

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: SB145

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Puckett

3. Committee: Agriculture, Conservation and Natural Resources

4. Title: Pooling orders and coalbed methane drilling; application to activities since 1990.

5. Summary: This bill requires that a well operator obtain a required pooling order before applying for a well permit. Where an operator begins ground disturbing activity for a well without a required pooling order, any unleased mineral owners in the unit will be deemed fully paid participants in the unit. The bill applies to any ground disturbing activity for a well undertaken since January 1, 1990. The bill has an effective date of January 1, 2013.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate, see item 8, below.

8. Fiscal Implications: This bill could be interpreted as allowing pooling orders that have been issued since January 1, 1990, to be brought back before the Gas and Oil Board (the Board), as overseen by the Department of Mines, Minerals and Energy (DMME), for reconsideration. If this occurs, DMME anticipates that this bill could have a very significant impact on the agency's workload. DMME estimates that this may result in anywhere from 10,000 to 12,000 claimants returning to the Board as it would validate a review of all orders processed since the revision of the Gas and Oil Act in 1990. The fiscal impact of a potential increased workload is indeterminate at this time as it is not known how many of these cases would be brought back before the Board for reconsideration.

Costs associated with obtaining a pooling order as required by this bill would be borne by the private well operator.

9. Specific Agency or Political Subdivisions Affected: Department of Mines, Minerals and Energy.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/18/2012