
DIGEST

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HB 23 Engrossed

2024 Third Extraordinary Session

Geymann

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 Natural Resources Trust Authority, under the direction of the secretary and the State Mineral and Energy Board 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 provides definitions to be used throughout the Oilfield Site Restoration Law, including a definition for "commission." (R.S. 30:82)

Proposed law removes the definition for "commission" and adds a definition for "trust authority". (R.S. 30:82)

Present law creates the Oilfield Site Restoration Commission and provides for the commission's powers and functions, including management and use of the Oilfield Site Restoration Fund, federal funds for site restoration and orphan wells, and site-specific trust accounts; oversight of restoration priorities, assessments, and approved contractors; pledging monies in the fund, the authorization of bonds, and the execution of security related instruments and agreements; disbursement of money from the fund for specified purposes; and annual reporting to the legislature. (R.S. 30:83, 83.1, 86, 88, 88.1, 88.2, 89, 90, 95)

Proposed law repeals the Oilfield Site Restoration Commission. (R.S. 30:83, 83.1, 86, 88, 88.1, 88.2, 89, 90, 95)

Present law establishes the Natural Resources Trust Authority within the dept, in the office of the undersecretary and under the State Mineral and Energy Board. (R.S. 36:356.1)

Proposed law transfers the powers and functions of the commission to the Natural Resources Trust Authority, acting under the direction of the State Mineral and Energy Board and the secretary of the dept. and replaces all instances of "commission" in the Oilfield Site Restoration Law with "trust authority". (R.S. 30:83, 83.1, 86, 88, 88.1, 88.2, 89, 90, 95)

Present law establishes the powers of the secretary and assistant secretary of conservation regarding oilfield site restoration. (R.S. 30:84, 85)

Proposed law retains present law and only changes references to the "commission" to the "trust authority". (R.S. 30:84, 85)

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

Present law imposes the following oilfield site restoration fees for full rate production:

- (1) On 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.
- (2) On natural gas and casing head gas: 3/10 of 1 cent per thousand cubic feet.
(R.S. 30:87(B) and (F)(1))

Proposed law increases these fees to the following:

- (1) On 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.
- (2) On natural gas and casing head gas:

- (a) 3/10 of 1 cent per thousand cubic feet if the price of gas is at or below \$2.50.
- (b) 4/10 of 1 cent per thousand cubic feet if the price of gas is \$2.51 to \$4.50.
- (c) 5/10 of 1 cent per thousand cubic feet if the price of gas is \$4.51 or more. (R.S. 30:87(B) and (F)(1))

Present law provides for orphan well lienholder claims against the commission, dept., office of conservation, and contractors for the value of salvaged equipment. (R.S. 30:91)

Proposed law retains present law, but substitutes the trust authority for the commission as one of the entities within the dept. that a claim can be made against. (R.S. 30:91)

Directs the La. State Law Institute to alphabetize and renumber the definitions contained in R.S. 30:82.

Effective July 1, 2025.

(Amends R.S. 30:83(Section heading), (A), and (H), 83.1(A)(1) and (2), (B), and (C), 84(A)(7), 85(A)(4), 86(A)(2), (B), (E)(intro. para.), (1), (2), and (5) - (7), (G), and (H), 87(A), (B), and (F)(1), 88(B) and (C), 88.1(C) and (D), 88.2(C), 89(C)(3), 90(Section heading), (A) - (C), and (E)(intro. para.) and (5), 91(B)(2)(c), and 95; Adds R.S. 30:82(16); Repeals R.S. 30:82(3) and 9 83(B) through (G) and (I))

Summary of Amendments Adopted by House

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

1. Make technical changes.
2. Repeal the Oilfield Site Restoration Commission and transfer the functions of the commission to the Natural Resources Trust Authority.
3. Replace references to the commission throughout the Oilfield Site Restoration Law with references to the trust authority instead.
3. Decrease the oilfield site restoration fee on gas and change the fee to a graduated one based on gas prices.