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FISCAL IMPACT REPORT

ORIGINAL DATE 03/07/13

SPONSOR Egolf LAST UPDATED _____ HM 84

SHORT TITLE Online Posting of Oil and Gas Info SB _____

ANALYST Chavez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$440.3			Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals, and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

House Memorial 84 (HM 84) requests that the Oil Conservation Division (OCD) of the Energy, Minerals and Natural Resources Department (EMNRD) to post certain information relating to the oil and gas industry on the division's website. The memorial stipulates that the following information for the years 2008-2012 and every year thereafter be provided: 1) the number of stripper, active, temporary and orphaned oil and gas wells; 2) the number of oil conservation division oil and gas well inspectors; 3) information on violations under the Oil and Gas Act; 4) the cash balance in the oil and gas reclamation fund at the beginning of each fiscal year; and 5) the amount, purpose and type of expenditures from the oil and gas reclamation fund.

HM 84 also resolves that, by November 1, 2013, the OCD present the information for years 2008 through 2012, with recommendations that could help the OCD's efforts to address public concerns about the impact of drilling on ground water, to the governor and to three appropriate legislative interim committees that deal with natural resources, hazardous materials and legal issues.

FISCAL IMPACT

The EMNRD estimates in order to research data from 2008-2012 in the existing OCD data systems to ensure data is complete and accurate, the OCD would need to hire 2 full-time data

quality assurance consultants for a period of 1 year (2080 hours) at \$85/hour = \$381,888 (including NM GRT).

In addition, the OCD notes that it would have to create queries and reports for historical and future violation data to be posted to the OCD's website: 3 months (520 hours) of contract web development services at \$90/hour = \$50,544 (including NM GRT).

Finally, the EMNRD states that the OCD would have to program and create links to historical and current reports for reclamation fund activity and financial statements for posting to the OCD website, which would be 200 hours of the OCD internal resources at \$40/hr = \$8000.

However, the EMNRD does not cite the source of these estimates.

SIGNIFICANT ISSUES

The EMNRD/OCD expresses a number of concerns regarding the memorial, both in regards to the amount of data the needs to be compiled and the definitions given in the memorial. For example, the OCD notes that the term "orphan wells" is not clear; the OCD uses the term "inactive wells." Similar concerns are raised in regards to the term "violations," which covers a wide range of discrepancies from minor to more significant infractions.

The OCD also adds that many of this information is already available online to the public, although perhaps not integrated and compiled as requested by the memorial.

Finally, the OCD states that it would be difficult to re-file the information from 2008-2012, requiring significant departmental resources.

KC/svb