

Exhibit E:

Economic Impact/

Environmental Benefit Analysis

ARKANSAS POLLUTION CONTROL & ECOLOGY COMMISSION

ECONOMIC IMPACT/ENVIRONMENTAL BENEFIT ANALYSIS

Regulation Number & Title: Regulation No. 1: Regulation for the Prevention of Pollution by Salt Water and Other Oil Field Wastes Produced by Wells in All Fields or Pools

Petitioner: Arkansas Department of Environmental Quality (ADEQ)

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A. ECONOMIC IMPACT

1. Who will be affected economically by this proposed rule? State: (a) the specific public and/or private entities affected by this rulemaking, indicating for each category if it is a positive or negative economic effect; and (b) provide the estimated number of entities affected by this proposed rule.

(a) Specific public and/or private entities affected by this rulemaking:

- (1) Entities that own or operate a permitted high volume disposal system for oil field waste – No change in economic effect.
- (2) Entities that own or operate a permitted Commercial Disposal Well for oil field waste – No change in economic effect.
- (3) Entities that own or operate any other disposal system for oil field waste – A positive economic effect through eliminating duplicative permitting.

(b) ADEQ has permitted approximately 525 disposal wells. Of those permitted disposal wells, fewer than 100 disposal wells qualify as a high volume disposal system or as a Commercial Disposal Well.

Sources and Assumptions: Sources: Definitions in APC&EC Regulation 1 and ADEQ permitting records.

2. What are the economic effects of the proposed rule? State: (a) the estimated increased or decreased cost for an average facility to implement the proposed rule; and (b) the estimated total cost to implement the rule.

(a) Implementation of the amended regulation is estimated to decrease the cost because it eliminates duplicative permitting and most entities will save approximately \$250 per year in permit fees.

(b) The administrative costs to implement this rule are negligible.

Sources and Assumptions: APC&EC Regulation 9.404.

3. List any fee changes imposed by this proposal and justification for each.

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Each entity that owns or operates a permitted disposal well for oil field waste, except high volume disposal systems and Commercial Disposal Wells, will be covered though permit by rule, eliminating the \$250 permit fee.

4. What is the probable cost to ADEQ in manpower and associated resources to implement and enforce this proposed change, and what is the source of revenue supporting this proposed rule?

The administrative costs to implement this rule are negligible.

Sources and Assumptions: This is an ongoing program and no additional resources are anticipated.

5. Is there a known beneficial or adverse impact to any other relevant state agency to implement or enforce this proposed rule? Is there any other relevant state agency's rule that could adequately address this issue, or is this proposed rulemaking in conflict with or have any nexus to any other relevant state agency's rule? Identify state agency and/or rule.

The amended regulation eliminates duplicative permitting. Arkansas Oil and Gas Commission (AOGC) rules and regulations authorize AOGC to permit these disposal systems as Class II Disposal Wells under AOGC General Rule H – Class II UIC Wells.

Sources and Assumptions: AOGC General Rules and Regulations

6. Are there any less costly, non-regulatory, or less intrusive methods that would achieve the same purpose of this proposed rule?

No, the purpose of this rule is to eliminate a duplicative permitting requirement for the regulated community and increase government efficiency.

Sources and Assumptions: AOGC General Rules and Regulations, APC&EC Regulation 1

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B. ENVIRONMENTAL BENEFIT

1. What issues affecting the environment are addressed by this proposal?

Protecting waters of the state by preventing pollution from oil field waste.

2. How does this proposed rule protect, enhance, or restore the natural environment for the wellbeing of all Arkansans?

The proposed rule continues to protect the natural environment because the AOGC permit requirements protect waters of the state by preventing pollution from oil field waste

Sources and Assumptions: AOGC General Rules and Regulations, APC&EC Regulation 1

3. What detrimental effect will there be to the environment or to the public health and safety if this proposed rule is not implemented?

None.

Sources and Assumptions: AOGC General Rules and Regulations, APC&EC Regulation 1

4. What risks are addressed by the proposal and to what extent are the risks anticipated to be reduced?

None.

Sources and assumptions: AOGC General Rules and Regulations, APC&EC Regulation 1