

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

NOTICE TO OPERATORS

Surcharges on Railroad Commission Fees

The Railroad Commission has adopted changes to Statewide Rule 78 as it applies to certain fees charged by the commission's Oil & Gas Division. Under Rule 78 as amended, surcharges have been imposed on certain fees as required to implement the provisions of Senate Bill 1 (82nd Legislature, First Called Session, 2011). The amendments to Rule 78 are effective as of May 1, 2012.

Senate Bill 1 created the Oil and Gas Regulation and Cleanup Fund and mandated that the commission impose reasonable surcharges on commission fees. The funds collected through these surcharges will cover the commission's costs in certain functional areas specified in the bill, including oil and gas monitoring and inspections, oil and gas remediation, oil and gas well plugging, public information and services related to those activities, and administrative costs and state benefits for personnel involved in those activities.

During the rulemaking process, the Commission identified the fees on which surcharges would be imposed based on the statutory requirements. Comparing the revenue generated by those fees with the costs associated with the functional areas specified in the statute, the Commission determined that a surcharge of 150% of the respective fees would be needed.

In implementing this statute, the Commission is imposing surcharges on fees associated with the filing of:

- Drilling Permits
- Organization Reports
- Voluntary Cleanup Program Applications
- Inactive Wells (plugging extensions)
- Rule Exception requests
- Reconnection fees following cancellation of P-4 Certificates of Compliance
- Waste Disposal Facilities and Waste Hauler Permits (excluding disposal wells permitted under Rule 9)
- Surface Discharge permits
- Injection well permits
- Hydrocarbon Storage permits

(See *Table 1 – Listing of Affected Fees* on the reverse side of this notice for more detailed information regarding the affected fees.)

Austin, Texas

February 2012

PLEASE FORWARD TO THE APPROPRIATE SECTION OF YOUR COMPANY

	Fee	Surcharge (150%)	Total Assessment
Oil & Gas Well Drilling Permit Fees			
Drilling permits less than 2,000 feet	\$ 200.00	\$ 300.00	\$ 500.00
Drilling permits 2,001 to 4,000 feet	225.00	337.50	562.50
Drilling permits 4,001 to 9,000 feet	250.00	375.00	625.00
Drilling permits greater than 9,000 feet	300.00	450.00	750.00
Expedite fee	150.00	225.00	375.00
Rule 37/38 exception fee	200.00	300.00	500.00
P-5 Organization Report Fees			
No activities	300.00	450.00	750.00
Operation of Wells			
1 – 25 wells	300.00	450.00	750.00
26 – 100 wells	500.00	750.00	1,250.00
more than 100 wells	1,000.00	1,500.00	2,500.00
Operation of natural gas pipeline(s)	225.00	337.50	562.50
Operation of liquids pipeline(s)	625.00	937.50	1,562.50
Service/Facility Operations			
Cleanup contractor, Directional Surveyor, Cementer and/or Transporter	300.00	450.00	750.00
Other Services/Facilities not listed above	500.00	750.00	1,250.00
Voluntary Cleanup Application Fee	\$ 1,000.00	\$ 1,500.00	\$ 2,500.00
Inactive Well Filing Fees (Form W-3X)			
Abeyance of plugging report	100.00	150.00	250.00
Well test report filing fee	50.00	75.00	125.00
Rule Exception Fees	150.00	225.00	375.00
Certificate of Compliance (P-4) Reissue Fee	300.00	450.00	750.00
Waste Disposal Facility			
Waste hauler's permit	100.00	150.00	250.00
Large Quantity Generator of hazardous oil & gas waste			
base fee	1,000.00	1,500.00	2,500.00
additional fee	1,000.00	1,500.00	2,500.00
Small Quantity Generator of hazardous oil & gas waste			
base fee	200.00	300.00	500.00
additional fee	200.00	300.00	500.00
Surface Discharge fee	300.00	450.00	750.00
Fluid injection well permit	200.00	300.00	500.00
Hydrocarbon storage permits	200.00	300.00	500.00

Table 1 – Listing of affected fees