

2022 Regular Session

SENATE BILL NO. 495 (Substitute for Senate Bill No. 390 by Senator White)

BY SENATOR WHITE

TAX/TAXATION. Provides incentive rebates for oilfield site restoration associated with certain oil production. (1/1/23)

1 AN ACT

2 To enact R.S. 47:633.1, relative to the creation of the oilfield site restoration incentive rebate
3 program; to provide for contracts for the payment of rebates costs of plugging and
4 abandoning and site restoration for certain oil wells; to provide for procedures and
5 requirements for rebate contracts; to provide for payment of the rebates; and to
6 provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:633.1 is hereby enacted to read as follows:

9 **§633.1. Oilfield site restoration incentive rebate program**

10 **A.(1) An operator may apply for a contract for a rebate of up to eighty**
11 **percent of the cost of plugging an oil well and associated oilfield site restoration**
12 **by submitting to the Department of Natural Resources all certified statements**
13 **and substantiating documents required by the department.**

14 **(2) The secretary of the Department of Natural Resources shall certify**
15 **eligibility for the rebate if the secretary determines that the plugged oil well**
16 **meets the eligibility requirements provided for in Subsection B of this Section.**

17 **(3) Upon certification of eligibility, the secretary shall execute the**

1 contract with the operator and provide a copy to the Department of Revenue
2 prior to the payment of any rebate under the contract.

3 (4) The secretary may promulgate rules in accordance with the
4 Administrative Procedure Act as are necessary to implement the provisions of
5 this Section.

6 B. Eligibility requirements. An operator is eligible for a rebate contract
7 pursuant to this Section if all of the following requirements are met:

8 (1) The oil well that is plugged has an initial spud date prior to
9 January 1, 1990.

10 (2) The oil well that is plugged has not produced within the past five
11 years or is on the state orphan well list.

12 (3) The oil well is plugged in accordance with the oilfield site restoration
13 activities required of a responsible party of an oil property in regulations
14 adopted by the office of conservation.

15 (4) The plugged oil well is located in a field in which there is one of the
16 following:

17 (a) Current oil production.

18 (b) A workover on a different oil well within twelve months of the
19 plugging of the plugged well.

20 (c) A newly drilled oil well within twelve months of the plugging of the
21 plugged oil well.

22 C.(1) Rebates shall be paid out of the current collections of the tax
23 collected pursuant to Chapter 6 of Subtitle II of Title 47 of the Louisiana
24 Revised Statutes of 1950.

25 (2) Applications for the rebate pursuant to the provisions of this Section
26 shall be processed by the Department of Revenue. Rebates shall be claimed
27 using the form and in the manner prescribed by the Department of Revenue.

28 (3) The secretary of the Department of Revenue may promulgate rules
29 in accordance with the Administrative Procedure Act as are necessary to

1 **implement the provisions of this Subsection.**

2 **D. No new rebate contract pursuant to this Section shall be approved by**
3 **the Department of Natural Resources after June 30, 2026.**

4 Section 2. This Act shall become effective on January 1, 2023; if vetoed by the
5 governor and subsequently approved by the legislature, this Act shall become effective on
6 the day following such approval by the legislature or January 1, 2023, whichever is later.

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

DIGEST

SB 495 Engrossed 2022 Regular Session White

Proposed law creates the oilfield site restoration incentive rebate program through which eligible operators may contract with the Dept. of Natural Resources for a rebate of up to 80% of the cost of plugging a well and associated site restoration costs.

Proposed law provides that the Dept. of Natural Resources will determine eligibility for the rebate program and promulgate any necessary regulations for the implementation of the program.

Proposed law provides for eligibility criteria for the rebate that all must be met including:

- (1) An initial spud date for the plugged well of before Jan. 1, 1990.
- (2) The well is orphaned or has not produced in the last five years.
- (3) The well is properly plugged in accordance with the office of conservation standards.
- (4) The plugged well is located in a field in which there is either current production, or a workover or newly drilled well within 12 months before or after plugging.

Proposed law authorizes payments of the rebate out of current collections of natural resources severance tax.

Proposed law requires the Dept. of Revenue to process rebate applications on forms and in the manner prescribed by the DOR and authorizes the DOR to promulgate any rules necessary to implement the payment of rebates.

Proposed law sunsets the program on June 30, 2026.

Effective January 1, 2023.

(Adds R.S. 47:633.1)