

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 11, 2005

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

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: SB1130 by Hinojosa (Relating to a requirement that a common carrier or pipeline owner or operator report contamination.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would require that an oil and gas operator who observes or detects any petroleum based contamination of soil or water in the proximity of a pipeline when in the process of placement, repair, replacement, or maintenance, to file a report within 24 hours to the Railroad Commission and the landowner. The bill also would require the Railroad Commission to collect a sample of the soil from the contaminated land. The bill also would release an operator that files a contamination report from all liability to the state for the cleanup of contamination covered by a report, except for any contamination caused by the operator.

This estimate assumes that the Railroad Commission would be responsible for collecting and analyzing an estimated 150 soil samples per year at an average cost of \$150,000 in contractor services. This estimate assumes that these costs would not be significant to the Railroad Commission's Oil Field Cleanup Account No. 145 expenditures, because the amount represents less than 1 percent of the amount budgeted for each fiscal year in the 2006-07 biennium (over \$16 million per year), and amounts available to the Railroad Commission each year can vary based on actual revenue collections.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 455 Railroad Commission, 582 Commission on Environmental Quality

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