

**FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES**

Person

Preparing

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Return

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Rule

Title: Expedited Permit Processing Program,  
LAC 43:XIX Subpart 20.4701-4709

Date Rule Takes Effect: Upon Promulgation (Nov.2015)

**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 will likely be an increase in salary expenditures and administrative costs as a result of the proposed rule change. The expedited permit process may increase costs up to \$488,000 according to projections by the Department of Natural Resources. The increased expenditures required by the rule change will be paid by the companies applying for the permits. There are 6 companies that have expressed interest in the expedited permit program. These companies focus on salt cavern injection wells which require an average of approximately 1,000 work hours to be approved. Should a company elect to apply for an expedited permit pursuant to the proposed rule, the company will be required to pay for the overtime hours DNR employees work to process the permit, and administrative costs not exceeding 20% of overtime salary expenditures. Currently, DNR approves approximately 3 to 4 of these permits per year and the overtime hours would allow for 4 additional salt cavern permits to be approved per year, effectively doubling current output.

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

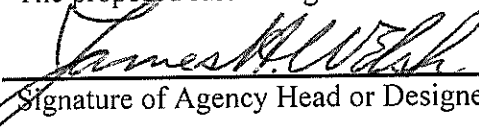
There will likely be an increase in revenue collection as a result of the proposed rule change. Should a company elect to apply for an expedited permit pursuant to the proposed rule, the company will be required to pay for the overtime hours DNR employees work to process the permit, and administrative costs not exceeding 20% of overtime salary expenditures. With each permit requiring approximately 1,000 hours to complete, the proposed rule change will likely result in an additional \$488,000 in revenue generated for DNR annually. The revenue from the proposed rule change will be placed into the Oil and Gas Regulatory Fund..

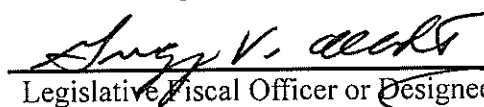
**III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS (Summary)**

The group directly affected by these rules changes will be Exploration and Production (E&P) companies. For those who desire to voluntarily apply for the expedited permit process, applicants would only pay the actual overtime or contracted costs incurred by DNR to process applications for an expedited permit plus administrative costs.

**IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)**

The proposed rule change will have no effect on competition and employment.

  
Signature of Agency Head or Designee

  
Legislative Fiscal Officer or Designee

James H. Welsh, Commissioner of Conservation  
Typed Name & Title of Agency Head or Designee

8-6-15  
Date of Signature

8/7/2015  
Date of Signature

**FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES**

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 seeks to implement a process for requesting and conducting an expedited permit processing program.

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

Conservation currently has a backlog of applications for the construction of salt dome brine production wells and storage caverns, for which each application may take approximately 1000 man hours to review. Industry requested that Conservation establish an expedited permit process similar to that currently employed by La DEQ, which allows for industry to compensate the state for the overtime cost of employees who volunteer to work overtime hours to process the applications.

- 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?

| <b>COSTS</b>            | <b>FY 15-16</b> | <b>FY 16-17</b> | <b>FY 17-18</b> |
|-------------------------|-----------------|-----------------|-----------------|
| 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         |
| <b>TOTAL</b>            | <b>\$ 0.00</b>  | <b>\$ 0.00</b>  | <b>\$ 0.00</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 15-16</b> | <b>FY 16-17</b> | <b>FY 17-18</b> |
|-----------------------|-----------------|-----------------|-----------------|
| 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         |
| <b>TOTAL</b>          | <b>\$ 0.00</b>  | <b>\$ 0.00</b>  | <b>\$ 0.00</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 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 15-16       | FY 16-17       | FY 17-18       |
|---------------------------|----------------|----------------|----------------|
| 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        |
| <b>TOTAL</b>              | <b>\$ 0.00</b> | <b>\$ 0.00</b> | <b>\$ 0.00</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 government units.

#### III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON- GOVERNMENTAL GROUPS

A. What persons 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. For those who desire to voluntarily apply for the expedited permit process, applicants would only pay the actual overtime or contracted costs incurred by DNR to process applications for an expedited permit plus administrative costs. The permit review and approval process will require the participation of geologists, engineers, attorneys, managerial, and support staff with an estimated average overtime rate of \$90 per hour. It is estimated that the current staff will be available to contribute up to 4,000 overtime hours for expedited permit review beginning in fiscal year FY16 resulting in maximum expected overtime pay of \$360,000 (4000 hrs. X \$90 per hr.). Administration of the program will require additional timekeeping, payroll, budgeting, and managerial functions in addition to additional expenses for the building, equipment, and supplies. These administrative costs will be offset by an amount to be paid by the applicant not to exceed 20% of the overtime pay. The estimated administrative expenses per year beginning in fiscal year FY16 is expected to not exceed \$72,000 (\$360,000 overtime pay X 20%). The total estimated maximum collections and expenditures associated with the expedited permitting process are expected to be \$423,000 per year beginning in fiscal year FY16.

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. There may be an impact on receipts and/or income resulting from this rule change in that the faster the applications are processed and permits to operate are issued, companies will be allowed to begin operations sooner, potentially resulting in obtaining income streams sooner.

#### 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.