***BOBBY JINDAL State of Louisiana******STEPHEN CHUSTZ***

GOVERNOR CHAIRMAN

**Oilfield Site Restoration Commission JAMES H. WELSH**

Post Office Box 94275 Baton Rouge, Louisiana 70804-9275 VICE CHAIRMAN

**MEETING MINUTES**

LaSalle Building

617 North Third Street

Thursday, February 20, 2014

1:30 p.m.

**MEMBERS PRESENT:**

James H. Welsh, Commissioner of Conservation

Paul Frey, LLA

Karen Gautreaux, Nature Conservancy

Steve Maley, LOGA

Barney Callahan, LWF, Sierra and Audubon Society

**OTHERS PRESENT:**

Brent Campbell, OSR Staff

Casandra Parker, OSR Staff

**I. Roll Call:**

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

quorum.

**II. Approval of the July 13, 2013 Meeting Minutes:**

Karen Gautreaux made a motion to approve the minutes of the July 13, 2013, meeting.

Barney Callahan seconded the motion.

No objections and no discussion was held.

The minutes were approved .

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**III. Fund Status:**

Brent Campbell reported there is $8,116,235 total cash in the treasury, minus the contractual obligations, leaves an unencumbered cash available of $5.9 million.

A report on the quarterly oil and gas production fee collections from July 1, 2013, to January 7, 2014, amounted to over $2.4 million.

A report on annual fee collections per fiscal year since 1994. In 2013-'14, the Program

collected approximately $2.4 million.

A report of the Site-Specific Trust Accounts was that there are 1,004 active wells currently secured totaling approximately $67 million.

**IV. Program Statistics:**

Brent Campbell discussed in detail the Program statistics.

To date, the Program has plugged and abandoned 2,884 orphan wells.

Currently, there are 2,905 orphan wells remaining statewide.

From July 20th, through January 20th, a total of 164 newly orphaned wells were added to the Program.

A graph was presented demonstrating a total of 2,905 currently existing orphaned wells in the Program, compared with the cumulative number of 2,584 wells that have been plugged by the Program.

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**IV. Program Statistics:**

Additionally, a graph was presented demonstrating the progress made by the Program

in the plug and abandonment of urgent and high-priority scored wells versus the urgent and

high-priority wells remaining.

The Program has plugged to date 434, and there is a remaining of 249 urgent and

high-priority scored wells.

Mr. Maley and Mr. Campbell discussed that there were wells that were removed from the Program by other means besides plugging and abandonment by the Program.

**B.** Fiscal Year 2014 Program Performance

Thus far in fiscal year 2014, during the first quarter, the Program plugged two high-priority wells, and one additional well was plugged during the second quarter, totaling three high-priority scored wells were plugged by the Program.

Thus far in fiscal year 2014, during the first quarter, there were two wells restored, and during the second quarter, there were 32 wells restored, totaling 34 wells restored by the Program.

The year-end target is 103 wells. There are some bidding packages in process to address wells and will meet the 103-well target by year's end.

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

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

Currently, there are seven active Oilfield Site Restoration projects in various fields.

There have been three Oilfield Site Restoration projects completed since the July

2013, meeting, including an emergency bid in January of 2014, to plug a leaking well that was hit by a bulldozer while preparing a site for drilling. The company denied responsibility, and the Program will attempt to recoup plugging and abandonment costs from the company.

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

Brent Campbell indicated that currently there is no Federal and Third-Party Activity.

**VIII: Old Business and New Business:**

**Old Business:**

There was no old business brought up by the Commissioners for discussion.

**New Business:**

**A.** Navigational Aid Bid Package

Brent Campbell indicated there is a mandatory pre-bid meeting on March 6, 2014, and a bid opening on March 13, 2014.

There are currently 126 sites that have navigational aids installed on those sites, and part of the bid includes pricing to inspect those sites, including the inspecting of the navigational aid and the orphaned wells themselves and complete a report on the well and on the navigational aids stating deficiencies, and the pricing for inspecting newly-orphaned sites to determine whether they need navigational aids, following a certain criteria.

The navigational aids will be inspected once a year, and then the contract will be extended for two, so basically a three-year contract.

**B.** Internal Audit of OSR Fund and SSTAs

Brent Campbell discussed that an internal audit of the OSR Fund and SSTAs was released on October 2, 2013. The audit was performed by Donnie Ladatto, and there were negative findings.

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**VIII Public Comments**

There were no public comments.

Paul Frey requested a new business item be discussed. He discussed that one particular active company has over 3,000 wells in the state and over half of those are shut-in future utility wells or have filed a PA-35. Mr. Frey estimated that the total cost to plug that company’s non-producing wells, based on the average cost to abandon an orphan well, would be $46 million. It appears there could be a problem should those shut-in wells come into the Program, and the Program needs to realize that it may never completely plug and abandon all orphaned wells as long as new ones are coming into the Program.

Mr. Callahan questioned whether the OSR Program would ever be responsible for wells such as the Bayou Corne incident regarding a storage cavern well and regulated by DNR.

Commissioner Welsh indicated that the Bayou Corne well was, in fact, not a storage cavern well but an injection brining well, and it is regulated by the UIC.

Brent Campbell indicated he would consult with the Injection and Mining Division and get some information regarding this matter.

**X: Date of Next Meetings:**

April 17, 2014, is the tentative date set for the next Commission meeting, at 1:30 p.m. in the LaSalle Building hearing room.