

NOTICE OF INTENT

Department of Natural Resources Office of Conservation

Application to Drill (LAC 43:XIX.103)

In accordance with the provisions of the Administrative Procedure Act (R.S. 49:950, et seq) and Title 30 of the Louisiana Revised Statutes of 1950 (R.S. 30:4 et seq), the Louisiana Office of Conservation hereby gives notice of its intent to amend LAC 43:XIX Subpart 1 (Statewide Order No. 29-B) Chapter 1 (General Provisions).

The amendment requires the addition of Interstate highways to the location plat along with the distance from the Interstate highway to the well and changes the required location plat scale to 1,000 feet to the inch.

The amendment also requires the notification of appropriate state and local authorities by drilling permit applicants upon issuance of a permit to drill for wells located within 1,000 feet of an Interstate highway. Notification is achieved by providing a copy of the approved drilling permit and the certified location plat to the appropriate authorities.

The amendment also updates the agency name from “Department of Conservation” to “Office of Conservation” and clarifies the term “ownership” by changing the term to “operator of record”.

Title 43

NATURAL RESOURCES

Part XIX. Office of Conservation—General Operations

Subpart 1. Statewide Order No. 29-B

Chapter 1. General Provisions

§103. Application to Drill

A. All applications for permits to drill wells for oil or gas or core test wells below the fresh water sands shall be made on Form MD-10-R or revisions thereof, and mailed or delivered to the district office. These applications, in duplicate, shall be accompanied by three copies of the location plat, preferably drawn to a scale of 1000 feet to the inch. The plats shall be constructed from data compiled by a registered civil engineer or surveyor and shall definitely show the amount and location of the acreage with reference to quarter-section corners, or other established survey points. There shall also be shown all pertinent lease and property lines, leases, offset wells, and the location and distance from the well to the nearest shoulder of any Interstate highway within the boundaries of the plat. When the tract to be drilled is composed of separately-owned interests which have been pooled or unitized, the boundaries to the acreage in each separately-owned interest must be indicated. Plats must have well locations certifications either written on or attached to the well location plats and this certification must be signed by a registered civil engineer, qualified surveyor or a qualified engineer regularly employed by the applicant. If possible the application card shall give the name and address of the drilling Contractor, otherwise the information, as soon as determined, shall be supplied by letter to the District Manager.

1. Applicants that receive a drilling permit for a well located within one thousand feet (1,000') of an Interstate highway shall furnish a copy of the approved drilling permit and the certified location plat to the appropriate state and local authorities, including all emergency responders.

B. When dual completion applications are granted, each well shall be considered as two wells. The production from each sand shall be run through separate lead lines and the production from each sand shall be measurable separately. The department's agent shall designate suitable suffixes to the well number which will serve as reference to each producing sand.

C. No well shall be drilled, nor shall the drilling of a well be commenced, before a permit for such well has been issued by the Office of Conservation; furthermore, any work, such as digging pits, erecting buildings, derricks, etc., which the operator may do or have done, will be done at his own risk and with the full understanding that the Office of Conservation may find it necessary to change the location or deny the permit because of the rules and regulations applying in that instance.

D. No well shall commence drilling below the surface casing until a sign has been posted on the derrick, and subsequently on the well if it is a producer, showing the operator of record of the well, name of lease, section, township, range, and the serial number under which the permit was issued. The obligation to maintain a legible sign remains until abandonment.

E. In order to make the designation of the well, as referred to above, more uniform throughout the state, and thus to facilitate the handling of all matters relative to any particular well, the following system of rules has been developed for use in the naming of wells in the future in Louisiana.

1. In no case shall any operator name or well name exceed 30 characters. A space is equivalent to one character.

a. Abbreviations shall be used whenever possible to comply with the above. It is recommended that "S" be used for sand and "U" for unit.

b. The official well name appearing on Form MD- 10-R (Application to Drill) shall be used when reporting on all Office of Conservation forms and also in any correspondence.

2. Lease Wells. All wells drilled on a lease basis shall bear the lessor's surname and initials or given name.

Example: Lease Name Well Number

J. R. Smith Number 2

3. The commissioner shall prescribe or cause to have prescribed the procedure for assigning well and/or nomenclature and shall issue a memorandum concerning same from time to time as the need arises.

a. Developmental units proposed at a hearing shall be named in accordance with the latest memorandum, and the well number shall depend on whether or not there are any other wells in existence on the lease.

b. Any unit maps filed with an application for hearing must reflect proposed unit names in accordance with the latest memorandum.

4. Units with Alternate Unit Wells. For those cases where more than one well serves the same proration unit, the wells shall be named in accordance with the latest memorandum, and the well number shall be followed by the letters ALT in the case of each alternate well.

Example: Lease Name Well Number

Hayes Sue; J. R. Smith Number 1

Hayes Sue; Dave Luke Number 1 ALT

Hayes Sue; St. Mary Number 22 ALT

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

HISTORICAL NOTE: Adopted by the Department of Conservation (August 1943), amended (August 1958), (August 1961), (May 1973), amended by the Department of Natural Resources, Office of Conservation, LR 34: (2008).

Family Impact Statement
LAC 43:XIX.103, Application to Drill

In accordance with LSA-RS 49:972, the following statements are submitted after consideration of the impact of the proposed rule amendment at LAC 43:XIX.103, Application to Drill on family as defined therein.

- 1. The proposed rule amendment will have no effect on the stability of the family.
- 2. The proposed rule amendment will have no effect on the authority and rights of parents regarding the education and supervision of their children.
- 3. The proposed rule amendment will have no effect on the functioning of the family.
- 4. The proposed rule amendment will have no effect on family earnings and family budget.
- 5. The proposed rule amendment will have no effect on the behavior and personal responsibility of children.
- 6. Family or local government are not required to perform any function contained in the proposed rule amendment.

A public hearing will be held on August 26, 2008 at 9:00 a.m. in the LaSalle Building, LaBelle Hearing Room, 617 N. Third Street, Baton Rouge, LA 70802. Interested persons are invited to attend and submit oral comments on the proposed amendments. If accommodations are required under the Americans With Disabilities Act, please advise the Office of Conservation, Engineering Division at P.O. Box 94275, Baton Rouge, LA 70804-9275 in writing within ten (10) working days of the hearing date. Two hours of free parking are allowed in the Welcome Center parking garage with a validated parking ticket.

All interested persons are invited to submit written comments on the proposed regulation. Persons commenting should reference “Proposed Amendment of LAC 43:XIX.103”. Such comments must be received no later than Monday, August 11, 2008, at 4:30 p.m., and should be sent to Mr. Chris Sandoz, Office of Conservation, Engineering Division, P. O. Box 94275, Baton Rouge, LA 70804-9275; hand delivered to 617 North Third Street, 9th Floor, Baton Rouge, LA 70802; by email to chris.sandoz@la.gov; or by fax to (225) 342-2584.

This proposed regulation is available on the Internet at <http://dnr.louisiana.gov/cons/conserv.ssi> and is available for inspection at the following DNR office locations from 8 a.m. until 4:30 p.m.: 617 N. Third Street, Ninth Floor, Baton Rouge, LA 70802; Brandywine III, Suite 220, 825 Kaliste Saloom Road, Lafayette, LA 70508; State Office Building, Suite 668, 1525 Fairfield Avenue, Shreveport, LA 71101; 122 St. John Street, Room 228, Monroe, LA 71201.

James H. Welsh
Commissioner of Conservation

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES
RULE TITLE: Application to Drill

- I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)
There are no implementation costs or savings to State or Local government units anticipated due to the proposed rule amendments.
- 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 amendments.
- III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)
The primary group affected by these rules changes will be Exploration and Production companies. There are no anticipated cost increases associated with the location plat scale changes. There are minor cost increases associated with the addition of Interstate highway location and distance information to the location plats and with the notification requirements. When compared to the cost of drilling a well, these cost increases are anticipated to be negligible.
- IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)
There is no anticipated effect on competition and employment.