

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

Person  
Preparing  
Statement: Stephen Lee Dept.: Energy and Natural Resources

Phone: 225-342-5569 Office: Office of Conservation

Return  
Address: Injection & Mining Rule  
Title: Statewide Order No. 29-N-7

LAC 43:XVII Ch. 38. Class VI CO<sub>2</sub>  
Sequestration

617 N. Third St.

Baton Rouge, LA, 70802 Date Rule  
Takes Effect: Upon Promulgation

**SUMMARY**  
(Use complete sentences)

In accordance with Section 961 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)**

The proposed rule change is not anticipated to result in costs or savings to state or local governmental units. This proposed rule supports the new Class VI carbon sequestration well program, for which the Louisiana Office of Conservation - Injection and Mining Division will receive primary enforcement authority (primacy) on February 5, 2024. This proposed rule describes the application fees for a Class VI permit application, as enabled by R.S. 30:1110.

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

The proposed rule change is anticipated to increase revenue collections for the Office of Conservation. The fees contained in the proposed rule change include an application filing fee and periodic area of review filing fee. The application filing fee is set at a base of \$100,000 plus \$10,000 for each additional well at a storage facility but cannot exceed \$200,000 for the initial filing fee. The periodic area of review filing fee is set at \$25,000, but will not be collected until up to five years after a facility begins injection.

Based on 19 sites that will be beginning operations in FY 24, the estimated revenue collections for the Office of Conservation during the first state fiscal year of the program are \$2,260,000, with total anticipated revenue of almost \$4,000,000 over the first three state fiscal years of the program.

The proposed rule change is not anticipated to have an impact on revenues of local governmental units.

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

This fee rule supports the new Class VI carbon sequestration well program, for which the Louisiana Office of Conservation - Injection and Mining Division will receive primacy on February 5, 2024. Implementation costs to operators submitting applications are expected to range between \$100,000 - \$200,000 per applicant, per facility.

**IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)**


Construction of new Class VI carbon sequestration facilities and injection wells is predicted to positively impact the industrial construction sector. Since only three of these facilities currently exist in the United States, there is limited data on the economic impacts on competition and employment. It is likely that available construction jobs will increase in order to build pipeline infrastructure and the injection facilities, but quantifiable predictions are not available at this time.

  
Signature of Agency Head or Designee

Monique M. Edwards, Commissioner of Conservation

Typed Name & Title of Agency Head or Designee

2/7/2024  
Date of Signature

  
Legislative Fiscal Officer or Designee

2/6/2024  
Date of Signature

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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 deliberation 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).

The Class VI Geologic Sequestration of Carbon Dioxide Rule (Statewide Order 29-N-6) was promulgated in January 2021 in anticipation of receiving primary enforcement authority (primacy) from the United States Environmental Protection Agency (EPA) for this new program. Notice of primacy approval was published in the Federal Register on January 5, 2024, with primacy becoming effective on February 5, 2024. This proposed rule describes the application fees for a Class VI permit application, as enabled by R.S. 30:1110.

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

The Louisiana Department of Energy and Natural Resources - Office of Conservation has received notification that primacy will be awarded to the Injection and Mining Division, effective February 5, 2024. The Federal Register publication formalizing this notice is located online at the following link: <https://www.federalregister.gov/documents/2024/01/05/2024-00044/state-of-louisiana-underground-injection-control-program-class-vi-primacy>.

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

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

The proposed rule will not result in an increase in expenditures of funds.

- (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

(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?

<b>COSTS</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>
Personal Services	\$ 0	\$ 0	\$ 0
Operating Expenses	\$ 0	\$ 0	\$ 0
Professional Services	\$ 0	\$ 0	\$ 0
Other Charges	\$ 0	\$ 0	\$ 0
Equipment	\$ 0	\$ 0	\$ 0
Major Repairs & Constr.	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>POSITIONS (#)</b>	<b>0</b>	<b>0</b>	<b>0</b>

2. Provide a narrative explanation of the costs or savings shown in Section I.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.

Not Applicable.

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

<b>SOURCE</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>
State General Fund	\$ 0	\$ 0	\$ 0
Agency Self-Generated	\$ 0	\$ 0	\$ 0
Dedicated	\$ 0	\$ 0	\$ 0
Federal Funds	\$ 0	\$ 0	\$ 0
Other (Specify)	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

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

Not Applicable.

**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.

The new proposed rule is not anticipated to impact local governmental units.

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

No local government funding sources are anticipated to be affected by the proposed rule.

**FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET**

**II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS**

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

REVENUE INCREASE/DECREASE	FY 24	FY 25	FY 26
State General Fund	\$0	\$0	\$0
Agency Self-Generated	\$0	\$0	\$0
Dedicated Funds			
<i>Oil and Gas Regulatory Fund</i>	\$0	\$0	\$0
<i>Carbon Dioxide Geologic Storage Trust Fund</i>	\$2,260,000	\$900,000	\$600,000
Federal Funds	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$2,260,000</b>	<b>\$900,000</b>	<b>\$600,000</b>

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

There are two fees described in the proposed fee rule: the application filing fee and the periodic area of review filing fee. The application filing fee is set at a minimum of \$100,000 and will not exceed \$200,000 for the initial filing fee. The periodic area of review filing fee is set at \$25,000. These area of review filing fees will not be collected until up to five years after a facility begins injection and are not reflected in the table above. Nevertheless, when collected, those filing fees will also be deposited into the Carbon Dioxide Geologic Storage Trust Fund.

The application filing fees are anticipated to be a close approximation to the actual cost of review of these permit applications to the State. Still, in the proposed rule and following the statutory authority of La R.S. 30:1110, the Office of Conservation - Injection and Mining Division shall refund the unused portion of the filing fee at the end of the permitting process. Similarly, if the application fee is not enough to cover the cost to the State for review, the Injection and Mining Division (IMD) may require additional application fee deposits, such that the entire cost of review is covered by the application fee.

The amounts listed above include fees for nineteen sites in FY 24. These applications have already been submitted to the EPA and will transition to the IMD on February 5, 2024. Each site has proposed between one and six injection wells. According to the proposed rule, a site with one well totals a \$100,000 application filing fee, and a site with six wells totals \$150,000. FY 25 and FY 26 are predictions based on the timing of known or suspected permit application filings. The totals in these years are less than those in FY 24, because on February 5, 2024, the IMD will receive primacy over all the permits which have been submitted to the EPA over the past four years.

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WORKSHEET**

**III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NONGOVERNMENTAL GROUPS**

- A. What persons, small businesses, 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.

Implementation costs for the Class VI program to operators submitting applications, are expected to range between \$100,000 - \$200,000 per applicant per facility, for a total of \$2,260,000 in the first state fiscal year of the program.

- 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.

Not Applicable.

**IV. EFFECTS ON COMPETITION AND EMPLOYMENT**

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

Construction of new Class VI carbon sequestration facilities and injection wells is predicted to positively impact the industrial construction sector. Since only three of these facilities currently exist in the United States, there is limited data on the economic impacts on competition and employment. It is likely that available construction jobs will increase in order to build pipeline infrastructure and the injection facilities, but quantifiable predictions are not available at this time. Predictable and transparent permitting timelines are needed for these construction projects to begin, and this proposed fee rule supports this effort.

