

2016 Regular Session

SENATE BILL NO. 427

BY SENATOR ALLAIN

CONSERVATION. Provides for powers and duties of the commissioner of conservation.  
(gov sig)

1 AN ACT

2 To amend and reenact R.S. 30:4(C)(1)(a)(iii) and (iv), to enact R.S. 30:4(R) and (S), and to

3 repeal R.S. 30:4(C)(1)(a)(v), relative to the office of conservation; to provide for

4 jurisdiction, duties, and powers of the commissioner; to provide for drilling, casing,

5 and plugging of wells; to allow for transferrable plugging credits in lieu of bond with

6 security; to require reasonable bond with security for plugging certain wells; to

7 require the plugging of certain wells; to provide for rule making authority; to provide

8 for terms, conditions, and requirements; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 30:4(C)(1)(a)(iii) and (iv) are hereby amended and reenacted and R.S.

11 30:4(R) and (S) are hereby enacted to read as follows:

12 §4. Jurisdiction, duties, and powers of the assistant secretary; rules and regulations

13 \* \* \*

14 C. The commissioner has authority to make, after notice and hearings as

15 provided in this Chapter, any reasonable rules, regulations, and orders that are

16 necessary from time to time in the proper administration and enforcement of this

17 Chapter, including rules, regulations, or orders for the following purposes:

1 (1)(a)(i) \* \* \*

2 (iii) To prevent the pollution of fresh water supplies by oil, gas, or salt water;

3 **and**

4 (iv) ~~To require the plugging of each dry and abandoned well and the closure~~  
5 ~~of associated pits, the removal of equipment, structures, and trash, and to otherwise~~  
6 ~~require a general site cleanup of such dry and abandoned wells; and To allow for~~  
7 ~~transferrable plugging credits in lieu of the bond with security required by~~  
8 ~~Subsection R of this Section in order to promote the plugging of orphaned~~  
9 ~~oilfield sites and oilfield sites that have been inactive for at least five years. A~~  
10 ~~plugging credit shall be issued for the plugging of orphaned oilfield sites and~~  
11 ~~oilfield sites that have been inactive for at least five years, with the specific~~  
12 ~~requirements and procedures for issuance, transfer, and acceptance of such~~  
13 ~~credits to be developed by the commissioner. The regulations shall, at a~~  
14 ~~minimum, provide criteria under which plugging credits may be earned, and~~  
15 ~~require approval by the commissioner for the earning, using, banking, or selling~~  
16 ~~of the plugging credits.~~

17 \* \* \*

18 **R. The commissioner shall make, after notice and public hearings as**  
19 **provided in this Chapter, any rules, regulations, and orders that are necessary**  
20 **to require reasonable bond with security for the performance of the duty to plug**  
21 **each dry and abandoned well and the closure to perform the site cleanup**  
22 **required by Subsection S of this Section. The rules, regulations, and orders may,**  
23 **at a minimum, classify based on location of well and shall not provide any**  
24 **exception from the reasonable bond with security requirement but may allow**  
25 **for the use of plugging credits.**

26 **S. The commissioner shall make, after notice and public hearings as**  
27 **provided in this Chapter, any rules, regulations, and orders that are necessary**  
28 **to require the plugging of each dry and abandoned well and the closure of**  
29 **associated pits, the removal of equipment, structures, and trash, and to**

1 otherwise require a general site cleanup of such dry and abandoned well. The  
2 rules, regulations, and orders shall, at a minimum, require the following:

3 (1) Inactive wells classified as having future utility shall be plugged  
4 within five years of being classified as inactive or be returned to a producing  
5 oilfield site as defined in R.S. 30:82.

6 (2) Inactive wells classified as having no future utility shall be plugged  
7 within ninety days of being classified as inactive.

8 (3) Financial security on all inactive wells, even if no financial security  
9 was previously required.

10 Section 2. R.S. 30:4(C)(1)(a)(v) is hereby repealed.

11 Section 3. This Act shall become effective upon signature by the governor or, if not  
12 signed by the governor, upon expiration of the time for bills to become law without signature  
13 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
14 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
15 effective on the day following such approval.

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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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#### DIGEST

SB 427 Original

2016 Regular Session

Allain

Proposed law authorizes transferrable plugging credits in lieu of the bond with security required by present law in order to promote the plugging of orphaned oilfield sites and oilfield sites that have been inactive for at least five years. A plugging credit shall be issued for the plugging of orphaned oilfield sites and oilfield sites that have been inactive for at least five years, with the specific requirements and procedures for issuance, transfer, and acceptance of such credits to be developed by the commissioner.

Proposed law requires that the regulations will, at a minimum, provide criteria under which plugging credits may be earned, and approval by the commissioner for the earning, using, banking, or selling of the plugging credits.

Present law grants the commissioner the discretionary authority to require reasonable bond with security for the performance of the duty to plug wells and to perform site cleanup.

Proposed law repeals present law.

Proposed law requires the commissioner to make, after notice and public hearings as provided in present law, any rules, regulations, and orders that are necessary to require reasonable bond with security for the performance of the duty to plug each dry or abandoned well and to perform the site cleanup required by proposed law. The rules, regulations, and orders may, at a minimum, classify based on location of well and shall not provide any

exception from the reasonable bond with security requirement, but may allow for the use of plugging credits.

Proposed law requires the commissioner to make, after notice and public hearings as provided in present law, any rules, regulations, and orders that are necessary to require the plugging of each dry or abandoned well and to perform site cleanup. The rules, regulations, and orders shall, at a minimum, require the following:

- (1) Inactive wells classified as having future utility must be plugged within five years of being classified as inactive or be returned to a producing oilfield site as defined in present law.
- (2) Inactive wells classified as having no future utility must be plugged within 90 days of being classified as inactive.
- (3) Financial security on all inactive wells, even if no financial security was previously required.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 30:4(C)(1)(a)(iii) and (iv); adds R.S. 30:4(R) and (S); repeals R.S. 30:4(C)(1)(a)(v))