

State of Louisiana

OILFIELD SITE RESTORATION

COMMISSION MEETING

JULY 27, 2022

1:00 p.m.

Oilfield Site Restoration Commission Meeting

Thursday, July 27, 2022

1:00 p.m.

MEMBERS PRESENT:

Thomas Harris, Secretary

Richard Ieyoub, Commissioner of Conservation

Steve Maley, LOGA

Barney Callahan, LWF, Sierra, and Audubon Society

Timothy Allen, Louisiana Landowners Association

David Levy, At Large

STAFF PRESENT:

Roby Fulkerson, Office of Conservation, OSR Staff

Casandra Parker, Office of Conservation, OSR Staff

John Adams, Assistant Commissioner of Conservation

Chris Sandoz, Petroleum Engineer, OOC

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Oilfield Site Restoration Commission Meeting

July 27, 2022

ROLL CALL

MR. HARRIS:

Good afternoon, everyone. Thanks for being here. This is the quarterly meeting of the Oilfield Site Restoration Commission.

I'd like to call this meeting to order.

Roby, would you call the roll, please?

MR. FULKERSON:

Yes, sir.

Tom Harris, Secretary.

MR. HARRIS:

Present.

MR. FULKERSON:

Richard Ieyoub, Commissioner of Conservation.

MR. IEYOUB:

Present.

MR. FULKERSON:

Lisa Creasman, Nature Conservancy. Lisa won't be able to make it today.

Steve Maley, LOGA

MR. MALEY:

Here.

1 **MR. FULKERSON:**

2 Barney Callahan.

3 **MR. CALLAHAN:**

4 Here.

5 **MR. FULKERSON:**

6 David Levy.

7 **MR. LEVY:**

8 Here.

9 **MR. FULKERSON:**

10 And Timothy Allen.

11 **MR. ALLEN:**

12 Here.

13 **MR. FULKERSON:**

14 We constitute a quorum.

15 **MR. HARRIS:**

16 Thank you, Roby.

17 **APPROVE MEETING TRANSCRIPT**

18 **APRIL 21, 2022**

19 **MR. HARRIS:**

20 What is our first order of business on the agenda?

21 **MR. FULKERSON:**

22 The first order of business is approve the previous meeting
23 transcript from April 21, 2022. We sent it out about a week or two
24 ago, so I think everybody has had a chance to review it.

25 **MR. HARRIS:**

1 The next order of business would be approval of those minutes.

2 Are there any comments or questions regarding the minutes?

3 **MR. LEVY:**

4 I have a question, so the -- it appears to be just a transcript,
5 correct?

6 **MR. FULKERSON:**

7 That's correct, yes, sir.

8 **MR. LEVY:**

9 So, I mean, I -- I'm expected to go over every word to make sure
10 that every word in the transcript is correct? I mean, I can understand
11 approving a summary of the minutes, but I can't remember exactly
12 everything that was said in the transcript. Can I just agree that it is a
13 transcript of the meeting?

14 **MR. HARRIS:**

15 Well, I'm going to ask for a motion to approve those. You can
16 either -- when -- if it comes up, you can either vote to approve those or
17 not.

18 Is there a motion to approve the transcript?

19 **MR. ALLEN:**

20 So moved.

21 **MR. HARRIS:**

22 We have a motion by Mr. Allen. Is there a second?

23 **MR. MALEY:**

24 Second.

25 **MR. HARRIS:**

1 Second by Mr. Maley.

2 All in favor, signify by saying "aye."

3 (Mr. Maley, Mr. Allen, Mr. Ieyoub, Mr. Callahan voted aye. Mr.
4 Levy declined to vote.)

5 All opposed?

6 (No response.)

7 Motion carries.

8 Thank you, Roby.

9 **FUND STATUS**

10 **MR. FULKERSON:**

11 Our next order of business is a fund status update. If you guys are
12 ready, we can continue.

13 **MR. HARRIS:**

14 Please proceed.

15 **MR. FULKERSON:**

16 This update is as of the end of June. On the left, you'll see the
17 collection source. It should be the fifth slide with a total amount.
18 We've collected about 12.5 million in gas tax -- well, that's actually a
19 fee -- around 433,000 in oil fees, a little over a million in our inactive
20 well assessment fees. We get half of the inactive well assessment, I
21 believe. We've also collected around 1.1 million in SSTAs, escrows,
22 financial security. So this year, I've removed the escrow total, but the
23 total amount from fees is around 11 million.

24 We don't have any remaining expected collections this year. Our
25 last major one was in May.

1 **MR. MALEY:**

2 I've never asked this question before, but what's -- what's the
3 nature of the LOGA contribution?

4 **MR. FULKERSON:**

5 That's a good question. Cassie, do you remember what the full
6 amount of the LOGA contribution is?

7 **MS. PARKER:**

8 That is something I'd have to look into. I do believe that they used
9 to -- when the program was first implemented, they used to plug more
10 wells and to, you know, inject money, but I don't know where that
11 3,000 comes from right offhand.

12 **MR. MALEY:**

13 I was just curious. Thank you.

14 **MR. FULKERSON:**

15 No problem. We'll take a look at that.

16 We'll go on to the sixth slide, the fund statuses. We've got a large
17 fund balance, but we've got a lot of -- quite a bit of encumbered, so
18 we've got about 4.1 million encumbered. The balance shows about 11
19 million, but our balance after all costs right now is -- we've spent -- you
20 know, we've got encumbered more than what we've spent -- or what's
21 available, so that will all end up getting caught up because the
22 projects take us a while to roll out through the permitting processes,
23 but we've actually, you know -- the balance looks high, but we've spent
24 that balance and then some.

25 If there are no questions, I can continue on to slide seven, which is

1 our annual collections graph.

2 It's kind of a high-level graph of what the collections have looked
3 like over -- over time. As you can see, we continue to trend upwards.
4 This year it looks a little bit higher, and that just from the -- one,
5 we've collected more fees, and, two, the financial security we've kind
6 of made a concerted effort to spend more money related to financial
7 security. It takes a while to call the financial security. We have to
8 spend the money from the fund and then essentially reimburse
9 ourselves from it. So we'll complete the project. Once the project is
10 completed, we'll ask the funds are moved into the OSR account and
11 reimburse it, so it looks about -- you know, it's over a million dollars
12 more of SSTA funding in there.

13 The next slide is one we added recently, just a collection graph,
14 and that graph just kind of shows -- there's four major draws during
15 the year. The fourth one was in May. Our next one should be
16 sometime in August, September. That's really all I have on it. It's just
17 kind of interesting to compare it to the previous years.

18 So this year, as you can see, we've kind of trended higher. The --
19 the kind of shaded one is the largest one, and that is 2022 -- 2021-'22
20 fiscal year.

21 If there are no questions, I can continue on with our money -- or
22 our financial security update.

23 **MR. HARRIS:**

24 Please.

25 **MR. FULKERSON:**

1 So we've -- since we started including this, the financial security
2 collected this year is about 1.6 million. The largest amount is a
3 Shoreline, that's not direct financial security. I believe that's a
4 bankruptcy settlement. We've got another \$1.2 million in this year.
5 You'll see us try to spend that in this fiscal year. We've got a few
6 projects earmarked. We're just trying to work our way through which
7 ones to grab first.

8 So right now total in financial security, we've got about 11 million.
9 We've spent about 1 million this year. Of the funds spent, the projects
10 we've completed, we've completed the Humphrey's Field, and that had
11 an SSTA with, I want to say it was 15 wells. We've completed the
12 P&A of three wells for about \$1 million.

13 We've got three projects ongoing that are related to SSTAs. Two of
14 them are Mesa Gulf Coast, a Mesa Gulf Coast package in Lake
15 Hermitage. The Bay Batiste has a, I believe, a Mesa Gulf Coast well
16 attached to it, as well. And the St. Mary's Parish has a Harvest Group
17 SSTA. There's a SWD that had around 443,000. We've used -- we're
18 in the process of working those projects. Once we complete the
19 projects, we can pull the funds back and essentially reimburse
20 ourselves for it, so those should be coming up here in the next couple of
21 months.

22 **MR. MALEY:**

23 Please clarify this. A couple of slides ago, the amount that you
24 collected from restoration fees and shut-in wells and all that stuff --

25 **MR. FULKERSON:**

1 Yes, sir.

2 **MR. MALEY:**

3 -- that had accumulated \$12.5 million?

4 **MR. FULKERSON:**

5 That's correct.

6 **MR. MALEY:**

7 And this 11.4 is separate and distinct from that?

8 **MR. FULKERSON:**

9 Yes, sir, that is correct.

10 **MR. MALEY:**

11 And this is partly made up of Site Specific Trust Accounts and
12 partly this Shoreline money?

13 **MR. FULKERSON:**

14 That's correct.

15 **MR. MALEY:**

16 And -- and what else?

17 **MR. FULKERSON:**

18 Kind of a large group of SSTAs or financial security bond.

19 **MR. MALEY:**

20 And they're sort of pending and some of them are in the process of
21 being worked?

22 **MR. FULKERSON:**

23 So we have some this year. We're working on a few. The
24 Shoreline, we'll probably put another couple together related to it.
25 The big issue we have is they're all spread out, so then you'd end up

1 putting out one package for \$25,000 here, and one package for \$25,000
2 here. So we're trying to grab the larger amounts and work our way
3 down, and so that's why we started with St. Mary's Parish, the Mesa
4 Gulf Coast, grab the larger SSTA packages with the funding behind it,
5 spend those down, and continue on to the rest of the list.

6 **MR. MALEY:**

7 The total activity that you'll be able to do is 12.5 plus 11-
8 something?

9 **MR. FULKERSON:**

10 Kind of.

11 **MR. MALEY:**

12 It's just funded from different places?

13 **MR. FULKERSON:**

14 That's correct. We can't spend all 11 if you think about it because
15 we have to spend the money from the OSR fund then reimburse
16 ourselves.

17 **MR. MALEY:**

18 Oh, okay.

19 **MR. FULKERSON:**

20 So it's all a big juggling act to get that money spent, and then
21 recoup the funds, and then continue on with our normal projects.

22 **MR. MALEY:**

23 Okay. So the -- part of the 12.5 has to go toward these projects,
24 but you expect to be reimbursed?

25 **MR. FULKERSON:**

1 That's correct.

2 **MR. MALEY:**

3 Okay.

4 **MR. FULKERSON:**

5 And we have to encumber the project -- well, SSTAs funds as a
6 regular project and then reimburse ourselves at the end.

7 **MR. MALEY:**

8 Okay.

9 **MS. PARKER:**

10 I also wanted to make a point that we're also constrained by
11 budget, that's just not how much we collect, it's whatever budget we
12 have approved for the year.

13 **MR. FULKERSON:**

14 She's right.

15 If there's no further questions, I can continue on to our money
16 recovery updates.

17 We've got a handful. I've kind of gone through what the most
18 recent update is. The Emergency 19-003, the Valentine Field, that's
19 with the Attorney General, and litigation is ongoing. I've heard
20 they're making some headway there, but I haven't had an update from
21 the Attorney General related to it.

22 Emergency 20-003, South Thornwell, there's no update since the
23 last one. The court case was dismissed, and I think they're
24 reevaluating how to approach it.

25 Freshwater Bayou, 21-011, those project costs are being finalized.

1 We've got two money recovery letters ready to go. Essentially, we
2 don't send them until the total costs are run, so once the total costs are
3 run, we'll send those letters.

4 Black Elk, money recovery letters sent to the lineage. We're
5 working with one operator. That was actually the Timbalier Bay. We
6 completed that project about a year ago, maybe two years ago. One of
7 the operators in the lineage is working with us. They've got some of
8 their own bonds for the previous wells, and we're trying to work with
9 them through the lineage how they can split that up and working with
10 the Attorney General, as well.

11 The last one is Tigre Lagoon. We're currently working on that
12 project. We sent money recovery letters out to the lineages. One had
13 a response. LLOG requested to abandon and remove a platform. We
14 removed that well from the package, and LLOG is pursuing their
15 Coastal Use Permit right now, so they should be working on that here
16 in the near future. And we started our own project Monday.

17 Are there any questions relating to these?

18 **MR. MALEY:**

19 LLOG was in the chain of title?

20 **MR. FULKERSON:**

21 Yes, sir.

22 **MR. MALEY:**

23 They finally just stepped up?

24 **MR. FULKERSON:**

25 Yes, sir, they did.

1 **MR. MALEY:**

2 Thank you.

3 **MR. HARRIS:**

4 Next, Roby, please.

5 **MR. FULKERSON:**

6 The next one is just the orphan well count versus wells plugged.
7 It's just kind of a higher overview of what it looks like trending. As we
8 discussed the last time, we've gone to a SONRIS system where we
9 update the numbers, rather than a hand count, for really
10 reproduceability (sic). So there may be some fluctuations in the
11 numbers as we work our way through SONRIS, but, as you can see,
12 we're making headway, but they're still orphan wells popping up, so it
13 feels like we're treading water sometimes.

14 The next slide is our urgent and high-priority wells. We've got
15 about 627 wells scored. Those were P&A'd, and the remaining wells is
16 about 599. Again, that number has kind of changed, because it's based
17 off of SONRIS accounting, and we're working on our system there just
18 to make sure everything is right.

19 The next slide --

20 **MR. LEVY:**

21 I have a question.

22 **MR. FULKERSON:**

23 Yes, sir.

24 **MR. LEVY:**

25 The prioritization checklists are supposed to be approved by the

1 Commission.

2 **MR. FULKERSON:**

3 Yes, sir.

4 **MR. LEVY:**

5 Did that ever happen?

6 **MR. FULKERSON:**

7 It's within the Commission's ability to approve a checklist, and
8 they certainly can. If anybody would like to put forward a motion to
9 do it or update it, they certainly can, as well.

10 **MR. LEVY:**

11 So it's not your responsibility to put -- to present a change in the
12 prioritization checklist before the Commission before you change it?
13 In other words, are you changing the prioritization checklist at your
14 own will?

15 **MR. FULKERSON:**

16 No, no.

17 **MS. PARKER:**

18 No, sir. No, sir. The -- any changes that are made to that sheet
19 are approved by the Committee.

20 **MR. LEVY:**

21 And that was voted on, and there's a record of that?

22 **MS. PARKER:**

23 Yes. It should be in our past transcripts.

24 **MR. MALEY:**

25 I voted on it.

1 **MR. LEVY:**

2 Do you know when the last time that the prioritization list was
3 updated?

4 **MS. PARKER:**

5 Not offhand. I'd have to look at that.

6 **MR. FULKERSON:**

7 It predated me. I'm not quite sure, to be honest with you, but if
8 anyone on the Commission remembers.

9 **MR. LEVY:**

10 Okay. So it's been years.

11 **MR. FULKERSON:**

12 It sounds like it's been sometime, yes, sir.

13 **MR. LEVY:**

14 Okay.

15 **MR. FULKERSON:**

16 If the Commission is interested, they can certainly put forward a
17 motion and we can update it.

18 **MR. LEVY:**

19 I'm sorry. Put forward a motion to update the prioritization
20 checklist? Now, I'm curious as to what the lineage of the prioritization
21 checklist is, and I want to make sure that the prioritization checklist
22 is not just getting changed and the numbers of high-priority wells are
23 not being changed just as the list gets changed, right?.

24 **MR. FULKERSON:**

25 Okay.

1 **MR. LEVY:**

2 So it says in the standard operating procedure that the
3 prioritization list is approved by the Commission. I've just been to a
4 couple of meetings now, and I have not seen that --

5 **MR. HARRIS:**

6 Mr. Levy, are you asking about the prioritization system or the
7 actual list? Because we have wells that are taken off of our -- of the
8 list and added to the list almost continually.

9 **MR. LEVY:**

10 I'm talking about the prioritization checklist. It's a document. It's
11 a document where --

12 **MR. HARRIS:**

13 Yes, I'm familiar with it.

14 **MR. LEVY:**

15 -- an engineer sits down with the -- with the -- the sheet that has
16 to do with the site evaluation, and they go over that prioritization
17 checklist.

18 **MR. HARRIS:**

19 So are you asking about the scoring system itself or the individual
20 wells?

21 **MR. LEVY:**

22 I'm asking about the items that are on the prioritization checklist.

23 **MR. HARRIS:**

24 We haven't seen need to revise that recently.

25 **MR. FULKERSON:**

1 well has been about almost two years ago now, and we don't want to
2 keep continuing on carrying those packages forward without the work
3 going on. Tigre Lagoon has just started.

4 Yes, sir.

5 **MR. MALEY:**

6 So that's a case of a -- a bid that was accepted, and the contractor
7 just didn't follow through and have any activity on it?

8 **MR. FULKERSON:**

9 It hasn't had activity in about two years, and so we just felt like it
10 was time to pull it off there and rebid it eventually.

11 **MR. MALEY:**

12 Okay. So it was partially completed or --

13 **MR. FULKERSON:**

14 No work was done.

15 **MR. MALEY:**

16 -- no work was done?

17 **MR. FULKERSON:**

18 Yes, sir.

19 **MR. MALEY:**

20 Thank you.

21 **MR. FULKERSON:**

22 We've got 22-003, Caddo-Pine Island, that project is currently
23 ongoing. 22-004, which is Lake Hermitage, that project is ongoing.
24 22-005, Red River and DeSoto, that project is currently ongoing.
25 We've got two more, 22-007, I believe they just finished site clearance.

1 They may have a little bit there to finish up the paperwork, that's
2 complete. And Lake Washington is ongoing, as well.

3 And so you can see we've got quite a bit of funding here wrapped
4 up between Lake Hermitage, Tigre Lagoon, and Lake Washington.
5 Those should all be wrapping up here probably in the next -- next
6 month or two.

7 If there's no further questions, we can continue on into our
8 upcoming projects.

9 We've kind of got a few earmarked for coming up. There's a
10 Masters Creek. We had that emergency last year. There's a few more
11 we want to remove and a large facility that was related to that
12 emergency well, so those are all Yuma wells, I believe. Unfortunately,
13 most of them are not left in good shape, so we're going to try to grab
14 those.

15 There's one, 23-004, Shuteston Field, that is a well -- an old Briton
16 (phonetic), if I remember right. That well has lost quite a bit of
17 integrity at surface. It's got a -- I think the last thing we left in it was
18 a plug at surface, but, essentially, every valve on the well had leaked,
19 so we're going to try to get that one taken care of, as well.

20 There's one well in Masters Creek, 23-005. We're kind of trying to
21 determine how to approach that well. It's a little unique, and we're
22 working our way through the -- how to handle it.

23 As we discussed, there's a Shoreline package. We're kind of --
24 we've got a handful of wells we've looked at, and we're just trying to
25 determine which ones to grab because we've got that financial security

1 tied to it.

2 They've got some larger groups, Rabbit Island, it's just hard to
3 grab Rabbit Island because there's like 60 wells offshore, and \$1.2
4 million doesn't get us very far.

5 The last, we're looking at a handful of wells in Lockport. The
6 inspector made it out. It looked like there was -- in the marsh there
7 was a handful of wells with some oil around it, so we'd like to take a
8 look at those. I know there's at least two we're going to remove,
9 possibly a few more. We're going to look at the inspections and talk
10 with the inspectors and kind of get feedback.

11 And that's kind of what we're looking at for this year as far as
12 we've gotten.

13 If there's any questions, or we can continue on.

14 I know we usually update this every year at the end of the year,
15 just orphan well transfers. So this year, we had 23 transfers. That is
16 a company taking the well out of the orphan program and putting it in
17 their name. I kind of put the three big ones on there. This was in
18 Cote Blanche, Caldwell, and then we had a handful by the Well Done
19 Foundation. I want to say that's less than five, but I believe they're
20 slowly taking over more, so that kind of pilot project they're working
21 on kind of -- I guess they're continuing to pursue it, so it's going well
22 for them.

23 **MR. ALLEN:**

24 Can you elaborate on that? I've never heard of the Well Done
25 Foundation.

1 **MR. FULKERSON:**

2 It's a group out of Montana or Wyoming, and they go out to the
3 sites, measure the methane. If the methane is high enough -- well,
4 first, they'll put in a co-op. The co-op allows them to work on the well,
5 enter the premises. They'll go out on a well -- go to the wellsite,
6 measure the methane. If it checks a certain amount of methane,
7 they'll put the well into their name, and then I believe they get carbon
8 credits from the P&A. And then, I believe, through those carbon
9 credits, they -- I don't know if they seek reimbursement or those have
10 some value. But that's kind of the way I understand that system.

11 **MR. MALEY:**

12 It's 501-C-3; is that correct?

13 **MR. FULKERSON:**

14 I believe so, yes, sir.

15 **MR. MALEY:**

16 -- that he's targeting wells that have emissions, so they sell them
17 as carbon offsets to -- you know, that's kind of the business plan in a
18 nutshell.

19 **MR. FULKERSON:**

20 But, in total, we've got 23 for the year.

21 If there's no further questions, we can continue on.

22 I've been putting in the pie charts, but I think they were kind of a
23 little busy, so I just tried this instead, the funds spent per district and
24 the sites per district. It kind of just tells the story I think you all
25 probably already know from the previous numbers. But Lafayette is

1 where most of the funds are spent, but you can see Shreveport and
2 Monroe is where most of the P&As occur, shallower wells quicker,
3 more packages.

4 The next page is our north Louisiana mandate. We're just
5 mandated to spend over \$1 million a year. With our performance
6 indicator, which is wells P&A'd and the emergencies, we've easily met
7 that this past year. I don't -- \$1 million is pretty easy to meet, so we've
8 met it and exceeded it.

9 The next slide I have is surface interventions. And I apologize we
10 -- since going to the printouts, we're back to black and white. It looks
11 a little bit better when you have the Zoom meetings, but -- we've got 49
12 total this year for about \$100,000, and that's just -- we're allowed to
13 spend up to \$5,000 to intervene in the site without going to bid law
14 and taking a few months to bid. So if we can repair a valve, do any
15 work like that, stop a leak, we'll go out and do it for less than \$5,000.

16 The next page I have is our federal update, which is the Big Lake
17 project. They've completed that, that was the EPA. Tigre Lagoon is
18 another larger project. They're going to have to build a road to get in
19 and out of there, and it's actually one of the larger wells, if you think
20 about it, wellhead section-wise in the state. It's got a good bit of
21 pressure on it. It's lost some integrity. Interesting project. They'll
22 start that in the next couple of months. I think they've rebid it
23 recently, and they should be moving along here shortly just depending
24 on contractor award and what the road situation looks like.

25 If there's no questions with our federal work, I can continue on to

1 the federal funding update. I know this has kind of come up.

2 **FEDERAL FUNDING UPDATE**

3 **MR. FULKERSON:**

4 So we've applied for the initial grant. We're slowly setting up a
5 website, which should be available here in the next couple of months
6 related to the federal funding.

7 The initial grant is for \$25 million. Initially, we thought we would
8 receive it sometime over the summer, but we're hearing that the
9 earliest we'll receive it is going to be October 1st. So sometime after
10 October 1st, we should have that funding. We're just not really sure
11 on timing.

12 There is a Phase I Formula Grant. So the initial grant, all states
13 were eligible for 25. There's one Formula Grant they used after that.
14 They haven't given us a timeline on it, but Louisiana's number was 22
15 million.

16 And then we've been working with the Wildlife and Fisheries
17 Department. Essentially, the Department of Interior got a source of
18 money, the same source of money, to P&A wells. So they earmarked
19 around 151 sites they want to P&A, and they've been working with us
20 and we've been working with them to get the sites selected. I think
21 they're going to end up working with us to bid the projects and P&A
22 the wells, so that way we can reduce the costs, the mobilization, from
23 the 25 million and the 12 million.

24 **MR. MALEY:**

25 These are Wildlife Management Areas?

1 **MR. FULKERSON:**

2 That's correct, yes, sir. Most in the Monroe area, and some in
3 Lacassine.

4 **MR. ALLEN:**

5 Federal or State Wildlife Management Areas?

6 **MR. FULKERSON:**

7 Federal, yes, sir.

8 **MR. ALLEN:**

9 U.S. Fish and Wildlife Services?

10 **MR. FULKERSON:**

11 That's correct, yes, sir.

12 **MR. ALLEN:**

13 Not the Louisiana Wildlife and Fisheries?

14 **MR. FULKERSON:**

15 No, sir. I probably should have been more clear. That is the
16 federal Department of Interior fisheries and wildlife department.

17 That's all the federal funding update I have. Are we ready to
18 continue?

19 **MR. HARRIS:**

20 Yes. Thank you, Roby.

21 **APPROVE NEW OSR CONTRACTORS**

22 **MR. HARRIS:**

23 I see we have five, six new OSR contractors, that's the largest
24 number I've seen.

25 **MR. FULKERSON:**

1 That's the largest I remember. I imagine a lot of it is related to
2 the federal funding. You don't technically have to be on this list for
3 federal funding, but we recommend they get on it, that way they -- you
4 know, they're definitely going to hear about it.

5 I can read through all of them. Would y'all prefer to approve all at
6 one time or do them individually? Six seems like a lot.

7 **MR. HARRIS:**

8 Do we have representatives here from any of the contractors on
9 this list that would like to speak?

10 (No response.)

11 Apparently not.

12 Would you read them out, and we can approve them or at least
13 discuss and see if there are any comments and entertain a motion at
14 the proper time.

15 **MR. FULKERSON:**

16 Sure. Okay. The first is MADCON Corporation out of Pearl River,
17 Louisiana. They are a marine contractor for all depths and areas, and
18 they are interested in being a decommissioning/general contractor.

19 The next one is Southern Underground of Louisiana, LLC, and they
20 are out of Zachary, Louisiana. And they are a general contractor, and
21 they are interested in wells between zero and 5,000' and land only.

22 The next is ETECH Environmental and Safety Solutions out of
23 Odessa, Texas. They are an environmental cleaning company, and
24 they're interested in land wells between zero and 10,000', remediation
25 work only. Justiss Oil Company out of Jena, Louisiana. They are a

1 general contractor, zero to 10,000', land only, and P&A work.
2 Weatherford based in Houston, all types, all depths, well completions,
3 P&A, and decommissioning. Delta Seaboard, LLC, out of Houston,
4 Texas, all types, all depths, P&A, and decommissioning.

5 **MR. HARRIS:**

6 Is it the recommendation of the staff that all six of these
7 contractors meet the -- meet the requirements, and is it your
8 recommendation that the board approve these?

9 **MR. FULKERSON:**

10 Yes, sir. They have completed all requirements, gone through the
11 checklist, and I believe we're good with all of them. They all meet the
12 standards.

13 **MR. CALLAHAN:**

14 If we accept this number, how many would it be total?

15 **MS. PARKER:**

16 I want to say that this will put us about 52, 53. I'd have to check
17 and get back to you for sure, but in the 50s somewhere.

18 **MR. CALLAHAN:**

19 When we made the sweep a couple of years ago to get rid of some
20 of the dead ends --

21 **MR. FULKERSON:**

22 Yep.

23 **MR. CALLAHAN:**

24 -- how many -- how many did we have actually back then?

25 **MS. PARKER:**

1 It was closer to 70-something.

2 **MR. CALLAHAN:**

3 Okay. So it's a third of the number. I was just thinking, I mean,
4 we had to go in there and clean house, and then we come back and put
5 more -- more --

6 **MS. PARKER:**

7 Right. I don't think any of these were on that list that we went
8 and swept, but I can check and make sure.

9 **MR. HARRIS:**

10 This federal funding that we're going to be getting, it's going to be
11 a steady stream over the next four to five years. We're going to be
12 anywhere between tripling and quadrupling the amount of dollars
13 being spent on -- on well plugging over that period of time, and I
14 anticipate we're going to need more contractors to -- to get that work
15 done.

16 **MR. MALEY:**

17 And they changed the rules too to -- no longer is it required that
18 somebody be an approved State contractor to be on the orphan well
19 list. So there's people that probably worked as subcontractors before
20 for somebody else, like Weatherford, for example, which is a large
21 diversified services company, that now because of the large funds
22 available and so forth, they're interested in being on the list, and they
23 don't have to qualify as a Louisiana contractor.

24 **MR. CALLAHAN:**

25 Right.

1 **MR. MALEY:**

2 So I think it's appropriate --

3 **MR. ALLEN:**

4 Well, that answered my next question. It was, part of the
5 application, these folks do not have to generate or prove that they are
6 a licensed Louisiana contractor? I don't understand that.

7 **MR. MALEY:**

8 Well, they used to.

9 **MR. FULKERSON:**

10 They used to. I think they changed that in August of 2020 or '19.

11 **MS. PARKER:**

12 They removed that requirement now so it removed the bonding
13 requirement for our projects. And, again, I could tell you the bill, but
14 it would be incorrect. I'd have to look it up and get back to you for the
15 exact Act.

16 **MR. HARRIS:**

17 We had a few legislators on our oversight committees that
18 suggested we tried to streamline the -- the contracting process to allow
19 more out-of-work oil and gas contractors to do plugging work, but that
20 was -- those bills, at least one or two, of those passed and some of the
21 requirements were eliminated, those that were deemed not --
22 unnecessary by the legislature.

23 **MR. ALLEN:**

24 Thank you.

25 **MR. HARRIS:**

1 Are there any questions regarding these contractors? Any
2 questions, comments?

3 (No response.)

4 Hearing none, is there a motion to approve these six contractors?

5 **MR. IEYOUB:**

6 So moved.

7 **MR. HARRIS:**

8 We have a motion by Commissioner Ieyoub.

9 **MR. CALLAHAN:**

10 Second.

11 **MR. HARRIS:**

12 Second by Mr. Callahan.

13 All in favor, signify by saying "aye."

14 (Aye by Mr. Ieyoub, Mr. Maley, Mr. Callahan, Mr. Allen.)

15 All opposed?

16 **MR. LEVY:**

17 I oppose.

18 **MR. HARRIS:**

19 So noted. The motion carries, and these six contractors are now
20 approved by the Commission.

21 **PERFORMANCE INDICATORS**

22 **MR. HARRIS:**

23 Project updates.

24 **MR. FULKERSON:**

25 Okay. So for our performance indicators, these are just -- every

1 year, we have a certain amount of wells we have to P&A. This year,
2 we earmarked about 225, I want to say our number wells. We had
3 about 172. Essentially, they're just wrapping up the projects in north
4 Louisiana, Shreveport and Monroe area, and the one project we pulled
5 off, the Carlisle Field for 29 wells. We've P&A'd a calendar -- fiscal
6 calendar year 172 wells.

7 Any questions?

8 **MR. ALLEN:**

9 The goal was 225, and we got 172. What is the goal for next fiscal
10 year, this coming -- this fiscal year, I should say.

11 **MR. FULKERSON:**

12 I don't remember off the top of my head. I'll have to talk with the
13 Office of Conservation team to see. I think we reduced it 200 or left it
14 at 225. It's one of the two numbers, and I don't remember off the top
15 of my head.

16 **MR. ALLEN:**

17 It looks like it would increase exponentially with the infusion of
18 new money coming through.

19 **MR. HARRIS:**

20 Well -- and I'll be glad to address that. We're going to be doing the
21 same thing with our orphan well program based on the regular
22 sources, the funding. That's going to continue doing what they're
23 doing. The contracting for utilizing the federal money is going to be a
24 separate but parallel process. Of course, it's still going to require
25 closure in accordance with 29-B. Office of Conservation field staff will

1 be involved in that. We decided that if we tried to quadruple the
2 number of wells and dollars spent using the existing process, we were
3 going to fall short. You know, we are looking to utilize this federal
4 money to plug a lot -- large number of wells, but we need to use a more
5 streamline process, and, hopefully, larger contractors who can, not
6 only plug the wells properly and safely, but also address all of the
7 federal reporting requirements that will come with this money. Those
8 of you who were involved with the ARA (phonetic) probably remember
9 a lot of the strings that came with that as far as reporting jobs, in this
10 case, jobs -- reduction in methane emissions, impact to disadvantaged
11 communities, and we're going to make that part of the contracting
12 scope of services.

13 **NEW BUSINESS/OLD BUSINESS**

14 **MR. FULKERSON:**

15 Our last order of business is new business/old business.

16 We have one update. The -- we promised Mr. Levy an Office of
17 Conservation update in response in the last meeting. They're still
18 working on that written document. I would imagine it's ready
19 sometime between now and the next meeting or at the next meeting.
20 They haven't given me a timeline on it.

21 That's all I have for the day.

22 **MR. HARRIS:**

23 Thank you, Roby.

24 Our next order of business on the agenda is old business.

25 **MR. LEVY:**

1 Well, I mean, I have some questions about Freshwater City and
2 the plugging of the well.

3 **MR. HARRIS:**

4 I'm shocked. It appears to be a recurring thing every meeting.

5 **MR. LEVY:**

6 Yes, it does. So I'd like to go back to the -- to the bid that was --
7 the request for quote. The request for quote that is on the website that
8 is a public document lists for the minimum equipment requirements,
9 it requests a rig, it requests a workover rig, and it requests a rig that
10 is able to pull doubles. So is that what was on location and used to
11 plug that well?

12 **MR. FULKERSON:**

13 Honestly, I don't know. I wasn't onsite, sir.

14 **MR. LEVY:**

15 All right. So, in 1985, there was a hole in the 7-5/8" casing at
16 2186, so they went and squeezed that casing.

17 Is there anybody here that knows about this well, that knows the
18 downhole --

19 **MR. HARRIS:**

20 Excuse me, Mr. Levy. You're -- are you addressing activities that
21 occurred before this well became orphaned?

22 **MR. LEVY:**

23 No. I'm talking about the plugging operation that occurred this
24 time. It -- it -- the minimum equipment requirements required a
25 workover rig. There was no workover rig that plugged this well. All

1 they did was go in with the 2-7/8" tubing and pump cement. That
2 didn't have anything to do with the 7-5/8" casing. The 7-5/8" has no
3 cement on the back side from 970 to the 10-3/4" casing. That does not
4 conform with 29-B, Statewide Order 29-B.

5 **MR. HARRIS:**

6 Mr. Levy, I -- I believe the Office of Conservation disagrees with
7 you and certified that as being closed.

8 **MR. IEYOUB:**

9 Mr. Chairman, if you -- if you will, I would like to -- one of our
10 engineers to address Mr. Levy's questions and give answers, if
11 possible, to some of his questions. So I call on Chris Sandoz to maybe
12 try to answer Mr. Levy's questions about the plugging of the well and
13 whether or not it was done in conformity with 29-B.

14 **MR. SANDOZ:**

15 Thank you, Commissioner.

16 Mr. Levy, so everything that I've reviewed related to the well
17 shows a USDW around 1,030', and there is -- when this well was
18 plugged, there was mass cement across all annular spaces and across
19 the base of the USDW, up to 60' above the USDW in that string -- or
20 outside of that string --

21 **MR. LEVY:**

22 In what --

23 **MR. SANDOZ:**

24 The 7-5/8ths. So the base of the USDW is covered a cement plug
25 outside of that casing up to 60' above the base.

1 **MR. LEVY:**

2 Correct.

3 **MR. SANDOZ:**

4 Right. So there is -- yeah, I agree, there's a gap of no cement above
5 that, but 29-B does not require cement to be in that --

6 **MR. LEVY:**

7 Well, on the P&A review, it -- it says USDW plug, and it says,
8 cemented across all annular spaces.

9 **MR. SANDOZ:**

10 It is. It is cemented across -- the USDW plug, isolation of the base
11 of a USDW.

12 **MR. LEVY:**

13 What about the 5-1/2 by 7 -- 7-5/8ths?

14 **MR. SANDOZ:**

15 The 5-1/2 was cemented, I believe, much higher than that.

16 **MR. LEVY:**

17 Wasn't there a pressure test done on the 5-1/2 by 7-5/8" casing?

18 **MR. SANDOZ:**

19 Was a pressure test done on the -- I'm not following.

20 **MR. LEVY:**

21 In the plugging operation, there was a pressure test that was
22 performed on the 5-1/2 by 7-1/2" casing annulus.

23 **MR. SANDOZ:**

24 I'm -- I'm not aware of that.

25 **MR. LEVY:**

1 I believe it's in the public documents that are on the -- that are on
2 SONRIS.

3 **MR. SANDOZ:**

4 And -- and -- so if that pressure --

5 **MR. LEVY:**

6 That bled down.

7 **MR. SANDOZ:**

8 If that was done from surface, I would expect you couldn't do a
9 pressure test, right? There is a gap there in the -- outside of the 7-
10 5/8ths. Are you talking about a pressure test in the --

11 **MR. LEVY:**

12 No. So the statement on the P&A review that says it's cemented
13 across all annular spaces, do you consider the outside of the 7-5/8ths
14 and the earth an annular space?

15 **MR. SANDOZ:**

16 Yes.

17 **MR. LEVY:**

18 Okay. So is it cemented across the entirety USDW?

19 **MR. SANDOZ:**

20 That does not -- it does not --

21 **MR. LEVY:**

22 So you're saying it does not happen.

23 **MR. SANDOZ:**

24 No. I'm saying under 29-B --

25 **MR. LEVY:**

1 So it's okay to commingle 1,000' of USDW zones?

2 **MR. SANDOZ:**

3 To commingle it? It's all -- it's -- it's --

4 **MR. LEVY:**

5 You just let it all open.

6 **MR. SANDOZ:**

7 The regulations don't require us to isolate that at the time of P&A.
8 The only time the regulations would require it is if we pull that casing,
9 right, and even then it doesn't require full isolation of the USDW. It
10 only requires isolation of the base of the USDW.

11 **MR. LEVY:**

12 Okay.

13 **MR. SANDOZ:**

14 I mean, I have the regulations here, you know. We can go through
15 them.

16 **MR. LEVY:**

17 So you're contest -- you say that -- that -- that it is not required
18 that there be cement on the -- on the outside of the 7-5/8ths, it is not
19 required for a salt -- for a fresh water aquifer, it is not required in that
20 zone?

21 **MR. SANDOZ:**

22 To be fully isolated at the time of P&A, no. It's only required if
23 you pull the casing.

24 **MR. LEVY:**

25 Okay. Okay. I -- I -- I disagree that that does not conform to 29-B,

1 that is certainly not in the spirit of 29-B, and it seems to me that --
2 that there is a conduit between the 5-1/2 and the 7-1/2 -- 7-5/8" casing
3 that would allow saltwater to flow from a lower zone to an upper zone
4 into the freshwater --

5 **MR. SANDOZ:**

6 The 5-1/2 -- excuse me -- the 5-1/2 and 7-5/8ths annulus has
7 cement higher than the -- and outside of the 7-5/8ths. So there --
8 there's -- the annular space is reduced in that area, right. The 5-1/2
9 has cement to -- where is it?

10 **MR. LEVY:**

11 I understand the 5-1/2. I'm talking about the 5-1/2 by 7-5/8" --

12 **MR. SANDOZ:**

13 Yeah. The 5 -- the space between the 5-1/2" casing and the 7-5/8"
14 casing, that annular space has cement up to 229 --

15 **MR. LEVY:**

16 When was that cement placed?

17 **MR. SANDOZ:**

18 That was -- that was primary cementing, I assume. I mean, I
19 didn't review those records relating --

20 **MR. LEVY:**

21 So you're saying that was placed when the 5-1/2" liner was run?

22 **MR. SANDOZ:**

23 Probably so. That would be my guess. We didn't do any remedial
24 cementing to that well. I didn't -- admittedly, I didn't review the
25 entire record, but I am looking at it point forward. When we got the

1 well, that's what I looked at, here's what the well -- here's how the well
2 is and how we're going to plug it point forward, that's what I looked at.

3 **MR. HARRIS:**

4 Mr. Levy, I'd also like to remind you that this Commission has no
5 oversight of the Office of Conservation, that's not within our -- our
6 powers, duties, and responsibilities as a Commission. We oversee the
7 Oilfield Site Restoration Program itself. Obviously, you disagree with
8 the Office of Conservation on their own rules that they wrote, but that
9 is not really Commission business.

10 **MR. SANDOZ:**

11 The only thing I could add is, I have to disagree that -- with your
12 statement that it wasn't plugged to 29-B standards. In addition to our
13 own review, we act almost just like an operator would. We submitted
14 -- because this is a disposal well, we drafted what we believed to be the
15 proper procedure, and we submitted that to another independent office
16 in Conservation for their review and compliance. So, not only does it
17 meet 29-B, but it would meet the injection and mining requirements
18 and then the EPA requirements beyond that.

19 **MR. LEVY:**

20 Well, I think if this was -- if this whole project was reviewed by an
21 independent, a completely independent engineering firm, that they
22 would agree that that fresh water aquifer is at risk.

23 **MR. HARRIS:**

24 That -- that's your opinion, Mr. Levy. Again, I remind you that
25 this is not Commission business, that we do not have any oversight

1 over the Office of Conservation and -- enforcement of 29-B.

2 **MR. LEVY:**

3 I understand, Mr. Harris. I understand what you're saying, but --
4 but, me, as a citizen, and I am representing the citizens here, I cannot
5 stand here -- I cannot sit here and allow this 1,000' aquifer to be
6 ruined --

7 **MR. IEYOUB:**

8 That's purely speculative. You are speculating -- this is not a court
9 of law, but if it were, you would be totally speculating.

10 **MR. HARRIS:**

11 Are there -- is there any other old business or new business before
12 this body?

13 (No response.)

14 Are there any public comments?

15 (No response.)

16 Hearing none, it's time to entertain a motion to adjourn.

17 **MR. ALLEN:**

18 So move.

19 **MR. LEVY:**

20 Oh, wait. I'm not done. Okay. So in 29-B, the -- the -- the original
21 well design did not have surface casing that covered the -- the fresh
22 water -- it should --

23 **MR. HARRIS:**

24 Mr. Levy, you're out of order.

25 **MR. LEVY:**

1 All right. Okay. Can I reference 29-B, ask a question?

2 **MR. HARRIS:**

3 Certainly.

4 **MR. LEVY:**

5 29-B says that fresh water horizons are exposed when production
6 casing is removed from the well or as a result of production casing not
7 being run. A cement plug shall be placed from at least 100' below the
8 base of the deepest fresh water sand to at least 150' above the base of
9 the sand.

10 **MR. SANDOZ:**

11 That -- that's correct.

12 **MR. LEVY:**

13 You contend that that --

14 **MR. SANDOZ:**

15 I contend that's correct, but that applies when it -- when the casing
16 is removed from the well, so it's an open-hole plug, right. So this is not
17 an open-hole plug.

18 **MR. LEVY:**

19 Right.

20 **MR. SANDOZ:**

21 So it does not apply. If it did apply, it requires 150' of cement
22 above the base of the USDW, the base which is at 1,030', so really to
23 only 900'. That's what it would require, although it does not apply.

24 **MR. LEVY:**

25 The assumption there is that the 10-3/4 would have went through

1 the fresh water aquifer, and it did not in the original well design,
2 that's the problem.

3 **MR. SANDOZ:**

4 It doesn't -- it doesn't matter.

5 **MR. HARRIS:**

6 Mr. Levy, you're welcome to your opinion, but I think at this point
7 it's just argumentative.

8 **ADJOURN**

9 **MR. HARRIS:**

10 We do have a motion before the Commission, a motion to adjourn.

11 **MR. MALEY:**

12 Second.

13 **MR. HARRIS:**

14 We have a second by Mr. Maley.

15 All in favor, signify by saying "aye."

16 (Mr. Maley, Mr. Allen, Mr. Ieyoub, Mr. Callahan voted aye. Mr.
17 Levy declined to vote.)

18 All opposed?

19 (No response.)

20 This meeting is adjourned. Thank you all for your participation.
21
22
23
24
25

CERTIFICATE

I, MICHELLE S. ABADIE, Certified Court Reporter in and for the State of Louisiana, as the officer before whom this meeting was taken, do hereby certify that the Oilfield Site Restoration Commission meeting held on July 27, 2022, by the Department of Conservation, Baton Rouge, Louisiana, was reported by me, was prepared and transcribed by me; that the foregoing pages, numbered 1 through 42, inclusive, is a true and correct transcript to the best of my ability and understanding; that I am not related to any parties herein, nor am I otherwise interested in the outcome of this proceeding.

MICHELLE S. ABADIE, CCR #24032
CERTIFIED COURT REPORTER

MICHELLE S. ABADIE, CCR
CERTIFIED COURT REPORTER