House Committee on Natural Resources and Environment and

Senate Committee on Natural Resources

Minutes of Joint Meeting 2023 First Extraordinary Session February 1, 2023

I. CALL TO ORDER

Representative Jean-Paul P. Coussan, chairman of the House Committee on Natural Resources and Environment, called the meeting to order at 2:13 p.m. in Room 1, in the state capitol in Baton Rouge, Louisiana.

II. ROLL CALL

HOUSE MEMBERS PRESENT:

Representative Jean-Paul Coussan, chairman

Representative Ryan Bourriague, vice chairman

Representative Rhonda Gaye Butler

Representative R. Dewith Carrier

Representative Mack Cormier

Representative Adrian Fisher

Representative Timothy P. Kerner

Representative Scott McKnight

Representative Buddy Mincey. Jr.

Representative Joseph A. Orgeron

Representative Neil Riser

Representative Troy D. Romero

Representative Rodney Schamerhorn

Representative William "Bill" Wheat, Jr.

HOUSE MEMBERS ABSENT:

Representative Brett F. Geymann Representative Mandie Landry

SENATE MEMBERS PRESENT:

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Senator Bob Hensgens, chairman

Senator Michael "Big Mike" Fesi, vice chairman

Senator R. L. Bret Allain, II

Senator Patrick Connick

Senator Sharon Hewitt

Senator Caleb Kleinpeter

Senator Eddie J. Lambert

None

HOUSE STAFF MEMBERS PRESENT:

SENATE STAFF MEMBERS PRESENT:

Robin Stalder, attorney Benjamin Westra, attorney Lacy Slaughter, committee administrative assistant Trinicia Bryant, committee clerk

Jacob Wilson, attorney Tyler S. McCloud, senior attorney

ADDITIONAL ATTENDEES PRESENT:

Myrtis Jarrell, House sergeant at arms John Rogers, Senate sergeant at arms

III. DISCUSSION

Discussion of the Department of Natural Resources orphan well program

Mr. Blake Canfield, Louisiana Department of Natural Resources (LDNR), 617 North 3rd Street, 12th Floor, Baton Rouge, LA 70802, (225) 342-3024, spoke for information only. He detailed the actions LDNR took with initial grant funding, awarded on August 25, 2022, and U.S. Fish and Wildlife money they received in 2022 as well. He provided information which included the department's overall goals, contracting and the agreement to use the Construction Management at Risk (CMAR) procurement process, the companies used, and coordination of subcontractors. He mentioned that their primary goal with the initial grant funding was to plug as many wells as possible. He went on to detail how the CMAR process works, comparing it to the process previously used and the efficiency of both processes. Next, he made a comparison on the time frames used by both processes and how it affects this specific funding. He also spoke about the benefits of using the CMAR process for price control and the benefit of having a guaranteed maximum price (GMP). He detailed the negotiation process and time line for the GMPs signed on December 22, 2022. Work began in early January 2023 with environmental assessments and inspections of the sites. To date, they have plugged 22 wells in roughly three weeks, with seven rigs, and 70 workers in the field. The plan was for the contractors to continue to grow the amount of rigs working in the field, which would mean more subcontractors and job opportunities. He commented that parts of the program are still being worked out, including training and labor needs. He stated LDNR's hope is to exceed the expectations of the federal government in the way they spend and use the current funding so that they can go back and ask for more funding than is currently projected. He said they will look at performance to see how the contractors are doing as well and consider if changes need to be made for future funding. He also mentioned they may not be able to take the same CMAR approach with different funding, which may be a negative thing if the contractors they are currently working with perform exceptionally. He concluded that this is a very high level overview of the program and welcomed questions.

Representative Coussan asked if there are any relevant state statutes governing these contracts and the department since the funding was awarded on a federal level, putting the work under federal

jurisdiction. Mr. Canfield responded that there are two separate Acts from the past two sessions that allow LDNR to use procurement methods, including utilizing CMARs, found in Title 38 or Title 39. They also have to deal with appropriation processes for the money and how it is to be treated within the state fund. Representative Coussan followed up with a question of whether LDNR would be requesting any additional statutes to facilitate this program. Mr. Canfield said he is sure it is part of their budget request but does not have the actual dollar amount and is not expecting them to request any type of change.

Representative Coussan asked how Louisiana's rollout compares to the rollout of this program in other states and how we can improve upon our own system. Mr. Canfield said that from what he has seen, there are a lot of differences. States have different ways of approaching the rollout and the different requirements and recommendations for the money. He said he thinks other states may have gone ahead with procuring their contracts before the grant money had come in, putting their programs ahead of Louisiana as far as how many wells have been plugged at this point.

Representative Coussan asked if there are any regulations in place as a state that require these contracts stay in state with Louisiana companies, and if not, what does the process look like internally when they award these contracts in reference to giving priority to Louisiana companies. Mr. Canfield responded that there is a preference for local hiring and in the selection of the CMARs, the applicants had to propose how they would hire locally. He stated that they are requiring monthly and quarterly reports on the contractors process of local staffing. He also stated that there are some federal recommendations they included that talk about hiring locally in the state, even specifying that the workers hired should not only be from the state but also locally where the work is being done.

Representative Coussan asked what Mr. Canfield thinks is the average cost for the plugging and abandonment of the wells in the districts listed in the initial grant and what the plan was for the budget in the future, when it comes to more expensive plugging and abandonment of coastal wells or inland wells. Mr. Canfield responded that the wells in North Louisiana are cheaper because they are more shallow and easier to access, with the exception of some of the flooding that happens in certain areas. The wells in water and in swampy marsh areas are more expensive to plug. He stated that the program is in the very early stages and they are still waiting on the first project invoice and they will have a better idea of what the numbers will look like after more invoices are received. If you take the GMP and divide it out, the cost lands somewhere between \$40,000 and \$60,000 but this price contains some funding for contingency and worst case scenarios. The hope is to always come in under whatever the average is projected to be in order to be able to plug additional wells with that same amount, expanding what they are able to accomplish with this program. There's a study on orphan and some types of inactive wells that are near offshore and the estimated cost would be over \$1 billion just within Louisiana. He said this steep cost isn't necessarily a bad thing. They are trying to take these numbers and push it back over to the federal side. One thing they consider in the formula grants when determining how much money will be awarded to the state is how much it is going to cost to plug the wells. He stated that the formula grant will be broken down into four payments. In this scenario, the estimate that existed a year ago is what they are using to determine

the first payment for the grant. If this is the case, they will be limited to \$22 million. However, the next three payments could be a lot more. He said they are suggesting that the estimates are reevaluated for recently increased projected costs, making it much easier to switch the money on the back end. He explained that their hope is to be able to expand to plugging more expensive wells in the near future.

Senator Hewitt asked Mr. Canfield how many wells he thinks will be able to be plugged with the current funding. Mr. Canfield responded that the number of projected wells falls around 450-500. Senator Hewitt asked if that number is based on the cost being around \$40,000-\$60,000 per well. Mr. Canfield responded that the cost is around \$49,000 per well. Senator Hewitt then asked if the reason they chose the current well sites is because they are easier and less expensive to plug. Mr. Canfield confirmed.

Senator Hewitt inquired about the contract and whether the CMARs they chose had any oil and gas experience or if they were just functioning as project managers. Mr. Canfield responded that they were each consortiums and within these consortiums, there were companies that did have plug and abandon experience. The companies came to the CMARs as subcontractors to bid on the jobs. Senator Hewitt asked if the subcontractors bidding were companies that have the rigs and are willing to do the work bidding on the well sites. Mr. Canfield confirmed and said they would also include the subcontractors that are doing the methane monitoring, site restoration work, dirt work, and other aspects of it as well. Senator Hewitt asked for clarification on whether they tell these subcontractors that there is a certain amount of money they are willing to pay for these jobs and will not pay more than that amount. Mr. Canfield confirmed this to be correct. Senator Hewitt asked if there are any incentives offered in these contracts in the event they can do it cheaper. Mr. Canfield said the subcontractors definitely want to keep it cheap because they are at risk if it goes above the GMP. He said when considering what they will do with future monies, they look at if the subcontractors were able to complete their requirements and plug more wells with that money. Senator Hewitt asked what Mr. Canfield meant when he referred to identifying communities within half a mile that were overburdened. Mr. Canfield explained that he may have used the wrong term in reference to the communities they identified. He stated that there is a list of 12-15 definitions in the guidance document that outlined different parameters, such as, if the community was at a certain level on the poverty spectrum, communities of color, tribal nations, or an area with cumulative negative environmental impacts. Senator Hewitt said she is not connecting these parameters with plugging a well and asked what they are seeking to do or not do for these communities. Mr. Canfield stated that one of the things listed is the benefit of having a well plugged, such as if there is an orphan well that is a potential danger to one of these communities and they would benefit from the well being plugged and the positive economic impact on residents in the area from increased job opportunities.

Senator Allain asked Mr. Canfield to clarify why they chose to use CMARs instead of people with rigs to complete these jobs and it was because they didn't have the staff to complete these tasks so they needed the CMARs functioning as project managers to provide staffing to get the wells plugged. Mr. Canfield confirmed and stated that there were financial limitations put on them for hiring

internal staff, making it improbable that they could have recreated the level of project management the CMARs offered with this budget. Senator Allain then asked about how funds not included in this amount spent on the current portion of the orphan well program were being allocated. Mr. Canfield said most of that money was federal money and since they are using it in North Louisiana, they are using other state funds in South Louisiana to get some of the high priority wells into the program due to much higher costs. Senator Allain asked how much money has had to be allocated to emergency costs. Mr. Canfield said that he does not have the correct dollar amount at this time but he could say that it was down from what was previously allocated.

Representative Orgeron asked Mr. Canfield to give a breakdown of the number of wells in the state, including the ratio of off shore versus on land, mentioning that he knows from previous conversations that the on shore wells are getting priority because they offer more bang for your buck being cheaper and easier to access. Mr. Canfield responded that they chose to start with the easier wells because their intent is to get wins and impressive numbers in the first round. They are operating with the expectation that they will be able to get more money in the next round, allowing them to do more work in South Louisiana, employing workers in those areas. He stated that more money will be needed than they originally estimated, especially with updated estimates coming in adjusted for rising costs due to inflation, nationwide and worldwide economic issues, and competition from other states. He said there's between 4,600 and 5,000 orphan wells statewide, with 2/3 to 3/4 of them being in North Louisiana. Mr. Canfield mentioned that South Louisiana is unique due to the specific environmental concerns that few, if any, other states have to deal with and are trying to get this funding. He also said that they are in talks with some agencies on getting standalone appropriations specific to South Louisiana because of the importance to our environment, residents on the coast, and costs. The magnitude is greater in Louisiana than seen elsewhere.

Representative Coussan said that he knows there are no reporting requirements in statute so he asked Mr. Canfield if he can make sure to cc himself and Senator Hensgens on his federal reporting so they can forward it to the rest of their respective committees. Mr. Canfield agreed.

Oversight hearing pursuant to R.S. 49:968(D)(2) on the Louisiana Department of Wildlife and Fisheries proposed administrative rules regarding spotted seatrout size and bag limit (LAC 76:VII.341)

Mr. Jason Adriance, Louisiana Department of Wildlife and Fisheries (LDWF), 2000 Quail Drive, Baton Rouge, LA, no zip code provided, (504) 284-2032, spoke for information only. Mr. Adriance narrated a PowerPoint presentation on the rationale behind the rule change and how they reached the decision on the size and bag limit proposed. Based on the stock assessment presented by LDWF to the Louisiana Wildlife and Fisheries Commission (LWFC) in September 2019, showing evidence of overfishing, management options were presented, public meetings were held, and electronic surveys were conducted. He explained the demographics and results of the 2020 public meetings, email surveys, and web surveys. In 2021, they resurveyed the public, adding questions about the current size and bag limits, and ran the stock assessment again. LDWF determined the stock was

still being over fished. LWFC requested regular updates in February, May, and August of 2022. In October 2022, LWFC approved the current NOI to modify spotted seatrout size limit to 13.5 inches with a 15 fish bag limit. He explained that the goal is to reach 20% recovery of the stock and stated that the proposed limits were determined to be the best option to accomplish this.

Representative Coussan asked if there is a biological reason they do not recommend doing a 12 inch size limit and 15 fish bag (creel) limit. Mr. Adriance responded that this combination of size and bag limit would only produce an 8% reduction of harvest, falling short of the 20% goal set by LDWF. He then presented size and creel projections run in five fish increments for reference. He stated that with fishing right at the biological limit, there will be a constant need for management efforts because the stock will constantly be dipping above and below the limit. He presented a table that contained size and creel limit options they discovered would provide a 20% reduction. Mr. Adriance spoke about concerns that have been brought up and how they have addressed them. He said mortality, especially discard mortality, was a huge concern and stated that 10% is the generally accepted number used by all gulf states, presenting statistics on discard mortality in the Gulf of Mexico. Of lesser concern was natural mortality, which is also included in their assessments. Mr. Adriance stated that the current size limit allows some, but not all, females to spawn at 50% maturity (around 10 inches). Increasing the limit to 13.5 inches provides time for almost all females to reach 100% maturity, also providing an extra spawning season through age two. Anglers have already harvested 83% of females at the current 12 inch size limit. He addressed other concerns as well, however, these concerns have little effect on stock and would not produce measurable decreases in over fishing by being eliminated. He said most of the current stock is under three years old when fished, with only about 5% being three years or older. Mr. Adriance finished up by going through the numbers presented in the current NOI welcoming questions from the committee.

Senator Allain stated that he is in favor of doing whatever is necessary to rebound the stock. He went on to say he only sees proposals to pull back on recreational fishing, asking if recreational fishing is the only factor affecting the stock. Mr. Adriance responded that it is not the only factor and there are also habitat issues affecting the stock, but the impact LDWF can have is through rules about fishing. Senator Allain asked if there are commercial limits to help in these efforts. Mr. Adriance stated that the commercial limit is currently 14 inches.

Senator Allain asked about focusing on other efforts, like habitat, to find other proactive ways to recover stock. He stated that calls have been received from recreational and guide fishermen saying all LDWF is doing here is reducing their fishing limits and not focusing on other aspects. He stated the optics are bad and asked if Mr. Adriance has any ideas of other routes they could take to help recover the stock. Mr. Adriance responded that LDWF cannot build a habitat. Senator Allain followed up by saying that habitats can be built and they need to look at other sources that reduce stocks and if these proposals are actually all they can do, he wishes them well but he thinks all options should be considered and they should not just rely on restricting recreational limits.

Representative Mincey asked for the history and cause of the decline in the stock since 2008. Mr. Adriance stated that it was due to multiple different factors, including, lower recruitment, habitat loss, and increased fishing efforts since 2008. Representative Mincey asked if he could expand on any increases their data shows within the past couple of years. Mr. Adriance responded that they did have one year where there was particularly good recruitment. Representative Mincey asked what took so long to propose these management efforts now if the stock has been decreasing since 2008. Mr. Adriance responded that he can not speak for the previous administration but when LDWF ran these numbers in 2019, they realized they needed to do something due to this rapid decline.

Mr. Cole Garrett, Louisiana Department of Wildlife and Fisheries (LDWF), 2000 Quail Drive, Baton Rouge, LA 70808, spoke for information only. He responded to Representative Mincey's question stating that LDWF did not take this decision lightly and decided to bring it to LWFC's attention in 2019. He went on to say that there is no doubt that overfishing is occurring and something needs to be done. He stated that LDWF brought forth a myriad of management options and with the numbers they had, this is the solution they believed to be best.

Representative Mincey asked if there is any particular time of year that is best for spawning. Mr. Adriance responded spotted seatrout spawn from April to September, making it a long spawning season, adding that the number of fish remaining speaks to the resiliency of the species. He said that LDWF also determined that a full one-year closure would produce the intended recovery, however, it probably wouldn't be a popular option.

Representative Mincey asked when are they proposing to revisit these management measures again. Mr. Adriance answered that they would like three years of data to present their claims again and they are willing to analyze data constantly throughout this time frame and provide regular updates to agencies, at their request.

Representative Mincey asked who or what agencies they received responses from. Mr. Adriance named the following agencies: Coastal Conservation Agency, a tourist organization out of either lower Lafourche or Terrebonne, and Fly Fishers International. He stated there were others but he would have to look at the list of names. Representative Mincey asked if they hand picked the organizations or if it was open to any organizations. Mr. Adriance said it was open to any organizations and these were just the ones that responded.

Senator Connick asked how much of an impact hurricanes have had compared to overfishing when it comes to the stock. Mr. Adriance responded that he doesn't know that they can adequately model environment versus fishing effects, stating that science isn't there yet. He went on to say that beginning with Katrina, large chunks of coastline habitat have been removed, increasing with subsequent stronger storms in the area which definitely presents an issue to habitats of the stock. Senator Connick asked if the marsh areas in South Lafitte, west of Grand Isle, that were affected by Hurricane Ida were spawning areas. Mr. Adriance said that the spotted seatrout typically prefer to spawn closer to the beaches off the coast.

Senator Connick stated that the web surveys showed more voters than other avenues and asked if it was possible for one person to vote more than once. Mr. Adriance said that it is possible, but he believes the IP addresses were tracked to prevent this. Senator Connick asked whether or not they checked this and limited one person to one vote. Mr. Adriance responded that he doesn't know but it was a random survey and he believes there was a safeguard built into the survey method to prevent duplicate voting.

Senator Connick asked if more females get caught as they get older. Mr. Adriance responded that age isn't necessarily a factor in how many are caught, and said that females tend to grow faster than males causing approximately 83% of recreational harvest to be female. Senator Connick asked if there are more females than males in general. Mr. Adriance said that when they assess the stock, the ratio is about 50/50. He explained that in their assessments, only the female portion of the stock is measured, and that other assessment methods model male and female with very similar results.

Representative Romero asked if smaller males would tend to be more aggressive, causing them to be more likely to be caught. Mr. Adriance said this is possible. He reported the current size limit is 50% maturity, and harvesting below the current limit means we are losing more fish that could spawn, which is what is needed to recover the stock. He stated they have looked at options for harvesting up to 25% below the current size limit and that this would drop the bag limit dramatically. Representative Romero asked if catching more males and letting more females stay in the pool be a better idea. Mr. Adriance responded that this would be a better option only if catching more males could be confirmed.

Representative Romero mentioned the western part of the state does a self-imposed 15 fish bag limit and asked how that area compares to the rest of the state. Mr. Adriance said that Calcasieu and Cameron Parishes are in this area and only account for 8% of the effort statewide and 12% of the harvest. He said they are currently running this assessment statewide and the fish there are only slightly bigger.

Representative Romero asked if the department has done a study on the economic impacts of these efforts and what the costs would be to commercial and recreational fishermen, as well as if money would be lost due to not selling licenses. Mr. Adriance said that a fiscal impact statement was included in the NOI published by LDWF.

Representative Romero said he disagrees that only 10% of fish released after catch will survive. Mr. Adriance said that how fish are handled plays a part in mortality and that is why they ran different models to test for this. He said that if they do a model where you keep the first 15 fish you catch, only an 8% reduction is reached, and that allowing for up to 25% under current size limit will result in even less reduction and a longer recovery time frame. Representative Romero asked how long it takes for a fish to grow 1.5 inches. Mr. Adriance responded that in the summer it takes about a month to a month and a half, and during the fall and winter it takes about a season.

Representative Coussan asked how they know which metric is the determining factor for the reduction if they are measuring two of them. Mr. Adriance said LDWF chose to run multiple models allowing adjustment of each of the metrics. If the size limit stays at 12 inches, a 10 fish bag limit could get them close to the 20% reduction. If the size limit was raised to 14 inches, the bag limit could stay at 25. He then said they chose a 15 fish limit because that is what was preferred by the public in the surveys.

Representative Coussan asked when the last assessment was done. Mr. Adriance reported they presented an assessment in 2021 to LWFC but the data used was through 2020. He said more recent data is still being taken and the assessment on 2021-2022 data is likely to produce the same results.

Representative Coussan asked if they have taken into consideration the change in salt water versus fresh water in the Mississippi River over the past couple years. Mr. Adriance said LDWF was asked to look at sites in terms of salinity of the water and they looked at sites that were above and below 15 points per thousand, finding the trends were all the same.

Senator Hensgens offered a motion to find the rule unacceptable. Without objection, the motion to find the rule unacceptable passed by a vote of 7 yeas and 0 nays. Senators Hensgens, Fesi, Allain, Connick, Hewitt, Kleinpeter, and Lambert voted yea.

Representative Orgeron offered a motion to find the rule unacceptable. Without objection, the motion to find the rule unacceptable passed by a vote of 13-0. Representatives Coussan, Bourriaque, Butler, Carrier, Cormier, Fisher, Kerner, McKnight, Mincey, Orgeron, Romero, Schamerhorn, and Wheat voted yea.

Witness cards submitted by individuals who did not speak are as follows: 21 in opposition. Witness cards are included in the committee records.

Statements submitted in accordance with House Rule 14.33 in lieu of appearing before the committee are as follows: 1 in opposition, and 2 that were undeterminable. Copies of these statements are included in the committee records.

IV. OTHER BUSINESS

The minutes from the 2020 First Extraordinary Session dated June 10, 2020 were presented to the committee for approval. Representative Romero offered a motion to approve the minutes. Without objection, the minutes were approved by a vote of 12 yeas and 0 nays. Representatives Coussan, Butler, Carrier, Cormier, Fisher, Kerner, McKnight, Mincey, Orgeron, Romero, Schamerhorn, and Wheat voted yea. Senator Hensgens offered a motion to approve the minutes. Without objection, the minutes were approved by a vote of 7 yeas and 0 nays. Senators Hensgens, Fesi, Allain, Connick, Hewitt, Kleinpeter, and Lambert voted yea.

The minutes from the 2020-2021 Interim dated February 10, 2021 were presented to the committee for approval. Representative Romero offered a motion to approve the minutes. Without objection, the minutes were approved by a vote of 12 yeas and 0 nays. Representatives Coussan, Butler, Carrier, Cormier, Fisher, Kerner, McKnight, Mincey, Orgeron, Romero, Schamerhorn, and Wheat voted yea. Senator Hensgens offered a motion to approve the minutes. Without objection, the minutes were approved by a vote of 7 yeas and 0 nays. Senators Hensgens, Fesi, Allain, Connick, Hewitt, Kleinpeter, and Lambert voted yea.

V. ANNOUNCEMENTS

There were no announcements.

VI. ADJOURNMENT

Representative McKnight offered a motion to adjourn. Without objection, the motion passed by a vote of 12 yeas and 0 nays. Representatives Coussan, Bourriaque, Butler, Carrier, Fisher, Kerner, McKnight, Mincey, Orgeron, Romero, Schamerhorn, and Wheat voted yea.

The meeting was adjourned at 3:41 p.m.

Respectfully submitted,

Chairman Jean-Paul P. Coussan Joint Committee on Joint Natural Resources

Date adopted: