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Office of Conservation

Office/Board/Commission promulgating this document

James H. Welsh Commissioner

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 Name and title of person whose signature will appear in the
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Department of Natural Resources

Department under which office/board/commission is classified

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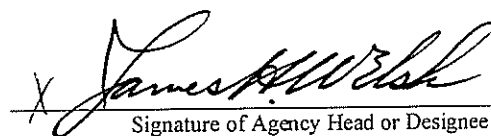
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Amend. to Statewide Order 29-M

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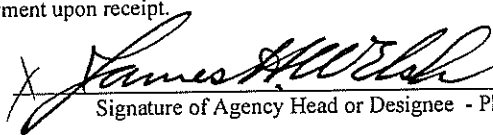
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NOTICE OF INTENT

Department of Natural Resources Office of Conservation

Hydrocarbon Storage Wells in Salt Dome Cavities (LAC 43:XVII.Chapter 3)

The Department of Natural Resources, Office of Conservation has amended LAC 43:XVII.Chapter 3 in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., and pursuant to the power delegated under the laws of the state of Louisiana. The action adopts Statewide Order No. 29-M, which provides comprehensive regulations for hydrocarbon storage wells in salt dome cavities, and will amend existing Statewide Order No. 29-M, as amended and enacted by Act 209 and Act 585 of the 2014 Legislative Session.

Title 43

NATURAL RESOURCES

Part XVII. Office of Conservation—Injection and Mining

Subpart 3. Statewide Order No. 29-M

Chapter 3. Hydrocarbon Storage Wells in Salt Dome Cavities

§301. Definitions

Hydrocarbon Storage Cavern—a salt cavern created within the salt stock by solution-mining and used to store liquid, liquefied, or gaseous hydrocarbons.

Produced Water—liquids and suspended particulate matter that is obtained by processing fluids brought to the surface in conjunction with the recovery of oil and gas from underground geologic formations, with underground storage of hydrocarbons, or with solution-mining for brine.

Qualified Professional Appraiser—for the purposes of these rules, any licensed real estate appraiser holding current certification from the Louisiana Real Estate Appraisers Board and functioning within the rules and regulations of their licensure.

Solution-Mining Injection Well—a well used to inject fluids, other than fluids associated with active drilling operations, for the extraction of minerals or energy.

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 3:310 (July 1977), amended LR 40:000 (February 2014).

§303. General Provisions

A.-2. ***

3. That in presenting evidence to the commissioner to enable him to make the findings described above, the applicant shall demonstrate that the proposed storage of liquid, liquefied, or gaseous hydrocarbons will be conducted in a manner consistent with established practices to preserve the integrity of the salt stock and the overlying sediments. This shall include an assessment of the stability of the proposed cavern design, particularly with regard to the size,

shape and depth of the cavern, the amount of separation among caverns, the amount of separation between the outermost cavern wall and the periphery of the salt stock, and any other requirements of this Rule.

4-B.1. ***

2. Hydrocarbon storage caverns in existence prior to February 20, 2014 that were in compliance with Statewide Order No. 29-M in effect at that time, but not in compliance with Statewide Order No. 29-M that went into effect on February 20, 2014, were allowed to continue to operate for one year under the prior Statewide Order No. 29-M. Within that year, the owner or operator was required to submit an alternate means of compliance or a request for a variance pursuant to §303.F and/or present a corrective action plan to meet the requirements of Statewide Order No. 29-M. During the review period of the request until a final determination is made regarding the alternate means of compliance or variance and/or corrective action plan, the affected hydrocarbon storage well may continue to operate in compliance with Statewide Order No. 29-M in effect prior to February 20, 2014, except they must conform to the provisions of §301, §303.G, §309.B, 309.I. §311.D.1.c, §315, §319.A&B, §321.A&C, §323.C, §327, §329, §331, §335 and §337 of this Chapter.

3. By February 20, 2015, the owner or operator was required to provide for review documentation of any variance previously authorized by the Office of Conservation. Based on that review, the commissioner may terminate, modify, or revoke and reissue the existing permit with the variance if it is determined that continued operations cannot be conducted in a way that is protective of the environment, or the health, safety, and welfare of the public. The process for terminating, modifying, or revoking and reissuing the permit with the variance is set forth in 311.K. During the review period the affected hydrocarbon storage well may continue to operate in compliance with such variance. If the commissioner does not terminate, modify, or revoke and reissue the existing permit, the affected hydrocarbon storage well may continue to operate in compliance with such variance.

C-F. ***

G. Additional Requirements.

1. All tests, reports, logs, surveys, plans, applications, or other submittals whether required by these rules and regulations or submitted for informational purposes are required to bear the Louisiana Office of Conservation serial number of any solution-mining or hydrocarbon storage well associated with the submittal.

2. All applications, reports, plans, requests, maps, cross-sections, drawings, opinions, recommendations, calculations, evaluations, or other submittals including or comprising geoscientific work as defined by La. R.S. 37:711.1. et seq. must be prepared, sealed, signed, and dated by a licensed Professional Geoscientist (P.G.) authorized to practice by and in good standing with the Louisiana Board of Professional Geoscientists.

3. All applications, reports, plans, requests, designs, specifications, details, calculations, drawings, opinions, recommendations, evaluations or other submittals including or comprising the practice of engineering as defined by La. R.S. 37:681. et seq. must be prepared, sealed, signed, and

dated by a licensed Professional Engineer (P.E.) authorized to practice by and in good standing with the Louisiana Professional Engineering and Land Surveying Board.

4. The commissioner may prescribe additional requirements for hydrocarbon storage wells or projects in order to protect USDWs and the public.

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 3:310 (July 1977), amended LR 40:000 (February 2014).

§305. Permit Requirements

A-D.2.***

a. the authorization is made in writing by an individual who would otherwise have signature authority as outlined in this Paragraph;

b-4 ***

E. Signature Reauthorization. If an authorization under §305.D is no longer accurate because a different individual or position has responsibility for the overall operation of a hydrocarbon storage facility, a new authorization satisfying the signature requirements must be submitted to the Office of Conservation before or concurrent with any reports, information, or applications required to be signed by an authorized representative.

F. Certification. Any person signing an application under §305.D shall make the following certification on the application.

"I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine, and/or imprisonment."

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 40:000 (February 2014).

§307. Application Content

A-B.9.b. ***

c. National Pollutant Discharge Elimination System (NPDES) Program under the Clean Water Act;

d-10. ***

11. documentation of financial responsibility for closure and post-closure, or documentation of the method by which proof of financial responsibility for closure and post-closure as required in §309.B will be provided. Before making a final permit decision, the instrument of financial responsibility for closure and post-closure must be submitted to and approved by the Office of Conservation;

12-C.8. ***

9. sufficient information, including data and maps, to enable the Office of Conservation to identify oil and gas activity in the vicinity of the salt dome which may affect the proposed well; and

10-D.3.a. ***

b. well type and current well status (producing, disposal, storage, solution-mining, shut-in, plugged and abandoned), date the well was drilled, and the date the current well status was assigned;

c-4.a.i. ***

ii. current or previous use of the cavern (waste disposal, hydrocarbon storage, solution-mining), current status of the cavern (active, shut-in, plugged and abandoned), date the well was drilled, and the date the current well status was assigned;

iii-E.9.1. ***

m. the reporting requirements of §333, including, but not limited to the information required in quarterly operation reports;

n-G. ***

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 40:000 (February 2014).

§309. Legal Permit Conditions

A-B. ***

1. Closure and Post-Closure. The owner or operator of a hydrocarbon storage well shall maintain financial responsibility and the resources to close, plug and abandon and where necessary, perform post-closure care of the hydrocarbon storage well, cavern, and related facilities as prescribed by the Office of Conservation. The related facilities shall include all surface and subsurface constructions and equipment exclusively associated with the operation of the hydrocarbon storage cavern including but not limited to Class II Saltwater Disposal Wells and any associated equipment or pipelines whether located inside or outside of the permitted facility boundary. Evidence of financial responsibility shall be by submission of a surety bond, a letter of credit, certificate of deposit, or other instrument acceptable to the Office of Conservation. The amount of funds available shall be no less than the amount identified in the cost estimate of the closure plan of §337.A and post-closure plan of §337.B. Any financial instrument filed in satisfaction of these financial responsibility requirements shall be issued by and drawn on a bank or other financial institution authorized under state or federal law to operate in the state of Louisiana. In the event that an operator has previously provided financial security pursuant to LAC 43: XVII.309, such operator shall provide increased financial security if required to remain in compliance with this Section, within 30 days after notice from the commissioner.

2. ***

3. Assistance to Residents. The operator shall provide assistance to residents of areas deemed to be at immediate potential risk in the event of a sinkhole developing or other incident that leads to issuance of a mandatory or forced evacuation order pursuant to R.S. 29:721 et seq. if the potential risk or evacuation is associated with the operation of a hydrocarbon storage well or cavern.

a. Unless an operator of a hydrocarbon storage well or cavern submits a plan to provide evacuation assistance, acceptable to the commissioner, within 5 days of the issuance of a mandatory or forced evacuation order pursuant to R.S. 29:721 et seq. associated with the operation of a hydrocarbon storage well or cavern, the commissioner of conservation shall:

i. call a public hearing as soon as practicable to take testimony from any interested party including the authority which issued the evacuation order and local

governmental officials for the affected area to establish assistance amounts for residents subject to the evacuation order and identify the operator(s) responsible for providing assistance, if any. As soon as practicable following the public hearing the commissioner shall issue an order identifying any responsible operator(s) and establishing evacuation assistance amounts. The assistance amounts shall remain in effect until the evacuation order is lifted or until a subsequent order is issued by the commissioner in accordance with Clause ii of this Subparagraph below;

ii. upon request of an interested party, call for a public hearing to take testimony from any interested party in order to consider establishing or modifying evacuation assistance amounts and/or consider a challenge to the finding of a responsible operator(s). The public hearing shall be noticed and held in accordance with R.S. 30:6. The order shall remain in effect until the evacuation is lifted or the commissioner's order is modified, supplemented, or revoked and reissued, whichever occurs first.

b. Assistance to Residents payments shall not be construed as an admission of responsibility or liability for the emergency or disaster.

4. Reimbursement. The operator shall provide the following:

a. Reimbursement to the state or any political subdivision of the state for reasonable and extraordinary costs incurred in responding to or mitigating a disaster or emergency due to a violation of this Chapter or any rule, regulation or order promulgated or issued pursuant to this Chapter. Such costs shall be subject to approval by the director of the Governor's Office of Homeland Security and Emergency Preparedness prior to being submitted to the permittee or operator for reimbursement. Such payments shall not be construed as an admission of responsibility or liability for the emergency or disaster.

i. The commissioner shall have authority to ensure collection of reimbursement(s) due pursuant to R.S. 30:4.M.6.b and this Subparagraph.

ii. Upon petition by the state or any political subdivision of the state that is eligible for reimbursement under this Subparagraph, the commissioner shall issue an order to the permittee or operator to make payment within 30 days for the itemized costs and/or the appraised amount.

iii. Failure to make the required payment(s) shall be a violation of the permit and these rules.

iv. Should any interested party dispute the amount of reimbursement, they may call for a public hearing to take testimony from all interested parties. The public hearing shall be noticed and held in accordance with R.S. 30:6.

b. Reimbursement to any person who owns noncommercial residential immovable property located within an area under a mandatory or forced evacuation order pursuant to R.S. 29:721 et seq. for a period of more than one hundred eighty (180) days, without interruption due to a violation of this Chapter, the Permit or any Order issued pursuant to this Chapter. The offer for reimbursement shall be calculated for the replacement value of the property based upon an appraisal by a qualified professional appraiser. The replacement value of the property shall be calculated based upon the estimated value of the property prior to the time of the incident resulting in the declaration of the disaster or

emergency. The reimbursement shall be made to the property owner within thirty (30) days after notice by the property owner to the permittee or operator indicating acceptance of the offer and showing proof of continuous ownership prior to and during the evacuation lasting more than one hundred and eighty (180) days, provided that the offer for reimbursement is accepted within thirty (30) days of receipt, and the property owner promptly transfers the immovable property free and clear of any liens, mortgages, or other encumbrances to the permittee or operator. Such payments shall not be construed as an admission of responsibility or liability.

C-F.2. ***

3. The Office of Conservation may immediately prohibit further operations if it determines that continued operations of a hydrocarbon storage well, cavern, and related facility, or part thereof, may cause unsafe operating conditions, or endanger the environment, or the health, safety and welfare of the public. The prohibition shall remain in effect until it is determined that continued operations can and shall be conducted safely. It shall be the duty of the operator to prove that continued operation of the hydrocarbon storage well, or part thereof, shall not endanger the environment, or the health, safety and welfare of the public.

3.a.-4. ***

G-I.8. ***

9. The operator shall give written notification to the Office of Conservation upon permanent conclusion of hydrocarbon storage operations. Notification shall be given within seven days after concluding storage operations. The notification shall include the date on which storage activities were concluded, the reason for concluding the storage activities, and a plan to meet the minimum requirements as per §331. See §337 for additional requirements to be conducted after concluding storage activities but before closing the hydrocarbon storage well or cavern. Hydrocarbon storage caverns that are not in an inactive status as of the date written notification of permanent conclusion of storage operations is submitted to the Office of Conservation will be immediately placed in an inactive status.

10.-J. ***

K. Compliance Review. The commissioner shall review each issued hydrocarbon storage well permit, area permit, and cavern at least once every five years to determine whether any permit should be modified, revoked and reissued, terminated, whether minor modifications are needed, or if remedial action or additional monitoring is required for any cavern. Commencement of the compliance review process for each facility shall proceed as authorized by the commissioner of conservation.

1. As a part of the five-year permit review, the operator shall submit to the Office of Conservation updated maps and cross sections based upon best available information depicting the locations of its own caverns and proposed caverns in relation to each other, in relation to the periphery of the salt stock, and in relation to other operators' salt caverns (including solution-mining caverns, disposal caverns, storage caverns, and room and pillar salt mines) in the salt stock. These requirements may be satisfied by the submittal of; (1) a structure map contoured on the top of the

salt dome with the maximum outline of each cavern or proposed cavern shown in aerial view; (2) cross-sections showing the closest approach of the operator's cavern(s) to the top and edges of the salt dome; (3) cross-sections and/or maps showing the relative position of the operator's cavern(s) to any other cavern within the Area of Review, and; (4) any other maps, cross-sections, surveys, or other information required by the commissioner. Also, refer to §313 and §315.

2.-M.3.c ***

4. If the commissioner determines that any well constructed pursuant to §309.M.3 does not satisfy any of the requirements of §309.M.3.a and b, the commissioner may modify the permit under §311.K.3, terminate under §311.K.7, or take enforcement action. If the commissioner determines that cumulative effects are unacceptable, the permit may be modified under §311.K.3.

N. Recordation of Notice of Existing Hydrocarbon Storage Caverns. The owner or operator of an existing hydrocarbon storage cavern shall record a certified survey plat of the well location for the cavern in the mortgage and conveyance records of the parish in which the property is located. Such notice shall be recorded no later than six months after the effective date of these rules and the owner or operator shall furnish a date/file -stamped copy of the recorded notice to the Office of Conservation within 15 days of its recording. If an owner or operator fails or refuses to record such notice, the commissioner may, if he determines that the public interest requires, and after due notice and an opportunity for a hearing has been given to the owner and operator, cause such notice to be recorded.

O. ***

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 40:000 (February 2014).

§311. Permitting Process

A.-C. ***

1. The applicant shall complete, sign, and submit one original application form and one copy, with required attachments and documentation to the Office of Conservation. The commissioner may request additional paper copies of the application if it is determined that they are necessary. The complete application shall contain all information to show compliance with applicable state laws and these rules and regulations. When the application is deemed administratively complete, the applicant shall submit an electronic version of the application with the following certification statement.

"This document is an electronic version of the application titled (Insert Document Title) dated (Insert Application Date). This electronic version is an exact duplicate of the paper copy submitted in (Insert the Number of Volumes Comprising the Full Application) volumes to the Louisiana Office of Conservation."

2-D.1.b ***

c. In Iberia Parish, no permit to convert an existing solution-mined cavern to hydrocarbon storage, to expand an existing hydrocarbon storage cavern, or to return an inactive hydrocarbon storage cavern to service shall be issued without a public hearing. The owner or operator shall give public notice of the hearing on 3 separate days within a period of 30 days prior to the public hearing, with at least 5

days between each public notice, both in the official state journal and in the official journal of Iberia Parish.

2-b. ***

- i. the applicant;
- ii. all property owners within 1320 feet of the hydrocarbon storage facility's property boundary;
- iii. operators of existing projects located on or within the salt stock of the proposed project;
- iv. United States Environmental Protection Agency;
- v. Louisiana Department of Wildlife and Fisheries;
- vi. Louisiana Department of Environmental Quality;
- vii. Louisiana Office of Coastal Management;
- viii. Louisiana Office of Conservation, Pipeline Division;
- ix. Louisiana Department of Culture, Recreation and Tourism, Division of Archaeology;
- x. the governing authority for the parish of the proposed project; and
- xi. any other interested parties.

3.-J.2.f. ***

g. If the commissioner does not notify the existing operator and the proposed new owner or operator of his intent to modify or revoke and reissue the permit under §311.K.3.b, the transfer is effective on the date specified in the agreement mentioned in Subparagraph b.iii. above.

h. Any additional information as may be required to be submitted by these regulations or the Office of Conservation.

K.-4. ***

a. Cause exists for termination under §311.K.7, and the Office of Conservation determines that modification or revocation and reissuance is appropriate.

b. The Office of Conservation has received notification of a proposed transfer of the permit and the transfer is determined not to be a minor permit modification. A permit may be modified to reflect a transfer after the effective date as per §311.J.2.b.ii but will not be revoked and reissued after the effective date except upon the request of the new operator.

5.-7. ***

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 40:000 (February 2014).

§313. Site Assessment

A-5. ***

6. an assessment of well information and oil and gas activity within the vicinity of the salt dome which may affect the hydrocarbon storage cavern.

B-E.1.a. ***

b. The area-of-review for wells in a hydrocarbon storage project area (area permit), shall be the project area plus a circumscribing area the width of which is not less than 1320 feet. The area of review for new hydrocarbon storage wells within an existing area permit shall be a circumscribing area around the proposed hydrocarbon storage well the width of which is not less than 1320 feet. Only information outlined in §313.E.2, not previously

assessed as part of the area permit application review or as part of the review of an application for a subsequent hydrocarbon storage well located within the approved area permit, shall be considered.

c-F. ***

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 40:000 (February 2014).

§315. Cavern Design and Spacing Requirements

A-B.3.b ***

c. Without exception or variance to these rules and regulations, an existing hydrocarbon storage cavern with cavern walls 100 feet or less from the periphery of the salt stock shall be removed from hydrocarbon storage service immediately and permanently. An enhanced monitoring plan in conformance with Subparagraph b above for long term monitoring shall be prepared and submitted to the Office of Conservation. Once approved, the owner or operator shall implement the enhanced monitoring plan.

d. For hydrocarbon storage caverns in existence as of the effective date of these regulations with less than 300 feet but more than 100 feet of salt separation at any point between the cavern walls and the periphery of the salt stock, continued hydrocarbon storage may be allowed upon submittal of an enhanced monitoring plan in conformance with Subparagraph b above in addition to any additional maps, studies, tests, assessments, or surveys required by the commissioner to show that the cavern is capable of continued safe operations.

C. ***

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 40:000 (February 2014).

§317. Well Construction and Completion

A.-D. ***

E. Cased Borehole Surveys. A cement bond with variable density log (or similar cement evaluation tool) shall be run on all casing strings when practicable. A temperature log shall be run on all casing strings. The Office of Conservation may consider requests for alternative logs, tests, or surveys for wireline logging in large diameter casings or justifiable special conditions. A descriptive report interpreting the results of such logs shall be prepared and submitted to the commissioner.

1.-3 ***

F. Hanging Strings. All active hydrocarbon storage wells shall be completed with at least one hanging string unless specifically exempted from this requirement by the commissioner. The commissioner may administratively approve operation of an active hydrocarbon storage cavern without a hanging string upon a showing of good cause and practical necessity by the operator. Hanging strings shall be designed with a collapse, burst, and tensile strength rating conforming to all expected operating conditions. The design shall also consider the physical and chemical characteristics of fluids placed into and withdrawn from the cavern.

G.-***

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 40:000 (February 2014).

§319. ***

§321. Safety

A. Emergency Action Plan. An Emergency Action Plan containing emergency contact telephone numbers, procedures and specific information for facility personnel to respond to a release, upset, incident, accident, or other site emergency shall be kept at the facility and shall be reviewed and updated as needed. An outline of the plan, including emergency contact telephone numbers, shall be prepared and submitted as part of the permit application or compliance review.

B-K. ***

L. Deleted.

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 40:000 (February 2014).

§323. Monitoring Requirements

A.-C.2. ***

3. A casing inspection or similar log shall be run on the entire length of the innermost cemented casing in each well at least once every 10 years for liquid hydrocarbon storage caverns and every 15 years for natural gas storage caverns.

4.-D. ***

E. Subsidence Monitoring and Frequency. The owner or operator shall prepare and carry out a plan approved by the commissioner to monitor ground subsidence at and in the area of the storage cavern(s). A monitoring report with interpretation shall be prepared and submitted to the Office of Conservation after completion of each monitoring event.

1.-G. ***

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 40:000 (February 2014).

§325.-327.B.3.b. ***

c. before returning the cavern to hydrocarbon storage service after a period of salt solution-mining or washing to purposely increase storage cavern size or capacity;

d. after completion of any additional mining or salt washing for caverns engaging in simultaneous storage and salt solution-mining or washing that results in a significant increase in cavern volume or change in cavern configuration;

e. before well closure, except when the cavern has experienced mechanical failure;

f. whenever leakage into or out of the cavern is suspected;

g. whenever the commissioner determines a test is warranted.

C.-5. ***

6. Any MIT performed on a hydrocarbon storage cavern shall include a separate pressure test on the casing of at least 60 minutes.

D.-E. ***

1. Without exception or variance to these rules and regulations, a storage well or cavern that fails a test for mechanical integrity shall be immediately taken out of service. The failure shall be reported to the Office of Conservation according to the notification requirements of §309.I.8. The owner or operator shall investigate the reason for the failure and shall take appropriate steps to return the storage well or cavern to a full state of mechanical integrity. A storage well or cavern is considered to have failed a test for mechanical integrity for the following reasons:

a.-3. ***

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 40:000 (February 2014).

§329. Cavern Configuration and Capacity Measurements

A. ***

B. Frequency of Surveys. For liquid hydrocarbon storage caverns, a sonar caliper survey, or other approved survey, shall be performed at least once every 5 years. At least once every 10 years a sonar caliper survey, or other approved survey, shall be performed that logs the roof of the cavern. For natural gas storage caverns, a sonar caliper survey, or other approved survey, shall be performed at least once every 5 years. At least once every 15 years a sonar caliper survey, or other approved survey, shall be performed that logs the roof of the cavern. For natural gas storage caverns engaging in simultaneous storage and salt solution-mining or washing, a sonar caliper survey, or other approved survey, shall be performed in accordance with this article or in accordance with LAC 43:XVII.3329, whichever requires the more frequent survey. For natural gas storage caverns of small size, stable configuration, and favorable positioning within the salt stock, the commissioner may approve partial sonar caliper surveys in fulfillment of the required surveys excepting the required survey at least once every 15 years to log the roof of the cavern. Additional surveys as specified by the Office of Conservation shall be performed for any of the following reasons regardless of frequency:

1.-2. ***

3. before returning the cavern to storage service after a period of salt solution-mining or washing to purposely increase storage cavern size or capacity;

4. after completion of any additional mining or salt washing for caverns engaging in simultaneous storage and salt solution-mining or washing;

5.-C.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 40:000 (February 2014).

§331. Inactive Caverns

A.-6. ***

7. No inactive hydrocarbon storage cavern may be returned to service without first submitting a written request and work permit application to the Office of Conservation and obtaining approval of the commissioner.

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 40:000 (February 2014).

§333.-337.A.3. ***

a. assurance of financial responsibility as required in §309.B.1. All instruments of financial responsibility shall be reviewed according to the following process:

i. detailed cost estimate for closure of the well and related appurtenances (well, cavern, surface appurtenances, etc.) as prepared by a qualified professional. The closure plan and cost estimate shall include provisions for closure acceptable to the Office of Conservation;

ii.-B. ***

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 40:000 (February 2014).

Family Impact Statement

This Rule has no known impact on family formation, stability, and autonomy as described in R.S. 49:972.

Poverty Impact Statement

This Rule has no known impact on poverty as described in R.S. 49:973.

Small Business Statement

This Rule has no known impact on small businesses as described in R.S. 49:965.6.

Provider Impact Statement

This Rule has no known impact on providers as described in HCR 170 of 2014.

Public Comments

All interested parties will be afforded the opportunity to submit data, views, or arguments, in writing. Written comments will be accepted by hand delivery or USPS only, until 4:00 p.m., November 9, 2015, at Office of Conservation, Executive Division, P.O. Box 94275, Baton Rouge, LA, 70804-9275; or Office of Conservation, Executive Division, 617 North Third Street, Room 931, Baton Rouge, LA 70802. Reference Docket No. CRA 2015-12. All inquiries should be directed to Stephen Lee at the above addresses or by phone to (225) 342-5569. No preamble was prepared.

James H. Welsh
Commissioner

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES

RULE TITLE: 30 day Work History Report

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

There is no anticipated additional cost to state or local governmental expenditures nor an anticipated increase in workload as a result of the proposed rule change. Pursuant to Act 691 and Act 766 of the 2014 Regular Legislative Session, the proposed rule change specifies; (1) criteria for public hearings for permitting hydrocarbon storage wells in Iberia Parish; (2) provides for reimbursement for non-commercial property owners subject to evacuation resulting from emergencies associated with hydrocarbon storage wells; (3) authorizes the commissioner of conservation to

ensure collection of reimbursement to the above referenced non-commercial property owners and reimbursement to the state and any political subdivision of the state for costs incurred in responding to emergencies associated with hydrocarbon storage wells; (4) requires submittals to the Office of Conservation from hydrocarbon storage operators to include the associated state hydrocarbon storage well serial number with any submittal; (5) corrects typographical errors; (6) adds language to clarify the existing regulations; and (7) adds a definition related to new regulatory requirements.

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

(Summary)

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

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

The proposed rule change will only affect the owners and/or operators of hydrocarbon storage wells. There will be no increased costs to operators of hydrocarbon storage wells seeking permits in Iberia Parish. Any additional advertising costs associated with the requirement for increased public notice for public hearings in Iberia Parish are covered by the current Office of Conservation fee for public hearings. There is no anticipated increase in cost to operators of hydrocarbon storage wells or facilities due to the requirement for reimbursement to noncommercial immovable property owners subject to an evacuation order associated with emergencies related to hydrocarbon storage. The current rules and regulations have been promulgated to prevent such emergencies from occurring. All other rule changes will result in no increased costs to hydrocarbon storage well operators. All required documentation will be provided on existing paperwork.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

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

James H. Welsh
Commissioner
1501#032

Evan J. Brasseaux
Staff Director

FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

Person Preparing Statement:	Stephen H. Lee, Director Injection and Mining Division	Dept:	Natural Resources
Phone:	225-342-5569	Office:	Conservation
Return Address:	Injection and Mining Division P.O. Box 94275 Baton Rouge, LA 70804-9275	Rule Title:	Hydrocarbon Storage Wells in Salt Dome Cavities (LAC 43:XVII.Chap 3) Statewide Order 29-M (Rev. 3)
		Date Rule Takes Effect:	February 20, 2016

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Legislative Fiscal Office

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 is no anticipated additional cost to state or local governmental expenditures nor an anticipated increase in workload as a result of the proposed rule change. Pursuant to Act 691 and Act 766 of the 2014 Regular Legislative Session, the proposed rule change specifies; (1) criteria for public hearings for permitting hydrocarbon storage wells in Iberia Parish; (2) provides for reimbursement for non-commercial property owners subject to evacuation resulting from emergencies associated with hydrocarbon storage wells; (3) authorizes the commissioner of conservation to ensure collection of reimbursement to the above referenced non-commercial property owners and reimbursement to the state and any political subdivision of the state for costs incurred in responding to emergencies associated with hydrocarbon storage wells; (4) requires submittals to the Office of Conservation from hydrocarbon storage operators to include the associated state hydrocarbon storage well serial number with any submittal; (5) corrects typographical errors; (6) adds language to clarify the existing regulations; and (7) adds a definition related to new regulatory requirements.

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

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

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

The proposed rule change will only affect the owners and/or operators of hydrocarbon storage wells. There will be no increased costs to operators of hydrocarbon storage wells seeking permits in Iberia Parish. Any additional advertising costs associated with the requirement for increased public notice for public hearings in Iberia Parish are covered by the current Office of Conservation fee for public hearings. There is no anticipated increase in cost to operators of hydrocarbon storage wells or facilities due to the requirement for reimbursement to noncommercial immovable property owners subject to an evacuation order associated with emergencies related to hydrocarbon storage. The current rules and regulations have been promulgated to prevent such emergencies from occurring. All other rule changes will result in no increased costs to hydrocarbon storage well operators. All required documentation will be provided on existing paperwork.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

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

James H. Welsh
Signature of Agency Head or Designee

Evan Brasseaux, Staff Director
Legislative Fiscal Officer or Designee

James H. Welsh, Commissioner of Conservation

Typed Name & Title of Agency Head or Designee

Date of Signature

10/7/15
Date of Signature

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Legislative Fiscal Office

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 Office of Conservation is proposing rule amendments to update its existing regulations on storing hydrocarbons in solution-mined salt caverns. In general, the rule revision makes changes regarding public hearing in Iberia Parish and provides for reimbursement to noncommercial immovable property owners affected by an evacuation order related to emergencies related to hydrocarbon storage in solution-mined salt caverns.

Changes found in the proposed rules include: 1) (1) criteria for public hearings for permitting hydrocarbon storage wells in Iberia Parish. Specifically, greater public notice and a prohibition on any public hearing for new permits before August 15, 2015; (2) reimbursement for non-commercial property owners subject to evacuation resulting from emergencies associated with hydrocarbon storage wells; (3) authorization for the commissioner of conservation to ensure collection of reimbursement to the above referenced non-commercial property owners and reimbursement to the state and any political subdivision of the state for costs incurred in responding to emergencies associated with hydrocarbon storage wells; (4) requires submittals to the Office of Conservation from hydrocarbon storage operators to include the associated state hydrocarbon storage well serial number; (5) corrects typographical errors; (6) adds language to clarify the existing regulations; and (7) adds a definition related to new regulatory 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 action is mandated by the passage of Senate Bill 209 (Act 691 of 2014) and Senate Bill 585 (Act 766 of 2014).

- 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 15-16	FY 16-17	FY 17-18
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.

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

SOURCE	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	\$ 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 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
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 NONGOVERNMENTAL 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.

Companies in the business of and companies dependent on the services of companies in the business of hydrocarbon storage and solution mining will be affected by the proposed rule change.

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.

There is no anticipated impact on receipts and/or income resulting from this rule or 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.