TO: All Concerned

FROM: Richard P. Ieyoub
Commissioner of Conservation

SUBJECT: Minimum Funding for the Plugging of Wells in Site Specific Trust Accounts

Effective immediately, the Site Specific Trust Account p&a estimate from approved contractors shall be no less than the qualified average value of three offset wells of an individual well to be funded. These offset wells will be of similar depth, casing profile, age, and geographical region with the costs established from historical Oilfield Site Restoration expenditures. The data set for these qualified Oilfield Site Restoration expenditures is available on the Oilfield Site Restoration Website. Should there be multiple wells covered by the SSTA, the blanket financial security provisions shall not be applicable. In addition, no re-assessment estimate can be increased greater than three times the well sites current assessed amount in a four-year period. Furthermore, this amount shall not be reduced by deducting the value of any equipment of tubing salvaged from the well or site. This memo pertains to all new, transferred, and re-assessed SSTAs. While operators are not required to immediately fully fund the newest assessment amount, the previous operators will be responsible (as per RS 30:88) until the SSTA is fully funded.