

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 17, 2009

TO: Honorable Jim Keffer, Chair, House Committee on Energy Resources

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

IN RE: HB1533 by Burnam (Relating to notice of applications for permits to drill certain gas wells.),
Committee Report 1st House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would apply only in counties with a population of 50,000 or more located wholly or partly above a hydrocarbon-producing geological formation in which during the preceding year the commission issued more than 1,500 drilling permits authorizing wells to be completed. Currently, the Railroad Commission reports that this would affect eight counties.

The bill would require the Railroad Commission to send notice of the first application to drill a gas well at a drill site in the eight affected counties to state and local officials. Elected officials would include: the state senator and representative who represent the general area in which the well is proposed to be located; the county judge and the member of the commissioners court who represents the county commissioner precinct in which the well is proposed to be located, if the well is proposed to be located outside the corporate limits or extraterritorial jurisdiction (ETJ) of a municipality, or each member of the governing body of a municipality if the well is proposed to be located in the corporate limits or extraterritorial jurisdiction (ETJ) of a municipality.

The bill would take effect on September 1, 2009.

Although the bill would result in additional administrative duties for the Railroad Commission staff, including determining which elected officials would need to be notified for each of an estimated 2,173 permit applications each fiscal year and an average of four elected officials to be notified, this estimate assumes that these additional duties could be absorbed using current resources. This estimate also assumes that costs from additional contested case hearings resulting from the notice of gas well applications being sent to elected officials would not be significant to the Railroad's Commission's Office of General Counsel's workload.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 455 Railroad Commission

LBB Staff: JOB, SZ, ZS, TL, DB