

OFFICE OF CONSERVATION
STATE OF LOUISIANA

OILFIELD SITE RESTORATION COMMISSION MEETING

REPORT OF HEARING
HELD AT
BATON ROUGE, LOUISIANA
APRIL 19, 2012

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OFFICE OF CONSERVATION

STATE OF LOUISIANA

OILFIELD SITE RESTORATION COMMISSION MEETING

Report of the public hearing held by the Office of
Conservation, State of Louisiana, on April 19, 2012, in
Baton Rouge, Louisiana.

IN ATTENDANCE:

REPRESENTING:

Sarah Wagner, Division OSR Engineer

James Welsh, Office of Conservation

Bob Harper, Department of Natural Resources

Paul Frey, LLA

Mike Lyons, Mid-Continent Oil and Gas Association

Steve Maley, Louisiana Oil and Gas Association

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1 OILFIELD SITE RESTORATION COMMISSION MEETING

2 APRIL 19, 2012

3 * * * * *

4 MR. WELSH:

5 Good afternoon, ladies and gentlemen. My name is
6 Jim Welsh. I am Commissioner of Conservation. I would
7 like to welcome you to the quarterly meeting of the
8 Oilfield Site Restoration Commission.

9 Sarah, would you call the roll, please?

10 MS. WAGNER:

11 Yes, sir. Please answer the roll when your name
12 is called.

13 Scott Angelle?

14 MR. HARPER:

15 Robert Harper representing Scott Angelle.

16 MS. WAGNER:

17 Jim Welsh?

18 MR. WELSH:

19 Here.

20 MS. WAGNER:

21 Paul Frey?

22 MR. FREY:

23 Here.

24 MS. WAGNER:

25 Don Briggs?

1 (No response.)

2 MS. WAGNER:

3 Karen Gautreaux?

4 (No response.)

5 MS. WAGNER:

6 Steve Maley?

7 MR. MALEY:

8 Here.

9 MS. WAGNER:

10 Randy Lanctot?

11 (No response.)

12 MS. WAGNER:

13 Jim Maranto?

14 (No response.)

15 MS. WAGNER:

16 Mike Lyons?

17 MR. LYONS:

18 Here.

19 MS. WAGNER:

20 Troy Vickers?

21 (No response.)

22 MS. WAGNER:

23 Commissioner, that is five in attendance and does
24 constitute a quorum.

25 MR. WELSH:

1 Thank you, Sarah. This is the first meeting for
2 Steve Maley. Steve, I'd like to welcome you to the
3 Commission, and do you have any words you would like
4 to say?

5 MR. MALEY:

6 Thank you for the welcome, and I look forward to
7 working with everybody. It will be a learning
8 experience.

9 MR. WELSH:

10 We appreciate your serving, and welcome to the
11 Oilfield Site Restoration Commission.

12 Sarah, why don't you go down the agenda? The
13 floor is yours.

14 MS. WAGNER:

15 Thank you.

16 Item II on the agenda is to approve the minutes
17 from the January 19th Commission meeting. The meeting
18 transcript was e-mailed to each of you. Please let me
19 know if you did not receive a copy so I can update your
20 e-mail address and send a copy to you.

21 MR. WELSH:

22 Any discussion on the minutes, or do I have a
23 motion that we approve?

24 MR. LYONS:

25 I move.

1 MR. WELSH:

2 Mr. Lyons makes a motion.

3 MR. FREY:

4 Second.

5 MR. WELSH:

6 Seconded by Mr. Frey.

7 Any discussion?

8 (No response.)

9 MR. WELSH:

10 The minutes are approved.

11 MS. WAGNER:

12 Thank you.

13 Item III on the agenda is new business. Under
14 new business, A, we have the approval of three new
15 contractors.

16 The first contractor to consider for approval is
17 Frisco Construction Company, Incorporated, out of
18 Houma, Louisiana. They are interested in bidding on
19 plug and abandon projects statewide. The next
20 contractor for approval is C&A Development
21 Corporation. They are located in Columbia, Louisiana,
22 and they are interested in bidding on P&A projects on
23 land locations statewide. The third contractor for
24 consideration is PPM Consultants, Incorporated. They
25 are located in Monroe, Louisiana, and they are also

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1 interested in plug and abandon projects statewide.

2 OSR Staff has reviewed the completed
3 applications, found them to be in order, and recommend
4 that these contractors are approved.

5 MR. WELSH:

6 Is there any discussion on these three
7 applicants?

8 (No response.)

9 MR. WELSH:

10 I don't see any indication, so I guess I will
11 recommend that they be approved.

12 Do we have a motion to do that?

13 MR. LYONS:

14 I move.

15 MR. WELSH:

16 Mr. Lyons.

17 Seconded by --

18 MR. FREY:

19 Second.

20 MR. WELSH:

21 -- Mr. Frey.

22 Any discussion?

23 (No response.)

24 MR. WELSH:

25 Hearing none, these three applicants are now on

1 the list.

2 MS. WAGNER:

3 Thank you.

4 Item III(B) on the agenda is the proposed policy
5 for removal of contractors from the approved list.

6 This was requested at our January meeting. If you
7 would, please, turn to Page 12 in your handout, which
8 is found behind the pink-colored sheet of paper, if
9 this policy is adopted, notification of the policy and
10 conditions to remain on the approved bidders list will
11 be provided to the current list of approved
12 contractors, and implementation would occur with the
13 new fiscal year on July 1st.

14 This policy states that all approved contractors
15 will be required on an annual basis to submit
16 Form OSR-OR-1 and provide proof of their current
17 Louisiana contractor's license to remain eligible to
18 bid on OSR bid proposals. Form OSR-OR-1 contains
19 current contact addresses and company officer
20 information, and a copy is provided for your records
21 on Page 12A.

22 Staff would mail an annual notice to the current
23 list of contractors detailing the paperwork required
24 to remain an approved contractor, and it would be due
25 July 1st. Failure of the contractor to submit the

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1 required paperwork by the July 1st deadline would
2 result in a notice of removal letter, unless they
3 submit the required paperwork by August 15th. If
4 documentation is not received by that deadline, at the
5 next scheduled Commission meeting, the Commission
6 would vote on removal of the contractor from the
7 approved list. This should alleviate the problem of
8 bid notices being returned as undeliverable. However,
9 if a bid notice is returned to OSR as undeliverable,
10 staff would research the via the internet and the
11 Louisiana State Licensing Board in an attempt to
12 obtain a valid contact number for the contractor and
13 provide another opportunity for the contractor to
14 submit a revised Form OSR-OR-1 to update our records.
15 If staff is unable to locate and contact the
16 contractor, or if the contractor fails to provide the
17 requested information, the Commission would then vote
18 on removal.

19 A contractor who wishes to be removed from the
20 approved contractor's list must submit the request in
21 writing which will then be presented at the subsequent
22 Commission meeting for Commission vote on removal. In
23 the event a removed contractor wishes to be reinstated,
24 a new application would be required, including a vote
25 by the Commission for approval.

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1 MR. WELSH:

2 Is there going to be a written policy that we're
3 going to use? I don't think we're required to vote on
4 this policy, how to get contractors off the list. So,
5 I guess, unless there is any objection, we will just
6 start using this policy from this point on.

7 MR. LYONS:

8 I just have one question. I wonder if we could
9 just automatically take them off the list? In other
10 words, this has us voting. I don't see any reason, if
11 a person doesn't maintain his records, that he -- that
12 we vote on that. I don't know.

13 Blake, I don't know why the policy couldn't say
14 that, if they don't do these things, then they are off
15 the list. They can come back to us, and we can vote
16 them in, but I hate to go through every meeting taking
17 people off the list, if I can. If they don't maintain
18 their records, then there is no reason they should be
19 -- remain qualified.

20 MR. CANFIELD:

21 Yes. I think the basis was, in the OSR law,
22 specifically dealing with the authority of the
23 Commission, it says that they have the authority to
24 approve the contractor's list, so I guess our thoughts
25 were that, if you have to approve the contractor's

1 list, that means coming or going, you have to approve
2 it.

3 Perhaps the way we can do it is to draft up a
4 policy as you suggest and then have that approved by
5 the Commission, itself, and so, therefore, it would
6 be, you know, approved by the Commission to occur
7 automatically.

8 MR. LYONS:

9 I mean, I don't mind doing it. It's just going
10 to be pro forma, we're going to kick them off if they
11 don't fill out their paperwork, so, you know, I'm just
12 thinking that it might be a little easier and more
13 efficient, if they don't respond to your request, that
14 you just send them a letter and say they're off, and
15 they are welcome to come back and reapply, but I'll
16 leave that up to you all. I mean, I know this is a
17 policy, but I don't think we have to adopt it, do we?

18 MR. CANFIELD:

19 No. And I guess what I was saying was, because
20 the law does require the OSR Commission to approve the
21 list, if we're going to make it an automatic-type of
22 removal, I would recommend then that the Commission
23 approve that policy, because, in that instance, we can
24 say, the OSR Commission has approved removal under
25 these circumstances.

1 MR. LYONS:

2 Well, why don't we just let it go like it is, and
3 we can talk about it later about whether we want to
4 change that and vote on something. It's not a big
5 thing. I just think that if somebody doesn't maintain
6 his records, you know, you shouldn't have to come to
7 us to take him off. You ought to just take him off.

8 MR. CANFIELD:

9 Okay. So, I mean, I suppose then the policy that
10 we were just discussing, we will implement that --

11 MR. LYONS:

12 That's fine.

13 MR. CANFIELD:

14 -- and then we'll prepare for the next OSR
15 Commission meeting perhaps a revised policy that would
16 be an automatic removal for the Commission's
17 consideration.

18 MR. LYONS:

19 That's good.

20 MR. WELSH:

21 Okay. That sounds like a plan.

22 I'm sorry. Paul?

23 MR. FREY:

24 Well, just as a follow up, I'm just looking at
25 the list. I was going to ask him while he was in

1 front of me, but we've got 65 approved contractors on
2 the list. We just approved three additional, so we're
3 up to 68. Is there any idea how many of these folks
4 are delinquent?

5 MS. WAGNER:

6 There are about five.

7 MR. FREY:

8 So only -- so we're not going to drastically
9 reduce this list with the policy? And I guess, as a
10 follow up to that, the number of approved contractors
11 in no way is holding us back from knocking that 2,700
12 number backlog down, it's more funding than it is
13 contractors?

14 MS. WAGNER:

15 That is correct.

16 MR. FREY:

17 Is that a correct -- okay. That is the way I read
18 it, but, I mean, I'm thinking, if we reduce the number
19 of these contractors or if we don't, you know, get
20 them up to speed, are we going to slow down the
21 ability to get these orphaned well sites cleaned up.
22 Okay.

23 MR. WELSH:

24 So, for the next meeting, we'll have a revised,
25 hopefully final, policy that we'll use from that point

1 forward.

2 MS. WAGNER:

3 Yes, sir.

4 MR. WELSH:

5 Okay. Any other discussion?

6 (No response.)

7 MR. WELSH:

8 The next --

9 MS. WAGNER:

10 Yes, sir.

11 Item III, under new business, C, the revised
12 priority score system, if you would, please, turn to
13 Page 13 and 14 in your handout, it has become
14 necessary after 18 years of implementation to revise
15 the factors used in the prioritization of orphan sites
16 to add components that would adjust the site priority
17 score considering the potential economic development
18 taking place around the well site and public concern.
19 Economic development could impact the ability of the
20 Program to access the orphan sites in the future for
21 plug and abandonment, as well as pose an increased
22 risk of environmental incident due to increased
23 activity in and around orphaned sites. By considering
24 this factor in the score, it increases the priority of
25 the site so it could be addressed by the Program

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1 sooner rather than later to avoid some of the
2 potential access issues and also keep the site from
3 being a hindrance to economic development.

4 Also, one of the driving factors that brought
5 this Program into existence in 1993 was public concern
6 regarding abandoned wells and equipment that was found
7 throughout the state. By adding the public concern
8 factor, this would allow sites to increase their
9 priority score due to complaints and public request,
10 and in theory, be removed sooner by the Program.

11 While we were adjusting the factors to be
12 considered in ranking a site to incorporate factors
13 associated with economic development and public
14 concern, it was also determined that the age of
15 orphaning or age of disrepair should also be
16 considered in prioritizing a site. The longer a well
17 has been orphaned adversely affects the condition of
18 the well due to exposure to the elements and lack of
19 maintenance due to an unresponsive responsible party.
20 In factoring the age of disrepair or the length of
21 time a well has been orphaned would allow a higher
22 priority score to be given to a site that has been
23 orphaned since the inception of the Program in
24 comparison to a site that was just orphaned when all
25 other site factors are equal.

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1 Also, several factors were eliminated in the
2 revised system that were rarely utilized. If you
3 compare the two systems, on Page 14, No. 5, factor
4 "well not leaking pressure greater than 500 psi," this
5 factor was removed. Gauges are usually missing or
6 inoperable on our orphaned sites so pressure is rarely
7 known, so this factor is rarely used.

8 8A and 8B were combined in the revision with an
9 applicable score of 3. The difference between
10 substantial and minimal is subjective, and any amount
11 of contamination, no matter how minimal, has to be
12 addressed at clean up, so we just combined them for a
13 score of 3.

14 9D was removed, as this is not something generally
15 known by our field agents and has not been used in any
16 recent prioritization, to my knowledge.

17 Since the prioritization system was established by
18 the first Commission members when the Oilfield Site
19 Restoration Commission was created, I thought it
20 appropriate to obtain comments from the Commission
21 prior to implementation of this revised system.

22 MR. WELSH:

23 Again, I don't think we need to take a vote.

24 MS. WAGNER:

25 That's correct.

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1 MR. WELSH:

2 And I guess, you would recommend that we use
3 this --

4 MS. WAGNER:

5 This revised system, yes, sir.

6 MR. WELSH:

7 So is there any discussion on that or objection?

8 MR. FREY:

9 I'll just raise my concern. I did this at one of
10 an older -- probably one of my first meetings.

11 8F, on land actively managed for crops or forage,
12 as well as surface water or wetlands, you know, a
13 number of the people I represent owns wetlands for
14 economic potential, as well as crops and forage.
15 Those are extremely low scores, so those are not
16 high-priority items, and, you know, I'm looking at
17 ways that -- potential economic development, No. 9,
18 you score that a 6, yet, land actively managed for
19 crops a 1, and pasture, then you've got cattle,
20 forage, and, you know, a potential site that could be
21 a problem and you've got crops being produced, and the
22 public purchases those crops and products from the
23 cattle, et cetera. There are some issues there. It
24 just appears to me that should be ranked higher. I'm
25 not sure -- I remember looking at the scoring

1 rationale, and we had a discussion about this, but I
2 would like for you to look at that and consider that
3 being at least equally as important as potential
4 economic development when you look at crops, forage,
5 water, and wetlands, and you look at the impact that
6 goes out to the State and the economy. Just consider
7 it, that's what I'm asking.

8 MR. WELSH:

9 Would it be a reasonable suggestion to, between
10 now and next meeting, take a look at that and give us
11 a report next time or your rationale for selection the
12 way you did; is that okay with you?

13 MR. FREY:

14 And I know Mr. Lyons has been on the Commission a
15 long time. I know that. Do you remember -- I know I
16 remember Randy Lanctot talking about how they went
17 into -- you know, there was something about endangered
18 species on here, and I said were homosapiens included
19 in that.

20 MR. LYONS:

21 Why don't we just get with the staff between now
22 and the next meeting, maybe have a conference call,
23 because there are some other things -- I think what
24 they do is they -- in your situation, you'd probably
25 fit in a number of categories, and, you know, you've

1 got to get all -- well, you've got to get 20 or 30
2 points -- I think -- you know, I don't have a problem
3 with what you're saying. Maybe some of that stuff
4 would be considered economic development. I mean, you
5 may not have to change that category if somebody is --
6 you know, has cattle and situations that are
7 economically, you know -- it's sort of subjective, but
8 I'm -- you know, I think if we have a conference call
9 we can talk about the rating system. I don't have any
10 problem with what you're suggesting. Certainly, there
11 are situations in wetlands and -- you know, on
12 croplands and cattle farming lands where there is a
13 problem, so I really don't have a problem with that,
14 but I think they probably have an explanation we can
15 -- we can revisit. I don't know about homosapiens,
16 but, you know, it's been a long time since we've
17 talked about that, and I don't remember what we
18 decided.

19 MR. FREY:

20 Well, it may be that we can combine that and join
21 those into a factor that will give it more weight, but,
22 you know, if we've got available land that is out of
23 production that can be brought into production -- I
24 mean, I can think of a number of orphaned sites that
25 are right in the middle or on the edge of a field

1 where, you know, possibly another acre or two could be
2 brought into production, sites in forested areas where
3 if those were cleaned up, we could get extra timber
4 production on those sites, you know, so, that's all
5 I'm saying. I mean, it's -- if we can get that
6 priority score up, we may can bring more acreage in
7 the economy.

8 MR. LYONS:

9 Yes. Why don't we have a conference call with
10 the staff and -- I don't think they object to your
11 points.

12 MR. FREY:

13 Okay.

14 MR. WELSH:

15 What is the history of developing these -- this
16 ranking list? I mean, it was this way, I guess, when
17 I became familiar with it, you know.

18 Gary Ross, do you have any -- you go way back, do
19 you have any recollection of how, in the early days,
20 it was set up?

21 MR. ROSS:

22 Well, we won't define "early days," but when I
23 got involved with the Program in 1997, it was a system
24 that had been adopted in 1994, after the Act was
25 passed in '93, and it has remained that way pretty

1 much up until a few years ago, I think, when a few
2 tweaks were made.

3 I know the Commission, in some of their initial
4 meetings, as a Commission in setting up rules and
5 regulations for administrating the Program, put great
6 consideration into that ranking and score, and they
7 considered safety as one of the primary issues. In
8 fact, if you look at the prioritization sheet and
9 score sheet, you'll see that that is where the heavier
10 weight is applied to the scores, now, not to say that
11 pastureland or cropland is not important, but it's not
12 quite the safety issue from the standpoint of somebody
13 being immediately injured or near a building or
14 something that would be inhabited with people. It
15 would give you a little bit more response time. I can
16 see that, if we do elevate this, then we may start
17 moving wells out of Priority 4 into the 3 and the 2,
18 and I know at this point in time, the Program has
19 certain guidelines and performance indicators based on
20 higher-priority wells being considered, and, you know,
21 this lends itself delineation of which wells would
22 receive the attention because the funds are limited
23 and the ability to plug wells on an annual basis is
24 limited, also, so it gives them that ranking criteria.

25 In the past, primarily in the rural areas, we've

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1 utilized the high-priority wells as a basis for
2 establishing a bid package and then were able to
3 introduce into that package numerous other wells, a
4 lot of them being lower priorities in woodlands and
5 crop and pastureland areas, to fill the package out
6 but also take care of the wells in those environments.

7 MR. WELSH:

8 Well, it's obvious from just looking at the
9 assigned points that this is a safety-focused Program
10 mainly.

11 MR. ROSS:

12 Yes, sir.

13 MR. WELSH:

14 I mean, there is no doubt about it, 32 points
15 and the 30 points for leaking wells and so forth,
16 and --

17 MR. FREY:

18 Yes, the leaking wells, you know, would take care
19 of my concern about, you know, contamination of the
20 crop land or cattle, forage, that kind of thing. I
21 understand that. If I'm a landowner and I've got a
22 site on my property that I could potentially be
23 growing a crop on and I'm currently paying taxes on
24 and the State is no longer getting any taxes on these
25 appurtenances that are on there because they have been

1 orphaned, you know, it's an economic incentive, so
2 maybe that's the way to attack it, but we definitely
3 don't want to take away from the safety aspect of it.
4 We'll just think about it and talk about it.

5 MR. WELSH:

6 Yes, that is the new category, economics.

7 MR. FREY:

8 Economics, right.

9 MR. WELSH:

10 So all of that would definitely play into that
11 category.

12 MR. MALEY:

13 What is the threshold going to be for public
14 concern, I mean, one phone call or a call from a
15 legislator or what gets those seven points?

16 MS. WAGNER:

17 One phone call.

18 MR. ROSS:

19 Mr. Maley, within our inspection reports for the
20 Program, we already recognize when we identify it as a
21 complaint, whether it be a landowner complaint or a
22 constituent complaint, and it is on that basis that we
23 would conduct inspections. Similarly, if we have
24 orphan wells that with the number that we have, we
25 don't have the ability to have eyes on them on a daily

1 basis. In a lot of cases, we obtain information, one,
2 of the existence, and, two, the condition based on
3 third-party reports, whether it be landowners. We
4 have hunters and fishermen that, you know, mainly make
5 us aware of these things. They will notify our
6 District Offices. The Oilfield Site group will then
7 task their people to inspect, and in numerous cases,
8 we've issued emergency bids where we basically have a
9 process that allows us to move more quickly to take
10 care of those type problems. So we do, with one
11 notification, investigate and move to mitigate the
12 problem.

13 MR. LYONS:

14 I'm looking at the list on Page 6, isn't it true
15 that we -- because of funding that we typically don't
16 get past Priority 1 unless we are in an area where
17 we're bundling together wells?

18 MS. WAGNER:

19 Priority 1s and 2s.

20 MR. LYONS:

21 1s and what?

22 MS. WAGNER:

23 1s and 2s.

24 MR. LYONS:

25 Yes. So, if you are in 4, Paul, you know,

1 they're not going to get to you whether you're a 7 or
2 an 8 or whatever you are. I mean, isn't under 10 is
3 4?

4 MS. WAGNER:

5 Yes, sir.

6 MR. LYONS:

7 I mean, you've got to get up -- you've got to get
8 up to 1 and 2. I guess, if you had a 1 or a 2, and if
9 you happen to be in an area where they could put a
10 package together and you were a Priority 4, you might
11 bundle that together and let the guy -- as I
12 appreciate it, let the guy do what he can when he's in
13 that area, but, you know, we can barely do 1s and 2s
14 with the money we have. So, when you get down to 3s
15 and 4s, where the big numbers are, you know, we're not
16 going to get to those for a while. Obviously, the 1s
17 and 2s are the hazards, I would think, the population
18 into -- you know, you've got a leak or a -- it's been
19 my experience with the Program that, you know, that is
20 where we are addressing really, 1s and 2s, that is all
21 the money we have.

22 MR. WELSH:

23 I think the lower-priority wells are bundled
24 together for economic reasons to get more bang for
25 your buck, so to speak.

1 MR. LYONS:

2 Right.

3 MR. WELSH:

4 And I guess a lot of that depends on the physical
5 location of the well. I mean, you want to bundle
6 these to be in the same geographical area.

7 MR. LYONS:

8 Right. Yes. I think -- going back to what Paul
9 said, I think if we get a chance to talk and go
10 through the scoring system, you know, on a conference
11 call, we can probably figure out a way to help your
12 concerns, but I don't think they're going to get up to
13 1 or 2, unless it's -- you know, if it's a hazard.

14 MR. FREY:

15 No. I just want to make sure that we have an
16 adequate scoring system that takes all of that into
17 consideration, that is my concern. If you look at
18 those numbers too, it's -- you know, you obviously are
19 consolidating a number of those because we've got --
20 actually, we've plugged more Priority 4 wells than any
21 other category, but that is because of the bundling, I
22 would suspect.

23 MS. WAGNER:

24 That's correct.

25 MR. LYONS:

1 As I understand it, you pretty much have to have
2 a 1 or a 2 to get you in the bundle, and then -- or
3 they go out there to get a 1 and they've got ten other
4 wells out there and they --

5 MR. FREY:

6 Yes. It makes sense.

7 MR. WELSH:

8 So we'll have something for next time.

9 MS. WAGNER:

10 Yes, sir. I appreciate the discussion. Thank
11 you.

12 MR. WELSH:

13 Okay. Thank you.

14 MS. WAGNER:

15 Continuing to move down the agenda, Item IV on
16 the agenda concerns the status of the Fund, if you
17 would, please, turn to Page 2 of your handout. As of
18 today, there is approximately \$3.6 million at the
19 Treasury. We have \$1,313,386 in contractual
20 obligations, so there is currently approximately \$2.3
21 million cash available that will be encumbered shortly
22 as the remaining bid proposals for this fiscal year
23 are opened and awarded.

24 Third quarter collections totaled approximately
25 \$1.5 million.

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1 The next page, Page 3, in your handout is a
2 supplement to the Fund balance sheet demonstrating the
3 annual fee collections per fiscal year since 1994.
4 The fiscal year 2011 closed out with a total Fund
5 collection of over \$4.2 million, and you can see, so
6 far this fiscal year, we've collected just over \$4.5
7 million already exceeding our projected collections.

8 Pages 4 and 5 in your handout include the details
9 on the Site-Specific Trust Accounts. Page 4 itemizes
10 all of the accounts that the Program currently
11 administers, which covers 954 active wells secured
12 with a combination of cash, letter of credit,
13 certificate of deposits, and performance bonds,
14 totaling approximately \$60 million.

15 Page 5 in the handout details the Site-Specific
16 Trust Accounts that are funded in any part with cash.

17 Item V on the agenda concerns Program statistics.
18 If you could, please, turn to Page 6 in your handout,
19 on the left side of the page are the statistics as of
20 today, and on the right side, for comparison, are the
21 statistics that were presented at the January
22 Commission meeting. Starting at the top of the page,
23 to date, the Program has plugged and abandoned 2,490
24 orphaned wells, and if we move down the page to
25 Section 3, orphan wells remaining statewide, there are

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1 currently 2,764 orphan wells.

2 Section 4 lists the recently-orphaned well count.
3 Thirteen wells were added to the list in February, and
4 no wells were orphaned in March, and there will be
5 none sent to *The Register* for orphaning tomorrow for
6 the month of April.

7 If you will direct your attention to Page 7, I
8 have included a graph that shows the current orphan
9 well count in the state compared to the cumulative
10 number of wells plugged by the Program.

11 Item V(B) on the agenda concerns third quarter
12 Program performance. The third quarter of fiscal year
13 '12 closed on March 31st, with the Program having
14 plugged and abandoned six urgent and high-priority
15 scored wells making progress toward the new
16 performance indicator for a fiscal year-end total of
17 18 urgent and high-priority scored wells plugged and
18 abandoned by the Program, utilizing 60 percent of the
19 Fund revenue. 7.7 percent of the first, second, and
20 third quarter collections were utilized just for the
21 well plug and abandonment costs of these six urgent
22 and high-priority scored wells. 25 percent of Program
23 revenue was utilized, if you include the costs
24 associated with facility removal at the urgent and
25 high-priority sites, and not just the costs associated

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1 with plug and abandonment. A total of eight orphan
2 wells have been plugged and abandoned in fiscal year
3 11-12. Additionally, we have 41 orphan wells that are
4 under contract or out for bid to be under contract for
5 P&As this fiscal year. Of these 41, 18 of those are
6 scored urgent or high priority.

7 The next page in the handout, Page 8, details the
8 current OSR projects, which is Item No. VI on the
9 agenda. Line Item No. 1 under "Active Oilfield
10 Projects" is the emergency bid for a contractor to
11 provide and install U.S. Coast Guard approved
12 navigational aids on 164 identified orphan well sites.
13 This emergency bid proposal was issued on April 6,
14 2011, in order to accomplish installation of
15 navigational aids on the 1A, 1, 2, and 3
16 priority-ranked sites in the C.H. Fenstermaker
17 emergency investigation. Currently 144 of the 164
18 sites have had the navigational aids installed, and
19 the contractor began reinstalling Friday, this past
20 Friday, April 13th, after a suspension due to
21 inaccessibility of the remaining sites. So he is back
22 active, and we hope to be finished by the end of the
23 month.

24 The next line Item No. 2 is the four wells and
25 two pit bid project in Red River Parish. The plug and

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1 abandonment work is complete, and additional site work
2 is required and will be change ordered into the
3 project to remediate the soils that were affected by
4 the saltwater leak. This project resulted in one
5 urgent and one high-priority scored well removed from
6 the orphan list.

7 Line Item No. 3 lists the non-awarded, thirteen
8 well Lafourche Parish project. Those were all urgent
9 and high-priority wells, but we had issues with the
10 bids that were received, so we did not award that
11 project.

12 Line Item No. 4 details the ten well, one
13 facility project that is located in Caddo-Pine Island
14 Field, Caddo Parish. The project includes one
15 high-priority scored well site and is sweeping the
16 area for remaining low-priority wells that are nearby.
17 This was awarded to Elm Springs, Incorporated, and the
18 project is currently active.

19 Line Item No. 5 details the eight urgent and
20 high-priority scored wells located in Point Chicot and
21 Wildcat Fields, Lafourche and Jefferson Parishes. I
22 have included some representative pictures of the well
23 sites on Page 9 of your handout. This project was
24 awarded to Lawson Environmental last week, and work
25 will commence once the coastal-use permit has been

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1 obtained.

2 Line Item No. 6 concerns the West White Lake
3 Field, Vermilion Parish, eight urgent and
4 high-priority scored water project. This projects
5 held its mandatory site visit yesterday, with six
6 contractors in attendance, and bids for this project
7 open May 2, 2012. Page 10 in your handout provides
8 some representative site pictures of that project.

9 Line Item No. 7 details the 15-well, Big Creek
10 and Monroe Field, Richland and Morehouse Parishes, bid
11 proposal. It contains one urgent scored well, four
12 moderate priority scored wells, and the remaining
13 low-priority wells. The mandatory site visit is
14 scheduled for this coming Monday, and bids will open
15 May 8th.

16 MR. LYONS:

17 On Pages 9 and 10, I'm just curious, are those the
18 beacons that we paid for?

19 MS. WAGNER:

20 Yes.

21 MR. LYONS:

22 And we're going to --

23 MS. WAGNER:

24 They are returned to us and held by our contractor
25 in the event that additional wells are orphaned that

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1 need installations to occur.

2 MR. LYONS:

3 Because we just put them out there, and now we're
4 going to take them down, right?

5 MS. WAGNER:

6 Yes, sir.

7 Item No. VII on the agenda is Federal and
8 third-party activity. We continue to refer sites to
9 the Environmental Protection Agency for removal
10 actions that we believe might meet the OPA 90 Federal
11 removal qualifications. The EPA recently completed a
12 removal action in Greenwood-Waskom Field, Caddo
13 Parish, and they recently plugged and abandoned a
14 leaking well, and conducted a facility removal in West
15 Starks Field of Calcasieu Parish.

16 There have been no U.S. Coast Guard referrals or
17 plug and abandonment since our last meeting.

18 Item No. VII on the agenda is old business. If
19 there is anything that the Commission members would
20 like to bring up for discussion?

21 (No response.)

22 MS. WAGNER:

23 Otherwise, Item IX on the agenda lists the dates
24 of our next meetings, and that is all I have prepared
25 for today.

1 MR. WELSH:

2 Okay. Any discussion on anything we've covered?

3 (No response.)

4 MR. WELSH:

5 The next meeting dates are in Item No. IX. They
6 are all, I guess, subject to change, but we'll go with
7 this, because this is the best we have right now.

8 MS. WAGNER:

9 Yes, sir.

10 MR. WELSH:

11 Any other business to talk about today?

12 (No response.)

13 MR. WELSH:

14 So that is all the agenda we have, and, again,
15 these are busy times for everyone, and I do appreciate
16 you making the effort to come here and get a quorum
17 and keep our important Program moving forward.

18 So, if there is no further business, I'm going to
19 adjourn the meeting at this time.

20 Thank you for coming.

21

22

23

24

25

CERTIFICATE

I, MICHELLE S. ABADIE, Certified Court Reporter, do hereby certify that the foregoing Oilfield Site Restoration Commission meeting was conducted before James Welsh, Commissioner of Conservation, on April 19, 2012, in the Department of Conservation Hearing Room, Baton Rouge, Louisiana; that I did report the proceedings thereof; that the foregoing pages, numbered 1 through 34, inclusive, constitute a true and correct transcript of the proceedings thereof.

MICHELLE S. ABADIE, CCR #24032
CERTIFIED COURT REPORTER

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