

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 706** HLS 26RS 974

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 12, 2026 6:10 PM	Author: RISER
Dept./Agy.: Conservation & Energy	Analyst: Mimi Blanchard
Subject: Class II Saltwater Disposal Wells	

ENERGY/OIL & GAS WELLS OR +\$330,397 SD EX See Note
Provides for the operation of commercial saltwater disposal wells

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Current law authorizes the secretary of the Department of Conservation and Energy (C&E) to regulate Class II injection wells and requires that injection pressure not initiate fractures in the injection or confining zone. Current law provides that violations are subject to civil penalties of up to \$5,000 per day per violation and, for knowing and willful violations, may also be subject to criminal penalties.

Proposed law establishes a default maximum authorized surface injection pressure (MASIP) for commercial Class II disposal wells, which the department may calculate at 90% of the fracture gradient for the injection interval, and creates a process for operators to apply for an increased MASIP by demonstrating specified geologic, engineering, well integrity, monitoring, and seismic criteria. Proposed law requires C&E to approve or deny an application for an increased MASIP within 60 days. Violations are subject to penalties provided in current law.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$330,397	\$340,309	\$350,518	\$361,034	\$371,865	\$1,754,123
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$330,397	\$340,309	\$350,518	\$361,034	\$371,865	\$1,754,123

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

The Department of Conservation and Energy (C&E) reports that proposed law will increase expenditures out of the Oil and Gas Regulatory Dedicated Fund Account of \$330,397 in FY 27 for the addition of three (3) Petroleum Scientist 3 positions. The salary for each position is \$78,666 with related benefits of \$31,466 (including a 3% annual market rate adjustment). C&E reports that the additional positions will be needed to review and approve or deny applications within the 60 day deadline required by the bill. C&E estimates that each application will take approximately 40 hours to review for determination.

REVENUE EXPLANATION

C&E reports that applications will result in an indeterminable increase to the Oil and Gas Regulatory Dedicated Fund Account. Each application will require a hearing by the department, with associated fees of \$755 per hearing. The number of applications and hearings is unknown at this time.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger

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Legislative Fiscal Officer