

**JOHN BEL EDWARDS**  
GOVERNOR

# *State of Louisiana*

## **Oilfield Site Restoration Commission**

Post Office Box 94275 Baton Rouge, Louisiana 70804-9275

**THOMAS HARRIS**  
CHAIRMAN

**RICHARD IEYOUB**  
VICE CHAIRMAN

## **MEETING MINUTES**

LaSalle Building  
617 North Third Street  
Thursday, August 9, 2018  
1:30 p.m.

### **MEMBERS PRESENT:**

Thomas Harris, Department of Natural Resources  
Richard Ieyoub, Commissioner of Conservation  
Donald Briggs, LOGA  
Elizabeth Lisa Creasman, Nature Conservancy  
Barney Callahan, LWF, Sierra and Audubon Society  
Tyler Gray, Mid-Continent  
Grant Black, Mid-Continent

### **OTHERS PRESENT:**

Brent Campbell, Director OSR  
Matt Simon, Manager, OSR Program  
Casandra Parker, OSR Staff  
Blake Canfield, DNR Attorney  
John Adams, Office of Conservation Attorney  
Gary Snellgrove, Director, Environmental Division

### **I. Roll Call:**

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

### **II. Approval of the Previous Meeting Minutes:**

Don Briggs made a motion to approve the minutes.  
Richard Ieyoub seconded the motion.  
No objections from the Commission.  
The minutes were approved.

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### **III. Fund Status:**

Matt Simon reported that through the fourth quarter oil and gas collections totaled approximately \$5.5 million. The OSR Fund received approximately \$829,000 from the inactive well assessment. The total collections and reimbursements for this fiscal year is \$6.84 million. The OSR Fund closed out the fourth quarter with approximately \$4.4 million spent on projects, and \$1.6 million encumbered. There is approximately \$4.2 million cash available in the Fund account.

A graphical representation was presented demonstrating the annual fees collected per fiscal year since 2011. The collections were separated by oil production collections and gas production collections.

There are currently 72 Site-Specific Trust Accounts administered by the Program covering 1,756 active wells secured with a combination of cash and various financial instruments, totaling approximately \$219 million.

### **IV. Program Statistics:**

**A.** Matt Simon discussed in detail the Program statistics.

The left column represents statistics of orphan sites in Louisiana through June 30, 2018. The Program has plugged and abandoned 3,042 orphan wells.

There were 723 orphan wells plugged by means other than the OSR Program though the fourth quarter totals which consists of wells plugged by the operator of record and wells plugged through co-ops with the Commissioner of Conservation.

Currently, there are 3,631 orphan wells remaining statewide at the end of the fourth quarter.

One hundred forty-six (146) total wells were added to the recently orphan well count list, 58 were added during April, 55 were added during May, and 33 were added during June.

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### **IV. Program Statistics (continued):**

**A.** A graphical representation was presented demonstrating the current orphaned well count in the state (3,631) versus the cumulative wells plugged using the OSR Fund (3,042) since the Program's inception.

A graphical representation was presented demonstrating the number of plugged urgent and high-priority scored wells (543) versus the number of remaining urgent and high-priority wells (531) to be plugged.

### **B. Fiscal Year 2017-2018 Fourth Quarter Program Performance**

Through this last quarter, the Program plugged 18 urgent and high-priority wells. The percentage of revenue spent on urgent and high-priority wells this fiscal year is 34 percent.

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

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

#### **A. Completed Projects:**

Matt Simon reported that the PA 18-004 and PA 18-005 were projects slated for 2017-2018 fiscal year, but the project will be carried over into the 2018-2019 fiscal year.

Project PA 18-008, 18-009, and 18-010 consists of a total of 40 high-priority wells, which reaches the OSR goal of spending over 60 percent of funds on high-priority wells for this fiscal year.

Project 18-010 is a project of Shoreline wells where money was set aside by the bankruptcy court to assist OSR in plugging and abandoning those wells.

In the fiscal year 2017-2018, \$1.7 million was spent on wells in north Louisiana per the mandate, consisting of 179 wells.

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### **V. Oilfield Site Restoration Program Projects (continued):**

Four projects consisting of 38 wells that have been plugged and abandoned by the Program through the fourth quarter.

A discussion was held regarding there being a limited number of contractors bidding and being awarded OSR projects. Thomas Harris asked for suggestions from the Commission to increase the number of contractors bidding on OSR projects.

Tyler Gray inquired on Page 8 of the handout, Fiscal Year 2018, OSR Performance Indicators, Item No. 2 and 3 not appearing to have met the targets. Matt Simon explained that some of the projects that would reach that target have been awarded; however, the projects have to be carried over to the 2018-2019 fiscal year statistics and are not reflected on this report since the projects are not yet completed.

Gary Ross explained the performance indicators are reassessed every quarter. Different project specifics, such as on water or on land, and favorable weather conditions could affect the performance indicators. In addition, this past year, because of some additional sources of funding, more projects were awarded addressing more wells.

### **B. Active Projects:**

There are 11 current active projects, consisting of 219 wells, with 40 being high-priority wells, for a total cost of approximately \$8.1 million.

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#### **C. Update on Project EMER 18-003, DeSoto Parish, Bethany-Longstreet Field**

Prior to beginning the presentation, Tyler Gray informed the Commission that there was pending litigation in this matter.

Grant Black recused himself from discussion on this matter.

Thomas Harris noted the recusal.

Gary Snellgrove addressed the EMERG 18-003 project. The Commission members were presented with a presentation for discussion. A copy of the handout is attached to the original transcript.

The three sites are in a nine section area called the Smyrna Area in DeSoto Parish, just to the west of Grand Cane, off of Highway 3015, Township 13-North, Range 15-West, referred to as the Hanson, the Billingsley, and the Mason 1 sites.

A map was presented in the handout representing the nine section area at interest where gas has been detected and reported, mostly at water well locations, but at a few oil and gas locations, as well.

The OSR Program is managing the sites, and a contractor is investigating and mitigating the sites. A draft source investigation plan has been implemented and pursued.

An orphan site response brief event summary chronology was presented, beginning in July of 2017 to present. The summary highlighted some of the following:

A Hanson Emergency Declaration was issued after an abandoned rig supply water well was blowing gas, water, and sand into the atmosphere.

A change in the chronology was noted reflecting that September of 2017, not October, was when the contractor was awarded the contract to begin the site work.

In October 2017, bubbling was detected at the Billingsley site, surface expression, around a plugged and abandoned rig supply well, and an emergency declaration was declared for the site.

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### **C. Update on Project EMER 18-003, DeSoto Parish, Bethany-Longstreet Field**

In October 2017, GOSHEP and DeSoto Parish OSHEP were notified, and environmental sampling was performed by the contractor.

In November 2017, the Hanson site exhibited an increase of bubbling of gas expression around the site and a nearby pipeline. Some relief wells were installed to relieve pressure out of the aquifer. Site conditions improved drastically with the ceasing of gas bubbling and pipeline boils after controlled venting. Some relief wells were installed at the Billingsley site, but it was an unsuccessful attempt to sustain conditions by gas venting well due to the subsurface geology.

Both sites are in close proximity, and it appears the relief well at the Hanson site is maintaining control at both locations. However, the Billingsley continues to have groundwater pushing up around the abandoned rig supply well, but it's clear water and a very low flow with minimal distribution.

The results of the sampling was that there was no environmental contamination detected.

In February 2018, bubbling and gas to surface expressions were noted at the Mason 1 site, located to the east in Section 27. The Mason Emergency Declaration was issued.

Gas samples were collected at the Hanson relief wells and wells nearby for comparison, and it was reported to be most likely Hosston formation gas.

In March or April, sampling was performed on the Mason 1 Well. H<sub>2</sub>S was detected in gas at one bubbling site, but no other environmental contamination, such as soil and water, was detected. At a later point, the contractor located the source of the H<sub>2</sub>S which was some rotting hay that was buried at the property which created H<sub>2</sub>S. The source of H<sub>2</sub>S was not oil and gas activity or E&P waste, et cetera. Additionally, natural gas components, nitrogen and methane, no oxygen, was detected in the samples. After investigation, an operator had used nitrogen to lift and try to stimulate venting at a relief well they had drilled at a location nearby, which is what caused the nitrogen detection at the Mason 1 location. Currently, isotopic evaluation results of the gas collected from the Mason 1 location is outstanding.

At one point, the pressures were high enough at the Mason 1 to where water spotting was occurring toward Highway 3015, and immediately some equipment was brought in to relieve the pressure at that location.

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### **C. Update on Project EMER 18-003, DeSoto Parish, Bethany-Longstreet Field**

April 2018, the contractor entered the Mason 1 Well and set a cement plug. Within hours of the plug being set, the bubbling ceased, with the exception of a gas boil located right near the outside of the casing of the Mason 1 Well. Several attempts were made to use the Mason 1 Well as a vent relief well, but it was not successful in sustaining a vent. The Mason 1 Well is shut-in and being used as an observation well for pressure.

In July 2018, a Natural Gas Source/Subsurface O&G Migration Investigation Suggested Action Plan was submitted to Indigo, XTO, Nelson, Comstock, and Covey Park who are operators in the area, were put on notice of these incidents and are to notify Office of Conservation before performing any type of subsurface penetrations in the area. The companies are cooperative in assisting with identifying further detections of issues.

At current, the sites are still experiencing some issues, but are under control with respect to venting, which allows the staff to focus more attention on source identification.

A reporting of the costs incurred by the OSR Program through July 25, 2018. There is an ongoing search for a successor to these wells to reimburse some of the costs expended.

A goal at meetings with contractors is to educate operators of voluntary contributions, the costs incurred, and cooperative endeavor agreements.

Currently, the staff is still determining the definite source. By using vent wells and other actions, conditions the surface of the sites have improved. The well locations have not been determined to be the sources. The groundwater appears now to only be impacted by natural gas components, not liquid hydrocarbons, no TDS, et cetera. It appears so far to be unimpacted. The water samples the operators are collecting are unimpacted.

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

At present, the EPA is involved in a well outside of Shreveport.

The U.S. Coast Guard observed a facility in Breton Sound Block 31 with sheen on the water, and the contractor is working on it under and emergency order.

Thomas Harris inquired whether EPA and Coast Guard typically use Louisiana contractors, and Matt Simon confirmed.

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### **VII: Old Business/New Business:**

#### **A. Proposed New Contractors:**

- (i) Womack Brothers, LLC, Rayville, Louisiana
- (ii) International Environmental Trading Company, Monroe, Louisiana
- (iii) Couvillion Group, LLC, Belle Chasse, Louisiana

Matt Simon confirmed that all applications are in proper order, and requested that the Commission approve the three contractors to be added to the approved contractor's list.

Barney Callahan made a motion to approve the new contractors.

Tyler Gray seconded the motion.

No objections from the Commission.

The motion was approved.

#### **B. Consider Removing Contractors from the OSR Approved Contractor's List because of Failure to Attend the Mandatory Contractor's meeting held on April 19, 2018.**

Matt Simon explained all contractors were notified of the mandatory meeting held on April 19, 2018, and that failure to attend could result in their removal from the contractor's list. Since the meeting was held, the staff attempted to contact the contractors who failed to attend by mail, e-mail, and/or phone, and, if successfully contacted, were instructed to send an explanation in writing stating why they didn't attend the meeting for OSR staff consideration. In addition, they were instructed it was mandatory that they appear before the Commission at today's meeting or, again, be considered for removal. The staff made every effort to contact all contractors to give them an opportunity to remain on the list, including continually requesting updated contact information. There has not been a purging of the contractor's list in more than ten years.

Any contractors that are removed from the contractor's list at any time may reapply to be added.

A list of contractors were presented to the Commission. The contractors on the list who did appear at the Commission meeting have been stricken through, and they are requested to be excluded from the list of recommended removals. The 36 remaining contractors listed who have not responded to any mandatory orders to appear at the first meeting or today's Commission meeting, Matt Simon requested the Commission remove those contractor's from the approved contractor's list.



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**B. Consider Removing Contractors from the OSR Approved Contractor's List because of Failure to Attend the Mandatory Contractor's meeting held on April 19, 2018.**

Barney Callahan made a motion to remove the contractor's from the list who failed to attend and/or respond.

Don Briggs seconded the motion.

Tyler Gray confirmed and enumerated the contractors requesting be removed.

No opposition from the Commission.

The motion was approved.

Gary Ross requested the representatives of the companies that appeared at the Commission meeting today and were stricken from the suggested contractor removal list be introduced. Those included:

A&T Well Service - Kenneth Addison

USES - Nathan Basirio

Womack and Sons - Robert Mayo

Frisco Construction - Susan Blanchard

American Pollution, AMPOL - Eric Wines

Compliance Consultants - Dixie Gregory

**VIII: Date of Next Meeting:**

October 18, 2018, is the tentative date set for the next Commission meeting, at 1:30 p.m. in the LaSalle Building hearing room.

**ADJOURN:**

Tyler Gray made a motion to adjourn.

Grant Black seconded the motion.

No objections or further comments from the Commission.

The meeting was adjourned.