BDR 46-593
AB 159

UNSOLICITED

EXECUTIVE AGENCY

FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: February 21, 2017

Agency Submitting: Division of Minerals

Items of Revenue or Expense, or Both	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Effect on Future Biennia
3717 Oil Permit fees (Revenue)	$3,500	($3,500)	($3,500)	($7,000)
3654 Oil and Gas Production fees (Revenue)	$810	($810)	($810)	($1,620)
Total	$4,310	($4,310)	($4,310)	($8,620)

Explanation (Use Additional Sheets of Attachments, if required)

The Division of Minerals receives oil permit fees of $3500 per application for a well to be hydraulically fractured on Federal Lands, and $4500 per well on private lands. In addition, the Division collects $0.15 per barrel of oil produced regardless if the production is conventional or unconventional (unconventional wells are hydraulically fractured). If hydraulic fracturing is banned in Nevada, the expected permit and production fee revenues which are used to fund the permitting and compliance program would be lost. The Division conservatively budgeted for one hydraulically fractured well permitted in each fiscal year, 2018 and 2019. If the price of oil increases, these amounts could be multiples of this. In 2014, there were 5 wells that were permitted to be hydraulically fractured, when oil was above $80 per bbl. We have estimated the loss of revenue for oil and gas production fees based on the one well in Eureka County (Blackburn 16) that was hydraulically fractured in 2014 and has produced 5400 bbl of oil for the past calendar year. 5400 bbl X $0.15 = $810 per year.

Name Richard Perry

Title Admininstrator