

Mississippi Secretary of State

ADMINISTRATIVE PROCEDURES NOTICE FILING

AGENCY NAME Mississippi Oil and Gas Board		CONTACT PERSON Jess New	TELEPHONE NUMBER 601-576-4920	
ADDRESS 500 Greymont Ave., Suite E		CITY Jackson	STATE MS	ZIP 39202
EMAIL jnew@ogb.state.ms.us	SUBMIT DATE 10/30/20	Name or number of rule(s): 26 Mississippi Administrative Code, Pt. II, R. 1.4 (Application to Drill)		

Short explanation of rule/amendment/repeal and reason(s) for proposing rule/amendment/repeal: Amend Rule 1.4 (Application to Drill)

To remove in its entirety Statewide Rule 4(d).

Specific legal authority authorizing the promulgation of rule: MCA Sec. 53-1-17(3) (1972)

List all rules repealed, amended, or suspended by the proposed rule: 26 Miss. Administrative Code, Pt. II, R. 1.4 (Application to Drill)

ORAL PROCEEDING:

☒ An oral proceeding is scheduled for this rule on Date: 12/16/20 Time: 10:00 a.m. Place: Hearing Room, Mississippi State Oil and Gas Board, 500 Greymont Ave., Suite E, Jackson, MS

☐ Presently, an oral proceeding is not scheduled on this rule.

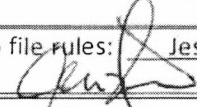
If an oral proceeding is not scheduled, an oral proceeding must be held if a written request for an oral proceeding is submitted by a political subdivision, an agency or ten (10) or more persons. The written request should be submitted to the agency contact person at the above address within twenty (20) days after the filing of this notice of proposed rule adoption and should include the name, address, email address, and telephone number of the person(s) making the request; and, if you are an agent or attorney, the name, address, email address, and telephone number of the party or parties you represent. At any time within the twenty-five (25) day public comment period, written submissions including arguments, data, and views on the proposed rule/amendment/repeal may be submitted to the filing agency.

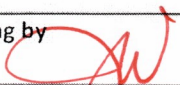
ECONOMIC IMPACT STATEMENT:

☐ Economic impact statement not required for this rule. ☒ Concise summary of economic impact statement attached.

TEMPORARY RULES	PROPOSED ACTION ON RULES	FINAL ACTION ON RULES
_____ Original filing _____ Renewal of effectiveness To be in effect in _____ days Effective date: _____ Immediately upon filing _____ Other (specify): _____	Action proposed: _____ New rule(s) _____ ☒ Amendment to existing rule(s) _____ Repeal of existing rule(s) _____ Adoption by reference Proposed final effective date: _____ ☒ 30 days after filing _____ Other (specify): _____	Date Proposed Rule Filed: _____ Action taken: _____ Adopted with no changes in text _____ Adopted with changes _____ Adopted by reference _____ Withdrawn _____ Repeal adopted as proposed Effective date: _____ 30 days after filing _____ Other (specify): _____

Printed name and Title of person authorized to file rules: Jess New, Executive Director

Signature of person authorized to file rules: 

OFFICIAL FILING STAMP	DO NOT WRITE BELOW THIS LINE OFFICIAL FILING STAMP	OFFICIAL FILING STAMP
Accepted for filing by _____	 Accepted for filing by <u>#25221</u> 	Accepted for filing by _____

The entire text of the Proposed Rule including the text of any rule being amended or changed is attached.



DELBERT HOSEMAN
Secretary of State

CONCISE SUMMARY OF ECONOMIC IMPACT STATEMENT

An Economic Impact Statement is required for this proposed rule by Section 25-43-3.105 of the Administrative Procedures Act. This is a Concise Summary of the Economic Impact Statement which must be filed with the Secretary of State's Office.

AGENCY NAME Mississippi State Oil and Gas Board	CONTACT PERSON Jess New	TELEPHONE NUMBER 601-576-4920
ADDRESS 500 Greymont Ave., Suite E	CITY Jackson	STATE MS
EMAIL jnew@ogb.state.ms.us	ZIP 39202	DESCRIPTIVE TITLE OF PROPOSED RULE Statewide Rule 1.4 (Application to Drill)
Specific Legal Authority Authorizing the promulgation of Rule: MCA Sec. 53-1-17 (3) (1972)	Reference to Rules repealed, amended or suspended by the Proposed Rule: Statewide Rule 1.4 (Application to Drill)	

A. Estimated Costs and Benefits

1. Briefly summarize the benefits that may result from this regulation and who will benefit: The approval of the proposed amendments and revisions to Statewide Rule 4 will provide additional incentives to oil and gas operators to proceed with the plugging of these inactive and non-producing wellbores and the restoration and clean-up of these wellsite locations in a more timely and expeditious manner. The more timely and expeditious plugging of these inactive wellbores will significantly reduce the risk to the public health and safety and will further help to protect and preserve the vital land and water resources of the state.

In addition, the approval of the proposed amendments and revisions will further help to provide critical funds to this agency's Emergency Plugging Fund for use in the plugging and clean-up of those inactive wells which have been determined to be "orphaned" wells and which have further been determined to pose an imminent threat to the public health and safety or to the environment.

2. Briefly describe the need for the proposed rule: There are currently numerous oil and gas wells located throughout the State of Mississippi which are inactive and which have been maintained in an inactive and unplugged status for substantial periods of time. These wells have ceased to be active producers of oil or gas yet remain unplugged. These wells and the downhole tubulars and equipment in the wells tend to deteriorate over time and potentially pose a threat to the public health and safety and to the environment in their current inactive and unplugged status. The Mississippi State Oil and Gas Board is charged with the duty to insure the timely plugging and abandonment of these inactive wells if they are not returned to an active, producing status.

The imposition of these additional annual inactive well fees will serve two (2) primary purposes:

First, the imposition of these fees will provide additional incentives to oil and gas operators to proceed with the plugging of these wells in a more timely and expeditious manner.

Secondly, these fees will be payable into the Mississippi State Oil and Gas Board's "Emergency Plugging Fund." By Legislative directive, the Mississippi State Oil and Gas Board may only utilize the funds comprising the Emergency Plugging Fund for the purpose of plugging inactive and non-producing wells which have been determined to be "orphaned" or abandoned wells and which have further been determined to represent an imminent threat to the public health and safety or to the environment. The imposition of these additional annual inactive well fees will add critically needed resources to this agency's Emergency Plugging Fund and will help to insure the timely plugging of those "orphaned" wells which pose an imminent threat.

3. Briefly describe the effect the proposed action will have on the public health, safety, and welfare: The approval of the proposed amendments to Statewide Rule 4 to authorize the imposition of these additional annual inactive well fees will serve two (2) basic purposes. First, these fees will provide incentives to oil and gas operators to plug these inactive and non-producing wells in a more timely manner. Secondly, these fees will provide critical resources to this agency's Emergency Plugging Fund. By statute, those funds will be used exclusively to fund the plugging of "orphaned" or abandoned wells which have been determined to represent an imminent threat to the public health, safety or the environment.

This agency's Statewide Rule 28 ("Plugging & Abandonment") also requires the restoration and clean-up of wellsite locations in connection with the plugging of wells. The more timely plugging of these inactive and non-producing wells will expedite the restoration of these wellsite locations and the removal of surface equipment, slabs and debris which will also contribute to the public health and safety.

4. Estimated Cost of implementing proposed action:

a. To the agency

X ☐ Nothing ☐ Minimal ☐ Moderate ☐ Substantial ☐ Excessive

b. To other state or local government entities

X ☐ Nothing ☐ Minimal ☐ Moderate ☐ Substantial ☐ Excessive

5. Estimated Cost and/or economic benefit to all persons directly affected by the proposed rule:

c. Cost:

☐ Nothing X ☐ Minimal ☐ Moderate ☐ Substantial ☐ Excessive

d. Economic Benefit:

☐ Nothing X ☐ Minimal ☐ Moderate ☐ Substantial ☐ Excessive

6. Estimated impact on small businesses:

☐ Nothing X ☐ Minimal ☐ Moderate ☐ Substantial ☐ Excessive

a. Estimate of the number of small businesses subject to the proposed regulation: 50-60

b. Projected costs for small businesses to comply:

c. Statement of probable effect on impacted small businesses: Revisions to Statewide Rule 4 will have only minimal impact on small operators because of the de minimis nature of the additional annual inactive well fees involved.

7. The cost of adopting the rule compared to not adopting the rule or significantly amending the existing rule (check option):

☐ substantially less than X ☐ moderately less than ☐ minimally less than
☐ the same as ☐ minimally more than ☐ moderately more than
☐ substantially more than ☐ excessively more than

8. The benefit of adopting the rule compared to not adopting the rule or significantly amending the existing rule (check option):

☐ substantially less than ☐ moderately less than ☐ minimally less than
☐ the same as ☐ minimally more than ☒ moderately more than
☐ substantially more than ☐ excessively more than

B. Reasonable Alternative Methods

1. Other than adopting this rule, are there less costly or less intrusive methods for achieving the purpose of the proposed rule?
☐ yes ☒ no
2. If yes, please briefly describe available, reasonable alternative(s) and the reasons for rejecting those alternatives in favor of the proposed rule. (Please see §25-43-4.104 for factors you must consider.)

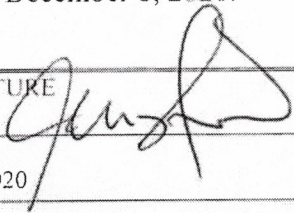
C. Data and Methodology

1. Please briefly describe the data and methodology you used in making the estimates required by this form. The Mississippi State Oil and Gas Board bases the estimates required by this subsection upon the many decades of experience this agency has in regulating the oil and gas industry in the State of Mississippi. The Mississippi State Oil and Gas Board has served as this state's oil and gas conservation agency since 1932. The approximately ninety (90) years of experience as a state oil and gas conservation agency convinces the Mississippi State Oil and Gas Board that the public interests will be served by the more timely plugging of these inactive wellbores and the clean-up and restoration of these wellsite locations. The agency's long experience as an oil and gas regulatory agency indicates that the imposition of these relatively modest additional annual inactive well fees is the most practical and cost-effective way to encourage the more timely and expeditious plugging of these wells.

D. Public Notice

1. Where, when, and how may someone present their views on the proposed rule and request an oral proceeding on the proposed rule if one is not already scheduled? The MSOGB will conduct a public hearing in these rule-making proceedings commencing at 10:00 o'clock, A.M. on December 16, 2020, in the Hearing Room of the Mississippi State Oil and Gas Board located at 500 Greymont Avenue, Suite E, Jackson, Mississippi. In addition, written comments and/or formal docket contests may be filed with the agency up until 5:00 o'clock, P. M. on Tuesday, December 8, 2020.

SIGNATURE



TITLE

Executive Director

DATE

10/30/2020

PROPOSED EFFECTIVE DATE OF RULE

30 days after filing
