

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 13, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1749 by Uresti (Relating to the exemption of a water well from certain permitting by and compliance with rules of a groundwater conservation district.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 36 of the Water Code to exempt water supply wells used to complete an oil or gas well permitted by the Texas Railroad Commission (RRC) from groundwater conservation district permitting requirements. The bill would remove the requirement that the water supply well be located on the same lease or field associated with the oil or gas drilling rig. An owner or operator of a water supply well used for the drilling, exploration, and completion of an oil or gas well would be required to comply with the rules of the groundwater conservation district, including the registration of wells, production requirements for wells, and payment of production fees based on the amount of groundwater that is withdrawn.

The RRC and the Texas Commission on Environmental Quality indicates that any additional work resulting from the passage of the bill could be reasonably absorbed within current resources; therefore, no fiscal impact is anticipated.

Local Government Impact

There may be a positive fiscal impact to groundwater conservation districts from fees assessed from groundwater use for drilling, exploration, and completion of an oil or gas well; however, the amounts would vary depending on the number of applicable water supply wells located in a district and the amount of fees assessed.

Source Agencies: 455 Railroad Commission, 580 Water Development Board, 592 Soil and Water Conservation Board

LBB Staff: UP, SZ, TP