

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 23, 2009

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

IN RE: SB274 by Nichols (Relating to limitations on the location of injection wells.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would prohibit the Texas Commission on Environmental Quality (TCEQ) from issuing a permit for an injection well if it is to be located on the recharge zone of a sole-source aquifer or in an oil field at which production began before 1935. The bill also would prohibit the TCEQ from issuing a permit for an injection well that is to be located within one half mile of an established residence, church, school, day-care center, surface water body used for public drinking water, or a dedicated public park unless the applicant demonstrates the well will be operated so as to safeguard public health and welfare and to protect physical property and the environment. This prohibition would not apply if the established residence, church, school, day-care center, surface water body used for public drinking water, or a dedicated public park is on property owned by applicant and is adjacent to proposed well.

The bill would prohibits the TCEQ from issuing a permit for an injection well if there is a fault within 2.5 miles of the well, or if there is a fault within the cone of influence of the well, whichever is greater, unless applicant demonstrates fault is not sufficiently transmissive or vertically extensive to allow migration of injected hazardous constituents out of injection zone. The bill would direct the TCEQ to adopt rules to define characteristics that make other areas unsuitable for an injection well, to govern what conditions can allow permits to be issued, and to allow local governments to petition for rule restrictions or a prohibition of the siting of a new injection well.

Any increased workload to the TCEQ in implementing the provisions of the bill is not expected to be significant.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. The bill would permit local governments to petition the Texas Commission on Environmental Quality for a ruling that would restrict or prohibit the siting of a new injection well in an unsuitable area.

Source Agencies: 455 Railroad Commission, 582 Commission on Environmental Quality, 592 Soil and Water Conservation Board, 802 Parks and Wildlife Department

LBB Staff: JOB, TL, WK, TP