

FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

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Phone: 225-342-5540 Office: Conservation
Return Address: Executive Division Rule Title: Termination of Units – LAC 43:XIX.3105
P.O. Box 94275
Baton Rouge, LA 70804
Date Rule Takes Effect: Upon Promulgation

SUMMARY
(Use complete sentences)

In accordance with Section 961 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 change codifies existing policy associated with the Office of Conservation's interpretation of LAC 43.XIX Subpart 13 and La. R.S. 30:9.1 regarding when an operator of record should apply for a hearing if production is reestablished in a terminated unit, the formation of new post-drill and pre-drill units that overlap previously terminated units, and termination of units subsequent to dissolution.

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, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS (Summary)

There are no anticipated cost increases associated with the proposed amendment, nor any economic benefits of note.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

There is no anticipated effect on competition and employment.

Monique M. Edwards
Signature of Agency Head or Designee

Monique M. Edwards, Commissioner of Conservation
Typed Name & Title of Agency Head or Designee

September 5, 2023
Date of Signature

Debra Thomas, Deputy Fiscal Officer
Legislative Fiscal Officer or Designee

9/06/2023
Date of Signature

**FISCAL AND ECONOMIC IMPACT STATEMENT
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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 proposed rule amendment clarifies the Office of Conservation's interpretation associated with LAC 43.XIX Subpart 13 and La. R.S. 30:9.1 policy regarding when an operator of record should apply for a hearing if production is reestablished in a terminated unit, the formation of new post-drill and pre-drill units that overlap previously terminated units, and termination of units subsequent to dissolution. This change codifies the existing policy.

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

This change codifies existing Office of Conservation policy.

- 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?

COSTS	FY 24	FY 25	FY 26
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
TOTAL	\$ 0.00	\$ 0.00	\$ 0.00
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, proposed 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.

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

SOURCE	FY 24	FY 25	FY 26
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
TOTAL	\$ 0.00	\$ 0.00	\$ 0.00

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.

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?

REVENUE INCREASE/DECREASE	FY 24	FY 25	FY 26
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
TOTAL	\$ 0.00	\$ 0.00	\$ 0.00

*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, 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.

There are no anticipated cost increases associated with the proposed amendment, nor any economic benefits of note.

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.

The primary group impacted by this rule change will be Louisiana Operators, Mineral and Royalty stakeholders. There are no anticipated negative impacts.

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.

Title 43
NATURAL RESOURCES
Part XIX. Office of Conservation – General Operations
Subpart 13. Statewide Order No. 29-L-3

Chapter 31. Termination of Units

§3105. Order

A. – A.4 ...

a. Any well which was not officially plugged and abandoned on the effective date of unit termination which is sidetracked around junk to the same bottomhole location and brought back on production shall require the operator of record to be subject to the requirements of §3105.A.4.

b. Any well which was not officially plugged and abandoned on the effective date of unit termination which is sidetracked to a different bottomhole location shall be considered a new well and the operator of record shall not be subject to the requirements of §3105.A.4.

c. The re-entry of a well which was officially plugged and abandoned on the effective date of unit termination shall be considered a new well and the operator of record shall not be subject to the requirements of §3105.A.4.

B. – E. ...

F. Establishment of Unit(s) Overlapping Terminated Units

1. An application for a public hearing to create a drilled or undrilled unit(s) overlapping a terminated unit(s) for what the applicant considers to be the same or a different pool or for a multiple pool zone which overlies and includes lands within a previously terminated unit(s), shall be allowed.

2. The vertical extent of any zonal, multi-pool defined unit interval shall be based upon industry and Office of Conservation accepted economic, efficient and safe operation reasons and such reasons shall be stated by the applicant at the public hearing to create such unit(s).

G. Any party desiring to terminate a unit previously dissolved by Order of the Commissioner shall apply for a public hearing in accordance with the Rules of Procedure (30-day legal notice) to accomplish same.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:4, et seq.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, LR 15:741(September 1989), amended LR 19:776 (June 1993), repromulgated LR 19:1030 (August 1993), amended LR 21:1084 (October 1995), LR 30:255 (February 2004), repromulgated LR 30:437 (March 2004), LR 49: .