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STATE REGISTER

NOTICE OF INTENT

RULE

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REFER TO INSTRUCTIONS ON REVERSE SIDE

This is your authority to publish in the (month) August 20, 2015, Louisiana Register the document indicated above.

Office of Conservation
Office/Board/Commission promulgating this document

Department of Natural Resources
Department under which office/board/commission is classified

James H. Welsh, Commissioner of Conservation
(name) (title)
Name and title of person whose signature will appear in the publication (at the end of the document)

Gary Ross 342-5560 342-3705
(name) (phone) (fax)
Name, phone number, and FAX number of person to contact regarding this document

Provide a short descriptive listing for this document to be used in the Louisiana Register's TABLE OF CONTENTS/INDEX (note: this description should match the fiscal statement title, if sending a Notice of Intent: Fees - Short Version

*If sending a diskette, indicate the name of the file on diskette:

Fees (LAC 43:XIX.701, 703, and 707)


Signature of Agency Head or Designee

Important: If submitting both an Emergency Rule (ER) and a Notice of Intent (NOI) to be published this month, AND if the rule text in the ER is identical to the rule text in the NOI, check here:

Gary P. Ross, Assistant Commissioner of Conservation
Print Name and Title of Agency Head or Designee

CERTIFICATION OF AVAILABLE FUNDS

DOCUMENT # _____

ISIS AGENCY/LAGOV: I certify the availability of fiscal year 2014/15 appropriated funds for the payment of the above referenced publication and authorize the processing of an Interagency Billing with the following coding on the 30th of the month of the publication. Attach supplemental sheet for additional lines of coding.

432 4321/4321010101 4950/5950006 43200N0900 STRG/DNRMS1000009
AGENCY ORGANIZATION # OBJECT FUND REPORTING CATEGORY/INTERNAL ORDER

NON-ISIS AGENCY: I certify the availability of fiscal year FY14/15 appropriated funds for the payment of the above referenced publication and agree to place corresponding invoice in line for payment upon receipt.

Billing Address for Agencies:

 342-5560
Signature of Agency Head or Designee - Phone #

Dept. of Natural Resources/Office of Conservation
Agency Name

P. O. Box 94275, Capitol Station
street Address or Post Office Box

Baton Rouge, LA 70804-9275
City ST Zip code

Lines/Other Charges _____ Typesetting \$ _____ TOTAL \$ _____

NOTICE OF INTENT

Department of Natural Resources Office of Conservation

Fees (LAC 43:XIX.701, 703, and 707)

Pursuant to power delegated under the laws of the state of Louisiana, and particularly Title 30 of the Louisiana Revised Statutes of 1950, as amended, the Office of Conservation proposes to amend LAC 43:XIX.701, 703, and 707 (Statewide Order No. 29-R) in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq. The proposed action will adopt Statewide Order No. 29-R-15/16 (LAC 43:XIX, Subpart 2, Chapter 7), which establishes the annual Office of Conservation Fee Schedule for the collection of Application, Production, and Regulatory Fees, and will replace the existing Statewide Order No. 29-R-14/15.

Title 43

NATURAL RESOURCES

Part XIX. Office of Conservation—General Operations

Subpart 2. Statewide Order No. 29-R

Chapter 7. Fees

§701. Definitions

Application for Alternate Unit Well - an administrative application for authority to drill one or more wells within a commissioner's unit to efficiently and economically drain a portion of the oil and gas within the pool underlying the unit which cannot be efficiently and economically drained by any existing well as authorized by Commissioner R.S. 30:9, 10. LAC.XIX.103

Application to Amend Permit to Drill - Minerals (\$126 amount) - an application to alter, amend, or change a permit to drill for minerals after its initial issuance as authorized by R.S. 30:28, excluding the amendments described in Application to Amend Permit to Drill – Minerals (lease to unit, unit to lease, unit to unit, Stripper, Incapable, other). Additionally, application to amend operator (transfer of ownership, including any other amendment action requested at that time) for any orphaned well or any multiply-completed well which has reverted to a single completion shall not be subject to the application fees provided herein.

Application to Amend Permit to Drill – Minerals (lease to unit, unit to lease, unit to unit, Stripper, Incapable, other) (\$50 amount) - an application to alter, amend, or change a permit to drill for minerals after its initial issuance as authorized by R.S. 30:28 for any lease to unit, unit to unit, and unit to lease changes; and, application to amend operator (transfer of ownership, including any other amendment action requested at that time) for any stripper crude oil well or incapable gas well so certified by the Department of Revenue.

Application for Commercial Facility Exclusive of an Associated Well – A permit application to construct and operate a commercial treatment or disposal facility exclusive of utilizing a UIC permitted well as defined by LAC 43 XIX.523 & 525.

Application/Request for Commercial Facility Reuse—Application/Request to determine if E & P Material which has been treated physically, chemically, or biologically so that the material is physically, chemically or biologically distinct from the original material and meets the criteria LAC 43 XIX. 565.F.

Application for Critical Date Order – an application to request an expedited Commissioner's Order due to specific circumstances, such as lease expirations or rig standby rates that present a significant financial burden on the operator or other interested parties, if a Commissioner's Order is not issued by the requested date.

Application for Downhole Combinations - an application for authority to complete a well so as to permit simultaneous production from two or more pools through a single wellbore or tubing string R.S. 30:4, LAC 43.XIX.1301 et seq.

Application for Exception to 29-B (Injection & Mining Division) – any application or request for an exception to the rules and regulations for disposal of E&P waste or enhanced oil recovery by Class II injection as authorized by Statewide Order 29-B (LAC 43.XIX.319.A et seq.), or successor regulations.

Application for Exception to 29-B (Engineering Divisions) - any application or request to waive or suspend the provisions of Statewide Order 29-B.

Application for Exception to 29-E - any application or request to waive or suspend the provisions of Statewide Order 29-E.

Application for Pilot Projects - an application for authority to conduct a six (6) month enhanced recovery project for the purpose of testing the method. R.S. 30:4, 5, 6. LAC 43.XIX.407

Applications/Requests for Reuse Not Associated with Commercial Facility- application/request to determine if E & P Material has been treated physically, chemically, or biologically so that the material is physically, chemically or biologically distinct from the original material and meets the criteria LAC 43 XIX. 565.F.

Application for Selective Completion - an application for authority to allow the completion of any well utilizing downhole equipment so as to permit production to be changed from one separate pool to another without the necessity of a workover or additional perforating as authorized by Statewide Order No. 29-C-4 (LAC 43:XIX.1301)

Application for Severance Tax Relief - an application to allow the suspension of all severance taxes due on production from a qualifying well as authorized by R.S. 47:633 et seq, and/or successor regulations.

Application for Waiver of Production Test – an application to request a waiver of the Office of Conservation Policy of requiring a production test on a well in the subject field prior to approving a pre-drilled unit in that field.

Application for Well Product Reclassification - an application for authority to change the primary product of a unit based on administrative authority granted by Commissioner's Order and evidence of change in producing characteristics of said unit R.S. 30:4.

Application for Work Permit – Minerals - an application to perform certain operations on an existing well, as required in LAC 43:XIX.105.

Application for Work Permit – Injection or Other – an application to perform work activities as outlined on Injection Well Work Permit Form UIC-17 on a well under the jurisdiction of the Underground Injection Control program of the Injection & Mining Division/Office of Conservation as authorized by Statewide Order 29-N-1 (LAC 43:XVII.109 et seq.), 29-N-2 (LAC 43:XVII.209 et seq.), 29-M (LAC 43:XVII.309 & 319 et seq.), 29-M-2 (LAC 43:XVII.3121 et seq.), 29-M-3 (LAC 43:XVII.3309 et seq.), 29-B (LAC 43:XIX.Chapter 4) or successor regulations.

Authorization for After Hours Disposal of E&P Waste – a permit granting approval for after-hours receipt of E&P Waste by a commercial facility or transfer station when an emergency condition exists which may endanger public health or safety or the environment and to minimize the potential for the same as granted under LAC 43 XIX.537.B.

BOE—annual barrels oil equivalent. Gas production is converted to BOE by dividing annual mcf by a factor of 28.0.

Capable Gas—natural and casing head gas not classified as incapable gas well gas or incapable oil well gas by the Department of Revenue, as of December 31, 2014.

Capable Oil—crude oil and condensate not classified as incapable oil or stripper oil by the Department of Revenue, as of December 31, 2014.

Class I Well Fee--an annual fee payable to the Office of Conservation, in a form and schedule prescribed by the Office of Conservation, on Class I wells in an amount not to exceed \$1,000,000 for Fiscal Year 2015-2016 and thereafter

Class II CO2 EOR Project (AOR Review and Updates) -- an enhanced recovery project permitted by the Office of Conservation injecting carbon dioxide (CO2) down the wellbore of permitted Class II injection wells under the authority of the Office of Conservation/Injection and Mining Division in conformance with Statewide Order 29-B (LAC 43.XIX.411.C et seq.) or successor regulations.

Class II Hydrocarbon Storage & E&P Waste Cavern Compliance Review Fee -- an annual fee payable to the Office of Conservation, in a form and schedule prescribed by the Office of Conservation, on each Class II Hydrocarbon Storage & E&P Waste Cavern in the amount of \$2,000 for Fiscal Year 2015-2016 and thereafter for the compliance review required by Statewide Order 29-M (LAC 43.XIX.309.K et seq.) or successor regulations.

Class III Solution Mining Cavern Compliance Review Fee-- an annual fee payable to the Office of Conservation, in a form and schedule prescribed by the Office of Conservation, on each Class III Solution Mining Cavern in the amount of \$2,000 for Fiscal Year 2015-2016 and thereafter for the compliance review required by Statewide Order 29-M-3 (LAC 43.XVII.3309.K et seq.) or successor regulations.

Class V Permit Waiver/Exemption Request -- a request for a waiver or exemption from the permitting requirements of Class V injection wells for certain remediation wells/projects of short duration where remediation is accomplished by one time injection into shallow wells where casing is not installed as authorized by Statewide Order 29-N-1 (LAC 43:XVII.111 et seq.) or successor regulations.

Commercial Facility Annual Closure Plan and Cost Estimate Review -- Closure bond or letter of credit amounts for permitted E&P Waste commercial facilities and transfer stations will be reviewed each year as required by LAC 43 XIX. 513.C & 567.B.

Community Saltwater Disposal System Initial Notification -- an application to designate a Class II SWD for injection of produced saltwater from multiple operators by the submittal of the Community Saltwater Disposal System Application Form UIC-13 and submittal of an acceptable operating agreement specifying cost sharing of operating expenses as authorized by Statewide Order 29-B (LAC 43.XIX.317

et seq.) or successor regulations.

E&P Waste Determination -- a determination as to whether a material meets the definition of Exploration and Production Waste as defined in LAC 43 XIX. 501

Operator Annual Registration -- annual application Form filed by entity with whom the Office of Conservation has jurisdiction to obtain/maintain organizational ID.

Production Fee--an annual fee payable to the Office of Conservation, in a form and schedule prescribed by the Office of Conservation, by oil and gas operators on capable oil wells and capable gas wells based on a tiered system to establish parity on a dollar amount between the wells. The tiered system shall be established annually by rule on capable oil and capable gas production, including nonexempt wells reporting zero production during the annual base period, in an amount not to exceed \$3,675,000 for Fiscal Year 2015-2016 and thereafter.

Production Well—any well which has been permitted by and is subject to the jurisdiction of the Office of Conservation, excluding wells in the permitted and drilling in progress status, Class II injection wells, liquid storage cavity wells, commercial salt water disposal wells, Class V injection wells, wells which have been plugged and abandoned, wells which have reverted to landowner for use as a fresh water well (Statewide Order No. 29-B, LAC 43:XIX.137.G, or successor regulations), multiply completed wells reverted to a single completion, and stripper oil wells or incapable oil wells or incapable gas wells certified by the Severance Tax Section of the Department of Revenue, as of December 31, 2014.

Regulatory Fee—an amount payable annually to the Office of Conservation, in a form and schedule prescribed by the Office of Conservation, on Class II wells, Class III wells, storage wells, Type A facilities, and Type B facilities in an amount not to exceed \$2,187,500 for Fiscal Year-2015-2016 and thereafter. No fee shall be imposed on a Class II well of an operator who is also an operator of a stripper crude oil well or incapable gas well certified pursuant to R.S. 47.633 by the Severance Tax Section of the Department of Revenue as of December 31, 2014, and located in the same field as such Class II well. Operators of Record, excluding operators of wells and including, but not limited to, operators of gasoline/cycling plants, refineries, oil/gas transporters, and/or certain other activities subject to the jurisdiction of the Office of Conservation are required to pay an annual registration fee of \$105. Such payment is due within the time frame prescribed by the Office of Conservation.

Requests to Modify Well Permit – Injection -- requests made by operators of record to change the operating conditions of their injection wells as authorized by Statewide Order 29-N-1 (LAC 43:XVII.113 et seq.), 29-N-2(LAC 43:XVII.213 et seq.) , 29-M (LAC 43:XVII.311 et seq.), 29-M-2 (LAC 43:XVII.311 et seq.), 29-M-3 (LAC 43:XVII.311 et seq.) , 29-B (LAC 43:XIX.Chapter 4) or successor regulations.

Request to Transport E&P Waste to Commercial Facilities or Transfer Stations -- Other oil and gas industry companies (i.e. companies that do not possess a current Office of Conservation producer/operator code or a current offshore/out-of-state waste generator code) must obtain authorization by submitting a completed (acceptable) Form UIC-23 to transport E&P Waste to commercial facilities or transfer stations as required by LAC XIX.545.B.

Transfer Stations Regulatory Fee (E&P Waste) -- a regulatory fee established for all permitted E&P Waste Transfer Stations as defined by LAC 43 XIX.501.

Witnessed Verification of Mechanical Integrity Tests (MIT) -- a mechanical integrity test (MIT) performed on a permitted injection well that is witnessed by a Conservation Enforcement Agent or other designated employee of the Office of Conservation as authorized by Statewide Order 29-N-1 (LAC 43:XVII.109 et seq.), 29-N-2 (LAC 43:XVII.209 et seq.), 29-M (LAC 43:XVII.327 et seq.), 29-M-2 (LAC 43:XVII.3129 et seq.), 29-M-3 (LAC 43:XVII.3327 et seq.), 29-B (LAC 43:XIX.Chapter 4 et seq.) or successor regulations.

Work Permit to Plug & Abandon a Well Utilized for NORM disposal -- an application to plug and abandon a well which is utilized for downhole disposal of NORM solids and/or NORM contaminated tubing/equipment by the submittal of Form UIC-30, Work Permit to Perform a NORM Plug & Abandonment in conformance with Statewide Order 29-B (LAC 43.XIX.137 et seq.) or successor regulations.

AUTHORITY NOTE:
HISTORICAL NOTE:

Promulgated in accordance with R.S. 30:21 et seq.
Promulgated by the Department of Natural Resources, Office of Conservation,

LR 14:542 (August 1988), amended LR 15:551 (July 1989), LR 21:1249 (November 1995), LR 24:458 (March 1998), LR 24:2127 (November 1998), LR 25:1873 (October 1999), LR 26:2302 (October 2000), LR 27:1919 (November 2001), LR 28:2366 (November 2002), LR 29:2499 (November 2003), LR 31:2950 (November 2005), LR 32:2087 (November 2006), LR 33:2462 (November 2007), LR 34:2404 (November 2008), LR 35:2463 (November 2009), LR36: 2567(November 2010), LR37:3271 (November 2011); LR38:2930 (November 2012), LR 39:3099 (November 2013); LR 40 2266(November 2014), LR 41 (November 2015) .

§703. Fee Schedule for Fiscal Year 2015-2016

A. Application Fees	
Application for Alternate Unit Well	\$ 504

Application to Amend Permit to Drill - Minerals (LUW, Stripper, Incapable, Other)	\$ 50

Application for Commercial Facility Exclusive of an Associated Well	\$3,000
Application for Commercial Facility Reuse Material	\$ 300
Application for Commercial Facility Transfer Station	\$1,500

Application for Critical Date Order	\$ 504
Application for Downhole Combinations	\$ 504
Application for Exception to 29-E	\$ 504
Application for Exception to 29-B	\$ 504

Application for Pilot Projects	\$ 504

Application for Reuse Material not Associated with a Commercial Facility	\$ 400
Application for Selective Completion	\$ 504
Application for Severance Tax Relief	\$ 504

Application for Waiver of Production Test	\$ 504
Application for Well Product Reclassification	\$ 504
Application for Work Permit - Injection or Other	\$ 125
Application for Work Permit – Minerals	\$ 75

Authorization for After Hours Disposal of E&P Waste	\$ 150
Class II Hydrocarbon Storage & E&P Waste Cavern Annual Compliance Review Fee	\$2,000
Class II CO2 EOR Project (AOR Review and Updates)	\$5,000
Class III Solution Mining Cavern Annual Compliance Review Fee	\$2,000
Class V Permit Waiver/Exemption Request	\$ 250
Commercial Facility Annual Closure Plan and Cost Estimate Review	\$ 300
Community Saltwater Disposal System Initial Notification	\$ 125
E&P Waste Determination	\$ 300
Operator Registration	\$ 105
Requests to Modify Well Permit - change MASIP, work prognosis, etc.	\$ 300
Request to Transport E&P Waste to Commercial Facilities or Transfer Stations	\$ 150
Transfer Stations Regulatory Fee (E&P Waste) - Annual	\$2,500
Witnessed Verification of MIT Tests	\$ 250
Work permit to Plug & Abandon a Well utilized for NORM disposal	\$ 500

B. Regulatory Fees

1. Operators of each permitted Type A Facility are required to pay an annual Regulatory Fee of \$15,742 per facility.
2. Operators of each permitted Type B Facility are required to pay an annual Regulatory Fee of \$7,873 per facility.
3. Operators of record of permitted non-commercial Class II injection/disposal wells are required to pay \$1,571 per well.

4. Operators of record of permitted Class III and Storage wells are required to pay \$1,571 per well.
- C. Class I Well Fees. Operators of permitted Class I wells are required to pay \$29,850 per well.
- D. Production Fees. Operators of record of capable oil wells and capable gas wells are required to pay according to the following annual production fee tiers.

Tier	Annual Production (Barrel Oil Equivalent)	Fee (\$ per Well)
Tier 1	0	26
Tier 2	1 - 5,000	151
Tier 3	5,001 - 15,000	432
Tier 4	15,001 - 30,000	718
Tier 5	30,001 - 60,000	1,131
Tier 6	60,001 - 110,000	1,575
Tier 7	110,001 - 9,999,999	1,965

- E. Exceptions
1. Operators of record of each Class I injection/disposal well and each Type A and B commercial facility and transfer station that is permitted, but has not yet been constructed, are required to pay an annual fee of 50% of the applicable fee for each well or facility.

 4. Operators of record of each inactive transfer station which have voluntarily ceased the receipt and transfer of E&P waste and are actively implementing an Office of Conservation approved closure plan are required to pay an annual Regulatory Fee of 50% of the annual fee for each applicable facility.
 5. Operators of record of each inactive transfer station which have voluntarily ceased the receipt and transfer of E&P waste and are actively implementing an Office of Conservation approved closure plan are required to pay an annual Regulatory Fee of 50% of the annual fee for each applicable facility.

F. – F.2

 AUTHORITY NOTE: Promulgated in accordance with R.S. 30:21 et seq., R.S. 30:560 and 706.
 HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, LR 14:543 (August 1988), amended LR 15:552 (July 1989), LR 21:1250 (November 1995), LR 24:458 (March 1998), LR 24:2128 (November 1998), LR 25:1874 (October 1999), LR 26:2304 (October 2000), LR 27:1920 (November 2001), LR 28:2368 (November 2002), LR 29:350 (March 2003), LR 29:2501 (November 2003), LR 30:2494 (November 2004), LR 31:2950 (November 2005), LR 32:2088 (November 2006), LR 33:2462 (November 2007), LR 34: 2404 (November 2008), LR 35:2463 (November 2009), LR36: 2567(November 2010), LR37: 3271 (November 2011); LR38:2930 (November 2012), LR 39:3099 (November 2013); LR 40:2267 (November 2014), LR 41: (November 2015).

§705. Failure to Comply

Operators of operations and activities defined in §701 are required to timely comply with this Order. Failure to comply by the due date of any required fee payment will subject the operator to civil penalties provided in Title 30 of the Louisiana Revised Statutes of 1950, including but not limited to R.S. 30:18.

§707. Severability and Effective Date

A. The fees set forth in §703 are hereby adopted as individual and independent rules comprising this body of rules designated as Statewide Order No. 29-R-15/16 and if any such individual fee is held to be unacceptable, pursuant to R.S. 49:968(H)(2), or held to be invalid by a court of law, then such unacceptability or invalidity shall not affect the other provisions of this order which can be given effect without the unacceptable or invalid provisions, and to that end the provisions of this order are severable.

B. This Order (Statewide Order No. 29-R-15/16) supersedes Statewide Order No. 29-R-15/16 and any amendments thereof.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:21 et seq.
 HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, LR 14:544 (August 1988), amended LR 15:552 (July 1989), LR 21:1251 (November 1995), LR 24:459 (March 1998), LR 24:2128 (November 1998), LR 25:1874 (October 1999), LR 26:2305 (October 2000), LR 27:1921 (November 2001), LR 28:2368 (November 2002), LR 29:2502 (November 2003), LR 30:2494

(November 2004), LR 31:2950 (November 2005), LR 32:2088 (November 2006), LR 33: 2462 (November 2007), LR 34: 2404(November 2008), LR 35:2463 (November 2009), LR36: 2567(November 2010), LR37:3274 (November 2011): LR38:2931 (November 2012), LR39:3100 (November 2013); LR 40:2267 (November 2014), LR 41: (November 2015).

Family Impact Statement

This Rule has no known impact on family formation, stability, and autonomy as described in R.S. 49:972.

Poverty Impact Statement

This Rule has no known impact on poverty as described in R.S. 49:973.

Small Business Statement

This Rule has no known impact on small businesses as described in R.S. 49:965.6.

Provider Impact Statement

This Rule has no known impact on providers as described in HCR 170 of 2014.

Public Comments

Comments and views regarding the proposed fees will be accepted until 4:30 p.m., Friday, October 2, 2015. Comments should be, in writing, to Todd Keating, Director, Engineering Division, Office of Conservation, P.O. Box 94275, Capitol Station, Ninth Floor, Baton Rouge, LA 70804-9275 (Re: Docket No. 15-455 Proposed Statewide Order No. 29-R-15/16).

Public Hearing

A public hearing will be held at 9 a.m., Tuesday, September 29, 2015, in the LaBelle Hearing Room, located on the First Floor, LaSalle Building, 617 North Third Street, Baton Rouge, LA.

James H. Welsh
Commissioner of Conservation

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES**

Person Preparing
Statement: Gary P. Ross Dept: NATURAL RESOURCES

Phone: (225) 342-5560 Office: CONSERVATION

Return
Address: Post Office Box 94275 Rule Title: Fees (LAC 43:XIX. 701, 703,
Baton Rouge, LA 70804-9275 and 707)
Date Rules Take Effect: November 20, 2015

**SUMMARY
(Use Complete Sentences)**

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

**I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL
GOVERNMENTAL UNITS (Summary)**

There are no estimated implementation costs or savings to the state or local governmental units as a result of the proposed rule changes. The proposed rule changes the Office of Conservation's General Operations Statewide Order No. 29-R. Consistent with Act 362 of 2015, the proposed rule will add new application fees and regulatory fees, and increases the fee caps on Type A & B Commercial Facilities, Class I, II, & III wells, and storage wells by 150%. The caps on capable oil & gas production will also be increased by 50%. The increased revenue will flow into the Oil and Gas Regulatory Fund. The proposal provides for additions and changes in the definitions, the fee schedule and the severability and effective date of the Office of Conservation General Operations Statewide Order No. 29-R. The severability and effective date of the proposed rule is November 20, 2015.

**II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL
UNITS (Summary)**

The proposed rule changes will likely result in an increase of approximately \$5.1 M of anticipated revenue collections of state governmental units. Consistent with Act 362 of 2015, the proposed rule will add new application fees and regulatory fees, and increases the fee caps on Type A & B Commercial Facilities, Class I, II, & III wells, and storage wells by 150%. The caps on capable oil & gas production will also be increased by 50%. However, the acreage fee increase included in Act 362 is not a part of Conservation Order No. 29-R. No effect on revenue collections of local governmental units is anticipated.


**III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR
NON GOVERNMENTAL GROUPS (Summary)**

The primary groups affected by these rules are oil and gas operators, and storage cavern operators. New application fees and regulatory fees ranging from \$50 to \$3,000 could potentially increase fees by approximately \$2M depending upon market participation, while existing fees and caps will increase by approximately \$3.1M. In total, operators could pay an aggregate of \$5.1M more in annual regulatory fees and well production fees.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

Implementation of the proposed rule changes will have no impact on competition and employment in the public and private sector.

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES**



Signature of Agency Head or Designee



Legislative Fiscal Officer or Designee

Gary P. Ross, Assistant Commissioner of Conservation
Typed Name and Title of Agency Head or Designee

August 7, 2015
Date of Signature

8/10/2015
Date of Signature

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES**

The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriate legislative oversight subcommittee in its deliberations on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption, or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of both the current and proposed rules with amended portions indicated).

Proposed Statewide Order No. 29-R-15/16 establishes the Louisiana Office of Conservation Fee Schedule for the collection of application, production, and regulatory fees by the Office of Conservation and will replace the existing Statewide Order No. 29-R-14/15. R.S. 30:21 et seq., R.S. 30:560, and R.S. 30:706 provide that the Commissioner of Conservation shall periodically and/or annually review the fees collected, and the Office of Conservation has established a practice of annually evaluating all applicable fees. This revision will authorize the collection of this application fee consistent with the Agency's other fee collections.

Additionally, the passage of Act Nos. 222 and 223 of the 2004 Regular Legislative Session, authorizes the Office of Conservation to determine by rule annually, in accordance with the Administrative Procedure Act, the pipeline safety inspection fees charged for the miles of state regulated jurisdictional gas pipelines (R.S. 30:560) and state jurisdictional hazardous liquids pipelines (R.S. 30:706). The Office of Conservation is authorized to collect a "fee not to exceed \$22.40 per mile, or a minimum of \$400, whichever is greater," for these state jurisdictional gas and hazardous liquids pipelines. The proposed FY15/16 fee will remain at the maximum fee authorized by statute

The above referenced fees are deposited into the Oil and Gas Regulatory Fund, a statutory dedicated fund, and comprise a significant percentage of the Office of Conservation's annual budget, and used to fund necessary annual operating expenses for the Office of Conservation for FY15/16.

- B. Summarize the circumstances which require this action. If the action is required by federal regulations, attach a copy of the applicable regulation.

R.S. 30:21 et seq., R.S. 30:560, and R.S. 30:706 provide that the Commissioner of Conservation shall periodically and/or annually review the fees collected, and the Office of Conservation has established a practice of annually evaluating all applicable fees.

- C. Compliance with Act 11 of the 1986 First Extraordinary Session

(1) Will the proposed rule change result in any increase in the expenditure of funds? If so, specify amount and source of funding.

No.

(2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase? This is not an expenditure increase; therefore, this is not applicable.

(a) Yes. If yes, attach documentation

(b) No. If no, provide justification as to why this rule change should be published at this time.

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET**

**I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM THE ACTION
PROPOSED**

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

Not Applicable

COSTS	FY15-16	FY16-17	FY17-18
Personal Services	-----	-----	-----
Operating Expenses	-----	-----	-----
Professional Services	-----	-----	-----
Other Charges	-----	-----	-----
Equipment	-----	-----	-----
Major Repair & Constr.	-----	-----	-----
TOTAL			
POSITIONS			

2. Provide a narrative explanation of the costs or savings shown in "A.1.", including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

3. Sources of funding for implementing the proposed rule or rule change.

SOURCE	FY15-16	FY16-17	FY17-18
State General Fund	-----	-----	-----
Agency Self-Generated	-----	-----	-----
Dedicated	-----	-----	-----
Federal Funds	-----	-----	-----
Other: Oil & Gas Regulatory Fund	-----	-----	-----
TOTAL			

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

Yes. The adoption of Statewide Order No. 29-R-15/16 will generate sufficient funds to allow the Office of Conservation to perform mandated responsibilities.

**B. COST OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION
PROPOSED.**

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

There will be no anticipated impact on local governmental units resulting from this action.

2. Indicate the sources of funding of the local governmental unit which will be affected by these costs or savings.

Not Applicable.

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET**

II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENT UNITS

A. What increase (decrease) in revenues can be anticipated from the proposed action?

There is a potential increase of \$5.1 Million anticipated on revenue collections of state governmental units as a result of the proposed rule changes. Consistent with Act 362 of the 2015 Regular Session, the Proposed Rule will add new application fees and regulatory fees, and increases the fee caps on Type A & B Commercial Facilities, Class I, II, & III wells, and storage wells by 150%. The caps on capable oil & gas production will also be increased by 50%. No effect on revenue collections of local governmental units is anticipated.

<u>REVENUE INCREASE/DECREASE</u>	<u>FY15-16</u>	<u>FY16-17</u>	<u>FY17-18</u>
State General Fund	-----	-----	-----
Agency Self-Generated	-----	-----	-----
Dedicated Funds*	\$5,100,000	\$5,100,000	\$5,100,000
Federal Funds	-----	-----	-----
Local Funds	-----	-----	-----
<u>TOTAL</u>			

B. Provide a narrative explanation of each increase or decrease in revenues shown in "A". Describe all data, assumptions, and methods used in calculating these increases or decreases.

There is a potential increase of \$5.1 Million anticipated on revenue collections of state governmental units as a result of the proposed rule changes. Consistent with Act 362 of the 2015 Regular Session, the Proposed Rule will add new application fees and regulatory fees, and increases the fee caps on Type A & B Commercial Facilities, Class I, II, & III wells, and storage wells by 150%. The caps on capable oil & gas production will also be increased by 50%. Annual regulatory fees are increased as follows: (1) Operators of Type A facility from \$6,496 to \$15,742; (2) Operators of Type B facility from \$3,348 to \$7,873; (3) Operators of record of permitted non-commercial Class II injection/disposal wells from \$651 to \$1,571; (4) Operators of record of permitted Class III storage wells from \$651 to \$1,571; and (5) Operators of permitted Class I well from \$11,940 to \$29,850. The per well annual production fees for operators of capable oil wells and capable gas wells are increased as follows: Tier 1 from \$17 to \$26; Tier 2 from \$94 to \$151; Tier 3 from \$267 to \$432; Tier 4 from \$443 to \$718; Tier 5 from \$700 to \$1,131; Tier 6 from \$974 to \$1,575; and Tier 7 from \$1,202 to \$1,965.

III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON GOVERNMENTAL GROUPS

A. What persons or non governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.), they may have to incur as a result of the proposed action.

The primary groups affected by these rules are oil and gas operators, and storage cavern operators. In addition to new application fees and regulatory fees ranging from \$50 to \$3,000, operators will pay \$3,137,500 more for the annual regulatory fees and well production fees.

B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

N/A

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET**

IV. EFFECTS ON COMPETITION AND EMPLOYMENT

Identify and provide estimates of the impact of the proposed action on competition and employment in the public sectors. Include a summary of any data, assumptions and methods used in making these estimates.

Implementation of the proposed rule changes will have no impact on competition and employment in the public and private sector.



BOBBY JINDAL
GOVERNOR

State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF CONSERVATION

STEPHEN CHUSTZ
SECRETARY
JAMES H. WELSH
COMMISSIONER OF CONSERVATION

MEMORANDUM

August 10, 2015

TO: Catherine Brindley, *Louisiana Register* Editor, Office of the State Register
FROM: *HO* Kay O'Brien, Executive Staff Officer, Office of Conservation
SUBJECT: Proposed Amendment to LAC 43:XIX.701, 703, and 707 - Statewide Order No. 29-R Office of Conservation FY15/16 Fee Schedule

Attached is the documentation necessary for the publication of the Notice of Intent to amend the above referenced Rule for the Office of Conservation, which should be published in the August 20, 2015 edition of the *Louisiana Register*. Attached please find the following items:

1. Insertion Order for Publication of a Notice of Intent;
2. Fiscal and Economic Impact Statement for Administrative Rules signed by the Legislative Fiscal Officer or designee and related documents; Notice of Intent – Short Version to be published – copy with the revisions underlined previous data struck through; Proposed amended Rule - LAC 43:XIX.701, 703, and 707 - Statewide Order No. 29-R-FY15/16; and a copy of the SWO No. 29-R-FY14/15; and Notice of Intent of the public hearing scheduled for September 24, 2014 by the Commissioner of Conservation.

Should you have any questions or require additional information about the attachments, please call me at 342-5510, or Gary Ross at 342-5560. Thank you for your assistance with this request.

Attachments