

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|-------------------|---------|-------------------|---------|
| | FY 2016-17 | | FY 2017-18 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | | | |
| CASH FUNDS | 250 | | 250 | |
| FEDERAL FUNDS | 750 | | 750 | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | 1,000 | | 1,000 | |

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 1082, as amended by AM2292, changes the powers and duties of the Nebraska Oil and Gas Conservation Commission (the Commission).

Section 3(3) provides the Commission with authority to periodically sample and report on injection fluids injected into Class II commercial underground injection wells; monitor produced water transporters; and periodically evaluate financial assurance requirements on existing and proposed wells to ensure ability to pay the costs of plugging, abandonment, and surface restoration.

Section 3(4) authorizes the Commission to conduct public informational meetings and forums for public interaction on Class II commercial underground permit applications under the jurisdiction of the Commission.

Section 4 requires an operator of a Class II commercial underground injection well to sample and analyze the fluids injected into each disposal well no less frequently than annually. The operator shall submit a copy of the fluid analysis to the Commission.

Section 5 requires the owner of a bond required by the Commission to not revoke such bond without providing notice to the commission, and shall annually submit evidence that the required bond is current and in full force and effect.

The Commission will need to perform a fluid analysis of injectate into four commercials annually. It is estimated that the cost of this analysis and the time to write and execute the necessary orders received, and review chemical analyses will be \$1,000. \$250 of this cost will be paid with Cash Fund and \$750 will be paid with Federal Funds.

| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES | | | |
|---|----------|--|-----------------|
| LB: 1082 | AM: 2292 | AGENCY/POLT. SUB: Nebraska Oil & Gas Conservation Commission | |
| REVIEWED BY: Lee Will | | DATE: 3/14/2016 | PHONE: 471-4175 |
| COMMENTS: No basis to disagree with the Nebraska Oil & Gas Conservation Commission's assessment of fiscal impact. | | | |

Please complete ALL (5) blanks in the first three lines.

2016

LB⁽¹⁾ 1082 AS AMENDED BY AM2292

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Oil and Gas Conservation Commission

Prepared by: ⁽³⁾ William H. Sydow

Date Prepared: ⁽⁴⁾ 12 March 2016

Phone: ⁽⁵⁾ (308) 254-6919

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2016-17</u> | | <u>FY 2017-18</u> | |
|--------------------|---------------------|-----------------|---------------------|-----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| CASH FUNDS | <u>250</u> | <u>0</u> | <u>250</u> | <u>0</u> |
| FEDERAL FUNDS | <u>750</u> | <u>0</u> | <u>750</u> | <u>0</u> |
| OTHER FUNDS | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL FUNDS | <u>1,000</u> | <u>0</u> | <u>1,000</u> | <u>0</u> |

Explanation of Estimate:

AM2292 to LB 1082 limits the scope of the bill to only Class II Commercial Injection wells. The amendments will cause the Commission to require annual fluid analyses of injectate into four (4) commercial wells which will be accomplished by the annual orders of the Commission for each well. Upon receipt, the analyses of the injectate will be scanned into the document file of each well and be made available to the public via the Commission's website. We anticipate no applications for Class II Commercial Injection wells during the coming biennium; so, no public informational meetings and forums will be necessary.

The estimated expenditure of \$1,000 is based upon the estimated staff time to write and execute the necessary orders, receive and review the chemical analyses, and then scan and file the analyses into the electronic and physical well files. Since the UIC Program is partly funded by a grant from USEPA, the expenditure of both cash and federal funds will be necessary.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2016-17</u> | <u>2017-18</u> |
|---------------------------|----------------------------|-------------------|---------------------|---------------------|
| | <u>16-17</u> | <u>17-18</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Administrative Assistant | <u> </u> | <u> </u> | <u>300</u> | <u>300</u> |
| Petroleum Engineer | <u> </u> | <u> </u> | <u>700</u> | <u>700</u> |
| Benefits..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Operating..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Travel..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Capital outlay..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Aid..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Capital improvements..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL..... | <u> </u> | <u> </u> | <u>1,000</u> | <u>1,000</u> |