

2024 Third Extraordinary Session

HOUSE BILL NO. 23

BY REPRESENTATIVE GEYMANN AND SENATOR HENSGENS

MINERALS: Provides for the administration of the Oilfield Site Restoration Fund (Item #16)

1 AN ACT

2 To amend and reenact R.S. 30:81(B), 83(F)(2) and (6), 83.1(B)(3) through (5), 86(A)(2),

3 (E)(introductory paragraph), (1), and (6), and (H), and 87(A), (B), and (F)(1),

4 relative to oilfield site restoration; to provide for the use and administration of the

5 Oilfield Site Restoration Fund; to provide for the authority of the Oilfield Site

6 Restoration Commission; to authorize the Natural Resources Trust Authority to

7 direct activity of the commission with the oversight of the State Mineral and Energy

8 Board; to provide for the administration of federal funds for oilfield site restoration

9 and plugging of orphan wells; to provide for the authority to execute financial

10 agreements and instruments on behalf of the commission; to provide for the

11 calculation of oilfield site restoration fees; to increase oilfield site restoration fees;

12 to provide an effective date; and to provide for related matters.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 30:81(B), 83(F)(2) and (6), 83.1(B)(3) through (5), 86(A)(2),

15 (E)(introductory paragraph), (1), and (6), and (H), and 87(A), (B), and (F)(1) are hereby

16 amended and reenacted to read as follows:

17 §81. Policy and purpose

18 \* \* \*

19 B. It is in the public interest and within the police power of this state to

20 establish ~~an oilfield site restoration commission and~~ an oilfield site restoration fund

1 to provide for the proper and timely cleanup, closure, and restoration of oilfield sites,  
2 to be administered by the ~~assistant secretary of the office of conservation within the~~  
3 Department of Energy and Natural Resources.

4 \* \* \*

5 §83. Oilfield Site Restoration Commission; Department of Energy and Natural  
6 Resources

7 \* \* \*

8 F. The powers of the commission shall be limited to the following:

9 \* \* \*

10 (2) At the direction of the secretary or at the direction of the Natural  
11 Resources Trust Authority acting under the oversight of the State Mineral and  
12 Energy Board pursuant to R.S. 36:356.1, pledge the revenues available to fund  
13 authorized purposes and to secure the issuance of bonds to fund such purposes  
14 provided in R.S. 30:83.1, provided that annual debt service shall not be in excess of  
15 fifty percent of the pledged revenues estimated to be received in the calendar year  
16 the bonds are issued.

17 \* \* \*

18 (6) Provide general administration and management of the Oilfield Site  
19 Restoration Fund, funds collected from financial security instruments previously tied  
20 to a specific well or wells that have since been plugged or are otherwise not tied to  
21 a specific well or wells, and all site-specific trust accounts as directed by the Natural  
22 Resources Trust Authority, acting under the oversight of the State Mineral and  
23 Energy Board pursuant to R.S. 36:356.1. However, the commission shall have no  
24 authority to expend, disburse, or invest monies in the fund.

25 \* \* \*

26 §83.1. Authorization of bonds

27 \* \* \*

28 B.

29 \* \* \*

1           (3) The secretary, ~~or~~ the undersecretary, and the Natural Resources Trust  
 2           Authority ~~is~~ hereby authorized on behalf of the commission to execute loan,  
 3           reimbursement, investment, and bond purchase agreements, and all documents as  
 4           may be necessary or desirable to carry out the provisions of this Section and ~~is~~ are  
 5           further authorized to take any and all further actions and execute and deliver all other  
 6           documents as may be necessary in connection with the issuance of any bonds, notes,  
 7           certificates, reimbursement obligations, or other evidences of indebtedness referred  
 8           to in this Section. The provisions of R.S. 9:2347(J) shall not apply to bonds or any  
 9           contractual obligation, including the pledge of state funds, to be undertaken or  
 10          incurred in connection therewith.

11          (4) At the direction of the secretary or the State Mineral and Energy Board,  
 12          the commission is authorized to create funds or accounts for the deposit of the  
 13          revenues or the proceeds of the bonds, including funds described above or other  
 14          revenues and monies pledged in connection therewith or respect thereto.

15          (5) The department and, at the direction of the secretary or the Natural  
 16          Resources Trust Authority, the commission are authorized to enter into any and all  
 17          agreements or contracts, execute any and all instruments, and do and perform any  
 18          and all acts necessary, convenient, or desirable for the issuance of the bonds or to  
 19          carry out any power expressly given in this Section.

20                                       \*       \*       \*

21          §86. Oilfield Site Restoration Fund

22                       A.

23                                       \*       \*       \*

24          (2) Out of the funds remaining in the Bond Security and Redemption Fund,  
 25          after a sufficient amount is allocated from that fund to pay all the obligations secured  
 26          by the full faith and credit of the state that become due and payable within each fiscal  
 27          year, the treasurer shall pay into the Oilfield Site Restoration Fund an amount equal  
 28          to the revenues generated from collection of the fees provided for in Subsection D  
 29          of this Section. The treasurer shall also transfer into the Oilfield Site Restoration

1 Fund the amount of thirty million dollars in federal funding from the first federal  
 2 funds received by the state for which oilfield site restoration or plugging orphan  
 3 wells is an allowable use, as determined by the Joint Legislative Committee on the  
 4 Budget. Such funds shall constitute a special custodial trust fund which shall be  
 5 administered by the ~~secretary, who~~ Natural Resources Trust Authority, which shall  
 6 make disbursements from the fund solely in accordance with the purposes and uses  
 7 authorized by this Part.

8 \* \* \*

9 E. Except as otherwise provided in this Section, the monies in the fund may  
 10 be disbursed and expended pursuant to the authority and direction of the secretary  
 11 or ~~assistant secretary~~ the Natural Resources Trust Authority for the following  
 12 purposes and uses:

13 (1) Any oilfield site assessment or restoration conducted by the Department  
 14 of Energy and Natural Resources pursuant to this Part, and the payment of the  
 15 principal, interest, and legal fees, credit enhancement fees, trustee fees, and other  
 16 related costs of issuance or ongoing expenses in connection with issuance of bonds  
 17 or other debt obligations on behalf of the commission, at the direction of the  
 18 secretary or the Natural Resources Trust Authority, pursuant to R.S. 30:83.1 for the  
 19 purpose of financing the costs of the oilfield site assessments and restorations.

20 \* \* \*

21 (6) Upon approval of the ~~commission~~ Natural Resources Trust Authority, up  
 22 to five hundred thousand dollars per fiscal year for the office of conservation to act  
 23 alone, or in conjunction with the voluntarily participating parties, for the assessment  
 24 and restoration of commercial oilfield waste disposal facilities used for the storage,  
 25 treatment, or disposal of non-hazardous oilfield waste for a fee or other  
 26 consideration, which were abandoned, leaving no financially responsible owner,  
 27 operator, or bonding company, in accordance with the plan of closure as required in  
 28 the permit, or if the permit did not provide a plan of closure, a plan approved by the

1 commission; however, a responsible person shall not be released from his duty or  
2 liability, if any, imposed by this Section.

3 \* \* \*

4 H. At the direction of the secretary or the Natural Resources Trust Authority,  
5 federal monies dedicated pursuant to Paragraph (D)(9) or (10) of this Section shall  
6 be placed into the department's federal funds account instead of the Oilfield Site  
7 Restoration Fund, but such money shall otherwise be subject to the same  
8 requirements applicable to money identified in Paragraph (D)(9) or (10) of this  
9 Section.

10 §87. Oilfield site restoration fees

11 A. There is hereby imposed on crude petroleum produced from producing  
12 wells in this state a fee on each barrel of oil and condensate ~~payable upon the initial~~  
13 ~~disposition of each barrel of oil and condensate~~. The fee is in addition to any tax  
14 imposed pursuant to Title 47 of the Louisiana Revised Statutes of 1950. The  
15 provisions of Chapters 17 and 18 of Subtitle II of Title 47 of the Louisiana Revised  
16 Statutes of 1950 shall apply to the administration, collection, and enforcement of the  
17 fee imposed in this Section, and the penalties provided by that code shall apply to  
18 any person who fails to pay or report the fee. Proceeds from the fee, including any  
19 penalties collected in connection with the fee, shall be deposited into the Oilfield Site  
20 Restoration Fund.

21 B. There is hereby imposed on gas produced from producing wells in this  
22 state a fee in the amount of ~~three-tenths of one cent~~ two cents for each thousand  
23 cubic feet. The fee is in addition to any tax imposed pursuant to Title 47 the  
24 Louisiana Revised Statutes of 1950. The provisions of the Louisiana Tax Code shall  
25 apply to the administration, collection, and enforcement of the fee, and the penalties  
26 provided by that code shall apply to any person who fails to pay or report the fee.  
27 Proceeds from the fee, including any penalties collected in connection with the fee,  
28 shall be deposited into the Oilfield Site Restoration Fund.

29 \* \* \*

1 F. The site restoration fee shall be the following:

2 (1)(a) Full rate production, ~~which~~ shall include all production from oil or gas  
3 wells except for production from reduced rate production wells as set forth in R.S.  
4 47:633(7):. ~~For crude oil and condensate, the fee shall be based on the oil price on~~  
5 ~~July first of each year for the ensuing twelve months based upon the average New~~  
6 ~~York Mercantile Exchange Price per barrel of crude oil per month on the close of~~  
7 ~~business on June thirtieth for the prior twelve months.~~ The amount of the fee for a  
8 well that produces crude oil and condensate shall be as follows:

9 (i) The fee shall be ~~one and one-half~~ two cents per barrel on crude oil and  
10 condensate if the price of oil is at or below sixty dollars per barrel.

11 (ii) The fee shall be ~~three~~ four cents per barrel on crude oil and condensate  
12 if the price of oil is above sixty dollars and at or below ninety dollars per barrel.

13 (iii) The fee shall be ~~four and one-half~~ six cents per barrel on crude oil and  
14 condensate if the price of oil is above ninety dollars per barrel.

15 (b) For natural gas and casing head gas, the fee shall be ~~three-tenths of one~~  
16 ~~cent~~ two cents per thousand cubic feet.

17 \* \* \*

18 Section 2. This Act shall become effective July 1, 2025.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 23 Original                      2024 Third Extraordinary Session                      Geymann

**Abstract:** Provides for the use and administration of the Oilfield Site Restoration Fund and federal funds for oilfield site restoration and plugging of orphan wells by the Oilfield Site Restoration Commission, the Natural Resources Trust Authority, the State Mineral and Energy Board, and officers of the Dept. of Energy and Natural Resources and increases oilfield site restoration fees.

Present law authorizes the assistant secretary for the office of conservation to administer the oilfield site restoration fund. (R.S. 30:81(B))

Proposed law removes this authority and provides that the fund be administered by the Dept. of Energy and Natural Resources. (R.S. 30:81(B))

Present law authorizes the Oilfield Site Restoration Commission to pledge revenue at the direction of the secretary. (R.S. 30:83(F))

Proposed law retains present law and also authorizes the Oilfield Site Restoration Commission to pledge revenue at the direction of the Natural Resources Trust Authority, acting with oversight from the State Mineral and Energy Board. (R.S. 30:83(F))

Present law authorizes the Oilfield Site Restoration Commission to administer and manage the Oilfield Site Restoration Fund, security instruments, and site-specific trust accounts. (R.S. 30:83(F))

Proposed law authorizes the Natural Resources Trust Authority, acting with oversight from the State Mineral and Energy Board, to direct the commission's administration and management of the Oilfield Site Restoration Fund, security instruments, and site-specific trust accounts. (R.S. 30:83(F))

Present law authorizes the secretary or undersecretary to execute agreements and other documents on behalf of the commission related to loan, reimbursement, investment, bond purchases, notes, certificates, and other evidences of indebtedness. (R.S. 30:83.1(B)(3))

Proposed law retains present law and adds authority for the Natural Resources Trust Authority to execute such agreements and related documents in addition to the secretary and undersecretary. (R.S. 30:83.1(B)(3))

Present law authorizes the commission to create funds or accounts for the deposit of revenue and bond proceeds at the direction of the secretary. (R.S. 30:83.1(B)(4))

Proposed law retains present law and also authorizes the Natural Resources Trust Authority to direct the creation of funds and accounts by the commission. (R.S. 30:83.1(B)(4))

Present law authorizes the commission to enter into agreements and perform other necessary acts for the issuance of bonds at the direction of the secretary. (R.S. 30:83.1(B)(5))

Proposed law retains present law and also authorizes the commission to enter into agreements and perform other necessary acts for the issuance of bonds at the direction of the Natural Resources Trust Authority. (R.S. 30:83.1(B)(5))

Present law establishes a special custodial trust fund within the Oilfield Site Restoration Fund for the deposit of thirty million dollars in federal funding for oilfield site restoration or plugging of orphan wells and authorizes the secretary to administer this fund. (R.S. 30:86(A)(2))

Proposed law retains the special custodial trust from present law, but gives authority over its administration to the Natural Resources Trust Authority, rather than the secretary. (R.S. 30:86(A)(2))

Present law authorizes the secretary and the assistant secretary to direct the disbursement of funds within the Oilfield Site Restoration Fund for specified purposes. (R.S. 30:86(E))

Proposed law also authorizes the Natural Resources Trust Authority to direct such disbursements. (R.S. 30:86(E))

Present law authorizes the commission to approve the disbursement of up to \$500,000 per fiscal year for the office of conservation to use for the assessment and restoration of certain commercial oilfield waste disposal facilities which were abandoned. (R.S. 30:86(E)(6))

Proposed law removes the commission's authority and authorizes the Natural Resources Trust Authority instead to approve such disbursements. (R.S. 30:86(E)(6))

Present law authorizes the secretary to direct that certain federal monies dedicated to oilfield site restoration or plugging orphan wells be placed in the dept.'s federal funds account instead of the Oilfield Site Restoration Fund. (R.S. 30:86(H))

Proposed law authorizes the Natural Resources Trust Authority, in addition to the secretary, to direct such placement of federal funds. (R.S. 30:86(H))

Present law provides that oilfield site restoration fees are to be based on the oil price on July 1<sup>st</sup> each year for the ensuing twelve months based upon the average New York Mercantile Exchange Price per barrel of crude oil per month on the close of business on June thirtieth for the prior twelve months. (R.S. 30:87(F)(1)(a))

Proposed law removes reference to the average New York Mercantile Exchange Price per barrel of oil over the specified time period and provides that the fee will be based on the amounts provided by law. (R.S. 30:87(F)(1)(a))

Present law imposes the following oilfield site restoration fees:

- (1) On natural gas and casing head gas from producing wells: 3/10 of 1 cent per thousand cubic feet.
  - (2) On full rate production crude oil and condensate:
    - (a) 1.5 cents per barrel if the price of oil is at or below \$60 per barrel.
    - (b) 3 cents per barrel if the price of oil is over \$60 and at or below \$90 per barrel.
    - (c) 4.5 cents per barrel if the price of oil is above \$90 per barrel.
- (R.S. 30:87(B) and (F)(1)(a)(i), (ii), and (iii) and (b))

Proposed law increases these fees to the following:

- (1) On natural gas and casing head gas from producing wells: 2 cents per thousand cubic feet.
  - (2) On full rate production crude oil and condensate:
    - (a) 2 cents per barrel if the price of oil is at or below \$60 per barrel.
    - (b) 4 cents per barrel if the price of oil is over \$60 and at or below \$90 per barrel.
    - (c) 6 cents per barrel if the price of oil is above \$90 per barrel.
- (R.S. 30:87(B) and (F)(1)(a)(i), (ii), and (iii) and (b))

Effective July 1, 2025.

(Amends R.S. 30:81(B), 83(F)(2) and (6), 83.1(B)(3) through (5), 86(A)(2), (E)(intro. para.), (1), and (6), and (H), and 87(A), (B), and (F)(1))