

Louisiana's Oilfields

a return to green

Working to restore picture perfect habitats

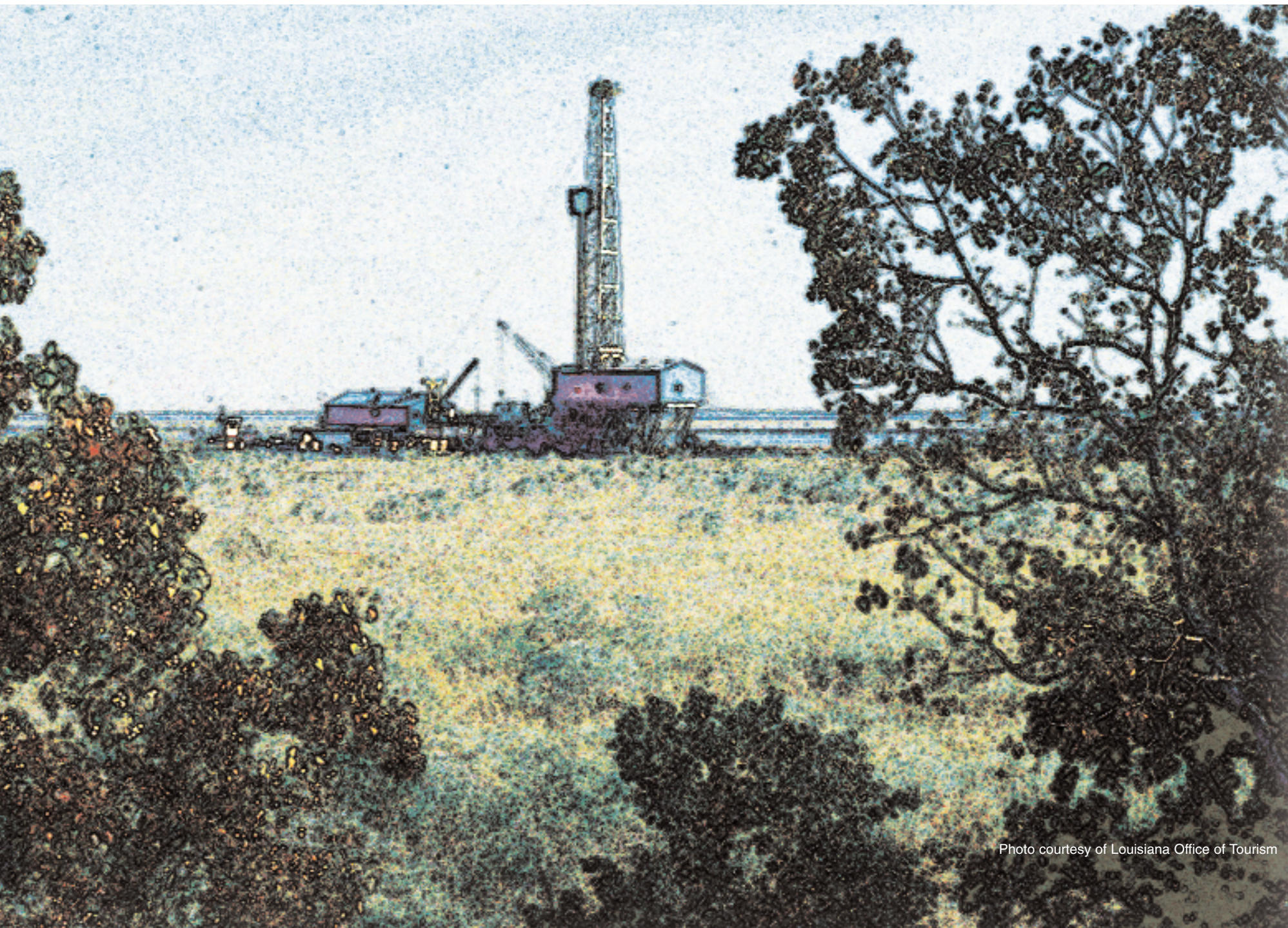


Photo courtesy of Louisiana Office of Tourism

Sustaining our Sportsman's Paradise is a responsibility in which every Louisiana citizen, private and corporate alike, shares a role. State government agencies, such as the Louisiana Department of Wildlife and Fisheries (LDWF) with its Rigs to Reefs program and the Louisiana Department of Natural Resources' (LDNR) Oilfield Site Restoration Program (OSRP), have an important role in stewardship as well.

OSRP is administered by LDNR's Office of Conservation under legislative Act 404 of 1993. The program was designed by lawmakers to assure proper closure of orphaned oil well fields all across the state, using money provided through fees paid by the oil and gas industry based on production. Orphaned wells are old and abandoned oil and gas wells for which no viable responsible parties can be located.

Back in 1993, legislators set their sights on lawfully addressing what was becoming a growing problem - vacant areas of land posing a health and safety risk to its citizens. At that time, the state's landscape was dotted with abandoned oilfields where productivity from mineral extraction had long ceased, yet harsh signs of decay and safety concerns were evident. Some of these sites were located in wildlife management areas (WMAs) like the Buckhorn WMA, Thistlewaite WMA and several others. The environmental picture included debris of all kinds, exposed old pipes, patches of black oil on the ground and rusting storage tanks.

Lawmakers crafted what became Act 404, knowing that good public policy required that these old sites be returned to their pre-drilling state. They understood what the future might hold if action wasn't taken to remediate the land. Moreover, they believed in a future where these borrowed fields could become productive green ones again.

LDNR Secretary Scott Angelle noted that the resulting legislation provided for the state to direct, prioritize and perform the restoration work, while industry would pay the bill through fees charged to the oil and gas companies based on their production. It was a doable process.

A snapshot view of Louisiana's oil and gas exploration history can be traced back to the 1800s when wells were drilled by hand. The first true commercial oil production began in 1901 in the Jennings oilfield near the coastal zone, followed by the Caddo field in north Louisiana in 1911. By the 1940s, oil and gas production began offshore. These resources that were developed in the early 1900s reached a peak in the late 1970s and early 1980s, and then a decline in the 1990s, leaving an increasing number of abandoned production fields. The LDNR Office of Conservation had its beginnings in 1912, when the Commission of Conservation was formed to administer oil and gas operations. Today, LDNR's Office of Conservation is responsible for administering the rules and regulations by which companies must abide for exploration, development and ultimately plugging and restoring oil and gas sites. The primary regulations pertaining to developing wells and preventing waste are found in Statewide Order 29-B, dating back to 1942.

In all, the oil and gas industry has drilled more than 208,000 wells in the state of Louisiana. Of those, about 4,800 have been identified as

Before and after pictures of a recently restored orphan well site in St. Landry Parish. There were 13 wells, six facilities and one pit removed at a cost of \$492,100.

The work was completed in August 2008, and the site continues to flourish today.



Photos courtesy of LDNR



orphaned and in need of cleanup. When the program started, about 2,200 wells were identified as orphaned, but the number increased as Oilfield Restoration staff continued their work of researching and having wells officially designated as orphaned. The bulk of the wells designated as orphaned pre-dated modern regulatory rules and business practices.

Since the inception of the program, \$59 million has been spent on the plugging of 2,097 orphan wells along with the closing of 589 pits and the removal of 270 production facilities. In any given fiscal year, the Office of Conservation is responsible for restoring some 160 or more old oilfield sites in the state.

OSRP has plugged 23 orphaned wells located in national wildlife refuges and 52 well sites in state WMAs over that period of time.

LDWF manages over a million acres of public lands throughout the state. Hunters and fishermen know the pleasures of being in accord with the natural

fauna and flora found in every corner of the state; north, south, east or west.

In the Buckhorn WMA alone, 11 sites have been cleared by the program. Buckhorn is located in Tensas Parish, where hiking trails are popular, as well as birding. Game species found in this WMA include white-tailed deer, rabbits and squirrels. Deer hunters and trappers have a deep appreciation for the habitat and the bounty found here.

"This program has been one of the great successes for our state. While LDNR provides direction in locating, prioritizing and doing the work on these sites, it is industry that is paying the bill through fees charged to oil and gas companies based on their production," Angelle said.

How the OSRP Works

The state treasury collects fees quarterly for the OSRP fund from oil and gas operators and companies based on the amount of production. The fee consists of



Photos courtesy of LDNR



1.5 cents for every barrel of oil and condensate produced, and three-tenths of one cent for every thousand cubic feet of gas produced. The program must make use of the funds because the fee can be suspended should the account reach the \$10 million cap. When the balance falls below \$6 million, the fee is once again collected.

As an example of expenditures, in fiscal year 07-08, 166 wells were plugged at a cost of approximately \$2.6 million, averaging about \$15,900 cost per well.

In addition to the fee schedule based on production for the oil and gas industry as a whole, state law dating back to 1993 and Office of Conservation regulations dating to 2000 also provide for site-specific trust funds to be set up in instances where wells and fields change ownership or operators who have not done business in the state before acquiring wells or fields. Those site-specific trust funds prevent operators from walking away from cleanup responsibilities without leaving the funding necessary to restore the site.

It has always been the goal of the program to eliminate the threat of pollution posed by inactive unplugged wells and to minimize the number of orphan wells requiring plugging with monies from the fund. LDNR is authorized to seek the recovery of expenses from any responsible party or company that has operated at the site when restoration costs exceed \$250,000.

The OSRP commission, which evaluates and approves contractors, selected to clean-up the old sites so that remediation is done to near pre-well conditions. The Office of Conservation staff prepares

a bid package under the rules of the state bid law, then approved contractors make their bids. The lowest qualified bidder can be awarded the project if they meet all the administrative and technical requirements. In addition to the OSRP, there are a few other agencies that are involved in oilfield site clean-up and remediation in the state, including the Louisiana Oil Spill Office, the U.S. Coast Guard and the U.S. Environmental Protection Agency.

What may ultimately speak louder than words about the program is seeing the completed restoration work at these sites. From oilfields to green fields, the results are industry, development and environment coming together in a very positive way. 🐾

Phyllis F. Darensbourg is the Public Information Director for the state Department of Natural Resources. She has worked in the public affairs field in local and state government since 1980. She has been recognized for her work by the Public Relations Society of America and the National Association of Government Communicators.

Oilfield Site Restoration projects are located all across the state. Shown here, a before and an after view of a field located in Acadia Parish at Bayou Nezpique. The site was restored within a four-month period in 2008.