

JOHN BEL EDWARDS
GOVERNOR

State of Louisiana

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

THOMAS HARRIS
CHAIRMAN
RICHARD IEYOUB
VICE CHAIRMAN

MEETING MINUTES

LaSalle Building
617 North Third Street
Thursday, May 16, 2019
1:30 p.m.

MEMBERS PRESENT:

Thomas Harris, Department of Natural Resources
Richard Ieyoub, Commissioner of Conservation
Lisa Creasman, Nature Conservancy
Steve Maley, LOGA
Barney Callahan, LWF, Sierra and Audubon Society
John Connolly, At Large

OTHERS PRESENT:

Brent Campbell, Director OSR
Matt Simon, Manager, OSR Program
Casandra Parker, OSR Staff
John Adams, Office of Conservation Attorney

I. Roll Call:

Brent Campbell called the roll. There were six members in attendance, constituting a quorum.

II. Approval of the Previous Meeting Minutes:

Richard Ieyoub made a motion to approve the minutes.
John Connolly seconded the motion.
No objections from the Commission.
The minutes were approved.

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III. Fund Status:

Brent Campbell reported through this date, oil and gas collections totaled approximately \$6 million. The OSR Fund received approximately \$875,000 from the inactive well assessment. The total collections and reimbursements this fiscal year is \$8.8 million. The OSR Fund has expended to this date approximately \$9 million on projects and \$1.2 million encumbered. The projected OSR Fund balance as of April 30, 2019, \$1.1 million.

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. Fees have increased each year, and this year is the highest amount of collections in the past approximately ten years.

IV. Program Statistics:

A. Brent Campbell discussed in detail the Program statistics.

There were no wells plugged through March 31, 2019, due to weather-related issues; therefore, the current orphan well count is 3,179.

There were 737 orphan wells plugged by means other than the OSR Program through this quarter.

Currently, there are 3,882 orphan wells remaining statewide at the end of this quarter. Twenty-two wells were added to the list this quarter.

Particularly, Levi Gas company and its related entities have orphaned 363 wells within the last few months in Monroe Gas Field. The owner of these companies failed to respond to any communication.

Since December 2018, 35 wells have been removed from the orphan list.

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IV. Program Statistics (continued):

A. A graphical representation was presented demonstrating the current orphaned well count in the state (3,882) versus the cumulative wells plugged using the OSR Fund (3,179) since the Program's inception.

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

B. Fiscal Year 2018-2019 Third Quarter Program Performance

As of this date, there are 568 urgent and high-priority wells remaining, and 570 have been plugged to date.

A few emergency projects, including Valentine Field, resulted in an increase to 90 percent of the Fund being spent on urgent and high-priority wells through the third quarter.

This fiscal year target for total number of orphan wells restored is 202 wells, and the current number of wells plugged is 138. Weather conditions may hinder reaching the target.

V. Oilfield Site Restoration Program Projects:

Brent Campbell discussed in detail the current Oilfield Site Restoration Program projects.

A. Active Projects:

There are currently active projects totaling 118 wells and approximately \$6.1 million. There are two emergency projects ongoing.

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V. Oilfield Site Restoration Program Projects (continued):

B. Completed Projects:

No projects were completed during this quarter.

There have been 169 wells plugged \$1.5 million spent and/or earmarked for wells in north Louisiana this fiscal year.

VI: Federal and Third-Party Activity:

The OSR Program and the EPA worked together on a project to plug and abandon a leaking oil and gas well in Bunkie Field in the fourth quarter for over \$1 million, in addition to plugging and abandoning a well in Caddo Pine Island leaking oil in the third quarter.

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VII: Old Business/New Business:

A. 2019 Legislative Update:

John Adams updated the Commission on activity in the current legislative session that may affect the OSR Program. Currently, there are three bills that may affect the Program.

House Bill 188 relating to stripper wells and a similarly-related House Bill 256 relates to incapable wells, both seek to exempt those types of wells from severance tax. The potential impact is because these types of wells pay to the OSR fee paid in proportion to the amount of severance tax collected. If these type of wells are exempt from severance tax, then the OSR Fund would not collect any money, as opposed to collecting a fee from a reduced severance tax amount as currently exists. Tyler McCleod, one of the legislation writers for the House Natural Resources Committee, contacted John Adams and informed him that he was going to draft an amendment to continue payment to the OSR Fund; however, that amendment has not been drafted as of the time of this meeting. House Bill 188 and House Bill 256 have been passed through the House and is in the Senate for approval, which may be amended and returned to the House for approval. If the bill stands as is currently written, it may negatively impact the OSR Fund by an approximate amount of \$200,000 per year.

Senate Bill 180, proposed by Senator Allain, with several amendments, currently states that, prior to the Commissioner expending any OSR funds for emergency projects, that the OSR Commission must have a Commission meeting and receive approval to expend the funds. As an aside, OSR funds may be expended on any emergency project whether a well is orphaned or not; however, to date, no funds have been expended on emergency projects except on orphan well emergencies.

In addition, Senate Bill 180 would require the Department to seek the Commission's authorization to utilize Fund money for administrative fees which are defined in the statute of the OSR Program. The statute authorizes the Department to use \$950,000 per year in administrative costs to administer the OSR Program. Senate Bill 180 has passed through Senate and is currently for consideration by the House Appropriations Committee.

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VII: Old Business/New Business (continued):

A. 2019 Legislative Update:

Barney Callahan inquired, if Senate Bill 180 is passed in its current form, whether the Commission be required to be convened any time an emergency project arises prior to expending funds to plug and abandon the well. John Adams explained that, yes, the Commission would have to convene before any OSR funds can be expended for emergencies by the Commissioner.

The Commission discussed the matter detailing the logistics and practicality of having a quorum for a meeting at any given time when an emergency project situation arises, in addition to the safety issues and possible liability of a well requiring immediate action having to postpone remedies until the Commission convenes and authorizes the expenditure. Additionally, an in-person meeting would be required, not convene via telephone.

Thomas Harris informed the Commission that, the statute governing the OSR Program currently requires approval from both the Commissioner of Conservation and the Secretary of the Department of Natural Resources that the project constitutes an emergency and immediate action is necessary.

VIII: Public Comments:

There were no public comments.

IX: Date of Next Meetings Proposed in Fiscal Year 2019/2020:

July 18, 2019, October 17, 2019, January 16, 2020, and March 19, 2010, are tentative date set for the Commission meetings, 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.