***BOBBY JINDAL State of Louisiana******STEPHEN CHUSTZ***

GOVERNOR CHAIRMAN

**Oilfield Site Restoration Commission JAMES H. WELSH**

Post Office Box 94275 Baton Rouge, Louisiana 70804-9275 VICE CHAIRMAN

**MEETING MINUTES**

LaSalle Building

617 North Third Street

Thursday, April 17, 2014

1:30 p.m.

**MEMBERS PRESENT:**

Stephen Chustz, Secretary

James H. Welsh, Commissioner of Conservation

Don Briggs, LOGA

Karen Gautreaux, Nature Conservancy

Steve Maley, LOGA

Barney Callahan, LWF, Sierra and Audubon Society

**OTHERS PRESENT:**

Matt Simon, OSR Staff

Casandra Parker, OSR Staff

**I. Roll Call:**

Matt Simon called the roll. There were six members in attendance, constituting a

quorum.

**II. Approval of the February 20, 2014 Meeting Minutes:**

James Welsh and Barney Callahan had a discussion of the previous comments made at the February 20, 2014, meeting to clarify the question and response regarding the Bayou Corne incident or Grand Bayou incident. James Welsh clarified that his comment to Barney Callahan's question was intended to reflect that the Bayou Corne incident was a brining cavern and was not, in fact, a storage cavern.

James Welsh requested the amendment of the February 20, 2014, meeting minutes to reflect the clarification of the information.

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**II. Approval of the February 20, 2014 Meeting Minutes:**

Stephen Chustz made a motion to correct the February 20, 2014, meeting minutes to reflect James Welsh's statement as clarified, and to approve the minutes as amended.

Barney Callahan seconded the motion.

No objections from the Commission.

The minutes were approved .

**III. Fund Status:**

Matt Simon reported at the close of the fiscal year third quarter, there is $8.6 million in the treasury. There is approximately $2.2 million in contractual obligations, leaving approximately $6.4 million cash available.

A report on the third quarter oil and gas production fee collections is approximately $3.5 million.

A report of the Site-Specific Trust Accounts indicating a similar accounting from the meeting of February 20,2014.

**IV. Program Statistics:**

Matt Simon discussed in detail the Program statistics.

To date, the Program has plugged and abandoned 2,589 orphan wells. Five wells were plugged and abandoned since the meeting of February 20,2014.

Currently, there are 2,914 orphan wells remaining statewide.

In the month of February, 34 newly orphaned wells were added to the Program.

A graph was presented demonstrating a total of 2,979 currently existing orphaned wells in the Program, compared with the cumulative number of 2,589 wells that have been plugged by the Program.

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**IV. Program Statistics:**

Additionally, a graph was presented demonstrating the progress made by the Program

in the plug and abandonment of urgent and high-priority scored wells versus the urgent and

high-priority wells remaining.

The Program has plugged to date 439 urgent and high-priority scored orphaned wells, and there are 253 urgent and high-priority scored wells remaining.

**B.** Fiscal Year 2014 Program Performance

A total of 8 urgent and high-priority wells have been restored this fiscal year accounting for 28 percent of this year's revenue. A total of 39 orphaned well sites have been restored as of the end of this quarter.

There were no public safety incidents to report involving orphan wells so far this fiscal year.

**V. Oilfield Site Restoration Program Projects:**

Matt Simon discussed in detail the current Oilfield Site Restoration Program projects.

Currently, there are nine active Oilfield Site Restoration projects in various fields.

There is one particular project in Bayou Perot Field wherein there will be a possible co-op with Chevron to restore these facilities. Steve Maley asked questions and received answers regarding the chain of title for responsible companies in an effort to recoup money for the projects.

Matt Simon discussed that LOSCO was interested in providing some federal monies for one well. The OSR staff was working on this particular project and was able to add additional wells into the package for restoration.

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**V. Oilfield Site Restoration Program Projects:**

Barney Callahan questioned whether hydrocarbons or residuals were currently in this well. Matt Simon indicated that the barge had been flushed out by the Coast Guard and so there shouldn't be any hydrocarbons present.

Steve Maley inquired about the process of field visits. Matt Simon explained that any contractor interested in bidding on a project is required to make a site visit accompanied by an OSR engineer from whichever district the project will be located.

**VI. Federal and Third-Party Activity:**

Matt Simon indicated that currently there is no Federal and Third-Party Activity.

**VII: Old Business and New Business:**

**Old Business:**

There was no old business brought up by the Commissioners for discussion.

**New Business:**

**A** A new contractor, Denovo, has submitted an application to be added to the OSR list of approved contractors, and Matt Simon informed the Commission that all paperwork has been reviewed by the staff and is in order and requested approval of this new contractor to be added to the list.

Don Briggs made a motion to add Denovo to the approved contractor's list.

Barney Callahan seconded the motion.

A discussion was held.

There were no objections, and the motion passed.

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**VII: Old Business and New Business:**

**New Business:**

**B.** Bayou Perot -Chevron Co-op was discussed previously.

**C.** Matt Simon discussed a situation of a leaking well in Morganza Field wherein the OSR staff contacted Chesapeake and that Chesapeake is actively addressing the situation. James Welsh confirmed that the OSR staff is and should continue to monitor the situation until it is resolved.

**VIII: Announcements**

Stephen Chustz informed the Commission that there has been an ongoing audit of the Oilfield Site Restoration Program by the Legislative Auditor's office for roughly a year and the Office of Conservation is anticipating that the report will likely be released prior to the next Commission meeting, and notified the members that when the report is finalized and the Office of Conservation prepares its response to that report that the Commission members will receive a copy of the report as soon as possible, probably when the auditor provides the release to the press.

**IX: Public Comments**

There were no public comments

**X: Date of Next Meeting:**

July 17, 2014, is the tentative date set for the next Commission meeting, at 1:30 p.m. in the LaSalle Building hearing room.

Stephen Chustz suggested the OSR staff send out a meeting planner to the members so their calendars can reflect in advance all tentative future dates of OSR Commission meetings.

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**OTHER DISCUSSION:**

Barney Callahan questioned whether the information concerning newly-orphaned wells was available for review, and Brent Campbell indicated that such information is published in the Louisiana Register monthly and also that there is a link to the list on the DNR website.

Barney Callahan asked when an orphan well is identified, whether there is a process that DNR has to accept those wells, or whether DNR has an option to not responsibility for them based on risk or other issue. Brent Campbell explained there is a process that OSR goes through when a company is noncompliant or nonresponsive to put the wells on the orphan list. There is not an option not to accept those orphaned wells in the Program. Barney Callahan confirmed that the Program, after accepting the wells, researches to find the chain of title for those wells, whereby an operator would be responsible for the restoration and the Program would not incur the costs associated with plugging and abandoning those wells. Barney Callahan inquired how the abandoned individual wells are deemed by the staff to be the responsibility of the OSR Program. Brent Campbell explained, in short, there is a standard procedure of inspections, an issuance of compliance orders and letters. If the operator does not comply, then the OSR Program orphans the well and it is put on the list of orphaned wells.

Stephen Chustz made a comment that most of the wells on the orphan list are older wells that are either being transferred or a part of the system from long ago, before the financial security requirements were passed in the regulations. He indicated that there have been approximately 19,000 wells drilled since the financial security requirements were put in place, and there has only been roughly less than 100 have gone into the orphaned state from that. Another less than 1,000 have come into the Program through transfers, but the issue is being looked at closely.

Steve Maley commented that an ongoing operator in good standing is going to be held accountable for their wells and their wells should not become orphaned, because the DNR has the means to restrict their ability to produce or otherwise gain revenue from the wells they are currently operating until their orphaned well obligations are resolved. Typically, newly-orphaned wells coming into the OSR Program are from companies who are bankrupt, have gone out of business, have stopped correspondence with OSR staff, or otherwise don't have active operations in the state.

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**OTHER DISCUSSION:**

Barney Callahan commented that it would seem as though the numbers of orphaned wells should begin to decline and not have additional wells added to the Program.

**ADJOURN:**

Karen Gautreaux made a motion to adjourn.

Steve Maley seconded the motion.

There was no objection, and the meeting was adjourned.