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FISCAL IMPACT REPORT

ORIGINAL DATE 3/15/17

SPONSOR HAFC LAST UPDATED _____ HM 98/HAFCS

SHORT TITLE Oil & Gas Venting & Flaring Reporting SB _____

ANALYST Armstrong

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Up to \$30.0		Up to \$30.0	Nonrecurring	EMNRD operating budget

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SM102
Relates to SB375

SOURCES OF INFORMATION

LFC Files

Response Not Received From

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Memorial

The House Appropriations and Finance Committee (HAFC) Substitute for House Memorial 98 (HM98) requests that EMNRD compile a report that includes a summary of the volume of flared and vented natural gas, the reasons gas is vented and flared, and information collected from gas recapture plans submitted by oil and gas producers. The report would also identify the 25 operators that vent and flare the most natural gas, EMNRD proposals to increase the volume of gas sold rather than vented or flared. The memorial also requests that the report classify the information by mineral rights ownership. Finally, HM98 requests that the report be publicly accessible on EMNRD's Oil Conservation Division (OCD) website and that OCD report to the appropriate legislative interim committees on natural gas venting, flaring, and leakage issues.

FISCAL IMPLICATIONS

HM98 notes that OCD requires oil and gas producers to report the amount of vented and flared natural gas and to provide gas capture plans. The cost of compiling and summarizing this data would be absorbed by the agency's operating budget and would depend on the staff/contractor time needed to do so. EMNRD estimates additional operating costs of \$15 thousand to 30 thousand associated with HM98.

RELATIONSHIP

Senate Memorial 102 duplicated HM98 as introduced and has slight differences from the HAFC substitute, including a “whereas” clause stating “the national aeronautics and space administration and the national oceanographic and atmospheric administration has established that the oil and gas industry bears primary responsibility for the methane hot spot in the San Juan basin.” The information requested by both memorials is nearly identical.

Senate Bill 375 allows the commissioner of public lands to modify lease terms to levy royalties on vented or flared gas and requires the commissioner to collect and publish data on natural gas venting, flaring, and leaks.

JA/sb