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GOVERNOR

State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF CONSERVATION

THOMAS F. HARRIS
SECRETARY

MONIQUE M. EDWARDS
COMMISSIONER OF CONSERVATION

August 29, 2023

The Honorable Patrick Page Cortez, Senate President
The Honorable Bob Hensgens, Senate Natural Resource Committee Chairman
The Honorable Clay Schexnayder, Speaker of the House
The Honorable Jean-Paul Coussan, House Natural Resources and Environment Committee Chairman

Via Statutorily Prescribed E-mail

Re: Summary Report of Proposed Amendment to
Office of Conservation Rules and Regulations
Inactive Well Assessments (LAC 43:XIX.137)

Dear Oversight Authorities:

The Commissioner of Conservation proposes to amend LAC 43:XIX.137 in accordance with the provisions of the Administrative Procedure Act R.S. 49:950 et seq., and pursuant to the power delegated under the laws of the state of Louisiana. The proposed rule changes expand the applicability and amount of inactive well assessments. Benefits of these changes include incentivizing operators to either return wells to active service or permanently abandon them which reduces the number of wells which could eventually become orphaned; increasing revenue for restoring existing orphaned sites and regulating oil and gas development to ensure protection of the environment and public safety.

In accordance with La R.S. 49:966 (B) and (C), the Commissioner forwarded a Notice of Intent on July 7, 2023 for the proposed amendments to the appropriate legislative committees, presiding officers of the House and Senate, and other state offices.

A public comment period held open until August 21, 2023, which afforded interested parties an opportunity to comment on the proposed rule amendments. Pursuant to La R.S. 49:966 (D)(1)(b), the Commissioner of Conservation submits the following summary report.

I. La R.S. 49:966 (D)(1)(b)(i) – A summary of public hearing testimony:

No hearing was requested so no hearing was held.

II. La R.S. 49:966 (D)(1)(b)(ii) – A summary of all comments received, a copy of the agency's responses, and a statement of the agency's action resulting from comments received:

The agency received written comments in support of the proposed amendments from Environmental Defense Fund and Rebellion Energy Solutions which did not require a response from the Agency.

Written comments regarding specific provisions of the rule which warrant responses were received from Mr. Mike Moncla, President of the Louisiana Oil and Gas Association. These comments are summarized below. Agency responses follow each comment and are italicized.

Summary of written comments from Louisiana Oil and Gas Association (LOGA)

- The proposed assessment increase on wells deeper than 10,000 feet will not serve as an incentive for operators to plug and abandon wells and may create financial burdens that could increase the number of orphan wells in the State. It is recommended that the annual assessment for wells deeper than 10,000 feet that have been inactive for up to 10 years remain at \$250 per well per year to avoid increasing the orphan well count.
The Agency agrees that the increased annual assessment may result in additional orphaned wells, however the Agency believes many of these wells would likely become orphaned due to a myriad of other factors regardless of the increased assessment. In addition, the Agency believes this consequence is outweighed by the incentives to either produce, transfer or abandon inactive wells and is further mitigated by directing a portion of the additional funds collected to the Oilfield Site Restoration Fund. No change to the proposed rule is being made in response to this comment.
- It is recommended that the period of time that a well has been inactive be measured from the effective date of the rule change to minimize rapidly increasing some assessments and increasing the number of orphaned wells.
The Agency believes this change would effectively delay any anticipated benefits of the rule by five (5) years. No change to the proposed rule is being made in response to this comment.
- It is recommended that verbiage explicitly stating that the Commissioner of Conservation can grant extensions to the requirements for inactive future utility wells be retained.
LAC 43:XIX.139 already includes provisions for exceptions to all requirements of LAC 43:XIX.Chapter 1. No change to the proposed rule is being made in response to this comment.
- It is recommended that provisions allowing schedules of abandonment (SOA) be retained.
The Agency has found that SOA's are difficult to administer and do not result in meaningful reductions in the number of inactive wells. As an alternative, the Agency included provisions to offset the inactive well assessment for operators provided they permanently abandon at least ten (10) wells during the preceding year. No change to the proposed rule is being made in response to this comment.
- It is recommended that offsets to inactive well assessments for operators which permanently abandon ten (10) or more wells during the preceding year be expanded to operators that permanently abandon any number of wells.
The primary purpose of including the offset provision was to encourage operators with very large numbers of inactive wells to invest in significant and ongoing abandonment programs. The rule would not prohibit an operator that permanently abandons fewer than 10 wells from requesting relief under the blanket exception provisions of LAC 43:XIX.139 with adequate justification. No change to the proposed rule is being made in response to this comment.

Copies of all written comments received along with agency responses to the written comments are attached.

Based on the comments received, no changes were made to the proposed amendment.

III. La R.S. 49:966 (D)(1)(b)(iii) – A revision of the proposed rule since submitting the report of La R.S. 49:966.B, or a statement that no changes were made:

No changes were made since submitting the previous report.

IV. La R.S. 49:966 (D)(1)(b)(iv) – A concise statement of the principal reasons for and against adoption of any amendments or changes suggested:

No changes or amendments are intended to be implemented.

The Office of Conservation expects to publish the final rule in the Louisiana Register on October 20, 2023 or as soon as permissible under the Administrative Procedures Act. Please inform us of your decision on whether or not you intend to hold a hearing as permitted by La R.S. 49:966 D.(2)(a).

Please contact me at 225-342-4505 if there are any questions.

Yours very truly,



Christopher Sandoz
Director, Engineering Regulatory Division
Office of Conservation

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