

FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

Person
Preparing
Statement: Stephen Lee Dept.: Department of Natural Resources
Phone: 225-342-5569 Office: Office of Conservation
Return
Address: Injection & Mining Rule
Title: Statewide Order No. 29-M-3
617 N. Third St. LAC 43:XVII. Chapter 33. Class III (Solution-
Mining) Injection Wells
Baton Rouge, LA, 70802 Date Rule
Takes Effect: Upon Promulgation

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)

This proposed rule change is not anticipated to result in any changes in costs or savings to state or local governmental units. The proposed rule makes technical and consistency changes to the existing rule that governs the operation of the solution mining of salt caverns as a result of the passage of House Bill 572 (Act 326) of the 2021 Regular Session.

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

The proposed rule change is not anticipated to have any effect on revenue collections for state or local governmental units.

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

This rule change includes consistency changes and minor updates to reflect changes in operational best practices for the operators of salt cavern solution-mining wells. Some of these changes may result in additional costs to these operators. Any increase will be based on the particular status of their site and salt cavern(s), so quantification of any incremental increase in costs is indeterminable. In pre-discussions with salt cavern operators, companies did not indicate that there would be any substantial increase in expenditures in order to comply with the proposed changes to the rule. Operators may expend additional resources to comply with enhanced timelines for some technical tests. These resources will generally be paid to technical and engineering companies that provide services to Louisiana salt cavern operators.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

The proposed rule promulgation is not anticipated to have any impact on competition or employment.


Signature of Agency Head or Designee

Richard P. Ieyoub, Commissioner of Conservation

Typed Name & Title of Agency Head or Designee

June 7, 2022
Date of Signature


Legislative Fiscal Officer or Designee *Fiscal
officer*

6/8/22
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).

The existing rule governs the operation of the solution-mining of salt caverns; the proposed changes include consistency changes throughout the document, minor technical changes to reflect evolving operational best practices, and consistency changes between this rule and related rules such as LAC 43:XVII Chapter 3/Statewide Order 29-M (hydrocarbon storage in salt dome cavities) and the pending LAC 43:XVII Chapter 37/Statewide Order 29-M-5 (storage of non-hydrocarbon gasses).

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

In the Louisiana Regular Session of 2021, House Bill 572 (Act 326) was passed in support of the use of a salt dome cavity for the storage of hydrogen, nitrogen, ammonia, compressed air, or noble gasses not otherwise prohibited by law (non-hydrocarbon gasses). The pending promulgation of that new proposed rule for non-hydrocarbon gasses prompts consistency changes as proposed in this rule revision for LAC 43:XVII Chapter 33 (Statewide Order 29-M-3).

- 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 expenditure increase.

- (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?

COSTS	FY 23	FY 24	FY 25
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
TOTAL	\$ 0	\$ 0	\$ 0
POSITIONS (#)	0	0	0

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.

No additional costs are anticipated.

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

SOURCE	FY 23	FY 24	FY 25
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
TOTAL	\$ 0	\$ 0	\$ 0

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

No additional funds are needed to implement the proposed rule change.

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 new proposed rule.

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 23	FY 24	FY 25
State General Fund	\$ 0	\$ 0	\$ 0
Agency Self-Generated	\$ 0	\$ 0	\$ 0
Dedicated Funds			
<i>Oil and Gas Regulatory Fund</i>	\$ 0	\$ 0	\$ 0
Federal Funds	\$ 0	\$ 0	\$ 0
Local Funds	\$ 0	\$ 0	\$ 0
TOTAL	\$ 0	\$ 0	\$ 0

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.

No changes in revenue are predicted to occur from the proposed rule change.

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.

Operators of solution-mined salt caverns may be required to expend additional resources due to this rule change. However, any increase will be based on the particular status of their site and salt cavern(s), so quantification of any incremental increase in costs is challenging. In pre-discussions with salt cavern operators, companies did not indicate that there would be any substantial increase in expenditures in order to comply with the proposed changes to the rule.

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.

Operators may expend incremental additional resources to comply with enhanced timelines for some technical tests. These resources will generally be paid to technical and engineering companies that provide services to Louisiana salt cavern operators.

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.

Implementation of this rule is not predicted to impact competition or employment.