

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 6, 2009

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

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

IN RE: HB3781 by Shelton (Relating to the resolution of disputes pertaining to the urban drilling of certain oil or gas wells.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would require the Railroad Commission to adopt rules for certain counties to establish a communications program for resolving issues arising from urban oil and gas well drilling. The bill would only apply to counties with a population of at least 800,000 and in which over 2,000 drilling permits were issued in a one-year period. Upon the request of such a county, the Railroad Commission would be authorized to adopt rules to provide for a communications process to resolve issues that arise from urban drilling. In adopting these rules, the Railroad Commission would be directed to encourage cooperative and efficient solutions that resolve issues of concern without undue delay to the production of the State's resources. If the Railroad Commission would find that a county meets the requirements of the bill and has requested the development of a communications process, the Railroad Commission would be required to develop an ongoing communications program to assist communication between a permittee drilling a well and any residents who occupy an established residence that is not owned or under lease by the permittee and is located within 300 feet of the proposed well.

Currently, the Railroad Commission reports that no county in the state currently would be affected by the bill because no county has a population in excess of 800,000 and has issued over 2,000 permits issued in the county in one year. Tarrant County could be affected by the bill in future years because it meets the population criterion and had 1,970 permits issued in fiscal year 2008. If a county would qualify under the bill, the Railroad Commission reports that it would require additional engineering resources totaling \$86,623 in fiscal year 2010 and \$63,013 in future years. This estimate assumes that these additional costs could be absorbed using existing agency resources.

Local Government Impact

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

Source Agencies: 455 Railroad Commission

LBB Staff: JOB, TL, SD, TP