BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF AN EMERGENCY RULEMAKING OF THE OKLAHOMA CORPORATION COMMISSION AMENDING OAC 165:10, OIL & GAS CONSERVATION

CAUSE NO. RM 202000004

RULE IMPACT STATEMENT

Pursuant to 75 O.S. § 253(B) of the Oklahoma Administrative Procedures Act, the Oil & Gas Conservation Division ("OGCD") of the Oklahoma Corporation Commission ("Commission") submits the following Rule Impact Statement for its proposed emergency rules regarding Title 165, Chapter 10 of the Oklahoma Administrative Code ("OAC").

I. Brief description of the purpose of the proposed rules:

The primary purpose of the proposed rules is to respond to the dramatic changes in crude oil storage occurring throughout Oklahoma due to severely depressed oil prices resulting from the outbreak of COVID-19 in the United States. Due to record low crude prices, demand for oil storage capacity is rapidly increasing in Oklahoma. The OGCD does not have adequate rules to regulate the dramatic increase in crude oil storage, which is why the proposed rules are necessary. The proposed rules will allow the OGCD to more effectively regulate crude oil storage throughout Oklahoma. Crude oil storage tanks not located on producing leases will now require an approved permit and surety. Without the proposed rules, the OGCD would have no way of tracking new crude oil storage facilities not located on producing leases. The proposed rules are necessary to protect the health and safety of Oklahoma’s citizens and the environment during these extraordinary times.

II. Description of the classes of persons who most likely will be affected by the proposed rules, including classes that will bear the costs of the proposed rules, and any information on cost impacts received by the agency from any private or public entities:

The persons who will most likely be affected by, and bear the costs of, the proposed rules are persons who want to store crude oil in tanks that are not located on producing leases. Such persons must apply for and obtain a permit from the OGCD, and must post surety before a permit is issued. To date, no information regarding any cost impacts has been received from any private or public entity.

III. Description of the classes of persons who will benefit from the proposed rules:

The proposed rules will assist the OGCD in tracking new crude oil storage tank sites, identifying persons responsible for such sites, and provide information about the quantities of crude oil being stored at each site. Oklahoma's citizens will benefit from the protection of health, safety and the environment associated with the proposed rules, and the availability of surety to,
among other things, remediate releases at crude oil storage tank sites, if responsible persons fail to remediate the sites.

IV. Description of the probable economic impact of the proposed rules upon affected classes of persons or political subdivisions, including a listing of all fee changes and, whenever possible, a separate justification for each fee change:

Although the proposed rules could have an economic impact on entities regulated by the Commission, it is anticipated that the benefits obtained from the proposed rules allowing the OGCD to more effectively regulate crude oil storage throughout Oklahoma, and protecting the health and safety of Oklahoma's citizens and the environment, will outweigh any expenses associated with such proposed rules. It is not anticipated that the proposed rules will have an adverse economic impact upon political subdivisions. The proposed rules do not propose any fee changes.

V. Probable costs and benefits to the agency and to any other agency of the implementation and enforcement of the proposed rules, the source of revenue to be used for implementation and enforcement of the proposed rules, and any anticipated effect on state revenues, including a projected net loss or gain in such revenues if it can be projected by the agency:

The Commission, as well as the Environmental Protection Agency and the Oklahoma Department of Environmental Quality, will benefit from the proposed rules through increased protections and procedures for ensuring the health and safety of Oklahoma's citizens and the environment resulting from the impacts of the COVID-19 pandemic. It is not anticipated that the proposed rules will result in increased costs to the Commission, as such proposed rules will be implemented and enforced by the Commission through its existing resources and personnel. The proposed rules contain no fee changes, and no effect on state revenue is anticipated.

VI. Determination of whether implementation of the proposed rules will have an economic impact on any political subdivisions or require their cooperation in implementing or enforcing the rules:

It is not anticipated that implementation and enforcement of the proposed rules will have an economic impact on any political subdivisions or require their cooperation in implementing or enforcing the rules.

VII. Determination of whether implementation of the proposed rules may have an adverse economic effect on small business as provided by the Oklahoma Small Business Regulatory Flexibility Act:

Although the proposed rules could have an economic impact on small business, it is anticipated that the benefits obtained from the proposed rules allowing the OGCD to more effectively regulate crude oil storage throughout Oklahoma, and protecting the health and safety of Oklahoma's citizens and the environment during these extraordinary times, will outweigh expenses associated with such proposed rules.
VIII. Explanation of the measures the agency has taken to minimize compliance costs and a determination of whether there are less costly or nonregulatory methods or less intrusive methods for achieving the purpose of the proposed rules:

There are no known less costly, nonregulatory methods or less intrusive methods for achieving the purpose of the proposed rules.

IX. Determination of the effect of the proposed rules on the public health, safety and environment and, if the proposed rules are designed to reduce significant risks to the public health, safety and environment, an explanation of the nature of the risk and to what extent the proposed rules will reduce the risk:

The proposed rules will allow the OGCD to more effectively regulate crude oil storage throughout Oklahoma. Crude oil storage tanks not located on producing leases will now require an approved permit and surety. Without the proposed rules, the OGCD would have no way of tracking new crude oil storage tanks not located on producing leases. If a release should occur at any such storage tank site, the proposed rules will assist in identifying responsible persons, and the surety will assist in the remediation of the site, if the responsible persons fail to remediate the site. The proposed rules are necessary to protect the health and safety of Oklahoma’s citizens and the environment.

X. Determination of any detrimental effect on the public health, safety and environment if the proposed rules are not implemented:

The public would be denied the positive impact the proposed rules will have on public health, safety, and the environment if the proposed rules are not implemented.

XI. Date of preparation of Rule Impact Statement:

This Rule Impact Statement was prepared on the 28th day of April, 2020.

Prepared by:

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