

SENATE SUMMARY OF HOUSE AMENDMENTS

SB 427

2016 Regular Session

Allain

KEYWORD AND SUMMARY AS RETURNED TO THE SENATE

CONSERVATION. Provides for powers and duties of the commissioner of conservation. (gov sig)

SUMMARY OF HOUSE AMENDMENTS TO THE SENATE BILL

1. Reinstates provisions authorizing the commissioner to require plugging of each dry and abandoned well and the closure of associated pits, removal of equipment, etc. and otherwise require cleanup of dry and abandoned wells.
2. Removes requirement for the commissioner to make rules, regulations, and orders that are necessary to require the plugging of each dry or abandoned well and to perform site cleanup that were to include provisions for inactive wells classified as future utility.
3. Adds exceptions from the reasonable bond with security requirement for wells exempt prior to September 1, 2015, that remain with the operator of record as of that date, wells utilizing plugging credits, and wells on which the required financial security is given to the commissioner (HB 632 of 2016 RS).

DIGEST OF THE SENATE BILL AS RETURNED TO THE SENATE

DIGEST

SB 427 Reengrossed

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Present law grants the commissioner of conservation the discretionary authority to require reasonable bond with security for the performance of the duty to plug wells and to perform site cleanup.

Proposed law removes this authority and authorizes transferrable plugging credits in lieu of the bond with security required by present law in order to promote the plugging of orphaned oilfield sites and oilfield sites that have been inactive for at least five years. A plugging credit shall be issued for the plugging of orphaned oilfield sites and oilfield sites that have been inactive for at least five years, with the specific requirements and procedures for issuance, transfer, and acceptance of such credits to be developed by the commissioner.

Proposed law requires that the regulations provide criteria under which plugging credits may be earned, and approval by the commissioner for the earning, using, banking, or selling of the plugging credits.

Proposed law requires the commissioner to make, after notice and public hearings any rules, regulations, and orders that are necessary to require reasonable bond with security for the performance of the duty to plug each dry or abandoned well and to perform the site cleanup as required. The rules, regulations, and orders may classify based on location of well and shall not provide for the following exceptions from the reasonable bond with security requirement:

- (1) Wells exempt prior to September 1, 2015, that remain with the operator of record as of that date.
- (2) Wells utilizing plugging credits pursuant to proposed law.

- (3) Wells exempt due to having provided the required financial security in order to obtain a drilling permit (as contained in House Bill 632 of the 2016 R.S.)

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 30:4(C)(1)(a); Adds R.S. 30:4(R))

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