

*State of Louisiana*

*OILFIELD SITE RESTORATION*

*COMMISSION MEETING*

*FEBRUARY 9, 2023*

*1:00 p.m.*

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**Oilfield Site Restoration Commission Meeting**

**Thursday, February 9, 2023**

**1:00 p.m.**

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**MEMBERS PRESENT:**

Thomas Harris, Secretary

Richard Ieyoub, Commissioner of Conservation

Lisa Creasman, Nature Conservancy

Timothy Allen, Louisiana Landowners Association

**STAFF PRESENT:**

Roby Fulkerson, Office of Conservation, OSR Staff

Casandra Parker, Office of Conservation, OSR Staff

John Adams, Assistant Commissioner of Conservation

**Oilfield Site Restoration Commission Meeting**

**February 9, 2023**

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**ROLL CALL**

**MR. HARRIS:**

I call this meeting of the Oilfield Site Restoration Commission to order.

Roby, would you call the roll, please?

**MR. FULKERSON:**

Yes, sir. Tom Harris, Secretary.

**MR. HARRIS:**

Present.

**MR. FULKERSON:**

Richard Ieyoub, Commissioner of Conservation.

**MR. IEYOUB:**

Present.

**MR. FULKERSON:**

Lisa Creasman.

**MS. CREASMAN:**

Present.

**MR. FULKERSON:**

Steve Maley is absent.

Barney Callahan is absent.

Timothy Allen.

**MR. ALLEN:**

Here.

**MR. FULKERSON:**

I believe we should have a quorum, from our understanding.

**MR. HARRIS:**

Outstanding. Thank you, Roby.

Our first order of business is to approve the meeting transcripts from the December 15, 2022, meeting.

**MR. FULKERSON:**

That is correct, yes, sir.

**MR. ALLEN:**

Motion to approve as written.

**MR. HARRIS:**

We have a motion to approve those.

**MS. CREASMAN:**

Second.

**MR. HARRIS:**

We have a motion by Mr. Allen, a second by Ms. Creasman.

All in favor, signify by saying "aye."

(All aye.)

All opposed?

(No response.)

The motion carries.

The next order of business, Roby.

**MR. FULKERSON:**

Awesome. So next we go to the fund status. We've kind of broken this out over a few pages.

The first page shows encumbrances. Right now we've got about \$2.9 encumbered on projects. The fund balance, with encumbrances, so that would be the amount of money in the OSR account minus what we have encumbered, is \$12.2 million. A couple of numbers there to remember is the \$14 million cap and then the -- making sure if we go over that we have enough money encumbered to stay below \$10 million, so we usually maintain a pretty big surplus of projects to keep the money encumbered.

This year, we have not recovered any financial security or escrow reimbursements. There's a couple that we're looking at. We haven't started working on them yet. Some of it is to do with our funding. If you work on a site that has financial security, that counts part of the budget, but then you reimburse the fund afterwards, so it -- it kind of plays games with how much money we've got available. So if we eat up our budget -- so if you spend that, reimburse it, the fund gets bigger, the budget stays the same, but then you can run the risk of losing your collections, and so we've kind of held off on pulling too many of the escrow accounts this year because of that reason.

On our next page is the fund status continued, and this is of January 31<sup>st</sup>. This is what we've collected so far. As you can see, LOGA is around 3,000. The gas tax -- I though I -- I always change that and somehow it ends up back at tax, but that's actually the gas fee is 6.4 million, the oil fee is around 373,000, interest is around

20,000. Our inactive well assessment fee, and I believe we get half of that, the inactive well assessments is 936,000. Again, zero collected from escrow or financial security this year. So we've collected around 7.7 million. Projected remaining is 3.9 million, and that's just a projection based off of what we thought we would collect, and we made the projection probably two or three years ago.

So if we take a look at the next page, we kind of tried to show the annual collections broken up differently. You'll see on bottom the different types of fill for each of the bars that kind of show you what each one is, and it starts off with the oil fees, then continues to gas fees, our inactive assessment looks like a checker, and then the projection is above that. This current year, it looks like we're actually going to end up somewhere in between 2020 and 2021. So we're -- we should end up almost smack dab in the middle is what I'm showing. We're actually about a million -- 1.2 million ahead of where we were in 2021, but about \$700,000 behind where we were in 2022.

If you take a look, the next bar chart shows total collections by month. Again, this just kind of breaks it out by year and month, and you can see where we have -- where all the major pulls for the fees come from. So August, November, February, and May are the large fee amounts. Those are where we pull all our collections, so we have one final large collection coming in May. The last couple of years, that's averaged out to right around 2.3 million. The previous two years was 2.8 million. So it looks like we probably have another 3-ish left to collect.

Are there any questions?

**MR. ALLEN:**

I have one.

**MR. FULKERSON:**

Yes, sir.

**MR. ALLEN:**

You made a comment talking about the inactive well fee of 936,000 and something about half that I didn't understand. We get half of that or that is half of what's coming?

**MR. FULKERSON:**

That is half of what the total fee is. So there is -- I believe it's \$250 per inactive well, and an operator is, I guess, obligated to pay that amount. Of the total amount collected, OSR gets half of that, so that \$936,000 is half of the total and we get that. We will get the full half amount.

**MR. ALLEN:**

Remind me where the other half goes.

**MR. FULKERSON:**

I believe it goes back to the general -- oil and gas fund -- oil and gas regulatory fund.

**MR. ALLEN:**

Thank you.

**MR. FULKERSON:**

All right. If we're ready to continue, I can keep going.

**MR. HARRIS:**

Please.

**MR. FULKERSON:**

So next up is a financial security update. Not a whole lot has happened this quarter. We've collected about 323,000, no large bankruptcies. I think we've had a couple of smaller ones, so we've got about 11 million in there. Most of these are smaller financial security amounts, you're talking like \$20,000 to \$25,000 a well. We have a few larger ones. We've spent most of the larger ones the last few years. The Mesa Gulf Coast work were some of our larger ones, escrows that is, and the St. Mary, there was that SWD in St. Landry Parish or something that had \$440,000 attached to it. We took care of that site as well -- maybe St. Mary.

**MS. PARKER:**

St. Mary.

**MR. FULKERSON:**

Yeah. Upcoming, we've got a couple of projects we're looking at. We've still got some Shoreline funds to spend. We have about \$500,000 left from a few years ago. And recently, I believe we have around 1.2 million put back into the fund, a little over a million, so we should have about 1.5 million worth of funds to spend on Shoreline projects. We're probably going to look pretty hard at Rabbit Island. We just haven't put together a competent package to do it yet, but I would imagine in the next year you'll probably see something related to Shoreline, most likely Rabbit Island.

We're also looking at a Baby Oil package. There's been some work with both the landowner and some of the lineage about helping provide funds. They've got an SSTA there and also additional funds to P&A some wells there

from a legacy company, so I think depending on how some of the litigation goes there, there may be a Baby Oil package related to that. We should probably know more as that comes. I think that's still in litigation, and I think there's a document out there for sign off that has not been finalized.

**MR. HARRIS:**

Just an update on that, it's on my desk right now for signature. I'm actually still reviewing it, but it appears to be a minimum of 4.3 million with a maximum of 6.5 million for restoration of those wells, so that should be -- should be coming later -- well, the agreement says within 30 days of the settlement, so we're close.

**MR. FULKERSON:**

Perfect.

**MR. ALLEN:**

Where exactly are those wells located, what parish?

**MR. FULKERSON:**

So they're in Terrebonne Parish --

**MS. PARKER:**

Terrebonne Parish, Orange Grove and Humphrey Fields.

**MR. FULKERSON:**

Any other questions before we move on to money recovery?

(No response.)

All righty. So I'll step right into money recovery. I feel like I repeat this a lot, but I like to update you guys as much as I have update. So Emergency 19-003, Valentine Field, Blake Canfield and I have recently spoke with the AG's Office. There was a demand letter sent. There's an insurance company related to

it. They've got the demand letter I believe at this time, but I haven't heard back from the AG or the insurance company if we're going to get anything out of that yet. The litigation has been an ongoing process. I think it started before I even became OSR Manager, so I think it's probably been going on for three or four years, so, hopefully, we'll find some type of resolution there.

Emergency 20-003, South Thornwell, I don't believe there's any updates that I know of on that project. Pioneer, we haven't heard from them lately. They've made frequent trips out there to monitor the site, but that is another site that is kind of ongoing.

Freshwater Bayou, 21-011, that is with the AG's Office. We sent letters to all of the lineage post-well. No one has responded to provide funding, so the AG, I believe, will pursue the lineage from there. We've provided all the documentation they've requested so far.

Emergency 22-002, Breton Sound, Chevron has responded to our post-well or post-abandon request for funds. We're weighing our options there about what we can do. They didn't provide the total sum of the project, so I think we kind of have to discuss our way through whether or not we accept that amount of money or not. So they provided that last week, so we probably haven't gotten far enough along in the process yet to have a big update there.

Black Elk, this is Timbalier, Plaquemines Parish, we're working with Talos for the remaining sites. Talos has bondage for the remaining sites. It gets a little bit more complicated. There are other operators in the lineage that Talos would like to come forward. The operators have not come forward, so we're working with the AG's Office on how to handle the situation. No large updates there. At the very least, at some point, Talos does have bonding for the remaining wells,

and so we'll figure something out. It's just kind of a complicated -- complicated part of the law there.

Tigre Lagoon, we completed that project last year. One well was owned by LLOG. LLOG requested we remove it from the package and P&A it themselves. LLOG did P&A that well and completed it here in the last couple of months, so they are -- they fulfilled all their commitments there.

We have two larger projects coming up, both on the west side of the state. One is in Lockport in Calcasieu Parish. There are quite a few different wells out there with quite a few owners, Chevron, Hess, and Pioneer Natural Resources. We've sent letters. Essentially, these letters before the work starts. We've probably told y'all this many, many times. But these letters essentially say we're going to go do a project out there. We prefer you guys do the project. If we spent more money on this project than 250-, we will seek funds from your guys post-well. Only Chevron responded, and they said they will not intervene, so they want us to do the work. By law, we can't pursue them until after the project and the funds are spent. So once the funds are spent, we'll send another letter notifying that the funds were spent, how much it is, and then it, unfortunately, enters a legal process from there.

The most recent package we have is the Cameron 233-005 –

**MS. PARKER:**

Six.

**MR. FULKERSON:**

6, I'm sorry, yeah. That's a typo on my part. We've got a handful of sites offshore. Many of them were onshore at one time, P&A'd, with the receding coastline, they are now offshore sticking up at the water line. We've got a few

where wellheads have just fell off. So we'll go out there, reenter these sites, plug and abandon them. I don't believe oysters should be an issue. There shouldn't be any seeding grounds. It's pretty far to the east -- or to the west, I'm sorry. We've already sent demand letters out -- or request letters out that they intervene. These are all Exxon, Anadarko, Devon, and Unit Corp. I think -- as of so far, I think only Exxon may have responded yesterday, and Blake and I are kind of reviewing that response right now, but they will not intervene. We just have to determine if their reason for not intervening is valid or not.

And that's all we've got right now in terms of money recovery. I'd like to have good news. Maybe one day, I will.

If everybody is ready, we can keep going on.

Urgent and high-priority wells, we've got -- we changed this slightly as well. The red and black are urgent and -- urgent and high-priority scored orphan wells remaining which we show to be 581. The cumulative urgent and high-priority orphan wells P&A'd by OSR is 644. Now, I always try to preface this, in 2001 -- between 2001 and 2021 and 2022, we went from counting all this by hand to everything through SONRIS. You see a slight dip, that's largely just -- or it is entirely due to us changing the way we track it. Now everything is done through our online computing system rather than essentially tracking it month by month by hand. So we're not adding any or taking any away.

The next page is orphan wells abandoned by OSR. So our total orphan well count is around 4,552. The cumulative wells we've plugged is 3,523. We've -- I guess one of our performance indicators was how many we've plugged this year. We've plugged about 41 wells, which is well below what our normal amount of plugged wells are in a year and well below what our normal

performance indicators are. That's largely due to the -- the projects up north, the CMAR (phonetic) projects. As we've said, we've built all the shallow wells into those projects for the low-hanging fruit, and we've concentrated all of the State funding down in southern states (sic) trying to take care of big projects, high-priority, urgent-type wells. So we'll kind of see less overall wells this year, but you're also going to see them slant more to the south, that way we can kind of spend those dollars on urgent wells or higher-priority sites.

The next slide is the current orphan numbers. It's slightly off here. Really it's just whenever you draw it from the computer, but, in total, we've got about 4,555, 4,552 is really just when you run the program. It's good enough to keep up with it as we go daily. Priority 1s, as you can see, are largely in Lafayette. Priority 2s are still largely all in the Lafayette area. And then you start seeing the skews in Priority 3 and 4 wells, shallower wells, farther away from people, farther away from water. We've got a handful of not inspected, and a handful of not prioritized. And really, the not inspected and not prioritized is just kind of luck of the draw. You may pull it one day and they may have them all inspected the next day. It's just kind of when you pull the program.

The next page is our current projects. So we've got four projects. Most of them -- half of them, actually, are being finished, and two of them in infancy. The Masters Creek, initially, that started off as a larger package. If you all remember, we had a Masters Creek emergency package last year where essentially one of the wing (phonetic) valves was -- I don't believe it was open, but it was essentially fully opened and it was evacuating saltwater to the site. We put together an emergency, get out there, shut the valve. We went on and P&A'd the well while we were there because we had already mobilized to kill the well

and stop the leak. This package was built around the remaining wells there. There was a facility and remediating that site. Since that time, it came to our attention there's a legacy lawsuit in that area related to this site. The decision was made to remove that site. We generally try to avoid legacy lawsuit sites. We removed -- the well is already P&A'd, so we'll continue to P&A the two wells and do the work that weren't related to the legacy site. So it went from around a 7- to \$800,000 project to around a \$385,000 project. And they recently remobilized that. They -- we were having quite a bit of trouble with the power company. Apparently, there are powerlines near the equipment. The power company didn't want to power down the lines, and so after two or three months of negotiating with the contractor they were able to get them to power down the lines, and they are back out there completing the work.

St. Landry Parish, this site was one off in a field. We had been watching it for a while. Every valve and essentially every piece of equipment at surface had failed. The -- there was a backpressure valve installed by OSR at one point. That backpressure valve was leaking. The well had about 7 -- 6,000, 7,000 pounds on it. We were concerned that if that well blows out, you would have to essentially mobilize Wild Well if you've got a well blowing out 6,000, 7,000 pounds, and nothing under the tree (phonetic) actually worked, so we went on and took care of that well to essentially save us money in the future.

The two upcoming projects, Lockport and Cameron, are in the beginning stages. I know we've got the contracts out. Cameron probably will not begin until after the beginning of the next fiscal year, which would be July. This fiscal year, we have spent our entire budget. We can't really start anymore projects or we can start projects, just not pay anymore this year. They have to go be part of

the budget for the next fiscal year.

Lockport, I would guess, depending on our Coastal Use Permits, I would hope it starts before the end of the fiscal year, and that's June 30<sup>th</sup>, the beginning of the new fiscal year is July 1<sup>st</sup>. It's really just timing in terms of the Coastal Permits. I don't believe those are in any oyster seed grounds though.

That's kind of all we've got currently planned. There's a couple of more upcoming projects if you turn the page.

The four we're kind of looking at for the future, the Shoreline package to use that funding that we just recently received. We would like to get that spent down. That is probably our largest -- one of the last largest amounts of escrow we have, so we'd really just like to essentially take care of all that in one package.

Masters Creek, this is the site -- I'm not sure if you mentioned it last time, Cassie, but this is the site where high-pressure H<sub>2</sub>S well, they built a nursery around it, included it in the nursery, like nursery, I mean a tree or fruit nursery. Their home, I think, is right next to it as well. So we're working our way -- Chris Sandoz and I&E, we have the Office of Conservation and DNR working their way of how to handle this with people living and working on site. It's probably something, unfortunately, OSR will have to deal with much more often coming up. I can tell you, we see a lot more oilfield sites with homes being built around them.

**MS. CREASMAN:**

And why is that?

**MR. FULKERSON:**

I think just space. There's just so many wells, eventually, the space gets eaten up. Also, from my understanding, Monroe is just a really ripe area for

nursery and planting, so I think they just expand everywhere they can, and some of it is probably you don't really know what you are expanding next to, you know. If you're naïve about what H2S is and a high-pressure wellhead, I can see building if the land is good.

**MS. CREASMAN:**

Are there any kind of -- not to say this is what you guys do, but outreach about that or raising awareness about wells and -- real estate market or something?

**MR. FULKERSON:**

I don't know if there is -- yeah. We actually get a lot of phone calls about building houses or I -- since I've been here, I've had to answer two or three phone calls if they should build a house over an old well and that type of stuff comes up. We probably get a lot of phone calls just in different districts, people, and whoever answers the phone that day.

**MS. PARKER:**

There's been several instances since I've been a part of OSR that people moving in mobile homes and setting it right over -- I mean, you can tell it's a wellhead. It's not -- you know, it's got the tree on it still, and they just either don't care or are unaware. One of my -- I know the guy was aware of it because our Lafayette District Office manager had talked to him several times because at the time it was leaking gas, and we went out there and fixed it, and I guess he was satisfied with it and he moved his mobile home right on top of it.

**MR. FULKERSON:**

But, no, I don't know of a specific outreach. It's something we could probably talk about, but I'm not sure how to do it, to be honest with you. You

would think the contractors too would help if they were going to build a home, they would be licensed contractors and know. Usually, that's what I refer to, but I don't know in this day and age.

**MR. ALLEN:**

You would think the developer would have some type of -- he's supposed to do a --

**MR. FULKERSON:**

The research.

**MR. ALLEN:**

- site assessment, but I wouldn't think that's our problem. That's somebody else's.

**MR. FULKERSON:**

You would think so, but we try -- when people call, we try to be as helpful as we can.

As Mr. Harris mentioned, we've got that Baby Oil package we're going to look at. That's a timing thing, timing on both the money, the funds, the budget, and how they want us to spend it and when. That also falls in the Coastal Zone. Coastal Zone Permits are about six to nine months depending on really where it's at. If I remember correctly, before my contact in Coastal retired recently, this one is near a Bald Eagle nesting area, so I can tell you this one would probably not be the six-month variety.

And last is one Casandra just recently put together, and we'll probably route for the 12<sup>th</sup> Floor to start preparing for bid. There's a few sites and issues in Shreveport we want to look at. I know we're trying to avoid north Louisiana where the CMARs are going up there, but there are a couple of sites leaking that

are -- one looks like it's like almost a freshwater well leaking in a forest. I don't think it's gas based or anything, but I think it's just somehow a well is leaking water, aquifer water, to the ground, so we'll go out there and P&A those wells. Another one is just one OSR P&A'd years ago. Essentially, they found a hole in the ground. I don't really know that there's really any documentation on it. They tried to P&A and it's kind of leaking a little bit, so we'll go back and take a look at it again with a bid.

But that's really all we've got on our plate right now. Honestly, if you'll look at the Shoreline, the Baby Oil, and that Masters Creek may be about 500,000, just those top three are probably somewhere around \$8 million. The Shreveport wells we've got, that may be another 500, so that, you know, around 8 to 8.5 million right there.

We are seeing increased costs. I guess it's probably a combination of things. With the federal dollars all being spent, the demand for the equipment and personnel is all going up, so we are seeing increased costs so far, and you're also seeing probably some for inflation. I mean, it's hard to say how much, but with the demand spiking everywhere and a little bit of inflation, prices are up.

And for our federal updates, no updates from the EPA or US Coast Guard, not much presence from them lately.

And now if everyone is okay with it, I'll start -- I know we kind of discussed giving updates on what's going on with the federal packages. If we're ready for it, I'll kind of dive into that.

**MR. HARRIS:**

Before you do, I just want to recognize the work -- and not just you and Casandra, but all the Office of Conservation staff. Basically, we have two

programs running in parallel, you know. Office of Conservation staff are doing all the work they were doing before with a whole bunch of additional wells being plugged with federal money. I'm not complaining. Activity in the oilfields are definitely a positive thing, but, you know, we're also looking at what probably six or seven -year highs in terms of number of permits to drill being issued, so there's a lot of different stressors on the field staff, as well as Oilfield Site Restoration staff. I just wanted to give you guys a shout out and say thank you.

Please proceed.

**MR. FULKERSON:**

So I thought I'd start off kind of make our way through it. And we've got different components, so I wanted to start off with our LSU update. So the methane study began this week. Our LSU researchers began working with the south Louisiana CMAR -- or the south Louisiana CESs. They're also receiving data from the CMARs in north Louisiana. So they're receiving this and should begin to build their model. And, essentially, what they're going to model is, they'll record everything we have and then start trying to put together a program or a model that can predict what sites we should hit for methane, which, ironically enough, is exactly what the Department of Interior is doing as well with these numbers. So, recently, the DOI made it down and met Mr. Harris and everyone on a panel, and we brought up having those two groups collaborate. So we are trying to set that up where we can get some collaboration with their teams and our methane teams at LSU because we think there is quite a bit of overlap and a lot of sharing we can do.

LSU is very interesting to me because we're using both the energy center there and the gentleman, Cancienne (phonetic), that studies methane is actually

an oceanographer, and it's in Antarctica right now completing methane studies there, so he will come back and help build the equipment and kind of roll out the program for us. They're actually very good, very pragmatic. They are researchers but understood that oil and gas, you know, it's a little bit different than what you would conventionally do on your research, especially if you're an oceanographer, but it was a very pragmatic approach, and I think it may fit very well for us.

And as they go, we'll try to have them come in and provide some updates as well. Cancienne is probably back from Antarctica this month, and maybe in the next couple of months, we can start showing you guys some numbers. The initial numbers I don't know if I'm necessarily a methane skeptic, I wasn't really sure what to make out of it, but they are so far finding wells emitting methane, so I -- I'm not smart enough to tell you I understand how much it is or what it means yet, but, hopefully, they can start quantifying it for us so we can share it with you guys.

Okay. Going on, the federal projects, I split it into two sides right now. We'll play with how to do this in our presentation, but we've got on the left in Monroe and Dynamic Group. So they've got 133 sites are wildlife sites. Kind of as discussed with you guys previously, wildlife, US Wildlife and Fisheries requested we P&A some wells in conjunction with our wells, so they gave us around 12.7-ish million to P&A around 150 sites. The majority of the sites are in north Louisiana. So, currently, Dynamic has got three rigs in operation -- this is as of last week. I haven't updated it too much, but it should still be pretty similar, three rigs in operation, six more available. I think they're planning on ramping up. The GMP is right around \$16 million, that's the -- the GMP is essentially a -

- I don't know CMAR terms, but it's the maximum price for the CMAR, and right now they're employing 47 people in the field and 14 admin. And I spoke with them just before I came in, they've P&A'd 19 wells. They started around the end of January, so we're making a pretty good clip. It slowed down a lot by weather. Everything that you see that comes through here is going through there as well. It's just not leaving the ground as quickly as you see it leaving it here.

And the second one is 23-002, Shreveport, which is 1 Lemoine Disaster Recovery. So they've got their sites in the Shreveport, Caddo-Pine Island area, and a handful wildlife sites in Lacassine and the Atchafalaya Basin. So their maximum price should be around \$14.9 million. And they're showing about 23 personnel currently on site with four crews, and they're planning on onboarding new contractors. So their crews are composed of four men with an operator and a P&A contractor as well, and they've got their own site supervisors as well, so they've got three of those.

That was one of the first wells -- or the first well P&A'd was in Shreveport, Caddo-Pine Island, the Bell No. 1. That was P&A'd right around January 17<sup>th</sup>, I want to say. And they've P&A'd 23 wells total, so we've P&A'd about 41 wells in a month. I can tell you, we sat in on a meeting yesterday. We're behind in some of the other states. I think Texas is at 250, but I think what you see right now is we should start ramping up very quickly. Both Lemoine and Dynamic and the way Mr. Harris and his team kind of structured this was this project manager thing should allow them to move pretty quickly to expand, kind of take off on these operations, so, hopefully, from the learnings and kind of get through the start-up period, it kind of expands quickly.

**MR. HARRIS:**

I do want to point out Texas is one of the states who is simply refusing to perform some of the required activities, the strings that come along with this money. It remains to be seen how that works out for them, you know, whether the feds are going to ask for some -- or demand some of that money back. I certainly don't want my successor and the staff in the position of having to justify money that's already been spent or sending it back. It remains to be seen how that plays out, but I think what we're doing is the prudent action to benefit the state and not -- get as many wells plugged as we can but not, you know, put the state potentially liable for reimbursing these funds after the fact. So we are doing a lot of things that Texas and other states are simply ignoring, and all that's additional work.

Thank you. Please carry on.

**MR. FULKERSON:**

No problem. I'm glad you actually brought that up, because I don't remember if I wrote it in here, but they've come out with a Formula Grant. The initial discussions for the Formula Grant just started, and in the initial grant, a lot of this wasn't required. The Formula Grant, methane, DB, site restoration, water quality was not specifically required but strongly recommended. The Formula Grant, everything is 100 percent required. So if you decided not to do it, right now, their -- their next round of money says it's a must, so unless something changes, we will be up and running to continue this program as is because we've already built it.

Okay. Next, this was -- actually coincided around the same time. This was the 19<sup>th</sup> or 20<sup>th</sup>. So the Department of Interior made a visit to the state of Louisiana. We participated in a few activities with them. The first day they

arrived was a Thursday. The Governor happened to be having a -- the IJJA (phonetic) or a funding meeting for the infrastructure act with their local secretaries, and, I guess, government officials in Baton Rouge, and the DOI was able to sit in on some of those panels and give feedback to us. They spoke with workforce, DOI, labor. I think that was probably a good, you know, intro to the state of Louisiana, what we've got rolling out. And then the next day, they made a site visit with us. The Office of Conservation, Mr. Harris, our contractors all made a visit to Tullos, Louisiana, which is, I guess, an hour and a half north of here, two hours north of here, a small, little town. The site visit went great. It was kind of one of those oilfield towns. I don't know that I've seen many of them like it, but if you could throw a stone, you could hit a small derrick. I think they -- in one mile they drove around in Tullos probably saw about ten derricks. They got to see P&A operations going on. I thought it was a great meeting, both in terms of meeting them, faces with names, kind of putting all of our -- our name out there and getting Louisiana to the forefront of their thoughts. It went really well.

They also have established an orphaned wells program office. I've got a lot of questions about this recently. It was in the news as well. It is not in Louisiana. It is a national, and it's going to be led by Kimbra Davis. She was on this trip as well, very nice. She has a pipelines background and will be moving into this role. It is not locally based. She's going to remain in Colorado, and it sounds like some of the other group may be in DC, but it sounds like we will be liaising with them and working with them, but they won't be anything local.

The next page, I just took a couple of images that our contractors provide, both Lemoine and Dynamic, showing some overhead shots of some board roads,

the sites they're having to get to, and kind of some of the work being done. On the left, you'll see some photo documentation of the sites, and then post-well, we've requested they take photos just to kind of memorialize the P&A of the well for documentation purposes in the future.

So, as you can see, we're kind of rolling and going. Probably the biggest thing slowing us down right now is the weather in north Louisiana. Unfortunately, just with timing, we happened to start in their rainy season, but I think both sides, Monroe and Shreveport, and both of the CMARs are doing a really good job of working together. We've definitely had some speed bumps, but I think there's good guys up there, good people, doing good work.

For our new contractors, we have no new contractors this month. There was a few that we met with recently that want to sign up, but they didn't get their paperwork in quite in time.

The last bit of business I have is the fiscal year performance indicators. As you can see, we are farther down than normal. You know, our performance indicator was around 225 last year. We didn't hit it. I want to say we ended up at like 164. Generally, there's about 100 to 150, 200 wells P&A'd every year. Focusing on south Louisiana, you're going to get less wells but higher-priced wells. I would think you would only see a few more wells if we start we Lockport package again, so we may not P&A too many wells this last quarter -- last couple of quarters, just depending on the approval of the Lockport package.

I would say if we continue using large sums of money in north Louisiana, we'll probably have something similar. It may not be as drastic next year. We're probably continue to hit higher-priority wells or sites we're concerned with if the CMARs continue to be concentrated up there, but we'll probably have to just

play it as we go with both the next round of federal funding coming in, the next fiscal year for the State coming.

**MS. CREASMAN:**

This is kind of a general question, but with the research that's being done and the modeling and indications of methane-producing wells, once that's better known, do you see that influencing prioritization or where money is spent? I mean, do you think -- you know, capping those wells, that will be -- unless it's a high risk, high priority.

**MR. FULKERSON:**

I think it's something we certainly need to consider. So we've kind of had the discussions of how to incorporate it, so, of course, if we change anything in prioritization, it would have to come through the OSR Commission. So my thought is we pull all the data in and if it's something we should recommend, we'll definitely bring it to this group to recommend and then kind of get feedback. I don't really know whether I think there should be a lot of methane or not. I was kind of surprised with how much we've seen so far, so it will be interesting to see what their studies look like and then quantify it. Like I don't know how much --

**MS. CREASMAN:**

Right.

**MR. FULKERSON:**

= it seems like a lot, but what does this amount mean.

**MR. HARRIS:**

I mentioned this to the Governor a couple of time. He seemed excited to, you know, want to be able to say how this data -- we were going to use this

methane data to almost immediately prioritizing. And I tried to temper that a little bit, because, although I think some of us may think we know what the data is going to show regarding, you know, the age and depth and type of well and location, you know, what's going to get the most bang for the buck, I keep saying, let's see what the data shows. And then, you know, it may be a year or two before we have sufficient data and the information is strong enough to say, yeah, it makes sense to starting using this as a prioritization factor or not. I mean, this is one of the things this Commission, you know, could certainly weight in on. But, you know, coming from a science background, I like to let the data, you know, speak for at least what we should recommend going forward, let's just see first what it says.

**MR. FULKERSON:**

Yeah. And I'll definitely get the LSU guys to come in when they've kind of got some -- they probably won't have anything concrete, but they can possibly show us a glimpse of what they're seeing and what their thoughts are. I can tell you, we've met with a lot of contractors who seem to think they understood methane very well, and I can tell you, the only one that I met with the whole time that's understood methane, read the whole thing, and knew it better than -- well, I didn't know it at all, but knew it better than anyone else was the LSU researchers, specifically the oceanographers. So it will be interesting to see what he sees when he comes back.

That's all I have, Mr. Secretary, Mr. Commissioner.

**MR. HARRIS:**

Is there any old business, new business, comments, questions?

(No response.)

Any from members of the public here, any comments, questions?

(No response.)

In that case, I think it's time to entertain a motion to adjourn.

**MR. IEYOUB:**

So move.

**MR. HARRIS:**

Move by Commissioner Ieyoub.

**MS. CREASMAN:**

Second.

**MR. HARRIS:**

And second from Ms. Creasman.

I'm going to go ahead and say, without objection, the motion carries.

Thank you, all. See you next time.

**CERTIFICATE**

I, MICHELLE S. ABADIE, Certified Court Reporter in and for the State of Louisiana, as the officer before whom this meeting was taken, do hereby certify that the Oilfield Site Restoration Commission meeting held on February 9, 2023, by the Department of Conservation, Baton Rouge, Louisiana, was reported by me, was prepared and transcribed by me; that the foregoing pages, numbered 1 through 27, inclusive, is a true and correct transcript to the best of my ability and understanding; that I am not related to any parties herein, nor am I otherwise interested in the outcome of this proceeding.

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MICHELLE S. ABADIE, CCR #24032  
CERTIFIED COURT REPORTER

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