

SENATE BILL NO. 427

BY SENATOR ALLAIN

1 AN ACT

2 To amend and reenact R.S. 30:4(C)(1)(a) and to enact R.S. 30:4(R), relative to the office of  
3 conservation; to provide for jurisdiction, duties, and powers of the commissioner; to  
4 provide for drilling, casing, and plugging of wells; to allow for transferrable plugging  
5 credits in lieu of bond with security; to require reasonable bond with security for  
6 plugging certain wells; to require the plugging of certain wells; to provide for  
7 rulemaking authority; to provide for terms, conditions, and requirements; and to  
8 provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 30:4(C)(1)(a) is hereby amended and reenacted and R.S. 30:4(R) is  
11 hereby enacted to read as follows:

12 §4. Jurisdiction, duties, and powers of the assistant secretary; rules and regulations

13 \* \* \*

14 C. The commissioner has authority to make, after notice and hearings as  
15 provided in this Chapter, any reasonable rules, regulations, and orders that are  
16 necessary from time to time in the proper administration and enforcement of this  
17 Chapter, including rules, regulations, or orders for the following purposes:

18 (1)(a)(i) To require the drilling, casing, and plugging of wells to be done in  
19 such a manner as to prevent the escape of oil or gas out of one stratum to another;

20 (ii) To prevent the intrusion of water into oil or gas strata;

21 (iii) To prevent the pollution of fresh water supplies by oil, gas, or salt water;

22 (iv) To require the plugging of each dry and abandoned well and the closure

1 of associated pits, the removal of equipment, structures, and trash; and to otherwise  
 2 require a general site cleanup of such dry and abandoned wells; ~~and.~~

3 (v) ~~To require reasonable bond with security for the performance of the duty~~  
 4 ~~to plug each dry or abandoned well and to perform the site cleanup required by this~~  
 5 ~~Paragraph.~~ **To allow for transferrable plugging credits in lieu of the bond with**  
 6 **security required by Subsection R of this Section in order to promote the**  
 7 **plugging of orphaned oilfield sites and oilfield sites that have been inactive for**  
 8 **at least five years. A plugging credit shall be issued for the plugging of orphaned**  
 9 **oilfield sites and oilfield sites that have been inactive for at least five years, with**  
 10 **the specific requirements and procedures for issuance, transfer, and acceptance**  
 11 **of such credits to be developed by the commissioner. The regulations shall, at**  
 12 **a minimum, provide criteria under which plugging credits may be earned, and**  
 13 **require approval by the commissioner for the earning, using, banking, or selling**  
 14 **of the plugging credits.**

15 \* \* \*

16 **R. The commissioner shall make, after notice and public hearings as**  
 17 **provided in this Chapter, any rules, regulations, and orders that are necessary**  
 18 **to require reasonable bond with security for the performance of the duty to plug**  
 19 **each dry and abandoned well and the closure and to perform the site cleanup**  
 20 **required by Item (C)(1)(a)(iv) of this Section. The rules, regulations, and orders**  
 21 **may classify based on location of well and shall provide for the following**  
 22 **exceptions from the reasonable bond and security requirement:**

23 **(1) Wells exempt prior to September 1, 2015, that remain with the**  
 24 **operator of record as of that date.**

25 **(2) Wells utilizing plugging credits pursuant to Item (C)(1)(a)(v) of this**  
 26 **Section.**

27 **(3) Wells exempt pursuant to R.S. 30:4.3(C).**

28 Section 2. This Act shall become effective upon signature by the governor or, if not  
 29 signed by the governor, upon expiration of the time for bills to become law without signature  
 30 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

1 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
2 effective on the day following such approval.

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PRESIDENT OF THE SENATE

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_