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FISCAL IMPACT REPORT

SPONSOR:	Leavell	DATE TYPED:	02/08/00	HB	
SHORT TITLE:	Produced Water from Oil and Gas Wells			SB	192
				ANALYST:	Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
	NFI		NFI		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates House Bill 24 and Relates to House Bill 25

SOURCES OF INFORMATION

LFC Files

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

Senate Bill 192 exempts water produced from oil and gas well operations from depths of 3,000 feet or more from the definition of public waters, and designates ownership to the oil and gas producer. The bill also amends law for the Oil Conservation Division to regulate this water.

Significant Issues

Produced water is a waste byproduct in the production of oil and gas. Generally, it contains hydrocarbons and heavy metals, in addition to a significant salt content, making it unusable. Consequently, oil and gas operators are required, through regulation, to dispose of this water, usually by reinjection back into the subsurface salt zone.

OCD regulates the disposal of produced water, regardless of the depth at which it is derived. Consequently, the specific language in subsection 22 of "water produced from underground sources three thousand feet or more in depth" conflicts with the existing law in subsection 15 which states the OCD has the authority "to regulate the disposition of water produced or used in connection with the drilling for or producing of oil or gas".

FISCAL IMPLICATIONS

Senate Bill 192 does not contain an appropriation and should not have an impact on the EMNRD.

ADMINISTRATIVE IMPLICATIONS

Senate Bill 192 will have a minor impact on the EMNRD, as it attempts to promulgate rules to clarify this potentially conflicting amendment.

DUPLICATION

Senate Bill 192 duplicates House Bill 24 and relates to House Bill 25, which appropriates funding to study technology capable of remediating produced water.

MFV/njw