



**Colorado
Legislative
Council
Staff**

HB17-1372

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-1228
Prime Sponsor(s): Rep. Foote; Lebsock

Date: August 24, 2017
Bill Status: Deemed Lost
Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: OIL GAS OPERATORS DISCLOSE PIPE LOCATION DEV PLANS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	<u>\$53,576</u>	<u>\$53,265</u>
Cash Fund	49,466	48,781
Centrally Appropriated Costs	4,110	4,484
FTE Position Change	0.6	0.6
Appropriation Required: \$49,466 - Department of Natural Resources (FY 2017-18)		
Future Year Impacts: Ongoing expenditure impact.		

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

The bill requires that an oil and gas operator give electronic notice of the location of each subsurface oil and gas facility that the operator installed, owned, or operated. The Colorado Oil and Gas Conservation Commission (COGCC) in the Department of Natural Resources must adopt rules for the format and timing of the electronic notification. Operators are required to provide the notice to the COGCC, and to each local government within whose jurisdiction a subsurface oil and gas facility is located. The COGCC is then required to post the information on its website in a searchable database that allows local governments and the public to locate subsurface oil and gas facilities.

The bill also allows a local government to request:

- a good-faith estimate of the number of wells the operator intends to drill in the next five years within the local government's jurisdiction; and
- a map showing the location of existing well sites and production facilities, approved well sites or sites for which an application is pending, and sites the operator has identified for development on its current drilling schedule, but for which it has not yet submitted an application for COGCC approval.

State Expenditures

For both FY 2017-18 and FY 2018-19, this bill increases state expenditures by about \$53,000 and 0.6 FTE as shown in Table 1 and discussed below.

Cost Components	FY 2017-18	FY 2018-19
Personal Services	\$44,193	\$48,211
FTE	0.6 FTE	0.6 FTE
Operating Expenses and Capital Outlay Costs	5,273	570
Legal Services	0	0
Centrally Appropriated Costs*	4,110	4,484
TOTAL	\$53,576	\$53,265

* Centrally appropriated costs are not included in the bill's appropriation.

Searchable Database. To develop and maintain a repository of subsurface data for the use of local governments, developers, residents, and state agencies, the COGCC requires additional resources.

An initial, one-time workload of 400 staff hours are required to establish a searchable database, process location data from operators for existing subsurface facilities, and make this data available to the public on its GIS map. An additional server, estimated at \$5000, will also be needed to house the data. The DNR can absorb these one-time costs.

Ongoing, the DNR will require approximately one hour of staff time for each new subsurface facility constructed in the future. Using the most recent four-year average of approved oil and gas facilities as a guide, a minimum of 680 staff hours will be required annually. Updates and changes to existing infrastructure are expected to require an additional 500 hours of staff time, for a minimum total of 1180 ongoing hours, or 0.6 FTE. FTE costs are based on a mid-level salary for a Physical Research Scientist II. New state expenditures are from the Oil and Gas Conservation and Environmental Response Cash Fund.

Rulemaking. The bill requires that the DNR modify existing COGCC rules related to oil and gas facilities, and related to development plans and notifications to local governments. Updating rules is estimated at approximately \$6,000, which can be accomplished within existing appropriations.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB 17-1372		
Cost Components	FY 2017-18	FY 2018-19
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$150	\$164
Supplemental Employee Retirement Payments	3,960	4,320
TOTAL	\$4,110	\$4,484

Effective Date

The bill was deemed lost on May 10, 2017.

State Appropriations

For FY 2017-18, the bill requires a Cash Funds appropriation of \$49,466 and 0.6 FTE from the Oil and Gas Conservation and Environmental Response Cash Fund to the Department of Natural Resources.

State and Local Government Contacts

Information Technology

Law

Natural Resources