

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 17, 2021

TO: Honorable Craig Goldman, Chair, House Committee on Energy Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1258 by Birdwell (Relating to the duty of a lessee or other agent in control of certain state land to drill an offset well, pay compensatory royalty, or otherwise protect the land from drainage of oil or gas by a horizontal drainhole well located on certain land.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Natural Resources Code to add definitions of a horizontal drain hole, take point, and unconventional fracture treated field.

The bill would exempt a horizontal drain hole well producing oil and gas in commercial quantities located within 1,000 feet of certain state lands from being considered a draining well unless any take point is located closer to the state land than the greater of the applicable lease-line spacing distance currently required by the Railroad Commission or a perpendicular distance of 330 feet.

Based on the information provided by the General Land Office, the Railroad Commission, the Comptroller of Public Accounts, and the University of Texas System Administration, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished utilizing existing resources.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 305 General Land Office, 455 Railroad Commission, 720 UT Sys Admin

LBB Staff: JMc, AJL, DA