

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 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 and action on applications for permits to drill certain gas wells.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would apply only in counties located wholly or partly above a hydrocarbon-producing geological formation in which during the preceding year the commission issued more than 2,000 drilling permits authorizing wells to be completed. Currently, this would only apply to Tarrant County.

The bill would require the Railroad Commission to mail notice and a copy of each drilling permit application for a gas well in the Newark, East (Barnett Shale) Field (Tarrant County) to state and local officials and wait 14 days before issuing a permit. Elected officials would include: the state senator and representative who represent the general area in which the well is proposed to be located; and either each member of the commissioners court of the county 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 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 the 2,500 estimated gas well drilling permits received for wells in Tarrant County each fiscal year, as well as increased postage costs, 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

Based on the applicability criteria, it appears that the bill would affect only a gas well proposed to be located in Tarrant County.

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

Source Agencies: 455 Railroad Commission

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