

**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/09/2015**

Amendment to: SB 2374

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>			\$1,218,200	\$500,000	\$1,218,200	\$500,000
<b>Appropriations</b>			\$1,218,200		\$1,218,200	

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This measure requires bonding for underground gathering pipelines carrying crude oil or produced water, inspection of pipelines, and mitigation of pipeline leaks.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of this measure requires the Oil & Gas division to administer an increased amount of bonds. Section 2 requires the Oil & Gas division to mitigate pipeline leaks. Section 3 requires the Oil & Gas division to create standards of inspections and designate necessary devices to be installed on pipelines. Section 4 allows the Oil & Gas division to inspect construction, operation, or servicing of pipelines, gather records on operation of the pipeline, and requires maintenance of confidentiality on data.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

No revenue is anticipated at this time.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures per biennium include \$230,700 for a petroleum engineer to take care of standards of inspections and technological devices as well as supervise the pipeline program, \$208,000 for an RBDMS technician to update and maintain the database and gather pipeline records, \$130,000 for an administration assistant to administer bonds, and \$649,500 for three engineering technicians (one per district) for pipeline inspections.

Mitigation costs per biennium are estimated at approximately ten site assessments at \$30,000 each, and one incident likely to have no responsible party at \$200,000.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The Oil & Gas Division expenditures for the increased costs in FTE expenses mentioned in 3B total \$1,218,200. The FTE costs are general fund expenses, and are not included in the executive budget. The mitigation expenditures of \$500,000 would be funded from the abandoned oil and gas well plugging and site reclamation fund, a continuing appropriation fund.

**Name:** Robyn Loumer

**Agency:** Industrial Commission

**Telephone:** 701-328-8011

**Date Prepared:** 02/04/2015