

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)(i), (ii), (iii) and (iv), to enact R.S. 30:4(R) and (S),
3 and to repeal R.S. 30:4(C)(1)(a)(v), relative to the office of conservation; to provide
4 for jurisdiction, duties, and powers of the commissioner; to provide for drilling,
5 casing, and plugging of wells; to allow for transferrable plugging credits in lieu of
6 bond with security; to require reasonable bond with security for plugging certain
7 wells; to require the plugging of certain wells; to provide for rulemaking authority;
8 to provide 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)(i), (ii), (iii) and (iv) are hereby amended and reenacted
11 and R.S. 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) To require the drilling, casing, and plugging of wells to be done in
2 such a manner as to prevent the escape of oil or gas out of one stratum to another;

3 (ii) To prevent the intrusion of water into oil or gas strata;

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

5 **and**

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

19 * * *

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

28 **S. The commissioner shall make, after notice and public hearings as**
29 **provided in this Chapter, any rules, regulations, and orders that are necessary**

1 to require the plugging of each dry and abandoned well and the closure of
 2 associated pits, the removal of equipment, structures, and trash, and to
 3 otherwise require a general site cleanup of such dry and abandoned well. The
 4 rules, regulations, and orders shall include but not be limited to the following:

5 (1) Inactive wells classified as having future utility shall be plugged
 6 within five years of being classified as inactive, be returned to a producing
 7 oilfield site as defined in R.S. 30:82, or pay the annual assessment as provided
 8 by rule.

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

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

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

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

DIGEST

SB 427 Reengrossed

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 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 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 include but not be limited to the following:

- (1) Inactive wells classified as having future utility must be plugged within five years of being classified as inactive, be returned to a producing oilfield site as defined in present law, or pay the annual assessment as provided by rule.
- (2) Inactive wells classified as having no future utility must be plugged within 90 days of being classified as inactive.

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

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

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Natural Resources to the original bill

1. Technical changes.
2. Adds provision that operators of inactive wells classified as having future utility may pay an annual assessment in lieu of plugging the well or returning it to a producing site.
3. Deletes provision requiring financial security on all inactive wells, even if no financial security was previously required.

Senate Floor Amendments to engrossed bill

1. Makes legislative bureau note technical changes.