FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

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Phone:	(225)342-3024	Office:	Office of the Secretary
Return Address:	Office of the Secretary - OLS	Rule Title:	LAC 43:XIX.§104. Financial Security
	617 N. Third St., 11th Floor		
	Baton Rouge, LA 70802	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)

The proposed rule is not estimated to result in any change in implementation costs for the Department of Conservation and Energy or any other state or local governmental units. The proposed rule authorizes written certification by the Louisiana Natural Resources Trust Authority (NRTA) as an additional means of satisfying financial security requirements, and clarifies certain definitions and applicable terms. The functions of the Department and its staff are not anticipated to change as a result of the proposed rule.

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

There may be some change in revenue collections due to the additional financial security option insofar as it may allow more operators to satisfy required financial security requirements and continue or expand oil and gas operations. Such increased activity may in turn increase state revenue collections through increased severance taxes, state mineral royalties, or local tax collections. Without the additional financial security option provided for in the rule, some operators may be unable to satisfy financial security requirements and continue operating in Louisiana. Finally, it is not possible to estimate the extent to which oil and gas operators may choose to use the new financial security option, provided through NRTA certification or the resulting impact on state or local revenue collections. The additional financial security option provides an alternative to financial security policies previously available through the now-defunct LORA program.

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

Operators unable to secure traditional bonds, letters of credit, or trust accounts, including those previously reliant on the LORA program, are expected to benefit from the new financial security option created by the emergency rule and extended by this proposed rule, which allows compliance through certification by the NRTA and may improve the availability and affordability of compliant financial security for smaller operators who would otherwise be financially constrained. The proposed rule is not expected to impose additional costs on financial institutions, sureties, or the NRTA beyond those already contemplated by the Authority's separate statutory mandate under R.S. 36:356.1.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

The proposed rule is expected to have a positive effect on competition among oil and gas operators. By adding NRTA certification as an additional means of satisfying financial security requirements, the rule may improve access to compliant financial security for operators who have been unable to obtain traditional financial security instruments from private institutions at an affordable price. This in turn may help smaller and financially constrained operators remain in operation rather than exit the industry or fall out of compliance due financial security constraints. With respect to employment, the proposed rule is expected to have a stabilizing effect to the extent that the additional financial security option allows operators to remain in operation, thereby helping to preserve employment associated with continued oil and gas operations. The proposed rule is not expected to have a direct or readily quantifiable effect on employment within the Department or other governmental units.

Mark Normand, Jr. Digitally signed by Mark Normand, Jr. Date: 2026.08.20 14:11:25 -05'00'

Signature of Head or Designee

Mark Normand, Jr / Undersecretary

Typed Name & Title of Agency Head or Designee

8/20/2026

Date of Signature

Alan M. Boxberger

Legislative Fiscal Officer or Designee

8/20/26

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 proposed rule carries forward the substance of the Emergency Rule effective July 21, 2026 by defining "Regulated Financial Institution," updating departmental and officer terminology, and authorizing written certification by the Louisiana Natural Resources Trust Authority (NRTA) as an additional means of satisfying financial security requirements.

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

   The basis and rationale for the proposed rule are the Department's continuing need to ensure that oil and gas wells are backed by adequate financial security for plugging and site restoration while providing workable mechanisms for operators to demonstrate compliance. The Department has observed a significant increase in wells lacking compliant financial security, reduced availability and affordability of traditional private-market financial security instruments, the end of the former LORA financial-security program, and a historically high orphan-well inventory. The Department also seeks to implement the financial-security mechanism authorized for the NRTA pursuant to R.S. 36:356.1 and to address Legislative Auditor findings concerning financial-security instruments issued by non-regulated private entities.

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.

   (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

   Not applicable.

D. Compliance with Act 98 of the 2025 Regular Session

   (1) Will the proposed rule change result in either the expenditure of state funds or an economic impact involving costs to regulated entities estimated at $200,000 or more per year or $600,000 or more over three years?

   (a) __________ YES. (proceed to question D.2 on this page)

   (b) ____X____ NO.

   (2) If the answer to (1) above is yes, was there a fiscal note for the enacted legislation that required this action (attach documentation)?

   (a) __________ YES, and all cost impacts were contemplated in the Fiscal Note.

   (b) __________ YES, but cost impacts exceed those contemplated in the Fiscal Note.

   (c) __________ NO.

   Not applicable.

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 27	FY 28	FY 29
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 REPAIR & 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.

The proposed rulemaking can be implemented with current staffing and funding. The proposed rule is not anticipated to result in a material increase in workload or additional staffing or funding requirements for the Department.

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

SOURCE	FY 27	FY 28	FY 29
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?

Yes.

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 rulemaking does not directly impact local governmental units. However, the NRTA financial security option could indirectly increase oil and gas activity in some parishes by allowing operators to satisfy financial security requirements and continue or expand operations, potentially increasing local tax collections. Any potential impact is too uncertain to calculate.

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 27	FY 28	FY 29
STATE GENERAL FUND	$0	$0	$0
AGENCY SELF-GENERATED	$0	$0	$0
DEDICATED	SEE BELOW	SEE BELOW	SEE BELOW
FEDERAL FUNDS	$0	$0	$0
LOCAL FUNDS	$0	$0	$0
TOTAL	$0	$0	$0

*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 may be an indeterminable change in financial security payments deposited into the Natural Resources Financial Security Fund through the NRTA pursuant to R.S. 30:21.1.

FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET

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 unable to secure traditional bonds, letters of credit, or trust accounts, including those previously reliant on the LORA program, are expected to benefit from the new financial security option created by the emergency rule and extended by this proposed rule, which allows compliance through certification by the NRTA and may improve the availability and affordability of compliant financial security for smaller operators who would otherwise be financially constrained. Any costs or additional documentation associated with obtaining certification through the NRTA are indeterminable and will depend on the extent to which operators utilize this financial security option. The proposed rule is not expected to impose additional costs on financial institutions, sureties, or the NRTA beyond those already contemplated by the Authority's separate statutory mandate under R.S. 36:356.1.

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.

Oil and gas operators may experience an increase in receipts or income to the extent that the additional financial security option allows operators that are unable to obtain traditional financial security instruments to continue or expand operations. Operators may also benefit to the extent that the NRTA option provides financial security at a lower cost than otherwise available alternatives. However, the number of operators that will utilize the NRTA option, any associated cost savings, and the resulting impact on operator receipts or income are indeterminable.

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.

The proposed rule is expected to have a positive effect on competition among oil and gas operators. By adding NRTA certification as an additional means of satisfying financial security requirements, the rule may improve access to compliant financial security for operators who have been unable to obtain traditional financial security instruments from private institutions at an affordable price. This in turn will help smaller and financially constrained operators remain in operation rather than exit the industry or fall out of compliance due financial security constraints. With respect to employment, the proposed rule is expected to have a stabilizing effect to the extent that the additional financial security option allows operators to remain in operation, thereby helping to preserve employment associated with continued oil and gas operations. Any impact on private-sector employment is indeterminable because the number of operators that will utilize the NRTA option and the extent to which it will affect continued oil and gas operations are unknown. The proposed rule is not expected to have a direct or readily quantifiable effect on employment within the Department or other governmental units.