

2018 Regular Session

SENATE BILL NO. 377

BY SENATOR ALLAIN

MINERALS. Establishes procedures for review of future utility of well sites that have been inactive for more than ten years. (8/1/18)

1 AN ACT

2 To amend and reenact R.S. 30:21(B)(2)(a) and (b) and to enact R.S. 30:9.3, relative to the  
3 office of conservation; to establish procedures for review of future utility of well  
4 sites that have been inactive for more than ten years; to provide for procedures,  
5 terms, rules, conditions, and requirements; to provide an exception to time  
6 requirements; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 30:21(B)(2)(a) and (b) are hereby amended and reenacted and R.S.  
9 30:9.3 is hereby enacted to read as follows:

10 **§9.3. Plugging of inactive wells; appeal**

11 **A. For the purposes of this Section, the following terms shall have the**  
12 **following meanings:**

13 **(1) "Inactive well" means an unplugged well that has been spud or has**  
14 **been equipped with cemented casing and that has had no reported production,**  
15 **disposal, injection, or other permitted activity for a period of greater than six**  
16 **months and is not part of an approved production program.**

17 **(2) "Office" means the office of conservation.**

1           **(3) "Operator" means the current operator of record for the inactive**  
2 **well according to the office records.**

3           **(4) "Owner" means the owner, as listed on the parish tax roll, of the land**  
4 **encompassing the surface location of the inactive well, or the owner's lessee.**

5           **B.(1) If an inactive well is designated as being inactive with future utility**  
6 **by the operator for a period of ten years or more and that well is neither**  
7 **scheduled to be plugged and abandoned on a plan approved by the**  
8 **commissioner nor covered under an approved production program, then the**  
9 **owner may request in writing that the office determine whether the inactive well**  
10 **has future utility.**

11           **(2) Within thirty days of receipt of such a request, the commissioner**  
12 **shall notify the operator of the request.**

13           **(3) The operator shall submit to the office a written justification**  
14 **including any evidence he deems necessary to prove that the well has future**  
15 **utility within ninety days of receipt of the notice from the office.**

16           **(4) The office shall review the operator's written justification and**  
17 **determine whether the inactive well has future utility.**

18           **(5) The operator shall submit a plan to the office to plug the well within**  
19 **ninety days after a final determination by the office that the well has no future**  
20 **utility.**

21           **(6) The commissioner may approve the plan of plugging and**  
22 **abandonment submitted by the operator that shall include any revisions the**  
23 **commissioner deems necessary.**

24           **(7) The operator shall plug the well in accordance with and within the**  
25 **time frame set forth in the plan of plugging and abandonment approved by the**  
26 **commissioner.**

27           **(8) The operator or the owner may appeal the office's determination and**  
28 **shall have the right to a public hearing if requested in writing within thirty days**  
29 **of notification of the office's determination. The written request shall suspend**

1 the office's determination until after a hearing before an administrative law  
 2 judge or hearing officer. The hearing shall be in accordance with Part A of  
 3 Chapter 13-B of Title 49 of the Revised Statutes of 1950, comprised of R.S.  
 4 49:991 through 999.1, and the Administrative Procedure Act.

5 C.(1) If, in the determination of the commissioner, the office is unable to  
 6 carry out any of the responsibilities set forth in this Section within ninety days  
 7 of a request or submission due to lack of sufficient personnel or funding, then  
 8 the commissioner may delay such responsibilities. In such event the  
 9 commissioner shall notify the operator and owner of such a determination and  
 10 provide an estimate of when the office plans to carry out such responsibility.

11 (2) After notification described in Paragraph (1) of this Subsection, if the  
 12 owner insists on an expedited determination, he may donate an amount  
 13 determined by the commissioner to be placed in the Oil and Gas Regulatory  
 14 Fund to defray the costs of an expedited determination. The office shall follow  
 15 the procedure set forth in R.S. 30:4(Q) to expedite the determination.

16 D. The commissioner shall adopt rules and regulations in accordance  
 17 with the Administrative Procedure Act to implement the provisions of this  
 18 Section, including but not limited to defining the term "future utility" and  
 19 establishing the factors to be considered when making the determination of  
 20 future utility.

21 \* \* \*

22 §21. Fees and charges of the commissioner of conservation; revisions; exceptions;  
 23 collections; Oil and Gas Regulatory Fund; creation; amounts;  
 24 requirements

25 B. \* \* \*

26 (2)(a) There is hereby established a special fund in the state treasury to be  
 27 known as the Oil and Gas Regulatory Fund, hereafter referred to as the "fund". After  
 28 deposit in the Bond Security and Redemption Fund and after a sufficient amount is  
 29 allocated from that fund to pay all the obligations secured by the full faith and credit

1 of the state that become due and payable within each fiscal year, the treasurer shall  
 2 pay into the fund an amount equal to the monies generated from collection of the  
 3 fees provided for in this Title, R.S. 40:1749.11 et seq., or Title 47 of the Louisiana  
 4 Revised Statutes of 1950, the rules and regulations promulgated thereunder, any  
 5 fines and civil penalties or any other provision of law relative to fees, fines, or civil  
 6 penalties attributable to the office of conservation, **donations**, and fifty percent of  
 7 any annual assessment paid by an operator who chooses not to plug a well classified  
 8 as inactive with the remainder being deposited into the Oilfield Site Restoration  
 9 Fund.

10 (b) The monies credited to the fund shall be appropriated by the legislature  
 11 and dedicated solely to the use of the office of conservation for the regulation of the  
 12 oil and gas industry and other industries under the jurisdiction of the office of  
 13 conservation and shall be used solely for the purposes of that program. **The monies**  
 14 **credited to the fund generated from donations and any annual assessment paid**  
 15 **by an operator who chooses not to plug a well classified as inactive shall be used**  
 16 **to monitor and determine future utility of inactive wells.** Any monies remaining  
 17 in the fund at the end of any fiscal year shall remain with the fund and shall not  
 18 revert to the state general fund. All interest or earnings of the fund shall be credited  
 19 to the fund. All fees and self-generated revenue remaining on deposit for the office  
 20 of conservation at the end of any fiscal year shall be deposited into the fund. The  
 21 amount appropriated from the fund to the office of conservation shall be subject to  
 22 appropriation by the legislature.

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

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SB 377 Engrossed

DIGEST  
 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) The operator submits a plan to the office to plug the well within 90 days after a final determination by the office that the well has no future utility has been made.
- (5) The commissioner may approve the plan of plugging and abandonment submitted by the operator that shall include any revisions the commissioner deems necessary.
- (6) 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.
- (7) 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 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 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 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 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.

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 SenateCommittee 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.