

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 16, 2007

TO: Honorable Rick Hardcastle, Chair, House Committee on Energy Resources

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

IN RE: SB1574 by Duncan (Relating to the regulation by the Railroad Commission of Texas of the use of the surface of land in connection with certain activities associated with the exploration, development, or production of oil or gas.), **Committee Report 2nd House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>
--

The bill would require an oil and gas operator to construct, operate, and maintain electrical power lines serving a well site and other surface facility employed in operations incident to oil and gas development and production in accordance with the National Electrical Code published by the National Fire Protection Association and adopted by the Texas Department of Licensing and Regulation under, Occupations Code, Chapter 1305. The bill would also require operators to de-energize electrical powers line to an inactive well or other inactive well-site equipment not later than the 90th day after the date the well or well-site equipment becomes inactive. The operator would be authorized to re-energize a line to an inactive well or other inactive well-site equipment to restore production from the well, to monitor or control the well, or if the Railroad Commission approved re-energizing the line.

In addition, the bill would require the Railroad Commission to post on the agency's website information regarding the standards for construction, operation, and maintenance of electrical power lines as prescribed in the bill. The bill would provide that an operator would not be required to comply with the bill's provisions until two years after the Railroad Commission would place the required information on its website.

According to the Railroad Commission, implementation of the bill's provisions is not expected to result in significant costst to the agency.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 455 Railroad Commission

LBB Staff: JOB, WK, TL