***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, July 18, 2013

1:30 p.m.

**MEMBERS PRESENT:**

Stephen Chustz, Secretary

James H. Welsh, Commissioner of Conservation

Paul Frey, LLA

Don Briggs, LOGA

Karen Gautreaux, Nature Conservancy

Steve Maley, LOGA

Barney Callahan, LWF, Sierra and Audubon Society

Michael Lyons, Mid-Continent

Troy Vickers, Mid-Continent

**OTHERS PRESENT:**

Brent Campbell, OSR Staff

Casandra Parker, OSR Staff

Gary Ross, Department of Conservation

**I. Call to Order:**

James Welsh called the meeting to Order.

**A.** Commission appointment and reappointments:

Brent Campbell recognized and introduced a new appointment to the Commission,

Barney Callahan, representing Louisiana Wildlife Federation, Sierra and Audubon

Society. His term will extend until March of 2017.

Brent Campbell recognized the reappointment of Paul Frey to the Commission,

representing Louisiana Land Association. His term will extend until March 2017.

**B. Roll Call:**

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

quorum. Ms. Gautreaux was not present for roll call but appeared after the meeting had begun.

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**II. Approval of the January 18, 2013 Meeting Minutes:**

Stephen Chustz made a motion to approve the minutes of the January 18, 2013, meeting.

James Welsh seconded the motion.

No objections and no discussion was held.

The minutes were approved .

**III. Fund Status:**

Brent Campbell reported there is $7,129,315 total cash in the treasury, minus $970, 995 in contractual obligations, leaves an available balance of $6,158,320.

A report on the quarterly oil and gas production fee collections stated collections from January 1, 2013, this past year fiscal, amounted to $4,853,437.

The OSR Fund balance currently lists the 5 percent statutory deduction from 2009 and

fiscal year 2012.

A report on annual fee collections per fiscal year since 1994, indicates the Program

collected approximately $4.8 million during the last fiscal year.

A report of the Site-Specific Trust Accounts was that there are 971 active wells currently secured totaling approximately $65 million.

**IV. Program Statistics:**

Brent Campbell discussed in detail the Program statistics.

To date, the Program has plugged and abandoned 2,553 orphan wells, that is 16 orphaned wells plugged and abandoned by the Program since the January 2013, meeting.

Currently, there are 2,846 orphan wells remaining statewide.

In the months of January, February, March, April, May, and June, the total combined, 76 orphaned wells were added to the Program orphan well count.

A graph was presented demonstrating the current orphan well count of 2,846 in the state, compared with the cumulative number of wells plugged by the Program, 2,553.

\*AT THIS TIME, MS. GAUTREAUX WAS IN ATTENDANCE\*

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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.

**B.** Fiscal Year 2013 Program Performance

Since the January 2013 meeting, the Program has plugged and abandoned three

additional urgent and high-priority scored wells in the third quarter, and two in the fourth quarter, completing the fiscal year with a total of 17 urgent and high-priority scored wells that were

removed from the orphaned list.

A total of 42 orphaned wells were plugged and abandoned at an approximate cost of $2,562,615.

Fifty-nine wells were restored by other means, such as removed from the list by an

operator in good standing to be placed back on production or plugged and abandoned by a

third-party.

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

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

Currently, there are three active Oilfield Site Restoration projects. One project which is

the bidding of a contractor for the inspection and maintenance of the 126 installed U.S. Coast

Guard approved navigational aids. The bid has not been awarded, and the OSR Program has

plans to rebid the project to expand the scope of work. There are two other active projects, one

which has been awarded for $299,600, and another 13-well project in which the bid opening date

is August 15, 2013.

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

2013, meeting, at a total cost of $939,065. However, there was one project the OSR Program executed at the request of Entergy for an expansion project, and Entergy has agreed to reimburse

the OSR Program for the full cost of plugging and abandoning the well near their expansion

project.

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

Brent Campbell discussed Federal and Third-Party Activity.

The EPA recently completed a project in the Logansport Field in DeSoto Parish at no cost

to the Program.

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

There was no old business to be discussed.

**A.** PA-13-003 - Maintenance and Inspection of Navigational Aids

Brent Campbell discussed the expansion of the scope of services regarding the

maintenance and inspection of already installed navigational aids, thus requiring the rebidding

of the project. It may be a contract that would cover the next three years.

**B.** New Performance Indicators and Spending Authority

Brent Campbell discussed the anticipated Fund Balance for fiscal year 2013-14 being

$9.7 million. DNR is in the process to get approval to increase the spending authority of the

OSR Program to $9.66 million for this fiscal year. This amount is approximately twice the

amount normally allocated to spend by the Program, therefore, the performance indicators have

been requested to be revised. The number of urgent and high-priority well sites restored will

increase from 17 to 34 per fiscal year, and the number of orphan wells sites restored in the fiscal

year will increase from 46 to 90. The requirement of spending 60 percent on urgent and

high-priority wells will continue to be included in the performance indicators.

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**C.** Approval of Contractor - Womack and Sons Construction Group, Inc.

Brent Campbell requested the approval by the Commission for Womack and Sons Construction Group, Incorporated, domiciled in Harrisonburg, Louisiana, to be added to the approved contractor's list.

Steve Maley, Brent Campbell, and James Welsh discussed the process an operator has

to complete before being requested for approval by the Commission.

There was no objection, James Welsh indicated the contractor be approved to be added

to the contractor's list.

**OTHER BUSINESS:**

Troy Vickers discussed the increased staff workload by increasing the performance indicators.

Barney Callahan questioned whether the OSR projects would be subject to the increase

of the coastline from three miles to nine miles. Stephen Chustz explained it was his

understanding that the coastline extension did not include minerals, and any wells farther than

the current three-mile limit would fall under Federal jurisdiction.

Steve Maley and Brent Campbell discussed the ability of the OSR Program to check

newly-orphaned well operators against companies still in business.

Steve Maley discussed wells that were originally not inaccessible but have now become inaccessible, whether their plug and abandonment status could be upgraded in the scoring of

urgent and high-priority wells.

Barney Callahan, Steve Maley, Mike Lyons, and Brent Campbell discussed the liability

of the State after the installation of the navigational aids. Gary Ross discussed that, in the early

2000s, a lawsuit was filed involving a boat accident with injuries and an orphaned well, and it

was the decision of the Supreme Court that the State was not liable in that particular situation, because a well that is orphaned the State does not take control or responsibility for the well.

**X: Date of Next Meetings:**

October 17, 2013, and January 16, 2014, are the tentative dates set for Commission meetings, at 1:30 p.m. in the LaSalle Building hearing room.