

RÉSUMÉ DIGEST

ACT 526 (SB 427)

2016 Regular Session

Allain

Prior law granted 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.

New law removes this authority and authorizes transferrable plugging credits in lieu of the bond with security required by prior 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.

New 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.

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

Effective upon signature of the governor (June 13, 2016).

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