



April 17, 2023

TO: Mr. John Adams  
Assistant Commissioner of Conservation  
817 North Third Street  
Baton Rouge, LA 70802

RE: Comments on Proposed Rule Changes:  
February Potpourri Notice  
March Potpourri Notice

Mr. Adams,

Thank you for forwarding along the February and March Potpourri Notices for LOGA's review. Your department requested comments back from industry by April 20th for the March Potpourri, however, the deadline for comments for February's Potpourri had already passed upon our receiving it. As you are aware, LOGA represents both large and small producers across Louisiana. There are many aspects of both month's Potpourri propositions that are problematic for both the large and small of our membership. Below is a list of several of the issues we have with these propositions.

**February Potpourri Comments:**

- The Schedule of Abandonment (SOA) program has been appreciated by industry. It has allowed companies to redirect funds that were being spent on inactive well assessment fees to the actual plugging of wells on a yearly budgeted schedule. As a specific example, one company plugged 64 wells since 2021. Their well assessment fees for 2022 were only \$1250. With the proposed increase in cost, this company would not have been able to plug these wells.
- Doubling the well assessment fees for stripper well producers with large fields will be over burdensome. They are already paying ad valorem taxes, severance taxes, and sales taxes on very marginal wells.

**March Potpourri General Comments:**

- The proposed Federal Regulations NSPS OOOOb/c are in the final review process and are anticipated to be finalized by EPA by the end of 2023. To avoid duplicative requirements, confusion, and overlap the proposal by the state of Louisiana should be revisited following the finalization of OOOOb/c by EPA. Also, the BLM Venting and Flaring rule is also in the federal finalization process.
- Some members support the intention to sell primary gas when technically feasible, and flare when it isn't.
- There are requirements in the proposed rule that appear to be similar to requirements in other state regulations with Ozone Nonattainment areas, which would not be appropriate to apply statewide in Louisiana.

- In compliance with OOOO, flaring to reduce emissions from tanks should be clearly exempt. While this seems to be implied within the rule, it is not clearly defined. Low pressure flaring that is associated with controlled tanks addresses safety concerns and should not be prohibited.

#### **March Potpourri More Specific Comments:**

- We don't see anywhere in the regulations where normal flaring of the small amounts of gas that is not used for process fuel and is not of sufficient volume to be compressed and sold, is allowed. The regulation says, flaring or venting is not allowed "except..." yet the "exception" that allows this type of flaring is not found. §3507.A.4.h. is close but the operations must get okay from D.O.C. to flare for only up to one (1) year.
- Based on the definitions section and 3507.A it is assumed that midstream operations are not included in the proposed amendment. Clarity to exclude gas plants and other treatment sites, as they are not well operations, should be incorporated within the rule. The midstream operations require a different standard for addressing flaring requirements than is incorporated in this rule.
- Then §3507.A.6.d., requires operators to maintain records and notify mineral owners the volume of gas flared or used on the lease. It's unclear if this is a one-time notification or if this is a continuing obligation to report. Directly notifying each mineral owner is near impossible and not reasonable. In many situations, wells are commingled or unitized and there are hundreds if not thousands of mineral owners. And, if the lease allows the operator to use gas for processing the oil and gas for sale, why is there a need to report that volume to the Lessors? It serves no purpose, since this is already public information on SONRIS website, in the form of R-5-D's reported monthly.
- Industry operators prudently and responsibly develop oil and gas resources and have been striving to minimize waste and reduce methane emissions from operations. The current version of the proposed amendment requires that all flaring events be reported and reviewed. The amendment should allow for a prudent operator to navigate and resolve operational constraints and issues within a practical flaring volume threshold. At minimum, the rule should allow for flaring pursuant to previously approved permits.
- Similarly, 3507.A.1.b requires notification to the district manager and local emergency response authorities for any flaring upset regardless of volume. Without a volume limit, this requirement will be burdensome to emergency response organizations and will take the focus off potential events that will require an actual emergency response.
- 3507.A.2.c 3507.A.5.d states flare and combustors should be at least 100 feet from well and storage tanks. The distance of 100 feet may not be a reasonable constraint for existing pads and may have an adverse impact on the environment. As an example, the flare or combustor may have to move closer to off pad hazards such as trees and brush. Including operator discretion would allow for operators to responsibly ensure that the well pad is reasonably constructed. For example, the proposed BLM rule that was released November 2022 states flare should be a safe distance from well and storage tanks.
- In most cases, the cost to comply with these proposed changes would be greater than the margins that stripper wells allow. These costs would include permitting, installation of gathering systems, compression, generators, flares, and a sales line connection (if one exists), etc.

In summation, if the proposed amendments are enacted by your department, industry's costs will be escalated in all facets of our business from equipment requirements, to field operations, to

maintenance, to reporting, to accounting, and managerially. It will become necessary to balloon the size of state government regulatory agencies to oversee and regulate voluminous amounts of data reported.

We believe that the proposals in these Potpourri Notices would have a negative impact on our industry, but also put the existence of the states stripper well producers in peril. Just to put into perspective the importance of the stripper well industry in the United States, it represents 15% of all the nation's oil produced. That percentage is equal to and as important as the Gulf of Mexico, which also produces 15% of the nation's oil. It would be a devastating blow to these small stripper well companies, local communities, and the state of Louisiana. As a result, these companies would likely go out of business, high paying jobs would be lost, and Louisiana's orphaned well count would probably double or triple.

Louisiana is successfully plugging hundreds of orphan gas wells throughout the state, forever sealing away any leaking natural gas they may be emitting. This gas is not and cannot be measured, and provides no financial gains to anyone, directly or indirectly. Let's continue to reduce methane emissions utilizing this avenue instead of risking creating more orphan wells via overly burdensome regulation of industry. We hope that your department will reconsider these proposals, and if not, at least give us another 90 days to provide sufficient technical comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Moncla', with a stylized flourish at the end.

Mike Moncla  
President – Louisiana Oil & Gas Association

CC: Senator Bob Hensgens  
Representative Jean Paul Coussan