

a half million barrels of oil per month. Last year that had declined to about 350,000 barrels of oil per month. With the decline in production, there has been a decline in the amount of revenue to support the commission. The commission receives no General Fund appropriation. It's fully self-supporting from filing fees and this conservation tax. Last year it reduced its budget by 18 percent by reducing one employee from eight full-time employees to seven. Now, all this bill does is increase the permit fees charged by the commission itself. It increases drilling permits. That's the fee charged an oil company when it files an application for a permit to drill an oil and gas well. It raises that from \$75 to \$200. It also raises the filing fee for a public hearing before the commission, which adjudicates various matters, from \$100 to \$250. And it raises the plugging or abandonment fee from \$25 to \$100. These fees have not been raised since 1974. A study was made of comparative fees charged by neighboring states and also a cost accounting study was made of the actual cost of these procedures by the commission itself. And the fees are very much in line with the costs entailed. Now these costs entail...these costs include field inspections in the field. The commission has two professional employees who are petroleum engineers and also has two field inspectors which inspect drilling sites and also oil wells when they're being plugged. This is not a significant bill, frankly. The present filing fees bring in about \$11,000 a year. The increase in filing fees would raise that income to about 30,000. The main increase would come in the conservation tax and that is paid out of the production of oil or gas from the wells in Nebraska by those persons entitled to that royalty. It would not, in any way, affect any other taxes and, if approved, this would eliminate any necessity to ask for a General Fund appropriation. I would ask that LB 407 be advanced. I would be happy to answer any questions if anyone has them. Thank you.

SENATOR LANDIS: Senator Jones has his light on. Senator Jones, on LB 407.

SENATOR JONES: Mr. Chairman and members of the body, this went through Natural Resources Committee and we talked around about it quite a bit and would maybe have to put it on the, you know, real estate tax and everything, but I think this is the right way to go about it, and I support this bill. Thank you.

SENATOR LANDIS: Thank you, Senator Jones. Yours is the last