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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 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.