

SENATE BILL NO. 171

BY SENATOR ALLAIN AND REPRESENTATIVES BEAULLIEU, BRYANT, BUTLER,
DEVILLIER, LACOMBE, MCMAHEN AND ORGERON

1 AN ACT

2 To enact R.S. 30:88.2 and R.S. 47:633(7)(c)(iv)(cc), relative to an exemption from
3 severance tax on oil production from certain orphaned wells; to provide for payments
4 into site-specific trust accounts in an amount equal to the severance tax that would
5 otherwise be due; to provide for reimbursement of certain oilfield site restoration
6 costs; to provide for certain requirements and limitations; and to provide for related
7 matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 30:88.2 is hereby enacted to read as follows:

10 **§88.2. Orphan well rework program**

11 **A. Orphan wells. (1) For purposes of this Section, an orphan well shall**
12 **mean an oil well that is designated as part of an orphaned oilfield site and that**
13 **has had no reported production for a period of greater than twelve months**
14 **immediately prior to the production of oil to which this Section applies.**

15 **(2) The monies paid to the state treasury in accordance with R.S.**
16 **47:633(7)(c)(iv)(cc) derived from oil produced from an orphaned well as defined**
17 **in this Section shall be credited to the associated site-specific trust account.**

18 **B. New production. In the event of new production from a formerly**
19 **orphaned well meeting the requirements of Paragraph (A)(1) of this Section, a**
20 **site-specific trust account shall be established to separately account for each**
21 **such site for the purpose of providing a source of funds for future site**
22 **restoration of that oilfield site when restoration of the oilfield site is required.**

1 The site-specific trust account shall remain in effect until completion of site
2 restoration of the associated oilfield site.

3 C. Trust account monitoring. The assistant secretary shall monitor each
4 trust account to assure that it is being properly funded. The funds in each trust
5 account shall remain the property of the commission. If the site-specific trust
6 account is not funded through the payment of amounts equal to the severance
7 tax that would otherwise be due the state for a period of greater than six months
8 from the date of first production following designation of the well as part of an
9 orphaned oilfield site, the assistant secretary shall require financial security in
10 accordance with this Subtitle and the rules and regulations adopted pursuant
11 to this Subtitle including the exceptions provided in R.S. 30:4(R).

12 D. Transfers of oilfield sites. When transfers of oilfield sites occur
13 subsequent to the formation of site-specific trust accounts pursuant to this
14 Section but before the end of the oilfield site's economic life, the balance of any
15 site-specific trust account at the time of transfer shall remain associated with
16 the oilfield site.

17 E. Unusable oilfield sites. For unusable oilfield sites, after site restoration
18 has been completed and approved by the assistant secretary, funds from a
19 site-specific trust account shall be disbursed as follows:

20 (1) If the site restoration has been completed by the operator of record
21 on file with the assistant secretary, the balance of the funds existing in the
22 site-specific trust account shall be remitted to that operator of record.

23 (2) If the site restoration has been completed using monies from the
24 Oilfield Site Restoration Fund and monies from the site-specific trust account,
25 any balance in the site-specific trust account shall be transferred into the
26 Oilfield Site Restoration Fund for use on any oilfield site in accordance with this
27 Chapter.

28 (3) The site-specific trust account shall thereafter be closed.

29 F. Rules, regulations, and orders. The assistant secretary shall
30 promulgate, after notice and public hearings as provided in this Chapter, any

1 reasonable rules, regulations, and orders that are necessary to implement this
2 Section.

3 Section 2. R.S. 47:633(7)(c)(iv)(cc) is hereby enacted to read as follows:

4 §633. Rates of tax

5 The taxes on natural resources severed from the soil or water levied by R.S.
6 47:631 shall be predicated on the quantity or value of the products or resources
7 severed and shall be paid at the following rates:

8		*	*	*
9	(7)	*	*	*
10	(c)	*	*	*
11	(iv)	*	*	*

12 (cc) Notwithstanding any provision of law to the contrary, oil production
13 from any orphan well as defined by R.S. 30:88.2(A) that is undergoing or has
14 undergone well enhancements that required a Department of Natural Resources
15 permit, including but not limited to re-entries, workovers, or plugbacks, from
16 which production commences on or after October 1, 2021, and before June 30,
17 2031, shall be exempt from the severance tax. To qualify for the exemption, an
18 application for certification shall be made to the Department of Natural
19 Resources. Upon certification that a well qualifies for the exemption, the
20 operator shall retain an amount equal to the severance tax otherwise due for the
21 initial three months of the exemption. Beginning in the fourth month following
22 certification, the operator shall report, on forms prescribed by the secretary,
23 and remit to the Department of Revenue an amount equal to the severance tax
24 applicable to the well pursuant to this Paragraph, which shall be credited to the
25 associated site-specific trust account provided for in R.S. 30:88.2 and shall be
26 subject to all due date, interest, and penalty provisions applicable to the oil
27 severance tax.

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29 Section 3. This Act shall become effective upon signature by the governor or, if not
30 signed by the governor, upon expiration of the time for bills to become law without signature

1 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
2 vetoed by the governor and subsequently approved by the legislature, this Act shall become
3 effective on the day following such approval.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____