

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 13, 2009

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

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

IN RE: HB2356 by Crownover (Relating to the filing with the state of well logs by operators of oil-related or gas-related wells; providing a penalty.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would reduce the amount of time an entity could keep an oil and gas well log confidential, requiring it to be made available after six months, rather than after one year under current law. It would also reduce the extension period for well logs to remain confidential from two years to six months after a drilling operation is completed. It would also require entities to submit well logs to the Railroad Commission after 60 days, rather than 90 days under current law. The bill would also reduce times for extensions of well log filings for bay and offshore wells. In addition, the bill would provide for additional penalties for failing to file a well log in the amount of \$15,000 for each well for which an operator would fail to file a well log.

Because of reduced time frames for confidentiality periods, the Railroad Commission expects that the agency would handle over two-thirds more requests for extensions each year. As a result, the agency expects that it would require resources equal to 2.0 FTEs in fiscal year 2010 and 1.0 FTE in fiscal year 2011. In addition, postage costs would increase and the agency would require additional information technology expenses in the first two years upon enactment. The agency estimates that the bill would impose \$111,652 in costs in fiscal year 2010 and \$51,066 in fiscal year 2011. After the first two years, no additional costs would be incurred because all wells would be on the new log filing schedule established by the bill.

This estimate assumes that any additional costs incurred by the Railroad Commission in implementing the provisions of the bill could be covered using existing resources.

Local Government Impact

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

Source Agencies: 305 General Land Office and Veterans' Land Board, 455 Railroad Commission

LBB Staff: JOB, SD, TL