

**FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET**

Person Preparing Statement:	<u>Chris Sandoz</u>	Dept:	<u>Natural Resources</u>
Phone:	<u>225-342-4505</u>	Office:	<u>Conservation</u>
Return Address:	<u>Engineering Division</u>	Rule Title:	<u>Onsite and Offsite Storage Treatment &amp; Disposal of E&amp;P Waste</u>
	<u>P.O. Box 94275</u>		<u>LAC 43:XIX.301,303,311,313,501,519 &amp; 565</u>
	<u>Baton Rouge, LA 70804</u>	Date Rule Takes Effect:	<u>Upon Promulgation</u>

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)

*There are no anticipated implementation costs or savings to state or local governmental units due to the proposed rule change. The proposed rule change expands the use of produced water for all downhole well operations and allows operator-to-operator transfers, reducing costs associated with disposal, transportation and water sourcing. The intent of the proposed rule change is to expand the use of Exploration and Production (E&P) Waste in lieu of fresh water to conserve fresh water resources while protecting public health and the environment.*

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

*There is no effect on revenue collections of state or local government units anticipated due to the proposed rule change.*

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

*The primary group impacted by these rule changes will be Exploration and Production (E&P) companies. There are no anticipated cost increases associated with the proposed rule change. The proposed rule change may result in cost savings for certain E&P companies with high levels of activity in the Haynesville Shale Area.*

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

*There is no anticipated effect on competition and employment.*

  
\_\_\_\_\_  
Signature of Agency Head or Designee

Richard P. Ieyoub, Commissioner of Conservation  
\_\_\_\_\_  
Typed Name & Title of Agency Head or Designee

1/10/2023  
\_\_\_\_\_  
Date of Signature

  
\_\_\_\_\_  
Legislative Fiscal Officer or Designee

1/11/23  
\_\_\_\_\_  
Date of Signature

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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 rule expands the use of produced water for all downhole well operations and allows operator-to-operator transfers, reducing costs associated with disposal, transportation and water sourcing. The intent of the proposed rule change is to expand the use of Exploration and Production (E&P) Waste in lieu of fresh water to conserve fresh water resources while protecting public health and the environment. Additional benefits include reduced truck traffic and decreased strain on disposal infrastructure.*

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

*The development of the Haynesville Shale in North Louisiana is made possible due to multi-stage hydraulic fracture stimulation technology. This technology requires the use of large quantities of fluids including water taken from either surface water reservoirs or groundwater aquifers. The intent of the proposed rule change is to expand the use of Exploration and Production (E&P) Waste in lieu of fresh water to conserve fresh water resources while protecting public health and the environment.*

- 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

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**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?

<b>COSTS</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>
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
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>POSITIONS (#)</b>	<b>0</b>	<b>0</b>	<b>0</b>

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.

*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.

<b>SOURCE</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>
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
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

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 change 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  
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**II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS**

A. What increase (decrease) in revenues can be anticipated from the proposed action?

<b>REVENUE INCREASE/DECREASE</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>
State General Fund	\$ 0	\$ 0	\$ 0
Agency Self-Generated	\$ 0	\$ 0	\$ 0
Dedicated Funds*	\$ 0	\$ 0	\$ 0
Federal Funds	\$ 0	\$ 0	\$ 0
Local Funds	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

\*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 governmental 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.

*The group directly affected by these rules changes will be Exploration and Production (E&P) companies. There is no anticipated cost increase associated with the proposed change. The proposed rule change may result in cost savings for certain E&P companies with high levels of activity in the Haynesville Shale Area.*

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 these rule changes will be Exploration and Production (E&P) companies. The proposed rule change may result in cost savings for certain E&P companies with high levels of activity in the Haynesville Shale Area. The rule expands the use of produced water for all downhole well operations and allows operator-to-operator transfers, reducing costs associated with disposal, transportation and water sourcing. Additional benefits include reduced truck traffic and decreased strain on disposal infrastructure.*

**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.*

**Title 43**  
**NATURAL RESOURCES**  
**Part XIX. Office of Conservation—General Operations**  
**Subpart 1. Statewide Order No. 29-B**

**Chapter 3. Pollution Control—Onsite Storage, Treatment and Disposal of Exploration and Production Waste (E and P Waste) Generated from the Drilling and Production of Oil and Gas Wells (Oilfield Pit Regulations)**

Editor's Note: Statewide Order 29-B was originally codified in LAC 43:XIX as §129. In December 2000, §129 was restructured into Chapters 3, 4 and 5. Chapter 3 contains the oilfield pit regulations. Chapter 4 contains the Title 43, Part XIX injection/disposal well regulations. Chapter 5 contains the commercial facility regulations. A cross-reference chart in the December 2000 Louisiana Register, page 2798, indicates the locations for the rules in each existing Section.

**§301. Definitions**

...

FSRROW Fluid—~~fracture stimulation reclamation~~ Reclaimed Oilfield Waste fluid as defined in §501.

...

Staging Location - a registered site used by the operator for receiving and storing Reclaimed Oilfield Waste fluid for use in that operator's onsite or nearby downhole well operations.

...

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 26:2798 (December 2000), amended LR 33:1653 (August 2007), LR 36:2570 (November 2010), LR 49: (2023).

**§303. General Requirements**

A.- O.6. ...

P. FSR ROW fluid received by an operator regulated pursuant to this Chapter shall be used solely as media for ~~hydraulic fracture stimulation~~ downhole well operations. Upon receiving possession of FSR ROW fluid from a commercial facility, wellsite or staging location, the operator shall be solely responsible for ensuring that this requirement is met.

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 26:2799 (December 2000), amended LR 30:254 (February 2004), LR 33:1654 (August 2007), LR 36:2570 (November 2010), LR 49: (2023).

**§311. Pit Closure**

A. Pits must be closed properly to assure protection of soil, surface water, groundwater aquifers and USDW's. Operators may close pits utilizing onsite land treatment, burial, solidification, onsite land development, or other techniques approved by the Office of Conservation only if done so in compliance with §313 and §315. Otherwise, all E and P waste must be manifested according to §511 and transported offsite to a permitted commercial facility unless temporarily used in ~~hydraulic fracture stimulation~~ downhole well operations in accordance with the requirements of LAC 43:XIX.313.J.

B. - F.2. ...

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 26:2803 (December 2000), amended LR 33:1658 (August 2007), LR 35:2464 (November 2009), LR 40:2596 (December 2014), LR 49: (2023).

**§313. Pit Closure Techniques and Onsite Disposal of E and P Waste**

A. Reserve pit fluids, as well as drilling muds, cuttings, etc. from holding tanks, may be disposed of onsite provided the technical criteria of §313.C, D, E, F, or G below are met, as applicable. All E and P waste

must be either disposed of on-site, temporarily used in hydraulic fracture stimulation downhole well operations in accordance with the requirements of LAC 43:XIX:313.J or transported to an approved commercial facility or transfer station in accordance with the requirements of LAC 43:XIX.Chapter 5 or under the direction of the commissioner.

B. – I.3. ...

J. Temporary Use of E and P Waste (Produced Water, Rainwater, Drilling, Workover, Completion and Stimulation Fluids) for Hydraulic Fracture Downhole Well Operations

1. Produced water, rainwater, drilling, workover, completion and stimulation fluids generated at a wellsite (originating wellsite) that are classified as E and P ~~w~~Waste as defined in LAC 43:XIX.501 may be transported offsite for use in hydraulic fracture stimulation downhole well operations at another wellsite (receiving wellsite) provided that the following conditions are met in accordance with the following provisions.

a. ~~The originating wellsite and the receiving wellsite must have the same operator of record~~ Nothing in this rule is intended to authorize interstate transfer of E and P Waste between different operators or the intrastate transportation, storage, treatment, use, or disposal of such E and P Waste.

b. All residual waste generated in the treatment or processing of E and P ~~w~~Waste prior to its use in hydraulic fracture stimulation downhole well operations must be properly disposed of in accordance with the following:

i. All residual waste generated as a result of treatment or processing conducted at the originating wellsite must be either disposed of onsite at the originating wellsite in accordance with all the requirements of LAC 43:XIX.311 and 313, except and not including Subsection 313.J, or offsite in accordance with the requirements of LAC 43:XIX.Chapter 5.

ii. All residual waste generated as a result of treatment or processing conducted at the receiving wellsite meeting the definition of E and P Waste in LAC 43:XIX.501 must be disposed of offsite in accordance with the requirements of LAC 43:XIX.Chapter 5.

c. The types and volumes of E and P Waste generated for temporary use along with the well name and well serial number of the receiving wellsite, and the receiving operator (if different) must be reported on either Form ENG-16 (Oilfield Waste Disposition) for the originating well and/or Form ENG-17 (Reclaimed Oilfield Waste Fluid Tracking Ticket) and/or maintained in other appropriate forms specified by the commissioner a substantively similar manifest system depending on the waste types involved. Waste tracking records documenting transfers between operators must be maintained for at least three years and must be submitted in a timely and legible manner to the Office of Conservation upon request.

d. ~~An affidavit must be provided by the operator which attests that the operator has~~ must have authority from surface owners to store and use E and P ~~w~~Waste from an offsite location at the receiving wellsite or staging location. ~~The affidavit must be in a format acceptable to the Commissioner and attached to Form ENG-16 (Oilfield Waste Disposition) for the originating well and/or Form UIC-28 (Exploration and Production Waste Shipping Control Ticket) and/or other appropriate forms specified by the commissioner depending on the waste types involved.~~

e. E and P Waste intended for temporary use must be stored at the receiving wellsite or at a staging location operated by the same operator of record as the receiving wellsite in an above ground storage tank or a lined production pit which conforms to the liner requirements and operational provisions of LAC 43:XIX.307.A.

f. The receiving operator assumes responsibility for ROW fluid once it is off-loaded from a transport or exits a transfer line at the receiving operator's staging location or wellsite.

2. The Commissioner of Conservation, the Secretary of the Department of Natural Resources, and the State of Louisiana shall be held harmless from and indemnified for any and all liabilities arising from temporary use of E and P ~~w~~Waste pursuant to this Subsection, and the operator of record and the surface owner shall execute agreements as the commissioner requires for this purpose.

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 26:2804 (December 2000), amended LR 33:1659 (August 2007), LR 35:2464 (November 2009), LR 36:1265 (June 2010), LR 40:2596 (December 2014), LR 49: (2023).

## **Chapter 5. Off-Site Storage, Treatment and/or Disposal of Exploration and Production Waste Generated from Drilling and Production of Oil and Gas Wells**

NOTE: Onsite disposal requirements are listed in LAC 43:XIX, Chapter 3.

EDITOR'S NOTE: Statewide Order 29-B was originally codified in LAC 43:XIX as §129. In December 2000, §129 was restructured into Chapters 3, 4 and 5. Chapter 3 contains the oilfield pit regulations. Chapter 4 contains the injection/disposal well regulations. Chapter 5 contains the commercial facility regulations. A cross-reference chart in the December 2000 Louisiana Register, page 2798, indicates the locations for the rules in each existing Section.

EDITOR'S NOTE: Chapter 5 was amended in November 2001. A chart showing the restructuring of Chapter 5 is found on page 1898 of the Louisiana Register, November 2001.

### **§501. Definitions**

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~~Fracture Stimulation Reclamation~~ Reclaimed Oilfield Waste Fluid (FSRROW fluid)—a material that would otherwise be classified as E and P Waste, but which has been reclaimed for the sole use as media for Office of Conservation permitted ~~hydraulic fracture stimulation~~ downhole well operations

...

Reusable Material—a material that would otherwise be classified as E and P Waste, but which is capable of resource conservation and recovery and has been processed in whole or in part for reuse. To meet this definition, the material must have been treated physically, chemically, or biologically or otherwise processed so that the material is significantly changed (i.e., the new material is physically, chemically, or biologically distinct from the original material), and meets the criteria §565.F. This term does not include FSRROW Fluid

...

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 26:2811 (December 2000), amended LR 27:1898 (November 2001), LR 29:937 (June 2003), LR 34:1421 (July 2008), LR 36:2570 (November 2010), LR 43:536 (March 2017), LR 45:1600 (November 2019), LR 49: (2023).

### **§519. Permit Application Requirements for Commercial Facilities**

A. – A.1. ...

2. A major modification to an existing commercial facility or transfer station permit is one in which the facility requests approval to include FSRROW fluid operations or make significant technological changes to an existing E and P Waste treatment and/or disposal system, including the construction and operation of additional equipment or systems to treat and/or dispose of E and P Waste streams other than those previously accepted by the facility. A major modification request may include a request to expand an existing commercial facility or transfer station onto adjacent property not previously permitted for E and P Waste disposal activities

A.3. - C.21. ...

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 26:2823 (December 2000), amended LR 27:1905 (November 2001), LR 29:938 (June 2003), LR 36:2570 (November 2010), LR 45:1601 (November 2019), LR 49: (2023).

### **§565. Resource Conservation and Recovery of Exploration and Production Waste**

A. In order to encourage the conservation and recovery of resources in the oilfield industry, the processing of E and P Waste into reusable materials or FSRROW fluid, in addition to or beyond extraction and separation methods which reclaim raw materials such as crude oil, diesel oil, etc., is recognized as a viable alternative to other methods of disposal.

B. Commercial facilities may function for the purpose of generating reusable material or FSRROW fluid only, or they may generate reusable material or FSRROW fluid in conjunction with other storage, treatment or disposal operations.



C. Commercial facilities that generate reusable material or FSRROW fluid are subject to all of the permitting requirements imposed on other commercial facilities. They are also subject to the same operational requirements without regard to the distinction between E and P Waste and reusable material or FSRROW fluid. Existing permits may be amended to allow re-use or FSRROW fluid operations at commercial facilities which acquire the capability to engage in processing for reuse or FSRROW fluid operations. Commercial facilities which utilize extraction or separation methods to reclaim raw materials such as crude oil, diesel oil, etc. may do so without amendment of existing permits.

D. --1. ...

J. Onsite temporary use of E and P Waste for ~~hydraulic fracture stimulation~~ downhole well operations is permissible only as authorized by the Office of Conservation and in accordance with the requirements of LAC 43:XIX.313.J.

K. Existing commercial facilities who desire to commence FSRROW fluid operations must comply with the notification, application and permitting requirements of LAC 43:XIX.519.

L. The Commissioner of Conservation, the Secretary of the Department of Natural Resources, and the State of Louisiana upon issuance of a permit to a commercial facility operator for FSRROW fluid operations shall be held harmless from and indemnified for any and all liabilities arising from such operations and use of FSRROW fluid, and the commercial facility operator shall execute such agreements as the commissioner requires for this purpose.

M. Reporting. Each commercial facility which generates FSRROW fluid must furnish the commissioner a monthly report showing the disposition of all such material.

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 27:1916 (November 2001), amended LR 29:939 (June 2003), LR 34:1422 (July 2008), LR 36:2571 (November 2010), LR 49: (2023).