



DELBERT HOSEMANN  
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 26 Mississippi Administrative Code, Pt. II, R. 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Specific Legal Authority Authorizing the promulgation of Rule: MCA Sec. 53-1-17(3) (1972)	Reference to Rules repealed, amended or suspended by the Proposed Rule: 26 Miss. Administrative Code, Pt. II, R. 1.6 (“Well Signage”)	

SIGNATURE (Howard O. Leach)	TITLE Staff Attorney (MSO&GB)
DATE February 11, 2015	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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## ECONOMIC IMPACT STATEMENT

This Economic Impact Statement is submitted by the Mississippi State Oil and Gas Board (the "Board") pursuant to the requirements of the Mississippi Administrative Procedures Law [Miss. Code Anno. Section 25-43-3.105 (1972)].

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 1.6 ("Well Signage – Identification of Well and Restrictions to Access"). Specifically, the Mississippi State Oil and Gas Board proposes to prescribe new marking and signage requirements which will be applicable to flow lines. Flow lines are generally described as pipelines which transport either liquids or gases

from a well location (either an oil or gas well or a saltwater disposal well) to a storage tank, tank battery or other storage facility; or pipelines which transport gases or liquids (generally saltwater) to a well location.

These proposed statewide rule-making proceedings were initiated by Mississippi State Oil and Gas Board on February 9, 2015 (Docket No. 92-2015-D).

(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 and 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.

Specifically, 53-1-17(3)(g) authorizes this agency to promulgate rules and regulations “**(T)o prevent the creation of unnecessary fire hazards.**”

Section 53-1-17(3)(h) authorizes this agency to promulgate rules and regulations “**(T)o identify the ownership of all oil and gas wells \* \* \* structures, and storage and transportation equipment and facilities.**”

In addition, the Mississippi Legislature has declared, as a matter of public policy, that an effort shall be made to conserve and protect the surface lands of the state for agriculture and other uses. Specifically, Section 53-1-17(3)(a) states: “**(I)t is the policy of the state not only to conserve minerals but to conserve and protect its surface lands for agriculture, timber, and any and all other beneficial purposes, and the**”

**destruction of surface lands where reasonable means of their protection exist shall no longer be permitted.**

The Mississippi State Oil and Gas Board, acting in accordance with the specific authority of Miss. Code Anno. Section 53-1-17(3), proposes in the instant rule-making proceeding to amend this agency's existing Statewide Rule 1.6 ("Well Signage - Identification of Well and Restrictions to Access") to prescribe new marking and signage requirements which will be applicable to flow lines and which will in the future facilitate the identification of the owners/operators of such flow lines and which will provide readily available contact information as to the persons to be contacted in the event of emergencies (fires, explorations, spills, etc.)

(b) A description of

(i) the need for the proposed action

The current version of this agency's Statewide Rule 1.6 imposes identification, marking and signage requirements on oil and gas wells, storage tanks, tank batteries and compressors, as well as public and/or private roads and field or lease roads leading to or providing entry or access to well locations and related oil and gas E&P facilities. Statewide Rule 1.6 currently imposes no similar identification, marking or signage requirements on oilfield flow lines. The approval of these proposed amendments and revisions to Statewide Rule 1.6 will correct that deficiency.

It is apparent that Statewide Rule 1.6 should be amended and revised to impose additional marking and signage requirements on oilfield flow lines in the following areas.

First, all flow lines should have posted along such flow lines at regular intervals signs in reasonably large and clear lettering bearing the word **WARNING**. The

presence of such signs will alert landowners, oil and gas workers and contractor personnel, as well as the general public, of the presence of such pipeline facilities so that the presence of such facilities can be taken into account by those conducting crop cultivation, excavation or other construction activities in the area.

Secondly, signs posted along such flow lines should identify in general terms the type hazard (if any) such facilities may pose (e. g., high pressure, flammable, saltwater, etc.).

Thirdly, signs posted along such flow lines should clearly identify the name of the operator of such flow lines as reflected in the records of the Mississippi State Oil and Gas Board.

Finally, signs posted along such flow lines should provide currently active telephone numbers which may be called on a 24-hour a day, 7-day a week basis in the event of any emergencies associated with such flow lines (fires, explosions, leaks, etc.).

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

The approval of the proposed amendments and revisions to Statewide Rule 1.6 ("Signage") will assist in giving landowners and the public notice of the existence of these flow lines and will further facilitate first-responders (fire, local law enforcement, emergency medical personnel, etc.) in locating and gaining access to such facilities in the event of emergencies (fires, explosions, leaks, etc.).

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

The public health, safety and welfare will be significantly

enhanced and protected by making these flow lines more readily visible and by facilitating first-responders gaining quick access to such facilities in the event of an emergency.

- (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 cost to the Mississippi State Oil and Gas Board in implementing and enforcing the proposed amended and revised Statewide Rule 1.6 (“Signage”) (in terms of either actual costs or additional paperwork). There will be no cost to any other governmental entities (state or local) since the regulatory authority over oilfield signage is vested in the Mississippi State Oil and Gas Board. It is anticipated that the approval of the proposed amendments and revisions to Statewide Rule 1.6 will have no effect on state or local revenues.

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

The citizens of Mississippi in general and landowners in particular will ultimately benefit economically by the proper marking of these flow lines by reducing the likelihood of accidents during crop cultivation, construction, etc.

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

It is anticipated that the approval of the proposed revisions to Statewide Rule 1.6 (“Signage”) will have no significant impact on small businesses. It is estimated that the costs of complying with these additional marking and signage requirements for flow lines will probably be less than \$1,000.00

for each operator. This relatively low expenditure will be more than offset by the additional protection which will be afforded to landowners and the general public.

- (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 1.6 to not adopting these amendments is difficult to quantify economically. The purpose of the proposed amendments to existing Statewide Rule 1.6 is to further strengthen the marking and signage requirements applicable to flow lines. Such marking and signage requirements will increase the visibility of such facilities, thereby reducing the likelihood of accidents, and will facilitate the ability of first-responders to more quickly respond to emergencies if they occur. Applying a cost-benefit analysis to rules which increase safety is obviously difficult. In any event, the costs of implementing and complying with these new regulatory requirements on the part of oil and gas operators will be minimal.

- (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 experience throughout the oil and gas industry, that there are no other readily available alternatives (to the proposed amended rule) which would be less intrusive and which would provide an equivalent level of identification, marking and signage for these flow lines. In support of this conclusion, the agency would point out that in the crafting of this rule-making docket, this agency has carefully reviewed the pipeline marking and signage requirements in effect in surrounding states, namely, the Louisiana Office of Conservation and the Arkansas Oil and Gas

Commission. This agency's current proposals in this rule-making docket are fully compatible with the regulatory regimes currently established by those sister state oil and gas conservation agencies.

- (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 and Gas Board has determined, based upon this agency's own experience, as well as the experience of other state oil and gas conservation agencies around the region, that the proposed amendments and revisions to Statewide Rule 1.6 ("Signage") afford the best and most efficient method of identification, marking and signage for these oilfield flow lines.

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

The Mississippi State Oil and Gas Board has served as this state's oil and gas conservation agency for approximately eighty (80) years during which time it has been responsible for overseeing and regulating the permitting, drilling, completion, recompletion, operation and plugging of thousands of oil and gas wells and related E&P facilities (including pipelines). This extensive experience, as well as a careful review of what other states are doing in this area, convinces the Mississippi State Oil and Gas Board that the proposed amendments to this agency's Statewide Rule 1.6 are necessary, appropriate and cost-effective and will serve the public interests.

- End -