

**Mississippi Secretary of State**  
700 North Street P. O. Box 136, Jackson, MS 39205-0136

**ADMINISTRATIVE PROCEDURES NOTICE FILING**

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	ZIP 39202
hleach@ogb.state.ms.us		SUBMIT DATE 12/13/13		Name or number of rule(s): Statewide Rule 1.4 ("Application to Drill")	

Short explanation of rule/amendment/repeal and reason(s) for proposing rule/amendment/repeal: Amend Statewide Rule 1.4 to impose upon oil and gas operators additional annual inactive well fees for wells which have been permitted and drilled but not plugged and reported as plugged as required by Statewide Rule 28(B)(3)(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List all rules repealed, amended, or suspended by the proposed rule: Statewide Rule 1.4 ("Application to Drill")

**ORAL PROCEEDING:**

An oral proceeding is scheduled for this rule on Date: Jan: 15, 2014, Time: 10:00 a.m., Place: Hearing Room, Miss.

State Oil & Gas Board, 500 Greymont Avenue, 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
<input type="checkbox"/> Original filing <input type="checkbox"/> Renewal of effectiveness To be in effect in _____ days Effective date: <input type="checkbox"/> Immediately upon filing <input type="checkbox"/> Other (specify): _____	Action proposed: <input type="checkbox"/> New rule(s) <input checked="" type="checkbox"/> Amendment to existing rule(s) <input type="checkbox"/> Repeal of existing rule(s) <input type="checkbox"/> Adoption by reference Proposed final effective date: <input type="checkbox"/> 30 days after filing <input checked="" type="checkbox"/> Other (specify): _____ Effective 45 days after approval	Date Proposed Rule Filed: _____ Action taken: <input type="checkbox"/> Adopted with no changes in text <input type="checkbox"/> Adopted with changes <input type="checkbox"/> Adopted by reference <input type="checkbox"/> Withdrawn <input type="checkbox"/> Repeal adopted as proposed Effective date: <input type="checkbox"/> 30 days after filing <input type="checkbox"/> Other (specify): _____

Printed name and Title of person authorized to file rules: Howard O. Leach (Staff Attorney)

Signature of person authorized to file rules: *Howard O. Leach*

<p>OFFICIAL FILING STAMP</p> <div style="border: 1px solid black; height: 150px; width: 100%;"></div> <p>Accepted for filing by</p>	<p>DO NOT WRITE BELOW THIS LINE OFFICIAL FILING STAMP</p> <div style="border: 1px solid black; padding: 10px;"> <p align="center"><b>FILED</b> DEC 13 2013 MISSISSIPPI SECRETARY OF STATE</p> </div> <p>Accepted for filing by #20208 <i>[Signature]</i></p>	<p>OFFICIAL FILING STAMP</p> <div style="border: 1px solid black; height: 150px; width: 100%;"></div> <p>Accepted for filing by</p>
---	--	---



DELBERT HOSEMANN  
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 & 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	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**

- Briefly summarize the benefits that may result from this regulation and who will benefit: The approval of the proposed amendments to Statewide Rule 1.4 will impose additional annual inactive well fees upon oil and gas operators for inactive wells which have been permitted and drilled but not plugged and reported as plugged as required by Statewide Rule 28(B)(3)(d). The amendments will provide additional incentives to operators to timely plug inactive and unplugged wells and will thereby reduce the risks posed by such unplugged wells to the public health and safety and the environment. These additional fees, which will be payable into the Emergency Plugging Fund, will also provide critical resources to the MSO&GB to utilize in the plugging of "orphan" and abandoned wells which are determined to represent an imminent threat to the public health and safety.
- Briefly describe the need for the proposed rule: Numerous inactive and unplugged oil and gas wells exist throughout the state. These inactive and unplugged wellbores, over time, tend to deteriorate and may pose a threat to the public health and safety, as well as to the environment. The imposition of these additional annual inactive well fees will provide incentives to operators to plug these wells and clean-up and restore these inactive well locations in a more timely and expeditious manner. These fees will also provide critical additional resources to this agency's Emergency Plugging Fund to insure the timely plugged of "orphan" or abandoned wells which have been determined to represent an imminent threat to the public health and safety.
- Briefly describe 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 more timely and expeditious plugging of these inactive wellbores, as well as the restoration

and clean-up of these inactive wellsite locations, all of which pose a potential threat to both surface lands and freshwater sources.

4. Estimated Cost of implementing proposed action:
- a. To the agency  
 Nothing  Minimal  Moderate  Substantial  Excessive
  - b. To other state or local government entities  
 Nothing  Minimal  Moderate  Substantial  Excessive
5. Estimated Cost and/or economic benefit to all persons directly affected by the proposed rule:
- c. Cost:  
 Nothing  Minimal  Moderate  Substantial  Excessive
  - d. Economic Benefit:  
 Nothing  Minimal  Moderate  Substantial  Excessive
6. Estimated impact on small businesses:
- Nothing  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: \$100.00 annually per inactive and unplugged well during the first year (increasing \$100.00 per well per year over the next four (4) years)
  - c. Statement of probable effect on impacted small businesses: The approval of the proposed amendments will provide additional incentives to oil and gas operators to plug inactive and unplugged wells in a more timely and expeditious manner, including the clean-up and restoration of wellsite locations.
7. The cost 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
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.) Not applicable

---

C. Data and Methodology

---

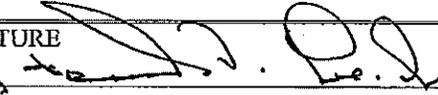
1. Please briefly describe the data and methodology you used in making the estimates required by this form. The estimates and conclusions set forth above are based upon the MSO&GB's extensive experience over the past seventy (70) years in serving as Mississippi's oil and gas conservation agency. During that period this agency has permitted and regulated the day-to-day operations of thousands of oil and gas wells and related E&P facilities in this state.

---

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 MSO&GB will conduct a public hearing in these rule-making proceedings commencing at 10:00 o'clock, A. M. on January 15, 2014, in the Hearing Room of the MSO&GB 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, January 7, 2014.

SIGNATURE 	TITLE Staff Attorney (MSO&GB)
DATE December 13, 2013	PROPOSED EFFECTIVE DATE OF RULE Statewide Rule 1.4 ("Application to Drill")