

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**March 31, 2009**

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

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

**IN RE: HB2915** by McReynolds (Relating to oil and gas operations in connection with certain state land.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would provide that rights-of-way located within 2,500 feet of an active producing well since January 1, 1985 would be available for lease. The bill also would change the definition of a draining well from a well located within 2,500 feet of rights-of-way to a well located on a proration unit adjacent to rights-of-way. If leased, liability of drainage could cause the lessee to pay a compensatory royalty or a royalty of a share of production from the draining well to the state. The amount of revenue that the state might gain from the bill's passage would depend on the number of leases taken and the amount of production on a lease. The General Land Office, the agency that would presumably manage such leases, reports that the bill's passage would not have a significant fiscal impact to the state.

**Local Government Impact**

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

**Source Agencies:** 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 455 Railroad Commission, 601 Department of Transportation, 696 Department of Criminal Justice, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 802 Parks and Wildlife Department

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