

From: [Jonathan Rice](#)
To: [Jonathan Rice](#)
Subject: 2023 Department of Natural Resources, OC - potpourri for February and March
Date: Friday, May 12, 2023 1:11:39 PM

From: Ben Israel <ben.israel@cypressop.com>
Sent: Monday, May 1, 2023 10:10 AM
To: Jonathan Rice <Jonathan.Rice@la.gov>
Cc: tpresly@legis.la.gov; hse001@legis.la.gov; Robert Mills <robert@arwproperties.com>
Subject: Re: 2023 Department of Natural Resources, Office of Conservation - potpourri for February and March comments requested

EXTERNAL EMAIL: Please do not click on links or attachments unless you know the content is safe.

Jonathan,

In my last email, I was focused on the P&A fee proposal and completely missed the secondary proposal to ban venting/flaring. Again I know we are not given much time to review these notices but I'd like to adamantly state that the proposed regulations are going to severely inhibit local operators from producing natural gas in the State of Louisiana.

The regulations discussed are highly complicated and not something every operator even understands. Operators work to eliminate leaks and reduce venting but oftentimes that is the only way for an oil well to be produced. However in many cases, the amount of natural gas is not enough to deliver into a pipeline which often costs upwards to \$800,000-\$1,500,000 to connect to. The one year waiver would not change the economics, only allow for Louisiana operators to produce for an additional year before shutting down the industry. I know that is the stated goal of the EDF, which has written and is cheerleading these proposals, but it would absolutely devastate the local parishes and cities where the oil and gas industry operates. We are the largest industry that remains in Northwest Louisiana and if these proposals are enacted, the red tape, fees and paperwork will convince most operators to shut down. You will still have the Haynesville Shale that sends its money to out of state operators but the local companies would be completely deterred from continuing to operate.

Most of these rules cause an incalculable amount of overhead and administration which will make it infeasible to operate. Mailing 250 different royalty owners about a 2 mcf vent would cost \$750 to report a \$6 issue, of which usually only \$1.50 to the mineral owners (or less than \$0.01 per owner). This may be great for the USPS but it's absolutely unmanageable for the operators. The writers of these regulations have no idea what it's like to operate oil and gas wells and these new procedures would cause wells to become uneconomic, drive down oil sales, reduce severance tax incomes, eliminate royalty income to mineral owners and destroy a very viable and healthy oil and gas industry in our state.

Thanks
Ben Israel

On Tue, Mar 28, 2023 at 3:53 PM Jonathan Rice <Jonathan.Rice@la.gov> wrote:

Yes, you can email your comments and thank you.

Best regards,

F. Jonathan Rice, Attorney
LDNR / Office of Conservation
Phone: (225) 342-9660
Fax: (225) 342-3705
Jonathan.rice@la.gov

From: Ben Israel <ben.israel@cypressop.com>
Sent: Tuesday, March 28, 2023 8:46 AM
To: Jonathan Rice <Jonathan.Rice@la.gov>
Subject: Re: 2023 Department of Natural Resources, Office of Conservation - potpourri for February and March comments requested

EXTERNAL EMAIL: Please do not click on links or attachments unless you know the content is safe.

Can I email you my comments? The forgiveness of penalties for those actively plugging wells really helps motivate those companies to abandon their shut-in wells. Our policy of plugging 6-10 wells a year has both reduced our companies' liability and helped the landowners reclaim their land. However due to economics and the price of plugging a well, the abandonment period needs to be managed in a constructive way. As we saw with last year's increase in gas prices, there may be opportunities to turn wells back online that were shut-in. Similarly, workover rig companies that would normally work in the P&A business moved on to more lucrative types of work during busy times and were unavailable to plug these wells. My point being is that are always mitigating circumstances that even prudent operators cannot avoid.

If a company has 40 wells, then that \$10,000 dollars can be directed to the state or it could be put to use actively solving the problem that we agree needs to be accomplished. We understand that the state needs a penalty for companies that leave wells shut-in over extended periods of time as these companies are a threat of bankruptcy and could leave the wells orphaned but if a company is working towards accomplishing the state's goal, they should be awarded waivers to continue to make that progress.

Thanks
Ben Israel

On Mon, Mar 27, 2023 at 4:27 PM Jonathan Rice <Jonathan.Rice@la.gov> wrote:

All comments will be received timely. We published the Potpourri in the La Register and did not receive comments from industry, so I emailed accordingly requesting comments.

Best regards,

F. Jonathan Rice, Attorney
LDNR / Office of Conservation
Phone: (225) 342-9660
Fax: (225) 342-3705
Jonathan.rice@la.gov

From: Ben Israel <ben.israel@cypressop.com>
Sent: Monday, March 27, 2023 1:23 PM
To: Jonathan Rice <Jonathan.Rice@la.gov>
Subject: Re: 2023 Department of Natural Resources, Office of Conservation - potpourri for February and March comments requested

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Mr. Rice, the deadline for the Office of Conservation notice was March 20, 2023 and we received this email on March 27th. Was there a previous announcement that we missed? As an operator with many shut-in wells we have been working with the office to P&A our wells in a timely manner and have applied for a delay in fees for shut-in well as long as we're plugging ~10% of our wells a year. Will this be no longer possible?

Thanks
Ben Israel

On Mon, Mar 27, 2023 at 10:15 AM Jonathan Rice <Jonathan.Rice@la.gov> wrote:

To: Oil & Gas Operators

Please see the attached February and March 2023 Potpourri editions published in the Louisiana Register for industry review and comment if desired. Thank you for your time and attention in this matter.

Best regards,

F. Jonathan Rice, Attorney
LDNR / Office of Conservation
Executive Division
P.O. Box 94275
Baton Rouge, LA 70804-9275
Phone: (225) 342-9660
Fax: (225) 342-3705
Jonathan.rice@la.gov

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Ben Israel
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