

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 12, 2007**

**TO:** Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

**IN RE: SB1335** by Estes (Relating to notice to a surface owner by an oil or gas well operator of the issuance of a permit for certain oil and gas operations. ), **Committee Report 1st House, Substituted**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would require that an oil and gas operator provide written notice to the surface owner of a tract for which the operator has received a permit from the Railroad Commission to drill a new oil or gas well or re-enter a plugged and abandoned oil or gas well. Such notice would not be required prior to plugging back, reworking, sidetracking or deepening an existing well that has not been plugged or using an existing well that has not been plugged to drill a horizontal oil or gas well. An operator would be required to give notice to a surface owner not later than the third day after the date the Commission would issue a permit to drill a new oil or gas well or to re-enter a plugged and abandoned oil or gas well.

The bill could result in some costs to the Railroad Commission in conducting additional contested case hearings, if the Commission has to enforce the bill's notice requirements or create standing for surface owners to protest or contest the validity of a drilling permit. However, this fiscal note assumes that such costs could be reasonably absorbed into the agency's existing budget.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 455 Railroad Commission

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