

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

Person

Preparing
Statement:

Steve Lee

Dept.: Natural Resources

Phone:

225-342-5569

Office: Conservation

Return

Address:

Executive Division
P.O. Box 94275
Baton Rouge, LA 70804-9275

Rule

Title:

General Operations
Statewide Order 29-B
LAC 43:XIX.405 (Application
Requirements)

Date Rule Takes Effect: March 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 are no anticipated implementation costs to State or local governmental units as a result of the proposed rule change. Application requirements already exist for Enhanced Oil Recovery methods, although none specifically address the use of Carbon Dioxide. The proposed rule seeks to implement application requirements for Carbon Dioxide Enhanced Oil Recovery. Carbon Dioxide Enhanced Oil Recovery is a process in which carbon dioxide is injected into an oil reservoir to push any remaining oil to the top of the reservoir for extraction. It is typically used as a tertiary method of extraction after primary and secondary techniques have extracted the bulk of the oil from a reservoir. As such, the new requirements specific to Carbon Dioxide Enhanced Oil Recovery will be evaluated using existing documents and staff.

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

The proposed rule change will have no effect on revenue collections of state or local governmental units.

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 implement or continue to operate Carbon Dioxide Enhanced Oil Recovery projects, additional information beyond what is already required for other Enhanced Oil Recovery operations may be needed. Currently, Denbury Onshore, LLC and Marlin Resources, L.L.C. are the only companies in the state using these techniques for extraction. The standards listed in the proposed rule change are the standards currently in place, resulting in no additional costs. This may change if other companies enter Louisiana with the intent to perform Carbon Dioxide Oil Recovery, but those impacts cannot be accurately assessed at this time.

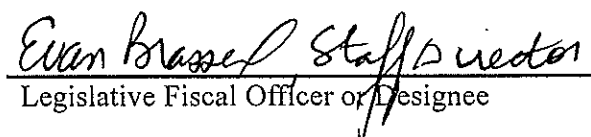
IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

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


Signature of Agency Head or Designee

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

12-3-14
Date of Signature


Legislative Fiscal Officer or Designee

12/5/14
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 application requirements for Carbon Dioxide Enhanced Oil Recovery, including an expanded area of review and submission of a corrective action plan.

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

In reviewing applications for Carbon Dioxide Enhanced Oil Recovery, Conservation staff determined that an expanded area of review and submission of a corrective action plan would lead to greater safety and protection of 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

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 14-15	FY 15-16	FY 16-17
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
TOTAL	\$ 0.00	\$ 0.00	\$ 0.00
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.

Not applicable. There are no costs or savings to State Agencies resulting from the proposed actions. The proposed rule may under certain circumstances effect an increased cost to Oil and Gas E&P operators in that they may experience increased application requirements in certain circumstances.

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

SOURCE	FY 14-15	FY 15-16	FY 16-17
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
TOTAL	\$ 0.00	\$ 0.00	\$ 0.00

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 14-15	FY 15-16	FY 16-17
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
TOTAL	\$ 0.00	\$ 0.00	\$ 0.00

*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 implement or continue to operate Carbon Dioxide Enhanced Oil Recovery projects, additional information beyond what is already required for other Enhanced Oil Recovery operations may be needed. Currently, Denbury Onshore, LLC and Marlin Resources, L.L.C. are the only companies in the state using these techniques for extraction. The standards listed in the proposed rule change are the standards currently in place, resulting in no additional costs. This may change if other companies enter Louisiana with the intent to perform Carbon Dioxide Oil Recovery, but those impacts cannot be accurately assessed at this time.

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 will be an impact on receipts and/or income resulting from this rule change. While it is impossible to truly estimate the impact of this rule, the answer provided in Section A above summarizes the possible new costs to be implemented by the proposed rule change.

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.