

2018 Regular Session

HOUSE BILL NO. 814

BY REPRESENTATIVE JIM MORRIS

ENERGY/OIL & GAS: Provides for the oilfield site restoration program

1 AN ACT

2 To amend and reenact R.S. 30:83(F)(6) and 86(C) and (F) and to enact R.S. 30:86(D)(8),  
3 relative to oilfield site restoration; to provide for the Oilfield Site Restoration  
4 Commission; to provide for the Oilfield Site Restoration Fund; to provide for uses  
5 and sources of the Oilfield Site Restoration Fund; to provide for financial security  
6 instruments; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 30:83(F)(6) and 86(C) and (F) are hereby amended and reenacted and  
9 R.S. 30:86(D)(8) is hereby enacted to read as follows:

10 §83. Oilfield Site Restoration Commission; Department of Natural Resources

11 \* \* \*

12 F. The powers of the commission shall be limited to the following:

13 \* \* \*

14 (6) Provide general administration and management of the Oilfield Site  
15 Restoration Fund, funds collected from financial security instruments previously tied  
16 to a specific well or wells that have since been plugged or are otherwise not tied to  
17 a specific well or wells, and all site-specific trust accounts. However, the  
18 commission shall have no authority to expend, disburse, or invest monies in the fund.

19 \* \* \*

20 §86. Oilfield Site Restoration Fund

21 \* \* \*

1 C. The treasurer of the state of Louisiana shall certify, to the secretary of the  
 2 Department of Revenue, the date on which the balance in the fund equals or exceeds  
 3 fourteen million dollars. The oilfield site restoration fees on oil and gas provided for  
 4 in R.S. 30:87 shall not be collected or required to be paid on or after the first day of  
 5 the second month following the certification, except that the secretary of the  
 6 Department of Revenue shall resume collecting the fees on receipt of a certification  
 7 from the treasurer that, based on the expenditures or commitments to expend monies,  
 8 the fund has fallen below ten million dollars. The secretary of the Department of  
 9 Revenue shall continue collecting the fees until collections are again suspended in  
 10 the manner provided by this Section. The sums in the site-specific trust accounts  
 11 within the fund, the sums collected from financial security instruments required by  
 12 rules and regulations adopted by the assistant secretary pursuant to R.S. 30:4(R) and  
 13 4.3, and sums generated from the issuance of bonds pursuant to R.S. 30:83.1 shall  
 14 not be counted to determine the balance of the fund for the purposes of this  
 15 Subsection.

16 D. The following monies shall be placed into the Oilfield Site Restoration  
 17 Fund:

18 \* \* \*

19 (8) Any sums collected from financial security instruments required by rules  
 20 and regulations adopted by the assistant secretary pursuant to R.S. 30:4(R) and 4.3.  
 21 However, the monies collected from each financial security instrument tied to a  
 22 specific well or wells shall not be used for any oilfield sites other than those for  
 23 which the financial security was provided.

24 \* \* \*

25 F. In addition to the disbursements and expenditures authorized by  
 26 Subsection E of this Section, not less than one million dollars or twenty percent of  
 27 the amount appropriated to the fund, whichever is less, annually shall be used to plug  
 28 orphaned wells drilled to a depth less than three thousand feet in the Shreveport  
 29 District and the Monroe District of the office of conservation beginning Fiscal Year

1           2016-2017 and through the end of Fiscal Year ~~2018-2019~~ 2021-2022. However,  
2           these monies are subject to being disbursed and expended for any costs associated  
3           with response to any emergency as provided in R.S. 30:6.1.

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## 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)]

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HB 814 Engrossed

2018 Regular Session

Jim Morris

**Abstract:** Provides for the funds and use of the Oilfield Site Restoration Fund.

Present law establishes the Oilfield Site Restoration Fund (Fund) used for oilfield site restoration or assessment conducted by the Dept. of Natural Resources for administration of the oilfield site restoration program.

Present law creates the Oilfield Site Restoration Commission (commission) within the office of the secretary of the Dept. of Natural Resources. Further provides for the powers of the commission that include providing general administration and management of the Fund and all site-specific trust accounts with no authority to expend, disburse, or invest monies in the fund.

Proposed law includes funds collected from financial security instruments previously tied to a specific well or wells that have since been plugged or are otherwise not tied to a specific well or wells under the general administration and management authority of the commission.

Present law provides for the sources of funds deposited into the Fund that include fees collected on oil and gas production in the state, contributions, interest earned on the monies in the Fund, civil penalties or costs recovered from responsible parties to oilfield site restoration, grants and donations, and site-specific trust accounts.

Proposed law adds as a source to the Fund any sums collected from financial security instruments required by rules and regulations. Proposed law prohibits the use of monies collected from financial security instruments tied to a specific well or wells for any oilfield sites other than those for which the financial security was provided.

Present law caps the Fund at \$14,000,000, but excludes from the calculation of that cap site-specific trust accounts and sums generated from bonds. Proposed law adds financial security instruments not tied to a specific well or wells to the list of funds not used to calculate the cap of the Fund.

Present law requires \$1,000,000 or 20% of the amount appropriated to the fund, whichever is less, be used to plug orphaned wells drilled less than 3000 ft. in the Shreveport and Monroe office of conservation districts for three fiscal years beginning FY 2016-2017 and through the end of FY 2018-2019. Specifies that these monies are subject to being disbursed and expended for any costs associated with response and emergency as provided by present law.

Proposed law extends the use of these funds from FY 2018-2019 to FY 2021-2022.

(Amends R.S. 30:83(F)(6) and 86(C) and (F); Adds R.S. 30:86(D)(8))