

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: HB4026 by Christian (Relating to the application of new requirements for Class II injection wells to be adopted by the Railroad Commission of Texas.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would direct the Railroad Commission to adopt rules governing all aspects of the management and operation of a new Class II injection well, including the regulation of surface facilities associated with the well, for which a permit has not been issued on or before the effective date of the act. The bill would require that the Railroad Commission suspend all permitting for new class II injection wells until its new rules are in effect. It would further direct that the agency provide that the new rules apply to every new class II injection well application pending on the effective date of the act and every application filed on or after the effective date of the act. The bill authorizes the RRC to allow filers of pending applications to amend their applications to conform to the new rules. The bill would take effect immediately if it receives a two-thirds vote in both houses. Otherwise, it would take effect on September 1, 2009.

Although the bill would require the Railroad Commission to change its permitting procedures and operations for all injection and disposal wells, and it would require the Commission to adopt rules, any costs to the agency are expected to be absorbed using existing resources.

Local Government Impact

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

Source Agencies: 455 Railroad Commission

LBB Staff: JOB, SD, TL