

OFFICE OF THE STATE REGISTER INSERTION ORDER (eff.08/02)

Claiborne Building 1201 North Third Street Suite 3-220 Post Office Box 94095

Baton Rouge, LA 70804-9095 (225)342-5015 FAX (225)342-0284

RECEIVED

AUG 08 2014

(SUBMIT A SEPARATE INSERTION ORDER PER DOCUMENT)

EMERGENCY RULE

NOTICE OF INTENT

RULE

OFFICE OF THE STATE REGISTER

REFER TO INSTRUCTIONS ON REVERSE SIDE

This is your authority to publish in the (month) Aug, 20, 2014 Louisiana Register the document indicated above.

Office of Conservation

Office/Board/Commission promulgating this document

James H. Welsh Commissioner

(name) (title)  
Name and title of person whose signature will appear in the publication (at the end of the document)

Department of Natural Resources

Department under which office/board/commission is classified

John Adams 225 342-7889 225 242-3663

(name) (phone) (fax)  
Name, phone number, and FAX number of person to contact regarding this document

Johnny.Adams@la.gov

E-mail address of contact person

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:

Amend. to Statewide Order No. 29-B

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

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:

  
Signature of Agency Head or Designee

James H. Welsh, Commissioner

Print Name and Title of Agency Head or Designee

CERTIFICATION OF AVAILABLE FUNDS

DOCUMENT # \_\_\_\_\_

ISIS AGENCY: I certify the availability of fiscal year 09/14 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

4322030300

AGENCY

ORGANIZATION #

OBJECT

SUB-OBJECT

REPORTING CATEGORY

NON-ISIS AGENCY: I certify the availability of fiscal year \_\_\_\_\_ 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:

Dept. of Natural Resources

Agency Name

PO Box 94275 Capitol Station

Street Address or Post Office Box

Baton Rouge LA 70804

City State Zip Code

  
Signature of Agency Head or Designee - Phone #

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

## NOTICE OF INTENT

### Department of Natural Resources Office of Conservation

Requiring two well Tests per Year under Statewide Order  
No. 29-B (LAC 43:XIX.121 and 137)

The Department of Natural Resources, Office of Conservation proposes to amend LAC 43: XIX.507 in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., and pursuant to the power delegated under the laws of the state of Louisiana. The proposed rule change in Section 121 codifies the long standing practice of requiring oil and gas operators to conduct two well tests per year. Additionally, as a result of low or no production, wells drilled to or completed in the Monroe Gas Rock or stripper oil lease wells shall not be required to conduct well tests. The proposed rule change in Section 137 updates language to reflect the proposed rule change being made in Section 121.

#### Title 43

#### NATURAL RESOURCES

#### Part XIX. Office of Conservation – General Operations

##### Subpart 1. Statewide Order No. 29-B

##### Chapter 1. General Provisions

#### §121. Production , Production Records, Production Tests

##### A. – D. ...

D.1. Each operator shall conduct semi-annual tests on all producing/service wells and shall report the results on the approved forms DM-1-R - Oil Well Deliverability Test or DT-1 – Gas Well Deliverability Test or other method prescribed by the Office of Conservation no later than the first day of May and November of each year. Well tests shall be conducted a minimum of 60 days prior to the required filing date. All wells which are shut in shall also be shown on this form and the date of last production or date the service well ceased to be used shall be indicated.

2. The requirements of LAC 43:XIX.121.D.I shall not be applicable for wells drilled to or completed in the Monroe Gas Rock or stripper oil lease wells.

#### §137. Plugging and Abandonment

A. All wells wherein production operations or use as a service well have ceased on or after the effective date of this order shall continue to be reported on the Forms DM-1-R – Oil Well Deliverability Test or DT – 1 Gas Well Deliverability Test or other method prescribed by the Office of Conservation no later than the first day of May and November of each year with the appropriate notation that the well is off production or no longer in use as a service well along with the date of last production or date the service well ceased to be used; and, after six months, if such a well has not been restored to production or use as a service well, it shall thereafter be reported by the operator on the semiannual Inactive Well Report, Form INACT WR-1 which report shall be filed with the Office of Conservation showing the status of such well as of May 1 and November 1 of each year. Such wells shall continue to be reported on the Form DM1-R or Form DT-1 showing the date of last production or the date the well ceased to be used as a service well, together with a notation showing the well is carried on the Form INACT WR-1, Inactive Well Report, until the well is plugged and abandoned.

#### 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.

#### Provider Impact Statement

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

#### Small Business Statement

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

#### Fiscal and Economic Impact Statement for Administrative Rules

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

IV. ESTIMATED EFFECT ON COMPETITION AND  
EMPLOYMENT (Summary)

The proposed rule change will have no effect on competition and employment.

#### Public Comments

All interested parties will be afforded the opportunity to submit data, views, or arguments, orally or in writing at the public hearing in accordance with R.S. 49:953. Written comments will be accepted until 4:30 p.m., October 6, 2014, at Office of Conservation, Environmental Division, P.O. Box 94275, Baton Rouge, LA, 70804-9275; or Office of Conservation, Environmental Division, 617 North Third St., Room 817, Baton Rouge, LA 70802. Reference Docket No. ENG RULE 2014-09 on all correspondence. All inquiries should be directed to Daniel Henry at the above addresses or by phone to (225) 342-5570. No preamble was prepared.

#### Public Hearing

The commissioner of conservation will conduct a public hearing at 9 a.m., September 29, 2014, in the LaBelle Room located on the first floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA.

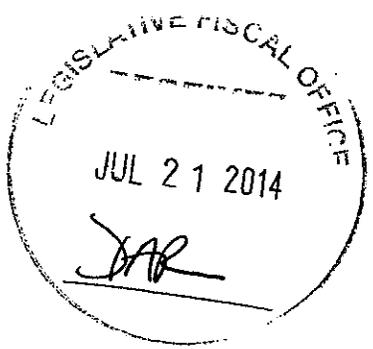
**FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES**

Person Preparing Statement: Daniel Henry, Jr. Dept.: Natural Resources

Phone: 225-342-5570 Office: Conservation

Return Address: Executive Division  
P.O. Box 94275  
Baton Rouge, LA 70804-9275

Rule Title: General Operations,  
43:XIX.121(D.1)  
Production, Production Records,  
Production Tests  
and  
43:XIX.137(A.2.a)  
Plugging and Abandonment



Date Rule Takes Effect: December 2014

**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 is no anticipated direct material effect on state or local governmental expenditures as a result of the proposed rule change. The proposed rule change in Section 121 codifies the long standing practice of requiring oil and gas operators to conduct two well tests per year. Additionally, as a result of low or no production, wells drilled to or completed in the Monroe Gas Rock or stripper oil lease wells shall not be required to conduct well tests. The proposed rule change in Section 137 updates language to reflect the proposed rule change being made in Section 121.

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

The proposed rule change will have no effect on revenue collections of state or local government units.

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

The proposed rule change will only affect the operators of oil and gas wells. There are no anticipated cost increases associated with the rule change and all required documentation will be provided on existing paperwork.

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

The proposed rule change will have no effect on competition and employment.

James H. Welsh  
Signature of Agency Head or Designee

Evan Brassley, Staff Director  
Legislative Fiscal Officer or Designee

Typed Name & Title of Agency Head or Designee  
7-21-14  
Date of Signature

8/8/14  
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 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).

There is no anticipated direct material effect on state or local governmental expenditures as a result of the proposed rule change. The proposed rule change in Section 121 codifies the long standing practice of requiring oil and gas operators to conduct two well tests per year. Additionally, as a result of low or no production, wells drilled to or completed in the Monroe Gas Rock or stripper oil lease wells shall not be required to conduct well tests. The proposed rule change in Section 137 updates language to reflect the proposed rule change being made in Section 121.

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

Oil and gas well operators are currently required to conduct and submit two well tests per year. In a recent performance audit by the legislative auditor, it was recommended that Conservation amend the regulations to reflect the current practice.

- 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. The proposed rule change will not result in any increase in the expenditure 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 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>
Personal Services	\$ 0.00	\$ 0.00	\$ 0.00
Operating Expenses	\$ 0.00	\$ 0.00	\$ 0.00
Professional Services	\$ 0.00	\$ 0.00	\$ 0.00
Other Charges	\$ 0.00	\$ 0.00	\$ 0.00
Equipment	\$ 0.00	\$ 0.00	\$ 0.00
Major Repairs & Constr.	\$ 0.00	\$ 0.00	\$ 0.00
<b>TOTAL</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</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 "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. There are no costs or savings to State Agencies resulting from the proposed actions. The proposed rule simply codifies current practices.

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

<b>SOURCE</b>	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>
State General Fund	\$ 0.00	\$ 0.00	\$ 0.00
Agency Self-Generated	\$ 0.00	\$ 0.00	\$ 0.00
Dedicated	\$ 0.00	\$ 0.00	\$ 0.00
Federal Funds	\$ 0.00	\$ 0.00	\$ 0.00
Other (Specify)	\$ 0.00	\$ 0.00	\$ 0.00
<b>TOTAL</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</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 proposed rule amendment is not anticipated to result in costs or savings to local government units. The proposed rule simply codifies current practices.

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 GOVERNMENTAL UNITS

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

<u>REVENUE INCREASE/DECREASE</u>	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 16-17</u>
State General Fund	\$ 0.00	\$ 0.00	\$ 0.00
Agency Self-Generated	\$ 0.00	\$ 0.00	\$ 0.00
Dedicated Funds*	\$ 0.00	\$ 0.00	\$ 0.00
Federal Funds	\$ 0.00	\$ 0.00	\$ 0.00
Local Funds	\$ 0.00	\$ 0.00	\$ 0.00
<b>TOTAL</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

\*Specify the particular fund being impacted.

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 no anticipated effect on revenue collections of state and local government units.

#### III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL 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 group impacted by these rule changes will be the operators of oil and gas wells. Considering the proposed rule is a codification of current practice, there are no anticipated cost increases associated with the proposed amendment and all required documentation will be provided on currently existing and required paperwork.

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.

There is no anticipated impact on receipts and/or income resulting from this rule or rule change.

#### 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.

There are no anticipated effects on competition and employment resulting from the proposed rule change.

## NOTICE OF INTENT

### Department of Natural Resources Office of Conservation

Requiring two well Tests per under Statewide Order No. 29-B (LAC 43:XIX.121 and 137)

The Department of Natural Resources, Office of Conservation proposes to amend LAC 43: XIX.507 in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., and pursuant to the power delegated under the laws of the state of Louisiana. The proposed rule change in Section 121 codifies the long standing practice of requiring oil and gas operators to conduct two well tests per year. Additionally, as a result of low or no production, wells drilled to or completed in the Monroe Gas Rock or stripper oil lease wells shall not be required to conduct well tests. The proposed rule change in Section 137 updates language to reflect the proposed rule change being made in Section 121.

#### Title 43

### NATURAL RESOURCES

#### Part XIX. Office of Conservation – General Operations

##### Subpart 1. Statewide Order No. 29-B

#### Chapter 1. General Provisions

#### §121. Production, Production Records, Production Tests

##### A. – D. ...

D.1. Each operator shall conduct semi-annual tests on all producing/service wells and shall report the results on the approved forms DM-1-R - Oil Well Deliverability Test or DT-1 - Gas Well Deliverability Test or other method prescribed by the Office of Conservation no later than the first day of May and November of each year. Well tests shall be conducted a minimum of 60 days prior to the required filing date. All wells which are shut in shall also be shown on this form and the date of last production or date the service well ceased to be used shall be indicated.

2. The requirements of LAC 43:XIX.121.D.I shall not be applicable for wells drilled to or completed in the Monroe Gas Rock or stripper oil lease wells.

~~D.1. Every producer shall make and report to the district managers production tests of each of his oil wells by the tenth of February, April, June, August, October and December. The data collected shall include the daily rate of production, size choke, percent B.S. and W., tubing pressure, casing pressure, gravity at 60 degrees F, or observed gravity and temperature, gas/oil ratio and volume of gas produced, which shall be recorded on the daily gauge report on or before the above date. A signed record of such tests shall be filed with the district manager.~~

##### B. §137. Plugging and Abandonment

A. All wells wherein production operations or use as a service well have ceased on or after the effective date of this order shall continue to be reported on the ~~Form DM-1-R or Form DT-1~~ Forms DM-1-R – Oil Well Deliverability Test or DT – 1 Gas Well Deliverability Test or other method prescribed by the Office of Conservation no later than the first day of May and November of each year with the appropriate notation that the well is off production or no longer in use as a service well along with the date of last production or date the service well ceased to be used; and, after six months, if such a well has not been restored to

production or use as a service well, it shall thereafter be reported by the operator on the semiannual Inactive Well Report, Form INACT WR-1 (1974) which report shall be filed with the ~~Department~~ Office of Conservation showing the status of such well as of ~~May April-1 and November October 1~~ of each year (~~report to be filed no later than April 25 and October 25~~). Such wells shall continue to be reported on the Form DM1-R or Form DT-1 showing the date of last production or the date the well ceased to be used as a service well, together with a notation showing the well is carried on the Form INACT WR-1 (1974), Inactive Well Report, until the well is plugged and abandoned.

#### Family Impact Statement

In accordance with RS 49:972, the following statements are submitted after consideration of the impact of the proposed Rule amendments on family as defined therein.

1. The proposed Rule amendment will have no effect on the stability of the family.

2. The proposed Rule amendment will have no effect on the authority and rights of parents regarding the education and supervision of their children.

3. The proposed Rule amendment will have no effect on the functioning of the family.

4. The proposed Rule amendment will have no effect on family earnings and family budget.

5. The proposed Rule amendment will have no effect on the behavior and personal responsibility of children.

6. Family or local government are not required to perform any function contained in the proposed Rule amendment.

#### Poverty Impact Statement

In accordance with R.S. 49:973, the following statements are submitted after consideration of the impact of the proposed rule amendments on child, individual, or family poverty in relation to individual or community asset development.

1. The proposed Rule amendment will have no effect on household income, assets, and financial security.

2. The proposed Rule amendment will have no effect early childhood development and preschool through postsecondary education development.

3. The proposed Rule amendment will have no effect on employment and workforce development.

4. The proposed Rule amendment will have no effect on taxes and tax credits.

5. The proposed Rule amendment will have no effect on child and dependent care, housing, health care, nutrition, transportation, and utilities assistance.

#### Provider Impact Statement

In accordance with House Concurrent Resolution 170 of 2014, the Department of Natural Resources, Office of Conservation has determined that these amendments will have no estimated effect on organizations that provide services for individuals with developmental disabilities.

#### Small Business Statement

In accordance with R.S. 49:965.6, the Department of Natural Resources, Office of Conservation has determined that these amendments will have no estimated effect on small businesses.