into the department's federal funds account instead of the Oilfield Site Restoration Fund, but such money shall otherwise be subject to the same requirements applicable to money identified in Paragraph (D)(9) or (10) of this Section.

§87. Oilfield site restoration fees

A. There is hereby imposed on crude petroleum produced from producing wells in this state a fee on each barrel of oil and condensate <u>as provided in this Section payable upon the initial disposition of each barrel of oil and condensate</u>. The fee is in addition to any tax imposed pursuant to Title 47 of the Louisiana Revised Statutes of 1950. The provisions of Chapters 17 and 18 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950 shall apply to the administration, collection, and enforcement of the fee imposed in this Section, and the penalties provided by that code shall apply to any person who fails to pay or report the fee. Proceeds from the fee, including any penalties collected in connection with the fee, shall be deposited into the Oilfield Site Restoration Fund.

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1 B. There is hereby imposed on gas produced from producing wells in this 2 state a fee in the amount of three-tenths of one cent for each thousand cubic feet as provided in this Section. The fee is in addition to any tax imposed pursuant to Title 3 4 47 the Louisiana Revised Statutes of 1950. The provisions of the Louisiana Tax 5 Code shall apply to the administration, collection, and enforcement of the fee, and 6 the penalties provided by that code shall apply to any person who fails to pay or 7 report the fee. Proceeds from the fee, including any penalties collected in connection 8 with the fee, shall be deposited into the Oilfield Site Restoration Fund. 9 10 F. The site restoration fee shall be the following: 11 (1)(a) Full rate production, which shall include all production from oil or gas 12 wells except for production from reduced rate production wells as set forth in R.S. 47:633(7):. For crude oil and condensate, the fee shall be based on the oil price on 13 14 July first of each year for the ensuing twelve months based upon the average New 15 York Mercantile Exchange Price per barrel of crude oil per month on the close of 16 business on June thirtieth for the prior twelve months. (a) The amount of the fee for 17 a well that produces crude oil and condensate shall be as follows: 18 (i) The fee shall be one and one-half two cents per barrel on crude oil and 19 condensate if the price of oil is at or below sixty dollars per barrel. 20 (ii) The fee shall be three four cents per barrel on crude oil and condensate 21 if the price of oil is above sixty dollars and at or below ninety dollars per barrel. 22 (iii) The fee shall be four and one-half six cents per barrel on crude oil and 23 condensate if the price of oil is above ninety dollars per barrel. 24 (b) For natural gas and casing head gas, the fee shall be three-tenths of one 25 cent per thousand cubic feet. as follows:

price of gas is at or below two dollars and fifty cents per thousand cubic feet.

(i) The fee shall be three-tenths of one cent per thousand cubic feet if the

1	(ii) The fee shall be four-tenths of one cent per thousand cubic feet if the				
2	price of gas is above two dollars and fifty cents and at or below four dollars and fifty				
3	cents per thousand cubic feet.				
4	(iii) The fee shall be five-tenths of one cent per thousand cubic feet if the				
5	price of gas is above four dollars and fifty cents per thousand cubic feet.				
6	* * *				
7	§88. Oilfield site trust accounts				
8	* * *				
9	B. In the event the parties to a transfer elect to establish a site-specific trust				
10	account under this Section, the assistant secretary shall require an oilfield site				
11	restoration assessment to be made to determine the site restoration requirements				
12	existing at the time of the transfer, or at the time the site-specific trust account is				
13	established. The oilfield site restoration assessment shall be conducted by approved				
14	site assessment contractors appearing on a list approved by the commission trust				
15	authority or acceptable to the commission trust authority. The oilfield site				
16	restoration assessment shall specifically detail site restoration needs and shall				
17	provide an estimate of the site restoration costs needed to restore the oilfield site				
18	based on the conditions existing at the time of transfer, or at the time the site-specific				
19	trust account is established.				
20	C. The party or parties to the transfer shall, based upon the site restoration				
21	assessment, propose a funding schedule which will provide for the site-specific trust				
22	account. The funding schedule shall consider the uniqueness of each transfer,				
23	acquiring party, and oilfield site. Funding of the site-specific trust account shall				
24	include some contribution to the account at the time of transfer and at least quarterly				
25	payments to the account. Cash or bonds in a form and of a type acceptable to the				
26	assistant secretary, or any combination thereof, may also be considered for funding				

The assistant secretary shall monitor each trust account to assure that it is being

properly funded. The funds in each trust account shall remain the property of the

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commission trust authority.

§88.1. Oilfield site trust accounts for orphaned wells

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C. Site restoration assessment. When establishing a site-specific trust account under this Section, the assistant secretary shall require an oilfield site restoration assessment to be made to determine the site restoration requirements existing at the time the site-specific trust account is established. The oilfield site restoration assessment shall be conducted by approved site assessment contractors appearing on a list approved by the commission trust authority or acceptable to the commission trust authority. The oilfield site restoration assessment shall specifically detail the site's restoration needs and shall provide an estimate of the restoration costs needed to restore the oilfield site based on the conditions existing at the time the site-specific trust account is established.

D. Trust account monitoring. The assistant secretary shall monitor each trust account to assure that it is being properly funded. The funds in each trust account shall remain the property of the commission trust authority. In the event that the site-specific trust account is not funded through the payment of the severance tax due the state for a period of greater than six months from the date of first production following designation of the well as part of an orphaned oilfield site, the assistant secretary shall require financial security in accordance with the office of conservation's rules and regulations.

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§88.2. Orphan well rework program

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C. Trust account monitoring. The assistant secretary shall monitor each trust account to assure that it is being properly funded. The funds in each trust account shall remain the property of the commission trust authority. If the site-specific trust

account is not funded through the payment of amounts equal to the severance tax that would otherwise be due the state for a period of greater than six months from the date of first production following designation of the well as part of an orphaned oilfield site, the assistant secretary shall require financial security in accordance with this Subtitle and the rules and regulations adopted pursuant to this Subtitle including the exceptions provided in R.S. 30:4(R).

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§89. Non-orphan site restoration

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C. For sites restored pursuant to Subsections A and B of this Section, after site restoration has been completed and approved by the assistant secretary, funds from the site-specific trust account will be disbursed as follows:

* * *

(3) If the funds in the site-specific trust account are depleted prior to the payment of all site restoration costs, and if the assistant secretary subsequently declares that oilfield site to be an orphaned oilfield site and upon approval of the commission trust authority, the Oilfield Site Restoration Fund shall contribute the balance of the restoration costs for that orphaned oilfield site.

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§90. Commission's Natural Resources Trust Authority annual report to the legislature

A. The commission trust authority shall submit to the Senate Committee on Natural Resources, the House Committee on Natural Resources and Environment, and the Senate Committee on Environmental Quality before March first an annual report that reviews the extent to which the fund has enabled the commission trust authority to better protect the environment and enhance the income of the Oilfield Site Restoration Fund.

B. The commission trust authority shall generate a three-year plan which comprehensively addresses a balanced restoration of all oilfield sites in the state.

1	The three-year plan shall include an inventory of all wells by classification, a				
2	timetable for implementation and completion of site restoration activities and set				
3	forth other goals and objectives of the commission trust authority. The commission				
4	trust authority will annually review the status of its three-year plan and shall generate				
5	successive three-year plans as needed.				
6	C. The assistant secretary shall furnish the commission trust authority with				
7	semiannual reports that review the efforts of the assistant secretary to assure proper				
8	and timely cleanup, closure, and restoration of oilfield sites.				
9	* * *				
10	E. The commission's trust authority's annual report to the legislature shall				
1	include:				
12	* * *				
13	(5) A report on the progress of the commission's <u>trust authority's</u> three-year				
14	plan.				
15	* * *				
16	§91. Orphaned oilfield sites				
17	* * *				
18	B.				
19	* * *				
20	(2)				
21	* * *				
22	(c) In the event that a lienholder is not properly notified as provided in this				
23	Paragraph, any claim by the holder or holders against the commission trust authority,				
24	Department of Energy and Natural Resources, office of conservation, or the				
25	contractors for the value of the salvaged property shall be limited to the actual cash				
26	value of the salvaged property at the time of salvage.				
27	* * *				

§95.	No inference	of liability on	the part of the state
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A. Nothing in this Part shall establish or create any liability or responsibility on the part of the commission trust authority or the state of Louisiana to pay any costs associated with site restoration from any sources other than the fund created by R.S. 30:86 or the funds established in connection with the issuance of bonds on behalf of the commission trust authority, at the direction of the secretary, pursuant to R.S. 30:83.1 nor shall the commission trust authority or the state of Louisiana have any liability or responsibility to make any payments for costs associated with site restoration if the trust created herein is insufficient to do so.

B. The secretary, assistant secretary, the commission trust authority, or their agents, on proper identification, may enter the land of another for purposes of site assessment or restoration.

C. The commission trust authority, the secretary, and the assistant secretary, and their agents, are not liable for any damages arising from an act or omission if the act or omission is part of a good faith effort to carry out the purpose of this Part.

D. No party contracting with the Department of Energy and Natural Resources, office of conservation, or the commission trust authority under the provisions of this Part shall be deemed to be a public employee or an employee otherwise subject to the provisions of Parts I through IV of Chapter 15 of Title 42 of the Louisiana Revised Statutes of 1950.

Section 2. R.S. 30:82(3), 83(B) through (G) and (I) are hereby repealed in their entirety.

Section 3. The Louisiana State Law Institute is hereby authorized and directed to alphabetize and renumber the definitions contained in R.S. 30:82 and to correct any cross-references to the renumbered paragraphs if necessary, consistent with the provisions of this Act.

Section 4. This Act shall become effective July 1, 2025.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 23 Engrossed

2024 Third Extraordinary Session

Geymann

Abstract: Provides for the use and administration of the Oilfield Site Restoration Fund and federal funds for oilfield site restoration and plugging of orphan wells by the Natural Resources Trust Authority, under the direction of the secretary and the State Mineral and Energy Board and increases oilfield site restoration fees.

<u>Present law</u> authorizes the assistant secretary for the office of conservation to administer the Oilfield Site Restoration Fund. (R.S. 30:81(B))

<u>Proposed law</u> removes this authority and provides that the fund be administered by the Dept. of Energy and Natural Resources. (R.S. 30:81(B))

<u>Present law</u> provides definitions to be used throughout the Oilfield Site Restoration Law, including a definition for "commission." (R.S. 30:82)

<u>Proposed law</u> removes the definition for "commission" and adds a definition for "trust authority". (R.S. 30:82)

<u>Present law</u> creates the Oilfield Site Restoration Commission and provides for the commission's powers and functions, including management and use of the Oilfield Site Restoration Fund, federal funds for site restoration and orphan wells, and site-specific trust accounts; oversight of restoration priorities, assessments, and approved contractors; pledging monies in the fund, the authorization of bonds, and the execution of security related instruments and agreements; disbursement of money from the fund for specified purposes; and annual reporting to the legislature. (R.S. 30:83, 83.1, 86, 88, 88.1, 88.2, 89, 90, 95)

<u>Proposed law</u> repeals the Oilfield Site Restoration Commission. (R.S. 30:83, 83.1, 86, 88, 88.1, 88.2, 89, 90, 95)

<u>Present law</u> establishes the Natural Resources Trust Authority within the dept, in the office of the undersecretary and under the State Mineral and Energy Board. (R.S. 36:356.1)

<u>Proposed law</u> transfers the powers and functions of the commission to the Natural Resources Trust Authority, acting under the direction of the State Mineral and Energy Board and the secretary of the dept. and replaces all instances of "commission" in the Oilfield Site Restoration Law with "trust authority". (R.S. 30:83, 83.1, 86, 88, 88.1, 88.2, 89, 90, 95)

<u>Present law</u> establishes the powers of the secretary and assistant secretary of conservation regarding oilfield site restoration. (R.S. 30:84, 85)

<u>Proposed law retains present law</u> and only changes references to the "commission" to the "trust authority". (R.S. 30:84, 85)

<u>Present law</u> establishes a special custodial trust fund within the Oilfield Site Restoration Fund for the deposit of thirty million dollars in federal funding for oilfield site restoration or plugging of orphan wells and authorizes the secretary to administer this fund. (R.S. 30:86(A)(2))

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<u>Proposed law</u> retains the special custodial trust from <u>present law</u>, but gives authority over its administration to the Natural Resources Trust Authority, rather than the secretary. (R.S. 30:86(A)(2))

<u>Present law</u> authorizes the secretary to direct that certain federal monies dedicated to oilfield site restoration or plugging orphan wells be placed in the dept.'s federal funds account instead of the Oilfield Site Restoration Fund. (R.S. 30:86(H))

<u>Proposed law</u> authorizes the Natural Resources Trust Authority, in addition to the secretary, to direct such placement of federal funds. (R.S. 30:86(H))

<u>Present law</u> provides that oilfield site restoration fees are to be based on the oil price on July 1st each year for the ensuing twelve months based upon the average New York Mercantile Exchange Price per barrel of crude oil per month on the close of business on June thirtieth for the prior twelve months. (R.S. 30:87(F)(1)(a))

<u>Proposed law</u> removes reference to the average New York Mercantile Exchange. (R.S. 30:87(F)(1)(a))

Present law imposes the following oilfield site restoration fees for full rate production:

- (1) On crude oil and condensate:
 - (a) 1.5 cents per barrel if the price of oil is at or below \$60 per barrel.
 - (b) 3 cents per barrel if the price of oil is over \$60 and at or below \$90 per barrel.
 - (c) 4.5 cents per barrel if the price of oil is above \$90 per barrel.
- (2) On natural gas and casing head gas: 3/10 of 1 cent per thousand cubic feet. (R.S. 30:87(B) and (F)(1))

Proposed law increases these fees to the following:

- (1) On crude oil and condensate:
 - (a) 2 cents per barrel if the price of oil is at or below \$60 per barrel.
 - (b) 4 cents per barrel if the price of oil is over \$60 and at or below \$90 per barrel.
 - (c) 6 cents per barrel if the price of oil is above \$90 per barrel.
- (2) On natural gas and casing head gas:
 - (a) 3/10 of 1 cent per thousand cubic feet if the price of gas is at or below \$2.50.
 - (b) 4/10 of 1 cent per thousand cubic feet if the price of gas is \$2.51 to \$4.50.
 - (c) 5/10 of 1 cent per thousand cubic feet if the price of gas is \$4.51 or more. (R.S. 30:87(B) and (F)(1))

<u>Present law</u> provides for orphan well lienholder claims against the commission, dept., office of conservation, and contractors for the value of salvaged equipment. (R.S. 30:91)

<u>Proposed law</u> retains <u>present law</u>, but substitutes the trust authority for the commission as one of the entities within the dept. that a claim can be made against. (R.S. 30:91)

Directs the La. State Law Institute to alphabetize and renumber the definitions contained in R.S. 30:82.

Effective July 1, 2025.

(Amends R.S. 30:83(Section heading), (A), and (H), 83.1(A)(1) and (2), (B), and (C), 84(A)(7), 85(A)(4), 86(A)(2), (B), (E)(intro. para.), (1), (2), and (5) - (7), (G), and (H), 87(A), (B), and (F)(1), 88(B) and (C), 88.1(C) and (D), 88.2(C), 89(C)(3), 90(Section heading), (A) - (C), and (E)(intro. para.) and (5), 91(B)(2)(c), and 95; Adds R.S. 30:82(16); Repeals R.S. 30:82(3) and 9 83(B) through (G) and (I))

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

HLS 243ES-59
ENGROSSED
HB NO. 23

Summary of Amendments Adopted by House

The Committee Amendments Proposed by <u>House Committee on Natural Resources and Environment</u> to the <u>original</u> bill:

- 1. Make technical changes.
- 2. Repeal the Oilfield Site Restoration Commission and transfer the functions of the commission to the Natural Resources Trust Authority.
- 3. Replace references to the commission throughout the Oilfield Site Restoration Law with references to the trust authority instead.
- 3. Decrease the oilfield site restoration fee on gas and change the fee to a graduated one based on gas prices.