
DIGEST

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HB 98 Engrossed

2017 Regular Session

Bishop

Abstract: Repeals the provision that oilfield site restoration fees are proportional to severance tax collected on the production of the well.

Present law imposes a set fee on the production of oil, condensate, and gas that is in addition to any severance taxes imposed on such production. The proceeds of the fee are to be used for the oilfield site restoration program in the Dept. of Natural Resources. Present law provides that the fee for oil and condensate is based on the price on July 1st of each year as follows:

- (1) If the price of oil and condensate is at or below \$60/barrel, the fee is 1 and ½ cents/barrel.
- (2) If the price of oil and condensate is between \$60 and \$90/barrel, the fee is 3 cents/barrel.
- (3) If the price of oil and condensate is above \$90/barrel, the fee is 4 and ½ cents/barrel.

In addition, present law sets the fee for natural gas and casing head gas at 3/10ths of one cent/thousand cubic feet.

Proposed law removes certain citations to other laws without repealing those provisions. Proposed law also specifies that the full production rate fee is assessed for all production from oil and gas wells except for production from those that are identified as reduced rate production wells.

Present law further provides that for reduced rate production wells such as stripper wells and incapable wells, the oilfield site restoration fee is reduced by the same proportion as the severance tax reduction provided by statute.

Present law provides that the fees are to be in proportion to the amount of severance tax collected on the well. Proposed law repeals this provision.

Effective July 1, 2017.

(Amends R.S. 30:87(A), (B), and (F); Repeals R.S. 30:87(D))

Summary of Amendments Adopted by House

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

1. Remove certain citations to other laws without repealing those provisions.
2. Specify that the full production rate fee is assessed on all production from oil and gas wells except for production from those that are identified as reduced rate production wells.