



DELBERT HOSEMAN
Secretary of State

ECONOMIC IMPACT STATEMENT

An Economic Impact Statement is required for this proposed rule by Section 25-43-3.105 of the Administrative Procedures Act. An Economic Impact Statement must be attached to this Form and address the factors below. A PDF document containing this executed Form and the Economic Impact Statement must be filed with any proposed rule, if required by the aforementioned statute.

AGENCY NAME Mississippi State Oil & Gas Board	CONTACT PERSON Howard O. Leach (Staff Attorney)	TELEPHONE NUMBER (601) 576-4921
ADDRESS 500 Greymont Avenue – Suite E	CITY Jackson	STATE MS
EMAIL hleach@ogb.state.ms.us	DESCRIPTIVE TITLE OF PROPOSED RULE Statewide Rule 1.6 (“Well Signage – Identification of Well and Restrictions to Access”)	
Specific Legal Authority Authorizing the promulgation of Rule: MCA Sec. 53-1-17(3) (1972)	Reference to Rules repealed, amended or suspended by the Proposed Rule: Statewide Rule 1.6 (“Well Signage, etc.”)	

SIGNATURE 	TITLE Staff Attorney (MSO&GB)
DATE October 9, 2013	PROPOSED EFFECTIVE DATE OF RULE 45 days after approval

1. Describe the need for the proposed action:
2. Describe the benefits which will likely accrue as the result of the proposed action:
3. Describe the effect the proposed action will have on the public health, safety, and welfare:
4. Estimate the cost to the agency and to any other state or local government entities, of implementing and enforcing the proposed action, including the estimated amount of paperwork, and any anticipated effect on state or local revenues:
5. Estimate the cost or economic benefit to all persons directly affected by the proposed action:
6. Provide an analysis of the impact of the proposed rule on small business:
 - a. Identify and estimate the number of small businesses subject to the proposed regulation:
 - b. Provide the projected reporting, recordkeeping, and other administrative costs required for compliance with the proposed regulation, including the type of professional skills necessary for preparation of the report or record:
 - c. State the probable effect on impacted small businesses:
 - d. Describe any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation including the following regulatory flexibility analysis:
 - i. The establishment of less stringent compliance or reporting requirements for small businesses;

- ii. The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
 - iii. The consolidation or simplification of compliance or reporting requirements for small businesses;
 - iv. The establishment of performance standards for small businesses to replace design or operational standards required in the proposed regulation; and
 - v. The exemption of some or all small businesses from all or any part of the requirements contained in the proposed regulations:
7. Compare the costs and benefits of the proposed rule to the probable costs and benefits of not adopting the proposed rule or significantly amending an existing rule:
8. Determine whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rule where reasonable alternative methods exist which are not precluded by law:
9. Describe reasonable alternative methods, where applicable, for achieving the purpose of the proposed action which were considered by the agency:
10. State reasons for rejecting alternative methods that were described in #9 above:
11. Provide a detailed statement of the data and methodology used in making estimates required by this subsection:

State Oil and Gas Board



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CARROLL V. HOOD, Hazlehurst

Chairman

JOHN R. PARKER, Laurel

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ECONOMIC IMPACT STATEMENT

This Economic Impact Statement is submitted by the Mississippi State Oil and Gas Board pursuant to the requirements of the Mississippi Small Business Regulatory Flexibility Act, to-wit, Miss. Code Anno. Section 25-43-3.105 (1972) (as amended).

This Economic Impact Statement is intended to assess the economic impact, if any, of the Mississippi State Oil and Gas Board's proposal to amend and revise its existing **STATEWIDE RULE 6 ("WELL SIGNAGE – IDENTIFICATION OF WELL AND RESTRICTIONS TO ACCESS")**. Specifically, the Mississippi State Oil and Gas Board proposes to amend and revise this agency's existing Statewide Rule 6 to provide that no oil or gas wells, tanks, tank batteries or related oil and gas exploration and production facilities shall be enclosed or otherwise encompassed by perimeter fencing with locked gates except upon the approval of the State Oil and Gas Supervisor or where otherwise required by other rules or regulations of this agency.

- (a) The specific legal authority authorizing the promulgation of the rule

Miss. Code Anno. Section 53-1-17(3) (1972), grants to the Mississippi State Oil & Gas Board the authority to promulgate

rules and regulations necessary and proper to the administration and enforcement of the Mississippi Oil and Gas Conservation Laws, to-wit, Sections 53-1-1 through 53-1-47, inclusive, and Sections 53-3-1 through 53-3-21, inclusive.

In this instance, the Mississippi State Oil & Gas Board proposes to amend and revise this agency's existing Statewide Rule 6 ("Well Signage – Identification of Well and Restrictions to Access") by adding thereto a new Part 8 to impose restrictions upon the erection of **perimeter fencing with locked gates** around oil and gas wells, tanks, tank batteries and related oil and gas exploration and production facilities.

The authority of this agency to issue such a regulation or to amend and revise such a regulation is specifically set forth in Miss. Code Anno. Section 53-1-17(3) above.

(b) A description of:

(i) the need for the proposed action

The current version of existing Statewide Rule 6 does not impose specific restrictions or limitations upon the ability of operators to erect perimeter fencing with locked gates around oil and gas wells and related oil and gas exploration and production facilities. Such perimeter fencing with locked gates, if allowed, would unnecessarily restrict or limit the access of this agency's Field Inspectors and other personnel to such wells and facilities and would seriously impair the ability of such Field Inspectors to carry out their statutorily-mandated inspection and regulatory enforcement responsibilities. In addition, perimeter fencing with locked gates would create serious safety risks to both first-responders and oilfield personnel in the event of emergencies (fires, explosions, etc.) by restricting their rapid entry into and exit from such emergency sites.

(ii) the benefits which will likely accrue as a result of the proposed action

The approval of the proposed amendments and revisions to Statewide Rule 6 will insure that this agency's Field Inspectors

have unfettered and unrestricted access to all oil and gas wells and related oil and gas exploration and production facilities on a 24-hour a day, 7-day a week basis for the purpose of carrying out their statutorily-mandated inspection and regulatory enforcement responsibilities.

In addition, the approval of the proposed amendments and revisions to existing Statewide Rule 6 will insure that first-responders (fire, sheriffs, emergency medical personnel, etc.) are not unduly restricted in their ability to gain rapid and immediate access to oil and gas facilities in the event of emergencies (fires, explosions, etc.). Likewise, oilfield personnel and third-party contractor personnel will not be unduly restricted in their ability to quickly exit or escape from such facilities in the event of emergencies (fires, explosions, etc.).

(iii) the effect the proposed action will have on the public health, safety and welfare

The public health, safety and welfare will be enhanced by the adoption and approval of the proposed amendments and revisions to Statewide Rule 6 for a variety of reasons.

First, the approval of the proposed amendments to Statewide Rule 6 will insure that this agency's Field Inspectors have ready access to all oil and gas wells and related facilities for inspection and regulatory enforcement purposes on a 24-hour a day, 7-day a week basis. This will significantly enhance the inspection and regulatory enforcement capacity of this agency.

Secondly, the approval of the proposed amendments to Statewide Rule 6 will significantly enhance safety by insuring that first-responders (fire, sheriffs, emergency medical personnel, etc.) can gain ready and immediate access to oil and gas wells and related facilities in the event of emergencies (fires, explosions, etc.).

Thirdly, the approval of the proposed amendments to Statewide Rule 6 will significantly enhance safety by insuring that oilfield personnel and third-party contractor personnel can quickly exit

or escape from oilfield facilities in the event of emergencies (fires, explosions, etc.).

- (c) An estimate of the cost to the agency, and to any other state or local entities, of implementing and enforcing the proposed action, including the estimated amount of paperwork, and any anticipated effect on state or local revenues

It is anticipated that there will be no significant additional costs to the Mississippi State Oil & Gas Board in implementing and enforcing the proposed amendments and revisions to Statewide Rule 6 (either in actual out-of-pocket costs or in terms of additional paperwork). With respect to any costs or other impact of the newly amended rule on other state or local government entities, there will be no such costs or impact since no other state agency or local entity has the statutory authority to regulate the oil and gas wells, tanks, tank batteries or related oil and gas exploration and production facilities which will be subject to the amended rule.

- (d) An estimate of the cost or economic benefit to all persons directly affected by the proposed action

The ultimate benefit of the proposed amendments and revisions to Statewide Rule 6 is essentially non-economic in nature. The benefit to the citizens of the State of Mississippi will arise out of the fact that the approval of the proposed amendments will enhance the ability of the Mississippi State Oil & Gas Board to more effectively carry out its statutorily-mandated inspection and regulatory enforcement program with respect to all the oil and gas wells and related exploration and production facilities throughout the State of Mississippi.

- (e) An analysis of the impact of the proposed rule on small business.

The proposed amendments and revisions to Statewide Rule 6 will have no impact on small business because the proposed amendments and revisions impose no new regulatory requirements upon small businesses. The proposed amendments and revisions to Statewide Rule 6 simply prohibit the installation of perimeter fencing with

locked gates around oil and gas wells and related oil and gas exploration and production facilities without the authorization of the Mississippi State Oil & Gas Board (unless otherwise required by another rule or regulation of this agency). No affirmative action on the part of small businesses will be required by the proposed amendments or revisions to Statewide Rule 6 other than that currently required.

- (f) A comparison of the costs and benefits of the proposed rule to the probable costs and benefits of not adopting the proposed rule or significantly amending an existing rule

A comparison of the costs and benefits of adopting the proposed amendments and revisions to Statewide Rule 6 to not adopting the proposed amendments is impossible. The benefits of adopting the proposed amendments are essentially non-economic in nature. The approval of the proposed amendments and revisions to Statewide Rule 6 will facilitate the Mississippi State Oil & Gas Board's ability to effectively carry out its statutorily-mandated inspection and enforcement regulatory program of oil and gas wells and related facilities throughout the state. In addition, the adoption of the proposed amendments will significantly enhance the safety of both first-responders and oil field and third-party contractor personnel by making it easier for them to quickly enter and to exist oilfield facilities in the event of emergencies (fires, explosions, etc.). These benefits are obviously not readily subject to an economic or cost-benefit analysis.

- (g) A determination of whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rule where reasonable alternative methods exist which are not precluded by law

This agency has determined, based upon approximately seventy (70) years of experience as Mississippi's oil and gas conservation agency, that no less costly or less intrusive methods are available for achieving the purpose of the instant amendments or revisions to Statewide Rule 6. The objective of the proposed amendments and revisions to the rule is to insure that the Field Inspectors of this agency have unfettered and unrestricted access to oil and gas wells

and related facilities at all times. A further objective of the proposed amendments and revisions to the rule is to insure that first-responders and oilfield personnel are not unduly restricted in their ability to quickly enter and exit oilfield sites in the event of emergencies (fires, explosions, etc.) Those objectives can only be achieved by the adoption of the proposed amendments or revisions to Statewide Rule 6 limiting or restricting the erection of perimeter fencing with locked gates around wells and oilfield facilities.

- (h) A description of reasonable alternative methods, where applicable, for achieving the purpose of the proposed action which were considered by the agency and a statement of the reasons for rejecting those alternatives in favor of the proposed rule

The Mississippi State Oil & Gas Board has determined that in order for this agency to perform its statutorily-mandated inspection and regulatory enforcement responsibilities, it is essential that the Field Inspectors and other personnel of this agency have unfettered and unrestricted access to all oil and gas wells and related facilities on a 24-hour a day, 7-day a week basis. That objective cannot be achieved if perimeter fencing with locked gates is erected around these wells and facilities. Accordingly, the Mississippi State Oil and Gas Board has concluded that there is no reasonable alternative method by which this goal can be achieved other than by the proposed amendments and revisions to Statewide Rule 6.

- (i) A detailed statement of the data and methodology used in making the estimates required by this subsection

As stated previously, the estimates required by this subsection are essentially non-economic in nature. The Mississippi State Oil and Gas Board has determined, based upon decades of experience as the state's oil and gas conservation agency, that it is essential that the Field Inspectors and other personnel of this agency have unfettered and unrestricted access to all oil and gas wells and related exploration and production facilities in the State of Mississippi in order to carry out the agency's inspection and regulatory enforcement responsibilities. This agency cannot carry

out its statutory responsibilities to insure the safe operation of the oil and gas wells and related exploration and production facilities in this state if agency personnel are prevented from inspecting facilities because they are locked out by perimeter fencing with locked gates. That determination is based upon approximately seventy (70) years of day-to-day experience as Mississippi's oil and gas conservation agency.

- End --