

NOTICE OF INTENT

Department of Energy and Natural Resources

Unconventional Reservoir Development (LAC 43:XIX Chapter 43)

In accordance with the provisions of the Administrative Procedure Act (R.S. 49:950, et seq) and Title 30 of the Louisiana Revised Statutes of 1950 (R.S. 30:4 et seq), the Louisiana Department of Energy and Natural Resources, Office of Conservation hereby gives notice of its intent to amend LAC 43:XIX Subpart 18 (Statewide Order No. 29-S) Chapter 43 to include provisions for uniform development of the Haynesville Shale. Benefits of these amendments include maximizing production by sanctioning longer laterals and allowing more efficient surface and subsurface well placement while ensuring protection of correlative rights. The amendment also simplifies the application process for surface commingling required by cross-unit and unit line well development.

Title 43

NATURAL RESOURCES

Part XIX. Office of Conservation—General Operations

Subpart 18. Statewide Order No. 29-S

Chapter 43. Unconventional Reservoir Development

§4301. Scope

A. This Statewide Order provides rules and regulations governing the drilling of horizontal wells in unconventional reservoirs in the state of Louisiana.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:1 et seq.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, LR 24:102 (January 1998), Amended by the Department of Energy and Natural Resources, Office of Conservation, LR 51: (December 2025).

§4303. Definitions

A. Unless the context otherwise requires, the words defined in §4303 shall have the following meaning when found in this Statewide Order.

Completed Interval—perforated or open hole section(s) within a well that will permit the flow of fluids from the reservoir.

Cross-Unit Well—a well with a completed interval in adjacent units.

First Take Point—the perforation within the defined reservoir that is closest to the vertical section of a cased and cemented wellbore or the penetration point of the defined reservoir in an open-hole wellbore.

Horizontal Well—a well with the wellbore drilled laterally at an angle of at least 80 degrees to the vertical and with a horizontal displacement of at least 50 feet in the target formation measured from the initial point of penetration into the target formation.

Last Take Point—the perforation within the defined reservoir that is closest to the end of a cased and cemented wellbore or the exit point of the defined reservoir or terminus within the defined reservoir in an open-hole wellbore.

Unit Line Well—a well with at least 500 feet of completed interval, exclusive of the first take point and last take point, that is located within 330 feet of a unit boundary measured along a line perpendicular to the completed interval or to the tangent thereof.

Unit Line Units—adjacent units that are developed by a unit line well.

Unconventional Reservoir—oil and gas accumulations with very low permeability typically requiring development using horizontal wells and/or high-volume hydraulic fracturing methods for extraction.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:1 et seq.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, LR 24:102 (January 1998), Amended by the Department of Energy and Natural Resources, Office of Conservation, LR 51: (December 2025).

§4305. Austin Chalk

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AUTHORITY NOTE: Promulgated in accordance with R.S. 30:1 et seq.

HISTORICAL NOTE: Promulgated by Department of Natural Resources, Office of Conservation, LR 24:102 (January 1998), Amended by the Department of Energy and Natural Resources, Office of Conservation, LR 51: (December 2025).

§4307. Haynesville Shale

A. From and after the effective date hereof, the following special rules shall apply to development of the Haynesville Shale Formation in the State of Louisiana employing the use of horizontal wells. The setback provisions contained herein shall supersede those contained in any Field Orders adopted prior to the effective date hereof, other than provisions which authorized exceptional well locations. Nothing herein shall prevent operators from obtaining exceptions to these rules for due cause after notice and hearing.

1. Setbacks

a. The distance from any point in the completed interval to any outer boundary of the unit, measured along a line perpendicular to the completed interval or to the tangent thereof, shall be a minimum of 330 feet.

b. The first and last take point of a horizontal well shall be no closer than 100 feet to any unit boundary unless the well is an authorized Cross-Unit Well.

2. Cross-Unit Wells

a. The party who owns or controls the majority working interest in the drilling units proposed for cross-unit development may obtain approval to drill cross-unit wells only after a 30-day notice public hearing. Such ownership or control shall be based on sworn testimony at the public hearing which authorizes the cross-unit wells.

b. Setback provisions of LAC 43:XIX.4307.1 do not apply to the common unit boundaries that are crossed by a cross-unit well.

c. A proposed cross-unit well that has less than 500 feet of perforated lateral in a unit may only be authorized if:

i. The pre-application notice and hearing application expressly set forth the right to object to the application; and

ii. There is no timely objection filed by an interested owner, interested party, or represented party as defined in LAC 43:XIX.3903, other than a mineral lessee, which owns an interest in the unit(s) with less than 500 feet of perforated lateral and, on the date of the application hearing, the short unit either is not producing or is producing only from one or more horizontal laterals with a combined length of perforated lateral less than five hundred feet.

d. Production from a cross-unit well shall be allocated to each unit in the same proportion as length of the completed interval located in each unit determined by an as-drilled survey.

e. Surface commingling of gas produced from cross-unit wells is authorized without further notice or application in exception to the requirements of LAC 43:XIX Chapter 15, provided that operators adhere to the following requirements:

i. All individual well production shall be metered for allocation purposes in accordance with the American Petroleum Institute (API) Manual of Petroleum Measurement Standards, Chapter 20, Allocation Measurement; and

ii. Allocation meters shall be calibrated on at least a quarterly basis;

iii. Within 90 days of initiating commingled production, a diagrammatic sketch of the mechanical installation along with a detailed explanation of gas flow, the procedures and frequency for calibration/proving of metering devices and the complete allocation formula to be utilized must be filed.

f. Supplemental production reports for each cross-unit well must be filed on a monthly basis.

3. Unit Line Wells

a. The party who owns or controls the majority working interest in the drilling units proposed for unit line well development may obtain approval to drill unit line wells only after a 30-day notice public hearing. Such ownership or control shall be based on sworn testimony at the public hearing which authorizes the unit line wells.

b. Setback provisions of LAC 43:XIX.4307.1 do not apply to the nearest unit boundary that is parallel to the completed interval of the unit line well.

c. Production from a unit line well should be allocated equally to each unit line unit in the same proportion as the length of the completed interval located within 330 feet of the common unit boundary determined by an as-drilled survey.

d. Surface commingling of gas produced from unit line wells is authorized without further notice or application in exception to the requirements of LAC 43:XIX Chapter 15, provided that operators adhere to the requirements of LAC 43:XIX.4307.2.e.i-iii.

e. Supplemental production reports for each unit line well must be filed on a monthly basis.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:1 et seq.

HISTORICAL NOTE: Promulgated by Department of Energy and Natural Resources, Office of Conservation, LR 51:102 (December 2025).

Family Impact Statement

The proposed Rule is not anticipated to have an impact on family formation, stability, and autonomy as described in R.S. 49:972.

Poverty Impact Statement

The proposed Rule is not anticipated to have an impact on poverty as defined by R.S. 49:973.

Small Business Analysis

The proposed Rule is not anticipated to have an adverse impact on small businesses as described in R.S. 49:974.4 & 49:975.5; therefore, a Small Business Economic Impact Statement or a Regulatory Flexibility Analysis has not been prepared.

Provider Impact Statement

The proposed Rule is not anticipated to have an impact on providers of services funded by the state as described in HCR 170 of the 2014 Regular Legislative Session.

Public Comments

All interested persons are invited to submit written comments on the proposed regulation. Persons commenting should reference “Unconventional Reservoir Development”. Such comments must be received no later than Tuesday, September 30, 2025, at 4:30 p.m., and should be sent to Chris Sandoz, Office of Conservation, Engineering Regulatory Division, P. O. Box 94275, Baton Rouge, LA 70804-9275; hand delivered to 617 North Third Street, 9th Floor, Baton Rouge, LA 70802; by email to christopher.sandoz@la.gov; or by fax to (225) 342-2584.

Public Hearing

If requested, a public hearing will be held on Tuesday, September 30, 2025 at 9:00 a.m. in the LaSalle Building, LaBelle Hearing Room, 617 N. Third Street, Baton Rouge, LA 70802. If accommodations are required under the Americans With Disabilities Act, please advise the Office of Conservation, Engineering Division at P.O. Box 94275, Baton Rouge, LA 70804-9275 in writing within ten (10) working days of the hearing date.

Steven M. Giambrone

Acting Director, Office of Conservation

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES

RULE TITLE: Unconventional Reservoir Development

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

There are no anticipated implementation costs or savings to state or local governmental units as a result of the proposed rule change.

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

The proposed rule change is estimated to reduce agency self-generated revenue dedicated to the Oil and Gas Regulatory Dedicated Fund Account in the amount of \$7,855 for FY 26, \$7,121 for FY 27 and \$7,488 for FY 28. The reduction in revenue is associated with the elimination of requirements for a comingling application and associated application fee for cross-unit wells.

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

The oil and gas industry will be directly affected by the proposed rule change, however the proposed rule change is not anticipated to result in any increased costs or workload. The oil and gas industry will benefit from the proposed rule change through increased revenue from gas production associated with 10% longer single-unit horizontal laterals and reduced costs associated with more efficient surface and subsurface well placement. The proposed rule change also simplifies the application process for surface commingling required by cross-unit and unit line development and eliminates a duplicative filing fee if the comingling involves cross-unit or unit line wells.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

There is no anticipated effect on competition and employment.