

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 11, 2011

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

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

IN RE: SB1930 by Nelson (Relating to the disclosure of the composition of hydraulic fracturing fluids used in hydraulic fracturing treatments.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would require the Railroad Commission to adopt rules that require the operator of a well on which a hydraulic fracturing treatment is performed to complete certain forms listing hazardous substances used in hydraulic fracturing on an Interstate Oil and Gas Compact Commission (IOGCC) Internet website or another publicly accessible internet website. The form would also have to be submitted to the Railroad Commission with the well completion report for the well.

The bill would also provide for protection of trade secret information by prescribing a process by which an entity may withhold and declare certain information as a trade secret, requiring a person who desires to challenge a claim of entitlement to trade secret protection to file the challenge not later than the second anniversary of the date the well completion report is filed with the Railroad Commission, limiting the persons who may challenge a claim of entitlement to trade secret protection, and prescribing a process for an operator or service company to provide information, including information that is a trade secret to a health professional or emergency responder who needs the information in a medical emergency.

The provisions of the bill would apply only to hydraulic fracturing treatment performed on a well for which an initial drilling permit is issued on or after the date the initial rules adopted by the Commission take effect. The bill would require the Railroad Commission to adopt the rules not later than January 1, 2012.

Passage of the bill would result in rulemaking requirements and the posting of certain information on the Railroad Commission's website. In addition, the Railroad Commission would need to track the date it receives completion reports on which the company has indicated that a component of the hydraulic fracturing fluid is a trade secret to ensure that the company has filed a claim with the Commission within the allotted two year period. This could require a review of all completion reports filed with the Commission. In addition, the Railroad Commission also would need to review trade secret claims for compliance with the Open Records Act as modified by the bill.

Although passage of the bill is expected to result in additional workload for Railroad Commission staff in reviewing forms for trade secrets and coordinating with persons that may be affected by the passage of this legislation, this estimate assumes that the additional workload could be accomplished 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, SZ, TL