

**JOHN BEL EDWARDS**  
GOVERNOR

# *State of Louisiana*

**THOMAS HARRIS**  
CHAIRMAN

**Oilfield Site Restoration Commission**  
Post Office Box 94275 Baton Rouge, Louisiana 70804-9275

**RICHARD IEYOUB**  
VICE CHAIRMAN

## **MEETING MINUTES**

LaSalle Building  
617 North Third Street  
Thursday, February 20, 2018  
1:30 p.m.

### **MEMBERS PRESENT:**

Richard Ieyoub, Commissioner of Conservation  
Cynthia Dupree, LLA  
Steve Maley, LOGA  
Barney Callahan, LWF, Sierra and Audubon Society  
John Connolly, At-Large  
Tyler Gray, Mid-Continent  
Grant Black, Mid-Continent

### **OTHERS PRESENT:**

Brent Campbell, Director OSR  
Matt Simon, Manager, OSR Program  
Casandra Parker, OSR Staff  
Blake Canfield, DNR Attorney

### **I. Roll Call:**

Matt Simon called the roll. There were six members in attendance, constituting a quorum.

### **II. Approval of the November 2017, Meeting Minutes:**

Two corrections were noted by Matt Simon to the November 2017 meeting minutes. The comment under the roll call section, the name was written as Richard Harris and should be Thomas Harris. Also, under Program Statistics, orphan wells Plugged by other means should have read "up" to this quarter, instead of "during" this quarter.

Cynthia Dupree made a motion to approve the minutes as corrected.

John Connolly seconded the motion as corrected. ✓

No objections from the Commission.

The minutes were approved as corrected.

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### **III. Fund Status:**

Matt Simon reported that through the second quarter oil and gas collections totaled approximately \$2.4 million. The OSR Fund received approximately \$421,000 from the inactive well assessment. The OSR Fund closed out the second quarter with approximately \$1.8 million in encumbrances and projected expenditures. There is approximately \$2.4 million cash available in the Fund account.

A graphical representation was presented demonstrating the annual fees collected per fiscal year since 2011. The collections were separated by oil production collections and gas production collections.

There are currently 70 Site-Specific Trust Accounts administered by the Program covering 1,706 active wells secured with a combination of cash and various financial instruments, totaling approximately \$207 million.

### **IV. Program Statistics:**

#### **A. Matt Simon discussed in detail the Program statistics.**

Through the second quarter, the Program has plugged and abandoned 3,005 orphan wells.

There were 702 orphan wells plugged by means other than the OSR Program up to this quarter totals which consists of wells plugged by the operator of record and wells plugged through co-ops with the Commissioner of Conservation.

Currently, there are 3,794 orphan wells remaining statewide at the end of this quarter.

Four hundred fifteen (415) wells were added to the recently orphan well count list during the month of October, five wells were added in November, and no wells were added during the month of December.

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### **IV. Program Statistics (continued):**

T&M accounted for 292 of the recently orphaned wells. They are currently working with the Commissioner of Conservation to address compliance orders, civil penalties, et cetera, and have removed these wells from the orphan list, thus, reducing the total orphan well count remaining statewide is approximately 3,500.

Baby Oil accounted for 34 of the recently orphaned wells. The company did not respond to correspondence from the OSR Program.

Steve Maley asked about the number of wells removed from the orphan program which were assumed by viable operators who take responsibility for wells on the orphan list during this quarter. Brent Campbell indicated he would get that number and report it to the Commission.

John Connolly asked about the 374 wells orphaned in October in the Shreveport District, whether that number was assigned to any specific operator or specific field, or if it was able to be assigned to a category, so to speak. Brent Campbell stated that 292 of the 374 was assigned to T&M in Caddo Pine Island.

Matt Simon discussed the program statistics by presenting a graphical representation demonstrating the current orphaned well count in the state (3,794) compared to the cumulative number of wells plugged by the Program (3,005). In addition, a graphical representation was presented separating the wells plugged by the OSR Fund, wells plugged by other means, and cumulative wells plugged.

A. A graphical representation was presented demonstrating the number of plugged urgent and high-priority scored wells (538) versus the number of remaining urgent and high-priority wells (498) to be plugged.

Grant Black asked about the increase from 391 reported at the last meeting to the 498 reported at this meeting, and what the cause was for that dramatic increase. Brent Campbell stated that the bankruptcy of Shoreline attributed to that number, because the majority of their wells were in an offshore area or water locations, so those wells would be classified as urgent and high-priority wells.

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### **IV. Program Statistics (continued):**

#### **B. Fiscal Year 2017-2018 First Quarter Program Performance**

Through this quarter, the Program plugged 13 urgent and high-priority wells. The percentage of revenue spent on urgent and high-priority wells this fiscal year is 34 percent.

A total of 177 orphaned wells were plugged and abandoned through this quarter.

Matt Simon and Barney Callahan have been discussing No. 4 of the performance indicators, Number of Public Safety Incidents Reported Involving Orphaned Well Site, and the OSR staff is attempting to clarify the reporting for that category, which involves obtaining information from the Legislature regarding PI Performance.

### **V. Oilfield Site Restoration Program Projects:**

Matt Simon discussed in detail the current Oilfield Site Restoration Program projects.

#### **A. Completed Projects:**

Matt Simon reported that the work has been completed in projects PA 17-004, PA 17-007, PA 17-008, PA 17-010, PA 18-002, and PA 18-003 totaling 84 wells that have been plugged and abandoned by the Program during this quarter.

#### **B. Active Projects:**

There are seven (7) current active projects, consisting of 141 wells, one (1) of which is a high-priority wells, for a total cost of approximately \$2.6 million. As an additional note, all of the wells are in north Louisiana, which are complying with the north Louisiana mandate.

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### **V. Oilfield Site Restoration Program Projects (continued):**

#### **B. Active Projects (continued):**

Steve Maley questioned project activity in north Louisiana versus the project activity in south Louisiana. Matt Simon discussed a few projects in south Louisiana. Steve Maley indicated that it appears there is project activity in north Louisiana, while there aren't many projects concerning urgent and high-priority wells in south Louisiana. Matt Simon responded that there are two new engineers in the Lafayette District who have been training, and there are some upcoming projects in south Louisiana.

Steve Maley revisited a discussion from prior meetings regarding the members of the Commission having field visits, and Matt Simon responded that the staff is working on the logistics of having the members attend the site at the upcoming Coquille Bay project in Plaquemines Parish. Grant Black proposed a visit to a site in north Louisiana. Matt Simon responded that the location of a site visit is considered because of the potential difficulty of accessing the site, but he would consider that option, as well.

### **VI: Federal and Third-Party Activity:**

There has been no federal or third-party activity during the second quarter.

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### **VII: Old Business/New Business (continued):**

Matt Simon had no old business or new business to report.

John Connolly asked whether operators can evaluate orphaned wells and, if desired, assume the responsibility for those wells, after which the wells could be removed from the orphaned list. Matt Simon responded that there is a co-op option. The operators can specify what they would like to perform on the well, and they are given permission to access a well to perform those actions. However, the operator does not become an operator of record or assume responsibility for the well, unless they desire to do so. John Connolly, who indicated he is getting a lot of interest from operators about any options available, and would like the OSR Program could make the cooperative agreement option known to operators who may not be aware it exists.

John Connolly also informed the staff that in the Austin Chalk trend, he is in communication with many operators that are interested in orphaned and not orphaned wells.

Brent Campbell indicated that the staff could possibly advertise the cooperative agreement option on the Program website, and have further communication with operators.

John Connolly indicated that he is being asked what additional environmental responsibility an operator has if they assume responsibility for a well, and he asked the staff would inform operators of their responsibility.

Grant Black indicated that he has had communication with operators, as well, and Matt Simon responded that inquirers should contact the District Office because they are most familiar with the wells.

Steve Maley asked if the State recognizes a distinction between an operator that is interested in assuming responsibility for a well to produce it and return it to production versus an operator that might have a contractual obligation to plug and abandon a well and they do such. Brent Campbell informed that there is a form that can be completed and processed quickly for an operator to plug a well expeditiously. However, since it is a contractual obligation of the operator, the well will be plugged at the operator's expense, not at the expense of the OSR Program.

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#### **VII: Old Business/New Business (continued):**

In addition, in a response to a question posed by Barney Callahan regarding the landowner's desires, Brent Campbell explained that if an operator wanted to assume a well and produce it, they have to submit an affidavit to the OSR Program that they have a lease from the landowner to perform actions on the well.

Steve Maley asked, if a landowner wants a well removed from their property and the operator of record recognizes their responsibility to remove the well and does so, is that situation different than an orphan well operator change?

Gary Ross advised that the OSR Program only has the authority to allow, one, the operator of record to assume the well and restore it to production if it's already orphaned; two, if the landowner desires to have an operator develop and produce the well and they are authorized by a cooperative agreement; or, three, if the landowner would like the well to be plugged and abandoned, at which time, if no operator assumes responsibility for the plugging of a well, it would be plugged by the OSR Program.

In addition, cooperative agreements have been utilized to allow operators to plug and abandon the well and restore the site or to assume responsibility of a site to restore it to production. However, an operator who is not the operator of record desiring to utilize a cooperative agreement must have authority from the landowner to enter the property to perform operations, and, secondly, the operator would assume full liability for the work they perform, but the operator would not become part of the chain of title on the well.

John Connolly asked to confirm that the liability of an operator who performs actions on a well to determine its value to the operator, their risk is limited because they do not become the operator of record, which is dictated in the NECA. Gary Ross confirmed that statement.

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#### **VII: Old Business/New Business (continued):**

Gary Ross informed the Commission that the OSR Program has allowed operators to perform a multitude of diagnostic procedures on an orphaned well, such as workovers, testing, et cetera. The OSR Program could benefit from any work performed by an operator while testing, such as cleaning up a site for access or improving the condition of the wellbore, as well as gain information which would assist the OSR Program if the well does have to be plugged and abandoned.

John Connolly asked how many wells are on State lease water bottoms where you would have to have authorization from the Mineral Board for access. Brent Campbell said he would send that information to the Board. Gary Ross estimated that it may be 25 percent to a third of the 3,794 orphaned wells currently, including open water, offshore out to the three-mile limit, or inland water areas.

John Connolly asked if a company just abandons a well, if the OSR Program is not advised of the integrity of the wellbore by the company, do the District Office engineers to assess every wellbore for a potential well failure or pipeline failure. Brent Campbell advised that field inspectors do perform inspections once a well is orphaned.

Steve Maley asked if Shoreline submit well files to the State. Blake Canfield informed that Shoreline did not. When Shoreline abandoned the State leases that were involved, they were absolved by the bankruptcy courts from the obligations they had under the lease. From a regulatory standpoint, it could be handled by the OSR Program, but, essentially, there is limited or no recourse because they abandoned all of their obligations. The Shoreline case was handled by the Attorney General's Office, and the bankruptcy court did assign some funds to the OSR Program for actions by the Program, but Shoreline was basically absolved of their liability on any well or lease.



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#### **VII: Old Business/New Business (continued):**

Grant Black requested if the OSR Commission members could be supplied with the agenda and information for the meeting prior to the meetings to review and possibly submit questions to the OSR staff so they could be researched and answered at the meeting. Matt Simon indicated that some of the dollar amounts to report actually are provided by the Accounting Department which sometimes is delayed; however, he would attempt to provide the meeting information to the Commission as quickly as possible prior to the meeting.

Barney Callahan asked if the OSR staff could indicate of the 3,005 (sic) orphan wells how many are in the Atchafalaya Basin. Matt Simon indicated that he could provide that information.

#### **VIII: Date of Next Meeting:**

April 19, 2018, is the tentative date set for the next Commission meeting, at 1:30 p.m. in the LaSalle Building hearing room.

#### **ADJOURN:**

Barney Callahan made a motion to adjourn.  
Richard Ieyoub seconded the motion.  
No objections or further comments from the Commission.  
The meeting was adjourned.