

State of Louisiana

OILFIELD SITE RESTORATION

COMMISSION MEETING

May 25, 2023

1:00 p.m.

Oilfield Site Restoration Commission Meeting

Thursday, May 25, 2023

1:00 p.m.

MEMBERS PRESENT:

Thomas Harris, Secretary

Monique Edwards, Commissioner of Conservation

Steve Maley, LOGA

Stephen Hennigan, LIOGA

Timothy Allen, Louisiana Landowners Association

STAFF PRESENT:

Roby Fulkerson, Office of Conservation, OSR Staff

Casandra Parker, Office of Conservation, OSR Staff

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ROLL CALL

MR. HARRIS:

Why don't you go on and call the roll please, Roby?

MR. FULKERSON:

So for the May 2023 Oilfield Site Restoration Committee meeting, we'll start off with the roll call. It's usually our first part of the agenda.

I'll start with Tom Harris, Secretary.

MR. HARRIS:

Here.

MR. FULKERSON:

Monique M. Edwards, Commissioner of Conservation.

MS. EDWARDS:

Here.

MR. FULKERSON:

Elizabeth Lisa Creasman will not be able to attend today.

Steve Maley, LOGA.

MR. MALEY:

Here.

MR. FULKERSON:

Stephen Hennigan.

MR. HENNIGAN:

Here.

MR. FULKERSON:

Timothy Allen.

MR. ALLEN:

Here.

MR. FULKERSON:

We should have a quorum.

MR. HARRIS:

Thank you, Roby.

Before we go any further, I'd like to welcome -- first call this meeting to order, and also welcome all of you. Thank you for coming. And we have two new board members to introduce. First, I'd like to introduce Commissioner Monique Edwards, our new Commissioner of Conservation. Monique, it's not her first time here at the Department of Natural Resources. Monique, welcome, and if you care to say anything, you have the floor.

MS. EDWARDS:

I'm glad to be back.

MR. HARRIS:

Perfect. Our second new member is Stephen Hennigan, and, Mr. Hennigan, welcome and thanks for being here. The mic is yours if you care.

MR. HENNIGAN:

I'm just honored to be here and hope to provide some assistance

and guidance whenever possible and always willing to learn, and thank you.

MR. HARRIS:

Thank you very much.

Roby, what's our first agenda item?

MR. FULKERSON:

If you don't mind, I'll start with a bit of housekeeping on our side, as well. So you guys have known Casandra Parker probably since the inception of the OSR fund, in the early days of OSR, but she has taken a promotion within the Department of Natural Resources, and she is now the manager of Inspection/Enforcement, and this will be her last meeting with us, so I just wanted to give her a minute to talk if she wanted to and just let you guys know.

MS. PARKER:

Not really much to say, just thank y'all for letting me be part of it, and it was great working with each and every one of y'all. I appreciate it.

MR. HARRIS:

Casandra, thank you for the years and years of outstanding work and everything you've done. At least we're not losing you completely.

MS. PARKER:

No, sir. I'm still here.

MR. HARRIS:

Great. Roby, our first agenda item?

MR. FULKERSON:

Okay. The first agenda item is approve the previous meeting transcript. It's from February 9, 2023, our previous meeting. Essentially, you kind of know the way it goes, if someone can put it forward and then second it, we'll pass it through.

MR. HARRIS:

Do we have -- ya'll have been provided with a copy of those -- of those minutes. Do I hear a motion to approve?

MR. ALLEN:

So moved.

MR. HARRIS:

We have a motion. Do I have a second?

MS. EDWARDS:

Second.

MR. HARRIS:

Outstanding. We have a motion from Mr. Allen, a second from Commissioner Edwards.

All in favor, say "aye."

(All aye.)

All opposed?

(No response.)

The motion carries.

MR. FULKERSON:

Perfect. Okay. The second item is our fund status. So I kind of cut it down to a few items.

First, encumbrances, currently we have \$1.6 million encumbered

on a couple of projects. We have two or three other projects coming up, which we're going to get to later. That will be a couple million dollars more on top of that. The number one item to bring up is the fund balance is around \$17.9 million. If you remember from the OSR law, we have to stop collecting at around \$14 million, so we're right at the range where we have to stop collecting per Treasury, so we're trying to issue some more packages to encumber the money to get us below the threshold of \$10 million. We've hit our budget this year, so we can't spend any more dollars this season -- or this fiscal year, which ends in July, so we're issuing packages that will begin or notices to begin work in July 1. So we've got three or four packages out now, pretty large packages in south Louisiana to eat up a lot of that funding. So our goal is to get that down by the next time you see us.

MR. HARRIS:

And just for everyone's information and clarification, we're taking steps to make sure we don't have this problem in the future. First, increasing the amount of budgetary authority we have, also working with the State Treasurer and the Department of Revenue as far as their interpretations on the fund balance. You know, we've run into situations where we have monies obligated, but it's a matter of what point they do the counting as far as reaching the fund cap, and I believe we won't have that problem in the future, but thank you, Roby.

MR. FULKERSON:

Yes, sir. I know they're working on it, so, hopefully, it will come to fruition soon.

This year, we have not spent any financial security. I think we kind of discussed it last time, but that almost double dips into the fund balance, so we're looking at a couple of financial security projects for next year depending on what happens with the fund balance.

On the next page, we've got a couple of more items, just kind of what the collections look like. This is as of March 31st. So you can see, we've got about \$10 million in gas fees, around a half a million in oil fee, inactive well fee, that's actually \$993,000. So, total, we've collected about \$12.6 this year. Remaining, we have one more draw -- there's four major draws during the fiscal year. May is our last major draw, so we should have another \$2 or \$3 million coming in sometime this month, if it has not already been collected.

On the next page is just a graph kind of outlining what it looks like the previous couple of years. Last year, we definitely had the most collected ever. This year will be something similar, but it doesn't look like it will be quite the same amount, but we're definitely trending up higher than we did in 2021 though.

And then the next page is just showing total collections by month, so you can kind of get an idea of those -- the peaks of where we actually hit our major collections in August, November, March, and May. So, as you can see, we're still lacking that last May collection period for this year.

On our next page is our financial security updates. We've collected about \$500,000 in financial security, that's both escrow and SSTA. So we've got about \$10 million in financial security, that's kind of spread out in a lot of

smaller financial security wells. If you'll remember from a few years ago, we spent most of the larger packages, the Baby Oil, Shoreline, the wells in St. Mary Parish. Those were up in the millions, so now we're looking at financial securities per well like -- well, quite a few of them are like one well for 50,000, two wells for 100,000, so it's hard to build bid packages off of that.

Coming up for this year, we've got two that we are looking at, a Shoreline package which is not really financial security. That was a settlement from a legacy -- I'm sorry, not a legacy case, but a court case, and we've got about 1.5 left in there we'd like to spend this year. And Baby Oil, BP has come forward and requested that we P&A some wells for them, and they're going to put some money in an escrow account for us to P&A the wells. So it's not quite a financial security, but it is an escrow that we can use. So those are two bigger projects we'd like to put in our books this year.

MR. ALLEN:

Roby, when those are empty, is that going to be all of the plug and abandonment obligations for those two parties?

MR. FULKERSON:

No. No, sir.

MR. ALLEN:

It's a lot left, huh?

MR. FULKERSON:

There will be a lot left. BP will have their own. To kind of deal with Shoreline, I believe we've got like 1.5, and that's probably enough to plug -- they're all offshore wells, and I think Rabbit Island alone is around 60 wells. They've got a few other wells that are inland that are probably just as much

money, if not more, than Rabbit Island, so that 1.5-ish will not nearly cover enough.

Money recovery, we spoke with the AG this week. The first one, the Emergency 19-003 in Valentine, a demand letter was sent. If you'll remember, this is the field in Lafourche, a blow out a few years ago. I want to say it was May of 2019. There were some contractors onsite. It looks like the wellhead was struck by something, and the AG is currently pursuing funds from the companies that were onsite at the time when the wellhead was struck. So I think that may come to a -- that's the closest one to coming to fruition right now is a demand letter was sent for \$2 million.

Emergency 20-003, South Thornwell, that was the wellhead leaking in Jeff Davis Parish. We stopped the leak. We're actually looking at reentering the well with a bid package maybe this year.

MR. MALEY:

Excuse me, Roby.

MR. FULKERSON:

Yes, sir.

MR. MALEY:

Valentine, was there a settlement, was there a court judgment?

MR. FULKERSON:

It's still in court, still pending.

MR. MALEY:

Okay. There's been no decision?

MR. FULKERSON:

No, sir.

MR. MALEY:

Okay.

MR. FULKERSON:

The AG just sent a demand letter I want to say about three weeks ago.

Emergency 21-002, Boston Bayou, the AG's Office is pursuing money recovery there.

Freshwater Bayou, we sent letters, sent requests, to both -- Conoco and WT are in the lineage, so the AG's Office is pursuing money recovery from both parties. Conoco originally drilled the well and established the platform.

Emergency 2022-002, Breton Sound, Chevron has responded, and we're working with them on payment options and kind of how much they're obligated to pay.

Black Elk, 20-007, Talos is actually in the lineage with Stone. They have their own private escrow set up for that, and they're working with us to -- and the other remaining parties to either P&A the wells or fund the P&A.

So there's the two recent projects, 23-005, both Lockport and Cameron. I reached out to all parties involved. Essentially, they all got back to me and said they will not intervene. So the way OSR works is, after we spend the funds, we can pursue them, so we'll complete the work, send demand letters, and then pass it over to the AG's Office for money recovery. So both of those projects will have money recovery operations, as well.

MS. PARKER:

I just want to point out real quick, the Cameron package is -- should be 23-006, I believe.

MR. FULKERSON:

That's right, good catch on the typo.

And the Lockport package just finished up. A lot of that was right off of the freeway area in Lake Charles, so a lot of that was taken care of.

MR. MALEY:

So just to clarify, they were given the opportunity to do the work themselves. They declined. Have they accepted any kind of responsibility, or they just said we'll talk about it?

MR. FULKERSON:

Most are silent. Every now and then, some will just decline. They don't accept any responsibility. Post-well, we'll send letters with the amount of money we spent, and, essentially, it's a demand letter saying we've -- this is the amount we've spent, we want to be reimbursed, and at that point, it usually just turns into kind of a long, drawn-out court case.

MR. MALEY:

Thank you.

MR. FULKERSON:

If you guys are ready, we can continue on.

So the next is the urgent and high-priority wells in Louisiana. I think we've brought this up a couple of times. It kind of trends down, but that's not really a large change in the way we're accounting for anything. We just went from a hand accounting system to everything through a database, through SONRIS. So we pulled these numbers straight from SONRIS in the database. So, as you can see, we've got

555 urgent, that's Priority 1 and 2 wells remaining, and we've P&A'd 644, Priority 1, Priority 2 wells.

On the next page, we have the orphan wells abandoned by OSR. It's around 4,524 current orphan wells, and, overall, we've plugged around 3,500 orphan wells. This year, we're making pretty good headway, especially with the federal funds. I was speaking with the Secretary's Office just before this. It nearly -- between the two, it's almost 400 wells this month -- this year.

MR. ALLEN:

The wells that are going to be plugged with the federal funding are going to be tracked the same way?

MR. FULKERSON:

I believe so, yes, sir. We're not counting them as our performance indicators, but they will be counted as orphan wells abandoned. So it will be two different tracking mechanisms. Like, we have a performance indicator for how many we have to P&A in a year. They won't hit that book, but they will hit the book on orphan wells abandoned.

MR. MALEY:

When an orphan well is abandoned, do you put it in Status 30?

MR. FULKERSON:

Yes, sir.

MR. MALEY:

So that will be the same for the federal --

MR. FULKERSON:

That's right. It will be the same. It will be condition codes behind it where we can say -- like a 93 would be indicated that it was P&A'd with federal funding.

MR. HARRIS:

If I may, for the board members and the public, we're running these two programs in parallel. The thing we didn't want to do was mix State and federal money. You know, over the years, over the last eight years, our collections have basically doubled from about 6 -- 5 or 6 million a year to 11 to 13 million a year currently. That program is chugging along. In the meantime, we've received what was -- it was 25 -- 30 --

MR. FULKERSON:

37.

MR. HARRIS:

-- 37 million this year in IIJA funding to plug orphan wells, so we're taking advantage of that, but we're running both those -- those programs in parallel.

And, Commissioner, I can't say enough great things about your staff and the work that Roby and Casandra have done running and managing both of those programs at the same time, basically, at a minimum, tripling or quadrupling the -- the workload overseeing all of those projects and plugging in coordination with your field staff to go out and verify those, so great job, guys.

But, no, we definitely wanted to keep the money separate and run those programs in parallel.

Please proceed, Roby.

MR. FULKERSON:

Yes, sir, appreciate it.

The current orphan numbers, it's kind of a snapshot in time of -- so just pulled off of SONRIS, you'll see most of the Priority 1s are Lafayette, as expected. Most wells on water check that box for being higher priority. As you kind of continue down, you can see the bulk of the wells are in north Louisiana, the Monroe-Shreveport, with the higher priority in south Louisiana. So, in total, we've got -- you know, depending on the time you run them off of SONRIS, we've got about 4,500 orphan wells right now spread out between the three districts.

If there's no questions there, I'll kind of step into our next project. So our current projects, as I mentioned, the one in Lockport, Calcasieu, right outside of Lake Charles, it had 14 wells. That was actually complete -- we have a little bit of final soil testing to complete. Once that is done, the project will be completely wrapped up. Cameron should start July 1. There is a Shreveport package that we just bid, and we've got the notice of award ready to go out. Those are kind of three problematic wells. I know we were going to try to avoid wells in Shreveport, but a couple of these are almost like artesian wells in the middle of a forest, so we're going to take care of those now. We've got a John Lafitte well, 24-001, and that one is just at water level, and I believe it's leaking gas. It's an older well. I believe it was P&A'd. I don't know if it was on land at one time, but it's right at the water level and leaking gas. So we'll probably have to run a cason

over it and find a way to reenter the wellbore. I believe that site visit is next Thursday or Friday, if I remember correctly.

And, recently, we've got two packages coming up. They haven't gone out yet, a Manila Village. There's 11 wells on water. A good bit of older machinery and older -- water wells. I don't remember the operator for most of them. We've got 11 of those to take care of.

And then the Jefferson Davis, the reentry of that one in South Thornwell, the one that's P&A'd at 2,700, it's still got some pressure on it, so we're going to go back and need a bid to see what it will take to reenter the well, remove the rest of the tubing, and P&A that at the perfs.

MR. MALEY:

That well, if I recall, a prior -- the party that drilled the well had agreed to fund some diagnostics?

MR. FULKERSON:

They did.

MR. MALEY:

But that was kind of the end of their commitment?

MR. FULKERSON:

Yes, sir, and I don't believe they ever reentered the well for diagnostics. They've measured pressure for the last few years, and they've just found that there's pressure both inside of the casing and between the production casing and the intermediate casing. And I want to say -- I don't remember the pressures, but it was in the -- you know, it was up in the thousands for quite some time on both sides.

And the next page, we've just got a couple of potential projects that I'd like to work on. A Shoreline package, again, we'd like to spend the rest of that settlement. Masters Creek, you probably remember this from last time, but we finished the well up there. There was one well we left off the package. It is a well that they said has H2S in it, and it's, you know, 100' from someone's home and 100' from a plant nursery, and we're kind of determining how to proceed with wells like this around populated areas. Should we relocate the people who live in the house? How do we relocate them? How long do we relocate them? So it's kind of -- as we've gotten farther down the orphan list, we're kind of approaching wells that are closer to people's homes, and we're dealing with things we haven't dealt with before, so we're just kind of working our way through that.

MR. MALEY:

That's in the Shoreline package?

MR. FULKERSON:

No, sir, that would be in the Masters Creek package. That would be the second one on the list.

And then the last one is just the Baby Oil. We've got that -- we've seen the agreement. I think we're just trying to find a way to get the funding or the budget area to do it.

That's kind of all I've got planned right now. We're probably look at what the escrow -- or what the encumbered amount is for both Manila Village, Jean Lafitte, and Jefferson Davis and kind of go from there for the next couple of packages. I imagine with the funding left

over, we're going to center it around wells in south Louisiana, probably water wells.

I know we've got a -- well, we just finished a lot of Cameron packages, but there's quite a few on water that we need to take care of in Breton Sound, as well, so that would be, you know -- if we have the funding available, my next place we'd probably look at Breton Sound because there's a lot of aging infrastructure out there that's in really bad shape.

Is there any questions related to packages, previous or current?

(No response.)

MR. FULKERSON:

Okay. On the federal side, before we get into our federal projects, there are no EPA or Coast Guard updates. I think the EPA may be interested in a well in the Shreveport area, but they haven't P&A'd anything recently. And the Coast Guard has kind of made a policy not to P&A wells anymore.

Federal funding update, so I had hoped our LSU contact could make it, but Greg Upton (phonetic) has been promoted from I believe he was vice president or a teacher at the Energy Center to now heading up the Energy Center at LSU, so he promised he'd come in July to kind of share some of the findings, but I think he was busy today from the sound of it.

So I'll provide the methane update, because it's kind of something new and fresh to the group. If everyone recalls, the IIJA said the federal funding, the initial grant requested a methane measurement of

all federal sites. It wasn't mandatory, but we went on and elected to pursue the methane testing. Subsequently, it looks like all the grants upcoming from the federal government will require methane testing, so I think it probably worked out to our favor that we've already begun it, have a program, and are ready for it.

One of the big components -- we have both our contractors measuring in the field and LSU was procured for methane study and measurement, so they're actually pulling the data and kind of giving us a write up about it and are going to perform a study on how to pragmatically measure methane both in the future and then kind of help predict which wells should emit the most methane. We are very, very early in this research and their project.

We've only measured 494 wells. We've got 4,500 in the state, so it's just a snapshot. They detected methane being released at 138 of the wells, which is almost a third of the wells. That was a bit of a surprising number for me. So I actually pulled this straight from the methane write up. You can find it on our website, the IIJA website or the Center for Energy Studies at LSU. So, assuming the leak rates are relatively constant over the course of the day, this sums to 17.4 mcf of leaked gas per day. For perspective, the market value of this gas would be about \$43.50 per day. Approximately half of the methane leakage detected come from just five of the almost 500 wells measured.

So what they found is quite a bit of them were leaking, but only a few of them were leaking anything significant. And it seems to be a

low volume right now. I guess what I took out of it is I was just kind of surprised that a third of the wells were leaking, because, externally, you wouldn't be able to tell. So it will be interesting to see what comes of it. It's kind of definitely in the infancy. I mean, they haven't done much in south Louisiana yet, but as they expand, I think they'll find more and more, and it's just -- I'd like to share more and say I knew more about it, but we'll have to get our methane experts in for it, but it's just kind of interesting.

Any questions?

MR. ALLEN:

Not a question, just an observation, I mean, 138 wells it's detected. I mean, that's -- it could be almost a barely measurable rate.

MR. FULKERSON:

Nothing, yep.

MR. ALLEN:

What's really a thing here is only five of 500 were doing the leaking, so I think there's a distinction worth showing right there.

MR. FULKERSON:

Yep. Okay.

MR. ALLEN:

It would be interesting to see when those folks come and give us an update on it.

MR. FULKERSON:

It will be. I think they -- you know, as we expand to how many we monitor and we start going to 24-hour monitoring -- so the EPA and

the -- I believe it's the American Carbon Registry, but I may be getting their name wrong, but they require 24 monitoring pre and post well. LSU is trying to prove you can do it in four hours or six hours and save a little bit of time so we can measure more wells rather than spend a whole day on each well. So they're trying to take a pragmatic approach to it for us. I think it will be interesting once we get further in and they measure a lot more wells. I know they're hiring two student workers to go to the field, as well, to kind of start looking at a lot of this. So I think over time we'll see a lot more of it come out. So it will be interesting. I don't know if July they'll have a lot for us, but I feel like by October, I hope they have a lot of information.

And I'll slide into the federal projects, and we've actually got one of our contractors here, and they may want to take a few minutes and kind of describe their -- their thoughts behind the program and how everything is going.

MR. HARRIS:

Before you do that, Roby, I do have one question. Could you give us the total number of wells plugged using that federal money? We've been doing this about four months now.

MR. FULKERSON:

Yep. So if you'll turn the page on federal projects, so total abandonments, we've P&A'd 177 wells as of this morning in Shreveport, 114 in Monroe, and 291 total. So that will be the most we've ever plugged by the State program just by itself.

MR. HARRIS:

In a full year, and that was in just four months.

MR. FULKERSON:

That's right.

MR. HARRIS:

That's a great number.

MR. FULKERSON:

It's also four wet months, as well.

MR. HARRIS:

Thank you, Roby. Please proceed.

MR. FULKERSON:

No problem. Tyler, do you want to take a minute, sir?

MR. DUHON:

Certainly. My name is Tyler Duhon. I am the senior project manager for Lemoine Disaster Recovery. We are on the orphan wells project up in the Shreveport District.

I just want to say first thank you to DNR and the Commission for allowing us the opportunity to speak today.

I just wanted to provide some feedback on our progress so far within the contract. So our executed GNP late last year was for January through September of approximately 300 wells, plug and abandoning, full restoration. And our goal from the beginning from a scheduling and cost standpoint is to be as aggressive as possible and really chase success because we know this is, you know, a nationwide project that it's -- it's important that we really put our best foot forward. To date, we will end the month right at about 180 completed,

so we're 60 ahead, roughly, on our scheduled pace. That, combined with a -- I'd say roughly ten to fifteen percent savings per well has given us the ability to project completing the initial 300 roughly around the start of Q3, and actively with buy back savings, chasing an additional anywhere from 40 to 80 wells to add on to our final completions for the contract.

So it's been a pleasure working with Roby and the full team. We look forward to continuing to push for those numbers.

And -- and to kind of circle back, another big thing we're pushing is the disadvantage, you know -- outreach in the community in Shreveport. This is a federally-funded project, and we understand it's a very important issue. We're going to have our first outreach event in the middle of June, really outreaching to the different vendors and employees and, if possible, workforce in the area to really capitalize any opportunities that this funding presents itself to. And we also have a good amount of our DBE (phonetic) allocations spent already in terms of suppliers in the area, just creative ways of making sure that we utilize these funds to contribute to that -- to the community and the overall mission that this Commission has when it has to spending those funds as possible.

MR. HARRIS:

And thank you for all the work y'all have done.

I do have one question. Are y'all seeing increased competition for your subcontractors, you know, the folks with the drilling rigs? I know we're not the only state to get a bunch of federal money. Are you

seeing that competition in the marketplace?

MR. DUHON:

Yeah, we've seen it, especially I think with the news that this funding is coming down and then the success in the area, it's kind of a natural product of that. But we have a great team with us. We're all committed to Louisiana first, and that's the message that we're putting out there and what we're pushing for.

MR. MALEY:

I'm sorry, the name of the organization again?

MR. HARRIS:

Lemoine.

MR. MALEY:

Okay.

MR. HARRIS:

The two primary contracts with the federal money, Lemoine and Dynamic.

MR. DUHON:

And then, Roby, one more thing on the methane capturing, I know we have three big (inaudible) that we've been monitoring, and those are on our priority list of making sure that -- with the funding that they definitely get addressed.

MR. FULKERSON:

Thanks.

MR. HARRIS:

Thank you very much.

Were there any other questions?

(No response.)

Thank you for being here, and thanks for your testimony today.

MR. FULKERSON:

And speaking about that, they really -- they've done a good job, and it's great visiting in the field with them because they -- Lemoine is actually subcontracting a lot of our contractors. I recognize Todd (inaudible) back there, but Todd has worked with the OSR program for quite a while. (Inaudible) Segwick (phonetic) is working with them. Quite a few local guys we have up there, so it's a good route.

And that's all I've got on federal funding. I'd just like to tout this when I can because we spend a lot of time updating it, but there's a federal website. We put everything on there, contracts, what was abandoned, what's coming up, our responses to any of the Department of Interior documentations they request from us, anything they send to us, we try to put everything on there. So if you ever have a question or something, the first place I'd probably point everyone is here because it just makes it easy if I can tell you, go look here because there's one place to find everything. So we put everything there. If there's something you think I'm missing, just let me know, we'll put it on there.

And, last but not least, I can't stop without showing a couple of pictures. This actually came from a Masters Creek project. I just thought this was interesting. It's not ones we see every day. You'll see -- this is actually Barry Salsbury and Selective Oilfield. This was

removing a large facility up there. I want to say it was almost a million dollars worth of removal, huge concrete slab, 15 tanks, I want to say. You can just see the guys in there -- you don't think about this when you P&A a well. You just think about the abandonment, but some of those tanks were 10,000, 20,000 barrel tanks, so you actually have to get people in there to get all the sludge out before you can transport it. So it was just interesting. It's not something you see every day, so I wanted to throw it in there to kind of show the work that's getting done.

And we've got a couple of more things. One is, we've got one new contractor this month that we'll have to kind of review and approve. It's FDF Energy Service, LLC. They're out of Crowley, and they want to work on land and water wells at all depths, and they're a general contractor. We've gone through the checklist. They kind of meet all the objectives for applying and being a contractor for OSR. So I'll just put it before this group if they're willing to ratify them in.

MR. HARRIS:

So y'all have reviewed their application. They meet all the requirements and you recommend approval at this point?

MR. FULKERSON:

Yes, sir. Yes, sir.

MR. HARRIS:

Is there anyone here from FDF Energy that would care to speak?
It's not a requirement, just checking.

(No response.)

Apparently, not.

MR. FULKERSON:

Doesn't seem to be.

MR. HARRIS:

Any of the board members have questions regarding this application?

(No response.)

Do we have a motion to approve FDF Energy Services as a new OSR contractor?

MR. HENNIGAN:

So moved.

MR. HARRIS:

Motion by Mr. Hennigan.

MR. MALEY:

Second.

MR. HARRIS:

Second by Mr. Maley.

All in favor, signify by saying "aye."

(All aye.)

All opposed?

(No response.)

That motion carries.

The next item, Roby?

MR. FULKERSON:

And I had a couple of just housekeeping updates on the OSR fund.

So this year, we've spent a little bit of money on a couple of things. So we've spent less than \$5,000 on a few new GPSs. We're finding in high populated areas of wells the GPSs their using now can't differentiate between wells. For instance, Tullos has wells around ten or fifteen feet apart, and the GPSs aren't so concise that they can tell orphan, orphan, owned well. So the purchase of differential GPSs that we're going to bring out to the field, and that should measure more to the inches. We found in some areas, Benton, Caddo-Pine Island, it's hard for us to differentiate between wells, especially with an orphan operator and the well sign is gone, if you have three wells within a few feet of each other, it's almost impossible for us to tell which well is which. So if we have this GPS, we can at least pinmark it to an inch, and then that will be that well from that point forward for us.

Also, we've had quite a bit of turnover recently in the field --

Yes, sir.

MR. MALEY:

Have you had instances where you've entered the wrong well?

MR. FULKERSON:

We have, yes, sir, yep.

MR. MALEY:

I guess this doesn't eliminate some of the possibility because some of the surveys could be so old as to be inaccurate. At least you're improving your precision.

MR. FULKERSON:

That's correct, yes, sir. We're at least -- and then from that point

forward, if you think about it, if we're precise, it should always be that well. If you have handover and it's imprecise on your measurement, one well for one person and they retire, it may be a different well for the next person. Especially in north Louisiana, because it's not a wellhead. Largely, it's just a piece of casing in the ground, so it's hard to tell.

Also speaking, we've had a good bit of turnover in the field, so our guys haven't had NORM training recently. Quite a few of them haven't had any NORM training and also well control, so Chris Sandoz and myself worked with Monroe to get their NORM training set up, and we'll probably look into it for Shreveport and Lafayette, as well. There's just a lot of coming and going, so a lot of these guys haven't attended the NORM classes from ten years ago.

And also well control, Chris reached out to LSU to see if there's anything we can do to update our guys on any well control training. Again, we've had a lot of people come and go, and not much well control knowledge passed down, so those are just items we're looking out to get our people trained up.

MR. MALEY:

Do you have a vacancy on your staff now with Casandra's impending promotion?

MR. FULKERSON:

Yes, sir, we do.

MR. MALEY:

Do you anticipate any difficulty managing your activity, or do you

anticipate that -- filling that position in a timely --

MR. FULKERSON:

I'm definitely going to have to prioritize things, and so, hopefully, we can fill it relatively quickly. In the interim, I'll probably be a mix of busy and prioritizing things. If I don't get back to you right away, always assume I will, it just may not be as quick as usual.

MR. MALEY:

Okay.

MR. FULKERSON:

And then last, I want to end on our -- well, one more thing after this -- but our performance indicators, we've got about 99 wells for the year. We may reach a couple more before July, but not many. As we've discussed, our performance indicators are going to be much farther down this year compared to previous years. We're not P&A'ing any of the wells in north Louisiana with the State funds. So where you've seen us go after 200 to 225, we're just shooting for 100 or so this year. Next year, it may be even less. If you look at Manila Village, if that's 11 wells, and \$2 or \$3 million, that's like a third of our budget, so you may be looking at 30 or 40 wells next year. I think that the thought isn't really to key in on performance indicators but key in on wells that are obviously going to be a big problem in the short or interim, so our performance indicators are slightly down, and I'm going to guess the number will be even lower next year, but it will be higher priority wells, stuff on water, things of that nature.

And the last item on the list is new business, old business, sir.

MR. HARRIS:

Very good. Thank you, Roby.

Do any of the Commission members have any new business, questions, ideas?

(No response.)

Public, are there any public comments?

Yes, sir. Please, if you would, identify yourself.

MR. MIXON:

James Mixon. I'm here on behalf of Pattern (phonetic) Energy, and my client is developing a solar panel project in north Louisiana in Morehouse and Ouachita Parish. They have an option to purchase about 9,400 acres of land. They've exercised the option on about half of that. We -- during the course of our search, we found that there's some old orphan wells on the property. There are also some wells being operated, and we've actually reached an agreement with the operator of those wells to facilitate those wells being plugged and abandoned. They are marginal wells. We reached an agreement with them to pay them to plug and abandon those wells. But the issue we have is the orphan wells that are located on the property, trying to get those moved to -- farther up on the budget so that we can begin constructing the solar energy project.

Right now, the exercise of the option of the north tract has already occurred. I anticipate they'll close on that sometime this fall. They're going to exercise their option on the south tract sometime this fall and close sometime in the spring. They anticipate that once they do their

due diligence, they hope to begin constructing the facility, if not next year, the year after, depending again upon when we can get the current wells on the site plugged and abandoned.

I did bring with me today a plat that shows the north tract that we've already exercised the option on, kind of facilitates -- showing the wells. I also have a list of the wells that are orphan wells that are on the north tract, and most of the wells that are on the south tract. A more pressing issue is the north tract, seeing if we can get those moved to higher on the budget so that we can get those plugged and abandoned consistent with when we begin constructing the project.

MR. HARRIS:

How many wells are you talking about are on that tract?

MR. MIXON:

Do you remember, P.J., how many wells are on the north tract?

UNIDENTIFIED SPEAKER:

60-something wells.

MR. MIXON:

60-something wells and eight wells on the south project. The wells that we've actually reached an agreement with the current operator, I think we've got right at 90 wells that we've reached an agreement with them to have the operator plug and abandon those for a fee.

MR. HARRIS:

So there are both active and orphan wells on your tract?

MR. MIXON:

On the option tract, there's both active wells and orphan wells,

and we've reached an agreement with the operator of the active wells. Now our problem is, what do we do with the orphan wells and how do we get those moved to status where they can be plugged and abandoned?

MR. HARRIS:

I know Roby and the staff in the OSR program has historically used prioritization, you know. All the orphan wells are ranked based upon their threat to the environment, basically, the threat to groundwater, to human receptors, and other factors, you know, its current status as far as, you know, if it's leaking or not, there's a scoring system, and we use that pretty heavily. Now, in addition to that, we'll also try to put together bid packages that make sense to maximize the dollars and put together a package that, you know, tries to minimize the cost per well in making an effective and economical package.

Roby, where are we? Are any of these wells currently scheduled to be plugged?

MR. FULKERSON:

I don't know that we necessarily have a straight schedule like that, but I believe, if I remember correctly, these are Priority 3-4 wells, but I have to get the full list again and look at them all, but I don't believe they were the urgent or 1 or 2s.

MR. HARRIS:

We definitely have not historically put wells on the schedule because someone says, hey, we've got some property, we want our

wells plugged, because everybody, you know, basically, wants their wells plugged. We try to be impartial and use the facts as best we can to prioritize the scheduling. I'd be happy to sit down with you. It sounds like it's a more complex issue than we're going to be able to address certainly in the board meeting. You would have the option also, if you were interested, I know we have had people use their own money to plug wells. We'd certainly be happy to work with you that way or sit down and -- and figure out what's a path forward that makes sense for everyone.

MR. MIXON:

Is there going to be an opportunity after today's meeting to meet with y'all to discuss that?

MR. HARRIS:

I'm available.

MR. FULKERSON:

I'm certainly available.

MR. MIXON:

That's all we're asking for an opportunity to kind of --

MR. HARRIS:

Yeah. Let's talk and try to figure out something that makes sense.

MR. MIXON:

Thank you.

MR. HARRIS:

Thank you, sir, appreciate it.

Any questions from -- Mr . Maley?

MR. MALEY:

I just -- did I pick up on you saying that you had reached an agreement with the landowner of the tract you had already purchased to cooperate in the plugging of some of the wells?

MR. MIXON:

The option that we have to purchase involves some wells that are currently being operated, and we've reached an agreement with that operator to plug and abandon those marginal wells that he is operating at this time.

MR. MALEY:

He's going to fund their plugging or is the party you're representing plugging -- funding the plugging of any wells --\

MR. MIXON:

Actually, Pattern is going to fund the plugging and abandonment of those wells. He's just agreed that he will -- the wells are currently producing, but they're very marginal, and so we've reached an agreement for a particular price that basically pays for his future production and pays for his cost of plugging and abandonment of those wells and restoring the surface so we can utilize them for the social energy project. And we've reached a scheduling of how we're going to do that, as we begin to develop our project, we will plug and abandon those wells on a schedule. They're not going to be all plugged and abandoned at one time because we don't know exactly how quickly our project will progress with construction.

MR. HARRIS:

Just the problem we face, you know, these are public dollars. We can't reprioritize the wells we plug to benefit one particular project, that -- that would be problematic, but I'll be glad to try to sit down with you and figure out the magnitude of the problem and advise you the best we can.

MR. MIXON:

We appreciate that.

MR. FULKERSON:

I think that's it for us today.

MR. HARRIS:

Mr. Maley, go ahead, please, sir.

MR. MALEY:

Well, I would -- one piece of business that's relative to that. It came up in a meeting within the last year about the scoring priority system, and it's something that this Commission is charged with reviewing from time to time. I think it would be a good idea to put that on the agenda for the next meeting, especially since there are some new members.

MR. FULKERSON:

Sure. Okay.

MR. MALEY:

Just so when the question comes up, yeah, we've looked at it, we agree with it, and although it may not be a perfect system, this is the system that's being used.

MR. FULKERSON:

Sure. I can send you guys out a blank score sheet or maybe one -- a well scored, and let you guys take a look at it.

MR. MALEY:

Well, I remember seeing just a table, here's how many points are assigned for each well attribute, and --

MR. FULKERSON:

It's the same thing. I will send y'all a copy of that so you can look at it before the next meeting.

MR. HARRIS:

And that way, we can have an intelligent discussion and -- or, you know, open to ideas for approval by this board to change the metrics we use.

MR. FULKERSON:

Yes, sir.

MR. HARRIS:

Yeah. I think it would be great to have -- allow us to do that homework, and then have a discussion in open forum.

MR. FULKERSON:

Yep. And I know some of you guys like to play on SONRIS, so the priority score is there, and I'm going to send you the sheet. It will be a blank sheet or one well, but it will be -- you know, for instance, when -- tested on a well, and you can look at the priority, but you don't know how we scored it, I can send you a score sheet. It's just hard for us -- if you think about it, there's 4,500 score sheets, so it's hard for us to put them all out.

MR. MALEY:

Right. I wouldn't -- that's -- yeah, that's beyond expectation.

MR. FULKERSON:

But if you have one you want to score yourself and then go compare it to what we did, just let me know, and I'll certainly send you that.

MR. MALEY:

Right. Sure.

And the other thing, maybe the Secretary was going to make the same comment, but I wouldn't feel right closing this meeting without honoring the service of two long-time members who are no longer with us, of course, Commissioner Ieyoub and Don Briggs, who's long-time president of the organization Steve and I represent, and also was there at the founding, if not a founding member, of the whole orphan well effort in Louisiana. Ironically, I think they both passed away in the same month, so it's a great loss, and I think we all honor their service and thank them and remember them in our prayers.

MR. HARRIS:

I couldn't agree more, and thanks for catching that oversight.

MR. FULKERSON:

Also, Mr. Barney Callahan, certainly didn't pass away, but he stepped away for some health issues, and he was just a good guy.

MR. MALEY:

I'm sorry. Say the name again.

MR. FULKERSON:

Barney Callahan.

MR. MALEY:

That's right. Barney is no longer on the board. He stepped away for health issues.

MR. FULKERSON:

He stepped away for health reasons, but also a very good person.

MR. HARRIS:

If there are no other comments or questions, then this would be a good time to entertain a motion to adjourn.

MS. EDWARDS:

So move.

MR. HARRIS:

Motion by Commissioner Edwards.

MR. ALLEN:

And I will second.

MR. HARRIS:

And we have a second on that.

All in favor, signify by saying "aye."

(All aye.)

All opposed.

(No response.)

The meeting is adjourned.

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 May 25, 2023, by the Department of Conservation, Baton Rouge, Louisiana, was prepared and transcribed by me; that the foregoing pages, numbered 1 through 39, 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

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