

2015 Regular Session

HOUSE BILL NO. 784

BY REPRESENTATIVE DOVE

CONSERVATION/OFFICE: Provides for certain fees collected by the office of conservation

1 AN ACT

2 To amend and reenact R.S. 30:21(B)(1) and 136.1(D) and to enact R.S. 30:4(P), relative to
3 fees collected by the commissioner of conservation; to provide for fees for activities
4 regulated by the office of conservation; to provide for application, compliance, and
5 fees; to authorize the commissioner of conservation to develop and implement an
6 expedited permitting processing program; to provide for notice of an expedited
7 permit; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 30:21(B)(1) and 136.1(D) are hereby amended and reenacted and
10 R.S. 30:4(P) is hereby enacted to read as follows:

11 §4. Jurisdiction, duties, and powers of the assistant secretary; rules and regulations

12 * * *

13 P. The commissioner is authorized to develop and implement a program to
14 expedite the processing of permits, modifications, licenses, registrations, or variances
15 for permit applicants who may request such services. In addition to the fees charged
16 pursuant to this Subtitle, a fee for an expedited permit shall be charged to each
17 applicant equal to the cost of every overtime hour, or portion thereof, an employee
18 or contractor works processing the expedited permit and an amount not exceeding
19 twenty percent for administrative costs. This fee shall not exceed one hundred
20 twenty percent of the maximum per hour overtime salary, calculated at one and one

1 half times the hourly wage and including associated related benefits, of a civil
2 service employee of the office of conservation. The commissioner shall adopt rules
3 and regulations in accordance with the Administrative Procedure Act to implement
4 the provisions of this Subsection. Such rules shall require a public notice be given
5 when an expedited permit is requested.

6 * * *

7 §21. Fees and charges of the commissioner of conservation; revisions; exceptions;
8 collections; Oil and Gas Regulatory Fund; creation; amounts; requirements

9 * * *

10 B.(1)(a) There shall be an annual fee payable to the office of conservation,
11 in a form and schedule prescribed by the office of conservation, by oil and gas
12 operators on capable oil wells and capable gas wells based on a tiered system to
13 establish parity on a dollar amount between the wells. The tiered system shall be
14 established annually by rule on capable oil and capable gas production, including
15 nonexempt wells reporting zero production during the annual base period, such that
16 the amount generated does not exceed ~~two~~ three million ~~four~~ six hundred ~~fifty~~
17 seventy-five thousand dollars for each fiscal year beginning with Fiscal Year ~~2002-~~
18 ~~2003~~ 2015-2016. Incapable oil, stripper oil, incapable gas well gas, and incapable
19 oil well gas shall be exempt from the fee. For the purposes of this Subsection,
20 "capable oil" means crude oil and condensate not classified as incapable oil or
21 stripper oil by the Department of Revenue. "Capable gas" means natural and casing
22 head gas not classified as incapable gas well gas or incapable oil well gas by the
23 Department of Revenue.

24 (b) There shall be an annual fee payable to the office of conservation, in a
25 form and schedule prescribed by the office of conservation, on Class I wells in an
26 amount not to exceed ~~four hundred thousand~~ one million dollars for Fiscal Year
27 ~~2000-2001~~ 2015-2016 and thereafter.

28 (c) There shall be an annual regulatory fee payable to the office of
29 conservation, in a form and schedule prescribed by the office of conservation, on

1 Class II wells, Class III wells, storage wells, Type A facilities, and Type B facilities
 2 in an amount not to exceed ~~eight two million one hundred seventy-five eighty-seven~~
 3 thousand five hundred dollars for Fiscal Year ~~2000-2001~~ 2015-2016 and thereafter.
 4 No fee shall be imposed on a Class II well of an operator who is also an operator of
 5 a stripper crude oil well or incapable gas well certified pursuant to R.S. 47:633 by
 6 the severance tax division of the Department of Revenue and located in the same
 7 field as such Class II well.

8 (d) There shall be an application fee payable to the office of conservation,
 9 in a form and schedule prescribed by the office of conservation, by industries under
 10 the jurisdiction of the office of conservation. ~~The commissioner may, in accordance~~
 11 ~~with the Administrative Procedure Act, increase any application~~ In addition to any
 12 other fee that is on the schedule on July 1, 2002 2015, to an amount not in excess of
 13 eight and one-half percent above the amount charged for the fee on July 1, 2002. the
 14 commissioner may collect the following fees:

- 15 (i) Application for alternate unit well, exception \$ 504
- 16 to 29-E, exception to 29-B, severance tax relief,
- 17 downhole combinations, well product
- 18 reclassification, selective completion, pilot
- 19 projects, waiver of production test, or critical
- 20 date order
- 21 (ii) Application for work permit - minerals \$ 75
- 22 (iii) Application to amend permit to drill - minerals \$ 50
- 23 (lease unit well, stripper, incapable, other)
- 24 (iv) Operator registration \$ 105
- 25 (v) Annual compliance review fee - class III \$2,000
- 26 solution mining cavern
- 27 (vi) Annual compliance review fee - class II \$2,000
- 28 hydrocarbon storage and exploration and
- 29 production waste cavern

1	<u>(vii) Class II carbon dioxide enhanced</u>	<u>\$5,000</u>
2	<u>recovery project</u>	
3	<u>(viii) Community saltwater disposal system initial</u>	<u>\$ 125</u>
4	<u>notification</u>	
5	<u>(ix) Application for work permit - injection or other</u>	<u>\$ 125</u>
6	<u>(x) Work permit to plug and abandon a well utilized</u>	<u>\$ 500</u>
7	<u>for naturally occurring radioactive waste disposal</u>	
8	<u>(xi) Requests to modify well permit</u>	<u>\$ 300</u>
9	<u>(xii) Class V permit waiver or exemption request</u>	<u>\$ 250</u>
10	<u>(xiii) Witnessed verification of mechanical</u>	<u>\$ 250</u>
11	<u>integrity tests</u>	
12	<u>(xiv) Transfer stations regulatory fee for exploration</u>	<u>\$2,500</u>
13	<u>and production waste</u>	
14	<u>(xv) Request to transport exploration and</u>	<u>\$ 150</u>
15	<u>production waste to commercial facilities</u>	
16	<u>or transfer stations</u>	
17	<u>(xvi) Authorization for after-hours disposal</u>	<u>\$ 150</u>
18	<u>of exploration and production waste</u>	
19	<u>(xvii) Exploration and production waste</u>	<u>\$ 300</u>
20	<u>determination</u>	
21	<u>(xviii) Commercial facility transfer station application</u>	<u>\$1,500</u>
22	<u>(xix) Commercial facility application exclusive</u>	<u>\$3,000</u>
23	<u>of an associated well</u>	
24	<u>(xx) Commercial facility annual closure plan and</u>	<u>\$ 300</u>
25	<u>cost estimate review</u>	
26	<u>(xxi) Commercial facility reuse material applications</u>	<u>\$ 300</u>
27	<u>(xxii) Reuse material applications not associated with</u>	<u>\$ 400</u>
28	<u>a commercial facility</u>	
29	* * *	

1 §136.1. Proceeds from mineral royalties, leases, and bonuses; payment into the
 2 Bond Security and Redemption Fund; payment into the Louisiana Investment
 3 Fund for Enhancement (L.I.F.E.)
 4 * * *

5 D. After deposit to the Bond Security and Redemption Fund as required
 6 under the provisions of Article VII, Section 9(B) of the Constitution of Louisiana,
 7 an additional fifteen dollars per acre shall be collected from the mineral lessees and
 8 deposited into the Louisiana Wildlife and Fisheries Conservation Fund, and an
 9 additional ~~five~~ fifteen dollars per acre shall be collected from the mineral lessees and
 10 deposited into the Oil and Gas Regulatory Fund created by R.S. 30:21. The funds
 11 deposited under the provisions of this Subsection shall be used to supplement funds
 12 available to the recipient agencies and shall not be used to supplant other funds
 13 available to those recipient agencies.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 784 Engrossed 2015 Regular Session Dove

Abstract: Increases existing fees and fee caps and creates new fees collected by the office of conservation and creates an expedited permit process.

Present law authorizes the office of conservation in the Dept. of Natural Resources to collect annual fees from operators of capable oil and gas wells based on a tiered system and on injection wells and facilities.

Proposed law increases the caps on these annual fees beginning Fiscal Year 2015-2016 as follows:

	<u>Present Fee</u>	<u>Proposed Fee</u>
Capable oil and gas wells	\$2,450,000	\$3,675,000
Class I wells	\$ 400,000	\$1,000,000
Class II, III, and storage wells and type A and B facilities	\$ 875,000	\$2,187,500

Present law requires from the revenue collected from mineral leases on state-owned land, \$15 per acre be deposited into the La. Wildlife Conservation Fund and \$5 into the Oil and Gas Regulatory Fund.

Proposed law changes present law by increasing the amount deposited into the Oil and Gas Regulatory Fund from \$5 to \$15.

Present law authorizes the office of conservation to collect application fees in a form and schedule prescribed by the office and authorizes the increase of those fees, through the Administrative Procedure Act, not to exceed 8½% of the fees charged on July 1, 2002.

Proposed law changes present law by authorizing, in addition to the fees charged on July 1, 2015, collecting the following fees:

Application for alternate unit well, exception to 29-E, exception to 29-B, severance tax relief, downhole combinations, well product reclassification, selective completion, pilot projects, waiver of production test, or critical date order	\$ 504
Application for work permit - minerals	\$ 75
Application to amend permit to drill - minerals (lease unit well, stripper, incapable, other)	\$ 50
Operator registration	\$ 105
Annual compliance review fee - class III solution mining cavern	\$ 2,000
Annual compliance review fee - class II hydrocarbon storage and exploration and production waste cavern	\$ 2,000
Class III carbon dioxide enhanced recovery project	\$ 5,000
Community saltwater disposal system initial notification	\$ 125
Application for work permit - injection or other	\$ 125
Work permit to plug & abandon a well utilized for naturally occurring radioactive waste disposal	\$ 500
Requests to modify well permit	\$ 300
Class V permit waiver or exemption request	\$ 250
Witnessed verification of mechanical integrity tests	\$ 250
Transfer stations regulatory fee for exploration and production waste	\$ 2,500
Request to transport exploration and production waste to commercial facilities or transfer stations	\$ 150
Authorization for after-hours disposal of exploration and production waste	\$ 150
Exploration and production waste determination	\$ 300
Commercial facility transfer station application	\$ 1,500
Commercial facility application exclusive of an associated well	\$ 3,000
Commercial facility annual closure plan and cost estimate review	\$ 300
Commercial facility reuse material applications	\$ 300
Reuse material applications not associated with a commercial facility	\$ 400

Proposed law authorizes the commissioner of conservation to develop and implement a program to expedite the processing of permits, modifications, licenses, registrations, and variances. Requires that the notice for an expedited permit indicate that the permit is being expedited.

Proposed law establishes the fee for expediting the permit as the cost of the overtime hours that employees of the office of conservation or a contractor spends processing the application and an amount not to exceed 20% for administrative costs. Caps the fee at a 120% per hour cost at the maximum per hour salary, including benefits, of a civil service employee of the office.

Proposed law requires the commissioner to adopt rules and regulations in accordance with the APA to implement proposed law.

Proposed law provides the rules shall require a public notice be given when an expedited permit is requested.

(Amends R.S. 30:21(B)(1) and 136.1(D); Adds R.S. 30:4(P))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Natural Resources and Environment to the original bill:

1. Change the caps for capable oil and gas wells from \$6,125,000 to \$3,675,000.
2. Remove fee increases for pipeline safety inspections and for pipelines facilities transporting hazardous liquids.
3. Add authority to the commissioner to develop and implement an expedited permit program.
4. Add a fee for expedited permits based on the cost of the overtime hours of an employee or a contractor spends processing the permit along with an administration fee of up to 20%.
5. Require a public notice be given when an expedited permit is requested.