
DIGEST

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HB 23 Original

2024 Third Extraordinary Session

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Abstract: Provides for the use and administration of the Oilfield Site Restoration Fund and federal funds for oilfield site restoration and plugging of orphan wells by the Oilfield Site Restoration Commission, the Natural Resources Trust Authority, the State Mineral and Energy Board, and officers of the Dept. of Energy and Natural Resources and increases oilfield site restoration fees.

Present law authorizes the assistant secretary for the office of conservation to administer the oilfield site restoration fund. (R.S. 30:81(B))

Proposed law removes this authority and provides that the fund be administered by the Dept. of Energy and Natural Resources. (R.S. 30:81(B))

Present law authorizes the Oilfield Site Restoration Commission to pledge revenue at the direction of the secretary. (R.S. 30:83(F))

Proposed law retains present law and also authorizes the Oilfield Site Restoration Commission to pledge revenue at the direction of the Natural Resources Trust Authority, acting with oversight from the State Mineral and Energy Board. (R.S. 30:83(F))

Present law authorizes the Oilfield Site Restoration Commission to administer and manage the Oilfield Site Restoration Fund, security instruments, and site-specific trust accounts. (R.S. 30:83(F))

Proposed law authorizes the Natural Resources Trust Authority, acting with oversight from the State Mineral and Energy Board, to direct the commission's administration and management of the Oilfield Site Restoration Fund, security instruments, and site-specific trust accounts. (R.S. 30:83(F))

Present law authorizes the secretary or undersecretary to execute agreements and other documents on behalf of the commission related to loan, reimbursement, investment, bond purchases, notes, certificates, and other evidences of indebtedness. (R.S. 30:83.1(B)(3))

Proposed law retains present law and adds authority for the Natural Resources Trust Authority to execute such agreements and related documents in addition to the secretary and undersecretary. (R.S. 30:83.1(B)(3))

Present law authorizes the commission to create funds or accounts for the deposit of revenue and bond proceeds at the direction of the secretary. (R.S. 30:83.1(B)(4))

Proposed law retains present law and also authorizes the Natural Resources Trust Authority to direct the creation of funds and accounts by the commission. (R.S. 30:83.1(B)(4))

Present law authorizes the commission to enter into agreements and perform other necessary acts for the issuance of bonds at the direction of the secretary. (R.S. 30:83.1(B)(5))

Proposed law retains present law and also authorizes the commission to enter into agreements and perform other necessary acts for the issuance of bonds at the direction of the Natural Resources Trust Authority. (R.S. 30:83.1(B)(5))

Present law establishes a special custodial trust fund within the Oilfield Site Restoration Fund for the deposit of thirty million dollars in federal funding for oilfield site restoration or plugging of orphan wells and authorizes the secretary to administer this fund. (R.S. 30:86(A)(2))

Proposed law retains the special custodial trust from present law, but gives authority over its administration to the Natural Resources Trust Authority, rather than the secretary. (R.S. 30:86(A)(2))

Present law authorizes the secretary and the assistant secretary to direct the disbursement of funds within the Oilfield Site Restoration Fund for specified purposes. (R.S. 30:86(E))

Proposed law also authorizes the Natural Resources Trust Authority to direct such disbursements. (R.S. 30:86(E))

Present law authorizes the commission to approve the disbursement of up to \$500,000 per fiscal year for the office of conservation to use for the assessment and restoration of certain commercial oilfield waste disposal facilities which were abandoned. (R.S. 30:86(E)(6))

Proposed law removes the commission's authority and authorizes the Natural Resources Trust Authority instead to approve such disbursements. (R.S. 30:86(E)(6))

Present law authorizes the secretary to direct that certain federal monies dedicated to oilfield site restoration or plugging orphan wells be placed in the dept.'s federal funds account instead of the Oilfield Site Restoration Fund. (R.S. 30:86(H))

Proposed law authorizes the Natural Resources Trust Authority, in addition to the secretary, to direct such placement of federal funds. (R.S. 30:86(H))

Present law provides that oilfield site restoration fees are to be based on the oil price on July 1st each year for the ensuing twelve months based upon the average New York Mercantile Exchange Price per barrel of crude oil per month on the close of business on June thirtieth for the prior twelve months. (R.S. 30:87(F)(1)(a))

Proposed law removes reference to the average New York Mercantile Exchange Price per barrel of oil over the specified time period and provides that the fee will be based on the amounts provided

by law. (R.S. 30:87(F)(1)(a))

Present law imposes the following oilfield site restoration fees:

- (1) On natural gas and casing head gas from producing wells: 3/10 of 1 cent per thousand cubic feet.
- (2) On full rate production crude oil and condensate:
 - (a) 1.5 cents per barrel if the price of oil is at or below \$60 per barrel.
 - (b) 3 cents per barrel if the price of oil is over \$60 and at or below \$90 per barrel.
 - (c) 4.5 cents per barrel if the price of oil is above \$90 per barrel.

(R.S. 30:87(B) and (F)(1)(a)(i), (ii), and (iii) and (b))

Proposed law increases these fees to the following:

- (1) On natural gas and casing head gas from producing wells: 2 cents per thousand cubic feet.
- (2) On full rate production crude oil and condensate:
 - (a) 2 cents per barrel if the price of oil is at or below \$60 per barrel.
 - (b) 4 cents per barrel if the price of oil is over \$60 and at or below \$90 per barrel.
 - (c) 6 cents per barrel if the price of oil is above \$90 per barrel.

(R.S. 30:87(B) and (F)(1)(a)(i), (ii), and (iii) and (b))

Effective July 1, 2025.

(Amends R.S. 30:81(B), 83(F)(2) and (6), 83.1(B)(3) through (5), 86(A)(2), (E)(intro. para.), (1), and (6), and (H), and 87(A), (B), and (F)(1))