



JOHN BEL EDWARDS
GOVERNOR

State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF CONSERVATION

THOMAS F. HARRIS
SECRETARY

RICHARD P. IEYOUB
COMMISSIONER OF CONSERVATION

August 10, 2016

Senator John A. Alario, Jr., President
Senator Norbert N. "Norby" Chabert, Natural Resource Committee Chairman
Senate Mike Walsworth, Environmental Quality Committee Chairman
Representative Taylor F. Barras, Speaker
Representative Stuart J. Bishop, Sr., Natural Resources and Environmental Committee Chairman

Via Statutorily Prescribed E-mail

**Re: Proposed Amendment to LAC 43:XIX, Subpart 2, Chapter 7
Statewide Order No. 29-R-16/17 - Fee Schedule for FY16/17**

Dear Oversight Authorities:

The Commissioner of Conservation, pursuant to Chapter 1 of Title 30 (LSA-R.S. 30:21), proposes to amend LAC 43:XIX, Subpart 2, Chapter 7. The following report regarding proposed Statewide Order No. 29-R-16/17 is submitted to you in accordance with LSA-R.S. 49:968(B) and (C).

I. Copy of the rule as it is proposed after amendment.

(See Attachment)

II. A. Statement of proposed action

This action will adopt Statewide Order No. 29-R-16/17 (LAC 43:XIX, Subpart 2, Chapter 7), which will replace Statewide Order No. 29-R-14/15, the Office of Conservation Fee Schedule. The fees collected by this Statewide Order comprise a significant percentage of the Office of Conservation's operating budget for FY15/16. Funds generated from this Statewide Order will allow continued operation of the regulatory programs within the Office of Conservation.

B. Summary of change in existing rule

This action will adopt Statewide Order No. 29-R-16/17 (LAC 43:XIX, Subpart 2, Chapter 7), which 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-15/16.

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 435 of 2016 and Act 277 of 2016, the proposed rule change will change or increase certain annual Pipeline fees and add a two cents per barrel fee (Commercial Waste Fee) on exploration and

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production waste delivered from the original generator of waste. The proposed rule changes will likely result in an annual increase of approximately \$520,000 of anticipated Statutory Dedication – Oil and Gas Regulatory Fund revenue collections.

The increased revenue will be deposited 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, 2016.

These fees are deposited into the Oil and Gas Regulatory Fund, a statutory dedicated fund, which is used to fund necessary annual operating expenses for the Office of Conservation.

III. Specific citation of law authorizing promulgation of the rule

Chapter 1 of Title 30 (LSA-R.S. 30:21, et seq., R.S. 30:560, and R.S. 30:706).

IV. Circumstances which require the amendment of the rule

LSA-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.

V. Statement of Fiscal and Economic Impact

(See Attachment)

The Notice of Intent to promulgate the new rule will be published in the Louisiana Register on August 20, 2016. All interest parties will be afforded the opportunity to submit data, views, or arguments, in writing. Written comments will be accepted by hand delivery or USPS only, until 4:30p.m., September 12, 2016, at the Office of Conservation, Executive Division, P.O. Box 94275, Baton Rouge, LA 70804-9275; or Office of Conservation, Executive Division, 617 North Third Street, Room 931, Baton Rouge, LA 70802. Reference Docket No. 16-219. All inquiries should be directed to Todd Keating at the above addresses or by phone to (225)342-5507, as set forth in the attached Notice of Intent.

Please contact me at (225) 342-5560, or Richard P. Ieyoub, Commissioner of Conservation, at (225) 342-5500, if you have any questions or require additional information about this matter.

Sincerely yours,



Gary P. Ross
Assistant Commissioner of Conservation

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Attachments