

State of Louisiana

OILFIELD SITE RESTORATION

COMMISSION MEETING

OCTOBER 20, 2022

1:00 p.m.

Oilfield Site Restoration Commission Meeting

Thursday, October 20, 2022

1:00 p.m.

MEMBERS PRESENT:

Thomas Harris, Secretary

Barney Callahan, LWF, Sierra, and Audubon Society

Timothy Allen, Louisiana Landowners Association

STAFF PRESENT:

Roby Fulkerson, Office of Conservation, OSR Staff

Casandra Parker, Office of Conservation, OSR Staff

John Adams, Assistant Commissioner of Conservation

Blake Canfield, Attorney, LDNR

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Oilfield Site Restoration Commission Meeting

October 20, 2022

ROLL CALL

MR. HARRIS:

I call this meeting to order, although it's not going to be -- Roby,
would you please call the roll?

MR. FULKERSON:

Yes. So for the Oilfield Site Restoration Commission meeting for
the first quarter, Tom Harris, Secretary.

MR. HARRIS:

Present.

MR. FULKERSON:

Richard Ieyoub, I believe is traveling and out of town.

Lisa Creasman, I believe she is not present.

Steve Maley will not make it.

Barney Callahan.

MR. CALLAHAN:

Here.

MR. FULKERSON:

David Levy, I do not believe will make it or is not here presently.

And Timothy Allen.

MR. ALLEN:

Here.

1 **MR. FULKERSON:**

2 We do not have a quorum.

3 **MR. HARRIS:**

4 We do not have a quorum, so this will not be an official meeting of
5 the Oilfield Site Restoration Commission. We won't vote on anything,
6 but will be an informational meeting only.

7 Roby, would you please address the first item?

8 **MR. FULKERSON:**

9 Sure. If it's okay with you guys, I'll just kind of skip ahead and
10 skip the transcript. There's really no point of reading that. And
11 you've got the agenda, but I'll just go through the fund.

12 So this is, as of September 30th, our fiscal restarts -- essentially
13 resets on July 1st. We've collected about \$3 million in gas tax this
14 year. They haven't gone out with the inactive well fees. We've got a
15 little bit of interest, a little bit of oil tax, but that comes in to about
16 \$3.2 is what we've collected so far, and we're expecting to collect
17 another \$8.5 million this year.

18 Our next page is our fund status. We've got around 4 million
19 encumbered. The fund balance shows 17, but that's with -- the fund
20 balance was actually closer to 8, that includes the 8 million they're
21 expecting to take in this year, so, technically, the fund balance itself is
22 10, or a little bit less than 10, and the -- the collections we're expected
23 to take bumps it up to that 17 number.

24 Financial security, escrow reimbursement that's work we've
25 performed and -- on wells that have an SSTA, financial security, and

1 then reimbursed ourselves, so we haven't performed any of those so far
2 this year in the first quarter.

3 After -- yes, sir.

4 **MR. ALLEN:**

5 The federal funds we were talking about a while ago, that's not
6 being tracked in here, that's being tracked separately?

7 **MR. FULKERSON:**

8 Yes, sir. So that's actually a completely different pot of money, so
9 we've separated OSR funds and the federal funding and actually the
10 Wildlife is separate from that other federal funding, that way all three
11 funds kind of come from their own buckets.

12 **MR. HARRIS:**

13 Roby, I'm going to just in for a second. We -- we look at this -- all
14 this federal money coming, and, you know, we decided we're going to
15 keep -- we're going to spend this money doing it the same way we
16 always have, and, you know, can we effectively quadruple -- you know,
17 quadruple the number of wells that we plug and the amount of money
18 that we spend. Because, you know, some of, you know, it had to be
19 obligated within the first 90 days of -- of the money dropping -- of the
20 \$25 million dropping. So, you know, my question was, can -- can we
21 obligate \$20-some-odd million in 90 days doing the, you know, small
22 bid packages and the bite-size pieces that, you know, most of our OSR
23 contractors can handle, and we didn't think we could, so we decided to,
24 you know, seek out some larger firms. You know, of course, that
25 wasn't a requirement.

1 But the other thing we looked at is, if we do that, will we fall
2 behind with the work the OSR program has -- has historically done.
3 Can we do both? So we decided to go in parallel. We're going to keep
4 doing with the normal OSR funds what we've been doing, and that's
5 going to continue, but to handle these separately.

6 And we did have some additional reporting requirements with the
7 federal money, economic impact, you know, impact for disadvantaged
8 communities, pre- and post-plugging methane sampling to quantify
9 the reduction in methane emissions, you know, stuff that we normally
10 don't do, stuff that our OSR contractors aren't necessarily familiar
11 with doing.

12 But the thought is, you know, we are basically competing for
13 resources, people who are willing and able and know how to plug
14 wells, you know. The -- we were looking for two big contracts where --
15 and that's what we -- we put out for bid, two big contracts with a
16 company that can coordinate, you know, these much larger-scale
17 activities, keep track of all the reporting requirements by the feds, you
18 know. I'm probably going to be gone, but somebody else is going to
19 have to answer questions, you know, did you meet the requirements,
20 you know, the strings that come with the federal money, and we really
21 wanted to make sure we were able to document all that. And so we
22 were looking for really the -- someone to organize, track, and
23 coordinate all those activities, alongside and parallel to our normal
24 OSR work.

25 Anyway, sorry, Roby. I wanted to throw that in.

1 **MR. ALLEN:**

2 So what I heard the Secretary say is, he didn't have any confidence
3 in your whatsoever, and he outsourced all that information.

4 **MR. FULKERSON:**

5 For that amount of money, I don't blame you. I would have too.

6 **MR. HARRIS:**

7 And, quite honestly, Roby is actually doing both. Our normal
8 OSR contractors will probably be subcontracted to do some of this
9 work, but Roby and Cassie, for sure, are going to have their hands full.

10 **MR. ALLEN:**

11 So, as part of that work that's separate and apart from this
12 funding stream, does that still fall under the purview of this
13 Commission? Would we be getting reports on that? Should we be
14 ratifying the contracts or -- it's -- I'm glad this is an informal session,
15 because it's kind of an informal question.

16 **MR. HARRIS:**

17 Actually, the attorneys in the room are all -- the three of them are
18 all in their own conversation.

19 Blake, actually, Mr. Allen had a really good question. As far as
20 the federal monies, will that flow through the normal reporting to the
21 OSR? What is the difference --

22 **MR. CANFIELD:**

23 Yeah. I mean, so it -- I mean, I guess there's no formal process for
24 the OSR Commission on the federal stuff. The reports are going to be
25 pretty regular. I mean, it's sounds like we'll be doing monthly reports

1 on everything. All of that is going to be made public. So, yeah, it's just
2 up to you guys as to whether or not y'all want updates.

3 **MR. HARRIS:**

4 I would support -- and, you know, the reason for the difference --
5 an I'm not an attorney. I come from the technical side. But, you
6 know, this Commission's duty is to oversee the spending of monies
7 that are deposited into the Oilfield Site Restoration fund.

8 **MR. ALLEN:**

9 Legislatively.

10 **MR. HARRIS:**

11 Yeah.

12 **MR. ALLEN:**

13 I mean, that's why it was created.

14 **MR. HARRIS:**

15 At -- at the same time, you know, I -- I would support regular
16 reporting to this Commission of what we're doing with the -- and the
17 progress that's being made.

18 **MR. ALLEN:**

19 Doing so might give it some credibility or some transparency
20 maybe that some people have indicated you don't always exhibit. So,
21 I don't know, it might be a suggestion just to have that as a -- as a
22 sideline update at future OSR meetings.

23 **MR. HARRIS:**

24 I like it.

25 **MR. FULKERSON:**

1 Yep.

2 **MR. ALLEN:**

3 Can't hurt. I'd be kind of curious to see how things are
4 progressing as well.

5 **MR. FULKERSON:**

6 I think that's certainly our intention. So I put a slide at the end,
7 and I was going to kind of walk through the bid process, what we've
8 done, but I think, ultimately, our goal would be to update you guys on
9 everything, mostly because this board also is kind of a -- is a great
10 source of advice. So, you know, you guys have a lot of great feedback,
11 so there's things we don't think of that we're kind of siloed in here, so
12 any feedback we get is always appreciated.

13 **MR. ALLEN:**

14 Thank you.

15 **MR. FULKERSON:**

16 I'll kind of run through the collections just so you guys know. So
17 the seventh slide is the collections graph, that's just kind of tracking
18 how it's gone over the last couple of years. As you can see, it just
19 steadily trends up. Last year, we collected more than we ever had
20 before. This year, if you go to the next slide, we're about 700 --
21 \$600,000 to \$700,000 more than we collected in the first quarter of last
22 year. So with the higher oil prices, we're just seeing -- the high oil and
23 gas prices, we're just seeing a larger amount of collections than
24 normal. It seems like things are slightly down, but our program
25 continues to collect funding and continues to move up which will only

1 help us.

2 The next page we put in was the financial security update. We
3 just want to make sure everybody knows how much we have in
4 financial security, how much we've collected, and what our intentions
5 are in the next -- previously and coming up to spend financial security,
6 and that's SSTAs and bonding.

7 So we've got about -- we've collected 200,000 -- a little -- 282.
8 We've got about 11 million in financial security. Now, that 11 million
9 is spread out amongst, you know, a couple hundred wells, I want to
10 say, so we're hitting the larger packages that have a lot -- a large
11 amount of financial security associated with them. So the wells we've
12 done this past year was Lake Hermitage, five wells. The winning bid
13 was 1.5 million, so that was 1.5 for five wells. There was an SSTA for
14 23 wells for 2.2, so as you can see, there's a pretty big discrepancy
15 there, but we're working our way through those SSTAs. Same with
16 Bay Batiste. These are both Mesa Gulf Coast packages. We've spent
17 probably about 3 million, 3 to 4 million, just on those two in the last --
18 the last year. The Harvest Group was the St. Mary Parish. It was
19 448,000 for one SWD in St. Mary Parish. We P&A'd that and a couple
20 of other wells around it just to save on mobilization.

21 **MR. ALLEN:**

22 Are most of those have -- the financial securities or SSTAs, are
23 those coastal, or is that mixing hard ground and coastal stuff?

24 **MR. FULKERSON:**

25 I'd guess that 90, 95 percent of them are south Louisiana wells.

1 Most of north Louisiana doesn't have an SSTA.

2 **MS. PARKER:**

3 Yeah. It's usually south Louisiana. Now, whether it's coastal or
4 on land, on marsh land, I could break it down for you further, but it's
5 mostly south Louisiana for sure.

6 **MR. ALLEN:**

7 I got ya. Thanks.

8 **MR. FULKERSON:**

9 We're kind of juggling some budget and fund. We're budgeted to
10 spend a certain amount every year, and you have fund balance. The
11 SSTA reimbursement kind of throws that off some because it adds --
12 you use budget up, but then it replenishes the fund so you don't reduce
13 both at the same time. So it's kind of a juggle to use both the funding
14 up and the budget.

15 So we're looking at a Shoreline package. That was a judgement
16 summary. We have about another million in there that was placed
17 last year, so if we can, we'd like to do a Shoreline package this year,
18 just depending on how budget goes. And it's something we'll be closely
19 watching the next -- probably by the next quarter, we should
20 understand kind of what we've got going on.

21 Our next slide I threw in is money recovery. It's something kind of
22 popular but unpopular. It kind of runs through the ones that I know
23 of that are ongoing. We've got an emergency 19-003 in Valentine
24 Field, that's got litigation ongoing with the Attorney General. We
25 asked for an update, and I think they're kind of busy or we just

1 haven't heard back from them, so we don't really have much of an
2 update there.

3 Same with South Thornwell, there was another emergency, no
4 update there.

5 Freshwater Bayou -- we send letter pre-well and post-well. Pre-
6 well we send letters asking the operators to essentially come out, take
7 over the wells, and perform the work themselves. No one responded --
8 or essentially said they weren't going to do it, and now we're at the
9 money recovery stage. Post-well we send them demand letters
10 requesting the money we spent. So we sent letters to ConocoPhillips
11 and WNT (phonetic) on that site.

12 Black Elk, money recovery letters were sent to the lineage. We had
13 one operator respond, that was Talos, and we're working with Talos.
14 They have some private bonds that they're going to work with us on
15 for P&A'ing the remaining wells out there. So there's probably six to
16 eight more wells that Talos is probably going to help us out with.

17 Tigre Lagoon, we just finished our project up there. We had one
18 company respond where we sent letters out requesting them to go out
19 and P&A the wells themselves. LLOG responded. They're going to be
20 P&A'ing a dual well, and I believe they're on location today. And the
21 work we completed is already finished on the Tigre Lagoon. We have
22 -- we're drafting the money recovery letters now, and we've got to get
23 those sent out.

24 And we have a new package coming up. We've got the letters out
25 for signature in Lockport. We've got about a 14-well package. Those

1 wells are all submerged right in -- essentially in the waterways or
2 leaking near water. So we've got three letters there, Chevron, Hess,
3 and Pioneer Natural Resources are in the lineage of some of those.
4 We'll be sending letters to all three.

5 **MR. ALLEN:**

6 Backing up a second to the Tigre Lagoon, that's the one that you
7 guys most recently implemented. You went out there and did some
8 P&A work.

9 **MR. FULKERSON:**

10 That's correct.

11 **MR. ALLEN:**

12 And then you're sending out letters to recover money.

13 **MR. FULKERSON:**

14 Yep.

15 **MR. ALLEN:**

16 And then LLOG says, well, I'll go P&A a well and some facilities.

17 **MR. FULKERSON:**

18 Yep.

19 **MR. ALLEN:**

20 So the package didn't include all wells that were in --

21 **MR. FULKERSON:**

22 It did. So we -- when we initially list a package, we'll send letters
23 out requesting the operators to intervene and take over the wells. So
24 we bid it. LLOG took a pretty considerable amount of time and then
25 decided they wanted to do the work, so we removed the wells from the

1 package. LLOG created a co-op with us, which essentially allows them
2 to enter the site, and now they're going to P&A the wells themselves
3 and we won't have to expend money.

4 **MR. ALLEN:**

5 So that well was removed from the package, got ya.

6 **MR. FULKERSON:**

7 That's correct, yes, sir. That well and the facility. I think there is
8 a small facility associated with it.

9 On the next page, I've just got orphan wells plugged, that's a well
10 count. It's kind of hard to read, but, essentially, we've plugged about
11 170 wells last year. We've plugged 33 this quarter. As you can see,
12 the orphan well count and the wells plugged are going up.

13 We have not had any third-party, Coast Guard or EPA, P&As this
14 -- this past quarter. They intervened on one, and I'll get to that later,
15 but the only wells we've had plugged so far are the 33 from the OSR.

16 **MR. ALLEN:**

17 What's the average annual number of wells P&A'd by the
18 department, orphan wells?

19 **MR. FULKERSON:**

20 That's probably plus or minus 150 if we were to average it out. We
21 shoot for 225, but it was kind of thrown off by hurricane season or
22 other issues that come up. But I think the last few years, our goal has
23 ultimately been 225. I think this year you'll see it dramatically
24 reduced. We'll kind of get to that a little bit later, but the federal
25 funding, with everything being concentrated on north Louisiana for

1 the federal funding, south Louisiana, we're going to take all of the
2 OSR dollars and spend them down there this year, and that
3 essentially allows us to leave all the contractors free to work on the
4 federal funding in north Louisiana. And it also strikes a little bit of
5 balance. So if you look at the amount of funding that this federal
6 projects will take over two fiscal years for us, it's going to be about 20
7 million for each district, but with all the OSR funds going to south
8 Louisiana, if you double our OSR budget, south Louisiana is getting
9 about \$20 million. So it strikes a little bit of a balance between the
10 three and allows us to keep all the contractors free for the federal
11 work. The reason being is, the federal work is tied with a certain
12 timeline, and I don't know that they've told exactly what happens at
13 the end of the timeline, but there is a time for us to P&A all these
14 wells, and we have to get them done by the federal fiscal year end,
15 which I believe is October 31st of 2023.

16 **MR. ALLEN:**

17 You mentioned tying up contractors, but I thought I understood
18 you to say, Mr. Harris, that you guys are -- you sole sourced this out to
19 a contractor with a couple of other bidder outfits to do some P&A work
20 with the federal dollars.

21 **MR. HARRIS:**

22 Actually, it's -- and that's a good question. We rolled the IIJA
23 money, the 25 million in with the 13 million from the -- from the
24 federal lands money to do two large bid packages split up
25 geographically. And so -- I'm sorry. What was your question?

1 **MR. ALLEN:**

2 I'm confused because Roby said the federal money is going to tie
3 up the contractors that have historically been used on the smaller
4 stuff.

5 **MR. FULKERSON:**

6 Yep.

7 **MR. ALLEN:**

8 But you're indicating you've got another -- contractor that's going
9 to handle P&A --

10 **MR. HARRIS:**

11 Blake, yeah.

12 **MR. CANFIELD:**

13 Yeah. So the -- the federal money, we bid it out for basically two,
14 including a general contractor, so the two big contractors are basically
15 general contractors or project managers. They're then going to sub out
16 to a multitude of plugging companies. So each one of them will
17 probably oversee, you know, a dozen or more plugging companies, and
18 so we will expect it will include all the usual suspects that are doing
19 the plugging work in Louisiana, and it may include some additional
20 folks that, you know, work outside the state or -- or, you know, maybe
21 doing south Louisiana, they'll be moving to north Louisiana.

22 **MR. FULKERSON:**

23 I think there's a big emphasis on using local companies and in-
24 state companies, so you'll see a large general contractor, and then
25 you're probably going to see five or six subcontractors at least. And I

1 think, from what I've seen, they're already reaching out to the
2 subcontractors in these areas, and so I would imagine all of our subs
3 that we've used up there or bidders we've used before. I can't imagine
4 any of them are going to have any free time in the next year with those
5 projects going on. I think they're probably pulling more than just
6 those guys too because we've probably got three or four crews available
7 to work in north Louisiana, and I would imagine each project manager
8 is going to need five at least to accomplish these goals.

9 **MR. ALLEN:**

10 So you would anticipate a lot of contractors coming in from out of
11 state to take care of a lot of this work, it sounds like it?

12 **MR. CANFIELD:**

13 Potentially. And the other thing that I think both of the general
14 contractors have mentioned is that they plan to try to build up teams
15 so that they're going to be looking at trade schools, community
16 colleges, folks in north Louisiana particularly to hire. And it sounded
17 like the way they planned to do this was to have a -- you know,
18 however many teams they have add a person that's sort of being
19 trained early on in the process and so that, you know, a few months
20 out, they then have enough new workers that they can create
21 additional teams.

22 **MR. HARRIS:**

23 And it's not a one-way street. We also expect -- although we may
24 get some out-of-state contractors, subcontractors, to come in and do
25 work, they're going -- you know, we're going to have Arkansas,

1 Oklahoma, and Texas chasing some of Louisiana's contractors because
2 this is all of a sudden a lot of federal dollars, and they're chasing a
3 somewhat limited resource.

4 **MR. ALLEN:**

5 Right.

6 **MR. HARRIS:**

7 So, you know, we hope to be early and often with the work and --
8 and, you know, try to keep the folks here as best we can employed and
9 working plugging wells here in Louisiana.

10 **MR. ALLEN:**

11 Like you said, every state is going to be -- oil and gas states are
12 going to be faced with the same deal, and it's a finite pool of
13 contractors I guess.

14 **MR. CANFIELD:**

15 And I will add, that was one of the thoughts we had with bidding it
16 out the way that we did is we wanted to have guaranteed money for
17 those subcontractors so that if -- we don't want any break in the work
18 because we recognize if we can guarantee the work here, whereas
19 other states are bidding out smaller projects piece-meal, well, if they're
20 a guaranteed money here, but elsewhere they're going to have to bid
21 every single project, they may want to stay here where they know that
22 they'll get paid.

23 **MR. ALLEN:**

24 Sounds like a great plan.

25 **MR. FULKERSON:**

1 I guess the next couple of slides are just kind of some updates on
2 our urgent and high-priority wells. So the -- we've got a cumulative
3 urgent and high-priority wells P&A'd at 635, and the wells remaining
4 are 602. We see a drop there, and I think we've talked about it the
5 last couple of meetings, but that drop is just essentially because we've
6 gone to online tracking rather than hand. Nothing has changed in
7 terms of how many wells there are. It's just the system we're using,
8 this is defensible.

9 OSR wells abandoned by other methods, essentially, no updates
10 there. We've had a few interventions by EPA and Coast Guard, but
11 they have not P&A'd any wells this quarter.

12 The next page is just our current orphan numbers, and it's really
13 just a snapshot in time on the day that we used it. I think the
14 previous slide had 4,605, but right now there's 4,615 on this slide,
15 about 1,400 wells in Lafayette, 1,400 in Monroe, and about 1,700 in
16 Shreveport.

17 As you can see, the high priority are usually all skewed for south
18 Louisiana, and north Louisiana is usually the bulk of the wells with
19 lower priority.

20 Our next slide is just kind of a project update. Most of the projects
21 you'll see on current projects are winding down right now. I believe
22 Monroe Field finished last week. Tigre Lagoon finished, I want to say
23 I received the last paperwork yesterday or the day before. Caddo Pine
24 Island, I believe we just got the final paperwork. Lake Hermitage and
25 Lake Washington, we have ongoing negotiation with some oyster

1 fisherman out there, so we'll see how that goes. DeSoto and Red River
2 should be wrapping up. Union Parish, I believe is finished completely.
3 Atchafalaya Bay is finished. South Thornwell, they tied back to
4 surface. So these will essentially all clear out by the next meeting.
5 These current projects are all pretty much complete now.

6 For upcoming projects, we've got three scheduled right now, with
7 three more potentially. We just issued a Masters Creek cleanup.
8 There's three wells up there, one huge SWD facility. If you remember,
9 we -- we had an emergency last year in Masters Creek. Essentially, a
10 master valve broke. We issued a bid to go out and stop the leak, P&A
11 the well. It got kind of complicated trying to figure out how much to
12 remediate, so we decided to save the remediation for another bid
13 package. So we will remediate that site and P&A three wells while
14 we're up there -- or remove a large SWD facility.

15 Shuteston Field, that one is in St. Landry Parish, if I remember
16 correct. That one is just a one off. It's a bit of a concern. It's got 6,000
17 pounds on it, and, essentially, every single valve on the tree leaks.
18 They've put a back pressure valve in it, and that's really the only thing
19 holding it, so that just moved it up the list because if that back
20 pressure valve fails, we're talking about moving Wild Well out there,
21 so that's mostly just a -- to stop money from leaking from us in the
22 future.

23 And the last one we've got right now I think just went out to bid
24 last Friday is the Lockport package. That's 14 wells, Calcasieu Parish,
25 all submerged or leaking right around the water.

1 So we've got three we'd like to do. We're kind of working our way
2 through. There's a Shoreline package, a second Masters Creek.
3 There's some interesting wells in that one. We've got a well in the
4 middle of a nursery with people around it. It's high pressure with
5 H2S, and we're just kind of trying to determine how to approach that.
6 And then a Cameron package. We've got one written up for some
7 high-priority wells offshore, I want to say eight or nine. So I think a
8 few of the wellheads have fallen off. Essentially, they're just wide
9 open to the atmosphere, so that will probably be next up on our list.

10 **MR. ALLEN:**

11 Come back to that, a nursery?

12 **MR. FULKERSON:**

13 Yeah. They built a nursery around the well.

14 **MR. ALLEN:**

15 A childcare nursery or --

16 **MR. FULKERSON:**

17 No, no, no. I'm sorry.

18 **MS. PARKER:**

19 A tree.

20 **MR. FULKERSON:**

21 Yeah. Tree nursery.

22 **MR. ALLEN:**

23 Got ya, got ya. You better specify.

24 **MR. FULKERSON:**

25 I should have, yeah. I guess the Monroe area is pretty popular for

1 tree nursery and growing fruit and vegetables.

2 North Louisiana mandate, so that will be kind of skewed this year.
3 I think with the thought being essentially 37 -- well, 30 million going
4 to north Louisiana. We're probably going to have less than a million
5 this year, but we'll still end up with around 900,000 just wrapping up
6 that cleanup in Rapides Parish in Masters Creek.

7 I really only have one federal update. Tigre Lagoon, this was a
8 land well that was going on at the same time as our offshore projects.
9 The EPA essentially built a board road out there. They stopped the
10 leak. It got a little bit more complicated, and they didn't have the
11 funding for coiled tubing or continuing the P&A, so they stopped the
12 leak at surface, isolated the well, put some valves on it, and we're just
13 going to monitor it until either we get to it or they decide they want to
14 in the future.

15 **MR. ALLEN:**

16 What -- I hate to ask so many questions, but I'm glad we're off the
17 record. So I don't -- when do these feds kick in on certain wells. I
18 mean, is this -- is this particular well on federal property? Is that why
19 EPA is moving in? When are they -- when it is decided they'll take a
20 well and -- and the State takes the rest?

21 **MR. FULKERSON:**

22 If it's near natural drainage, we'll usually ask the EPA to take a
23 look at it and the Districts are really good about that. The CESs have
24 really good contact with the EPA. So if they know it's around natural
25 drainage, they'll ask the EPA to come out and take a look. If the EPA

1 is interested in it or they deem it is close enough to natural drainage,
2 they will intervene in the well and spend federal dollars on it.

3 **MR. ALLEN:**

4 What do you mean natural drainage?

5 **MR. FULKERSON:**

6 It could be a --

7 **MR. ALLEN:**

8 You're talking about a surface. The whole Louisiana is natural
9 drainage.

10 **MR. FULKERSON:**

11 No, no, surface. Probably, technically, but, yeah, we've got to
12 convince them a bit. If they can find it close enough to a canal, and
13 they'll look at the -- I've seen them look at the slope of the land and
14 how close it is to a canal or a creek or a river, but if it's close enough,
15 they'll intervene.

16 **MS. PARKER:**

17 And it's got to be leaking oil. They won't look at natural gas or
18 saltwater.

19 **MR. ALLEN:**

20 It's a good way to pawn off some of our responsibilities on the feds.
21 You ought to send a package to them regularly, because everything is
22 going to drain if it's a leaking oil well, right?

23 **MR. HARRIS:**

24 And I agree completely. We try, you know, because every well that
25 we're able to let the feds plug leaves dollars for us to address other --

1 so, yeah, we -- Cassie and Roby do that at every opportunity to try to
2 get Coast Guard or EPA to do some of the work because it leaves
3 money for us to do another one.

4 **MR. ALLEN:**

5 So I guess an extension of that same question with regards to
6 Coast Guard expenditures, it's navigation hazards, presumably?

7 **MR. FULKERSON:**

8 Essentially, the same thing goes. It's just a line of demarcation
9 where EPA takes it or the Coast Guard. The Coast Guard is still the
10 same thing, unless it's oil or something making a sheen, they're not
11 going to touch it. If something is making a sheen out there, they'll
12 intervene. I feel like since COVID they've been a little bit less present.
13 They don't -- they kind of look to us first, but we still try to push it to
14 them to see if they'll help us out.

15 **MR. ALLEN:**

16 Even in State waters, the Coast Guard will come in --

17 **MR. FULKERSON:**

18 That's right.

19 **MR. ALLEN:**

20 -- out to the federal line --

21 **MR. FULKERSON:**

22 Yep.

23 **MR. ALLEN:**

24 So you're sending packages to them too. When something comes
25 up, you've got a leaking well, before it goes on our list, you send it to

1 the feds?

2 **MR. FULKERSON:**

3 Yeah. So, actually, when -- a lot of times, if it's an offshore well
4 and we're looking at declaring it an emergency, we contact them first
5 and ask if they'll take a look at it because they can move a lot faster
6 than we do, and there's --

7 **MR. ALLEN:**

8 Roby, don't say that in public. Federal government moves a lot
9 faster than the State, that's embarrassing.

10 **MR. HARRIS:**

11 They can call it an emergency, and spend money without going
12 through the bid process that --

13 **MR. ALLEN:**

14 Okay.

15 **MR. FULKERSON:**

16 Yes, sir. If we have an emergency and it's really just informally
17 moving -- or formally moving the bid process faster, but even a faster
18 bid process for us is a week or two. So if you think a leaking valve
19 offshore that cost \$10,000 or something, they can probably do in a
20 couple of days compared to us, so they have the ability to move a little
21 bit faster.

22 **MR. ALLEN:**

23 At the end of the exercise, the number of wells that the feds take
24 over is probably miniscule, I would guess, huh?

25 **MR. HARRIS:**

1 Yes.

2 **MR. FULKERSON:**

3 Yes. We probably -- we're lucky if we get a handful every year.

4 **MR. PARKER:**

5 We're lucky if we get one or two every two years.

6 **MR. FULKERSON:**

7 So the next one probably doesn't show up very well, but in Bayou
8 Lafourche, we've just got a sheen. We're not quite sure what it is. It's
9 kind of been around for quite some time. We've been working with the
10 Coast Guard, LOSCO, operators in the area. Essentially, there's just a
11 latticework of flow lines (phonetic) and we're not quite sure what it's
12 for. So we're just -- I think the Coast Guard is now running point on
13 it, and the Coast Guard is putting divers in the water to see what it is.

14 So now is the federal funding update. I guess just to kind of give
15 you a broad overview, so there's two projects. They're split between
16 Shreveport and Monroe. It was bid using a construction manager at
17 risk -- bid proposal method. It's slightly different than what we've
18 done before but it allows you to hire a project manager that can hire
19 subs. It also kind of allows for an accelerated process of getting the
20 bids out and using large sums of money. So we've had two winners,
21 one Dynamic in Monroe and one Lemoine in Shreveport. And we're
22 currently in the first month of that bid project, so that the first month
23 of it is essentially like a planning month where their engineering team
24 works with our engineering team, works with the Districts. So we
25 start outlining the wells we're going to P&A, the methods they're going

1 to do it, how the teams are going to interact. And then once that
2 month is up, they'll start P&A'ing wells. We've -- I mean, we've just
3 started the month the end of last week, I want to say. Well, this week,
4 they are meeting with the Districts. We've got essentially meetings
5 coming up with the -- the two winning bidders. Some of our other
6 members that are going to participate with us, US Fish and Wildlife is
7 going to be probably involved quite a bit because they've got their own
8 ones. We've got a partnership with LSU as well. They're going to
9 provide the methane component. The administration had a few things
10 that they'd really like to see with this -- this packaging, and one of
11 them is methane reduction. And so it's kind of outside of what we've
12 ever done before, so we contacted LSU. They've actually got an
13 oceanographer there that studies methane, and he's going to come --
14 he's developed a protocol that's -- both kind of accomplishes what they
15 wants and is very pragmatic on our side. So we -- I think we're going
16 to kind of meet in the middle on everything, but they -- they've put
17 together a really great plan, and so we're having LSU work with both
18 contractors to kind of put together a methane monitoring component
19 to kind of check the boxes that we need for the federal government.

20 **MR. ALLEN:**

21 Pre and post-P&A monitoring, right? Is that long term or just
22 shortly thereafter, after you plug the well?

23 **MR. FULKERSON:**

24 So I think it's both. So if you go by what they've sent us, the EPA
25 guidelines and then the American Carbon Registry, they want 24

1 hours after the well is plugged -- well, not -- they want 24 hours of
2 monitoring after a well is plugged, and that's a few weeks later, but
3 then they want, I think, up to ten years of monitoring after that, and
4 it's not every day or 24 hours, but it's just essentially verifying that
5 you did abate that methane. That's something different than what
6 we've done before, and it's -- you know, this program is -- you know,
7 the federal funds are only for about six years. So I think our LSU
8 approach is trying to be a little bit more pragmatic than that and
9 trying to determine what we can do that's, you know -- what you're
10 looking for in terms of methane and the reporting but also does it
11 pragmatically and something we can do operationally.

12 **MR. ALLEN:**

13 At the end of the day, a lot of those funds are going to have to be
14 set aside for future long-term monitoring it sounds like, up to ten
15 years.

16 **MR. FULKERSON:**

17 I don't think so. I think -- I think the way we've got it set up with
18 LSU and the protocol that -- it's not required yet for the feds for this
19 first package of money, but the protocol we determine now, I think we
20 can use that going forward, and I think that -- the way LSU set it up, I
21 think we'll have a good system in place for us going forward.

22 **MR. ALLEN:**

23 Thanks.

24 **MR. FULKERSON:**

25 And also, for the federal stuff, we have a website that's outside our

1 OSR website. I'll send it to you guys when we get out of this meeting.
2 It's the federal IIA website for the DNR. We're putting all our
3 documents there, the bids are all there, all the interactions we've had
4 with the feds. Essentially, all of our documents are getting uploaded
5 there, so that's a great site. We ask everybody to take a look at it.
6 Essentially, we're making everything forward-facing. There's two
7 sites. If you click on it, there's an archive of all the documents because
8 it essentially populated the whole front page, and eventually, we see
9 us putting status updates there, you know, successes. These wells
10 have been P&A'd. I don't know if it will be quarterly or monthly. We
11 probably haven't gotten down to the website side of that, but it will be
12 updated regularly.

13 So the next slide is approved new OSR contractors. We can
14 probably skip that one.

15 I really only have one more slide, and that's the performance
16 indicator, and that's 33 wells. I think, technically, our goal this year
17 was 225, but that's going to be very skewed. I think our goal will be
18 probably closer to 60 wells, and that's largely because all of the
19 funding will go to south Louisiana. So that 10 to 11 million in our
20 budget will probably be met by higher-pressure south Louisiana wells
21 on water with large issues. So there will be no north Louisiana
22 packages with the federal's ongoing packages.

23 So that's really all I've got. It's kind of short and sweet today, but
24 if there's any questions about the federal or the OSR program, I'm
25 happy to answer anything.

1 **MR. ALLEN:**

2 I see you have Dynamic Group potentially to be approved today as
3 a contractor. They're one of the new federal contractors. The other
4 one, the Lemoine Disaster Recovery, are they already on this approved
5 list of ours?

6 **MR. FULKERSON:**

7 Since it's a separate source of funding, they don't have to be an
8 OSR contractor.

9 **MR. ALLEN:**

10 I realize that.

11 **MR. FULKERSON:**

12 Yeah. We just -- we recommend they go on it. I don't believe
13 Lemoine is on there. I think one thing we push from the beginning is
14 just go on and join the list, that way we're always in the loop and you
15 guys know it because we -- you know, we could -- when we put out bids
16 or let anyone know, the first people we contact are our contractors,
17 and so we recommend they do that, but they don't have to.

18 **MR. ALLEN:**

19 Got ya. It would be a good idea.

20 **MR. FULKERSON:**

21 Yep, it would.

22 **MR. HARRIS:**

23 There's no one right way to tackle this issue, and no one right way
24 to spend the federal money, you know. A couple things we were
25 insistent we were going to do, we weren't going to have to send it back

1 for failure to meet their deadlines having obligated 90 percent within
2 90 days. And each pot has different strings and timing requirements.

3 **MR. CANFIELD:**

4 Yeah. So within 90 days of the money being awarded, which
5 occurred August 26th or somewhere in there, but we got the money
6 October 1st. So within 90 days from October 1st we have to be under
7 contract for 90 percent of the funds. With these two projects, plus the
8 LSU, that gets us to 90 percent, so we easily meet that requirement.
9 And then we have to obligate all the funds one year from the date that
10 we receive it, so end of September of next year. And the feds have
11 been very wishy-washy on what we -- what it means to obligate the
12 funds, so we're just going to interpret that as we've got to do as much
13 as possible to spend that money before September 30th, which means
14 all the work has to be done probably a little bit before September 30th.

15 **MR. HARRIS:**

16 And, you know, that was one thing, A, we weren't going to send
17 any back, B, I wanted to see as many wins as possible particularly
18 with that first batch of money. We could have certainly chosen to just
19 do a handful of offshore orphan wells. It probably would have been
20 easier to spend the money, but, you know, I -- I think the 3,800 orphan
21 wells is kind of a blackeye for Louisiana. I thought it was important
22 that, you know, we -- we get some wins for Louisiana, get some wins
23 for the federal agency disbursing the money because they've got
24 another -- more pots to disburse as we go, but at the same time, I
25 think this is going to be a learning experience, you know. We may go

1 back next year with the next pot and say, we should -- you know, had
2 it to do over again, I'd do three, you know, pots or just one, or, you
3 know, we could disburse it offshore or onshore differently or better and
4 look for input from this -- this body, as well as the public, you know.
5 We're open to considering all ideas, but we're basically just doing --
6 you know, getting it done and getting it done the best we could with
7 the information we have, but more information is always good.

8 **MR. ALLEN:**

9 I guess it's a good problem to have to try to figure out how to spend
10 somebody else's money to do what you want to do and have a long list
11 of to be done here in this state.

12 **MR. HARRIS:**

13 I'm not complaining.

14 **MR. ALLEN:**

15 I hear you. There's more than one way to skin a cat, and y'all
16 picked a method. Time will tell if it's the right method or not.

17 **MR. HARRIS:**

18 I agree.

19 **MR. FULKERSON:**

20 And one thing those two contractors bring is familiarity dealing
21 with large federal packages like that. Our contractors aren't use to
22 that, so there's reporting our contractors haven't seen, Davis Bacon,
23 disadvantaged business reporting. There's things -- manhours
24 tracking that, you know, normal oil and gas companies can't do, but,
25 say, Lemoine or Dynamic have done it many times before. They don't

1 have the technical knowledge to P&A a well, but they can hire the
2 people that have that technical knowledge, and they can help them
3 track it. So it -- it's kind of -- I thought it was a good relationship of
4 knowledge both ways.

5 **MR. ALLEN:**

6 One company is local, right?

7 **MR. CANFIELD:**

8 Yep.

9 **MR. FULKERSON:**

10 Yeah.

11 **MR. ALLEN:**

12 How about the other outfit?

13 **MR. CANFIELD:**

14 Yep. Dynamic is here. They both have Baton Rouge offices where
15 their main office is.

16 **MR. ALLEN:**

17 All right. Good. It's a shame the feds put so many strings
18 attached and make such a maze you have to wander through to get the
19 almighty dollar.

20 I appreciate the update.

21 **MR. FULKERSON:**

22 No problem. And we'll plan for the next one. The next meeting,
23 we'll have an update. We should be P&A'ing wells -- well, we'll
24 probably have to have another meeting before our -- our -- we're going
25 to have to sneak in a meeting here at some point, so we'll either have a

1 meeting in January or we'll try to sneak in another one maybe in
2 December to make sure we have enough meetings for the year,
3 because we're required to have four annually.

4 **MR. ALLEN:**

5 This wouldn't have been the fourth meeting?

6 **MR. FULKERSON:**

7 No, sir. We actually restarted, so July was our fourth meeting of
8 the year, so this would be technically our first, and then the second
9 would be January, but since this doesn't count as a meeting without a
10 quorum, we're going to have to probably sneak a meeting -- another
11 first quarter meeting in December and then another meeting in
12 January.

13 **MR. HARRIS:**

14 Instead of asking for a motion and a second to adjourn, I'm going
15 to ask, are we done?

16 **MR. ALLEN:**

17 No further questions, Your Honor.
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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 October 20, 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 34, 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