

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 16, 2003**

**TO:** Honorable Kenneth Armbrister, Chair, Senate Committee on Natural Resources

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: SB1954** by Ratliff (Relating to a requirement that the Bureau of Economic Geology of The University of Texas at Austin conduct a study of the East Texas Oil Field.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1954, As Introduced: a negative impact of (\$2,015,630) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$1,426,488)
2005	(\$589,142)
2006	\$0
2007	\$0
2008	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2003
2004	(\$1,426,488)	12.4
2005	(\$589,142)	4.8
2006	\$0	0.0
2007	\$0	0.0
2008	\$0	0.0

**Fiscal Analysis**

The bill would require the Bureau of Economic Geology of The University of Texas at Austin to conduct a study of the East Texas Oil Field to make recommendations regarding ways to maximize the recovery of oil and gas from the field. The report must be completed by September 1, 2005.

## **Methodology**

Based on previous studies conducted by the Bureau of Economic Geology, The University of Texas System assumes that a total of 17.2 full-time employee's would be needed over the biennium to conduct the study. These personnel costs represent \$782,876 in fiscal year 2004 and \$318,292 in fiscal year 2005. The remaining costs, including technology-related, would be \$643,612 in fiscal year 2004 and \$270,850 in fiscal year 2005.

The committee substitute eliminates language related to reimbursing advisory committee members for actual and necessary expenditures.

The committee substitute requires that if recommendations from the study result in increased oil and gas production, the owners or operators of the wells would reimburse the state for the cost of the study. Any such revenue would likely come in future biennia.

## **Technology**

The University of Texas System indicates that state-of-the-art reservoir characterization technology would be used to conduct the study.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 455 Railroad Commission, 720 The University of Texas System Administration

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