

Department of Planning and Budget

2017 Fiscal Impact Statement

1. Bill Number: SB911

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

2. Patron: Stuart

3. Committee: Agriculture, Conservation and Natural Resources

4. Title: Orphaned Well Fund; surcharge.

5. Summary: Orphaned Well Fund; surcharge. Raises from \$50 to \$200 the surcharge to be paid by a gas or oil operator for a permit to conduct any activity other than geophysical operations. The bill contains technical amendments.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate.

8. Fiscal Implications: The bill increases the Orphan Well permit surcharge from \$50 to \$200; this is in addition to the existing permit fee of \$600. The revenue generated from the surcharge is dependent on the number permit applications submitted to the Department of Mines, Minerals and Energy (DMME), which is driven by the market. Over the last 10 years those applications have ranged from 100 to 700 in any given year. In FY 2016, DMME received \$4,650 in fees related to the Orphan Well Fund. Assuming the same level of activity under the new fee structure, DMME would generate an additional \$13,950 in fees into the fund. Currently, the Fund balance is \$106,166.

Moneys from the Orphaned Well Fund are used for purposes of restoration and plugging of orphaned wells.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.