

BILL ANALYSIS

C.S.H.B. 183
By: Merritt
Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The East Texas Oil Field (field) is not only the largest oil field in Texas, it is also the most productive in the lower 48 states. The field, which covers several counties, has produced more than 5.3 billion barrels of oil since its discovery in 1930. The impact of this oil treasure on the Texas economy, especially the local economies surrounding the field, has been massive. However, production has been declining rapidly, and if new approaches to capturing oil from the field are not implemented, effective production of oil could end by 2006. House Bill 183 requires the Bureau of Economic Geology of The University of Texas at Austin to conduct a two-year project to provide a comprehensive reservoir characterization and engineering study of the field to optimize production strategies.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

House Bill 183 amends the Natural Resources Code to require the Bureau of Economic Geology of The University of Texas at Austin (bureau) to conduct a study of the East Texas Oil Field and to create the East Texas Oil Field Advisory Committee (committee). The bill sets forth provisions regarding the operation and administration of the committee and provides that the committee is composed of the following all appointed by the Bureau of Economic Geology of the University of Texas at Austin:

- a member of the board of trustees of the Kilgore Independent School District;
- a member of the board of trustees of the White Oak Independent School District;
- a member of the board of trustees of the Pine Tree Independent School District;
- a member of the board of trustees of Kilgore Junior College or an employee of Kilgore Junior College; and
- three representatives of the oil industry.

The bill requires the bureau to make one report on or before January 1, 2005, to the governor, the lieutenant governor, and the speaker of the house of representatives containing recommendations regarding measures that should be taken to maximize the ultimate recovery of oil and gas from the East Texas Oil. Should the study result in a boost in production and changes the oil fields, the Legislature is empowered to reimburse the State back for the cost of the study. It in effect encourages a future Legislature to recoup the cost. These provisions expire and the committee is abolished September 1, 2005. The bill sets forth requirements for the commission relating to appointing members to the committee as soon as practicable.

House Bill 183 specifies that the bureau is required to conduct the study of the East Texas Oil Field and to make the interim and final reports only if the legislature appropriates money specifically for that

purpose. The bill authorizes the bureau, if the legislature does not appropriate money specifically for the study, to implement the study using other appropriations available and provides that the persons required to appoint the members of the committee are required to appoint the members only if the bureau is required to or chooses to implement the study.

EFFECTIVE DATE

This Act take effect immediately if it receives a vote of two-thirds of all members elected to each house, as provided by Section39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

CSHB 183, SECTION 1, Section 85.403:

- deletes Subsections (1), (2), (3), (4), (5), (b), (c), (d), (e), (f), (g), (h), of the original bill.

CSHB 183, SECTION 1, Section 85.404:

- deletes "an interim" between "make" and "report" on page 2, line 23 of the original bill.

- deletes "and a final report on or before September 1, 2005" between the words "2005" and "to" on page 2, lines 24 and 25 of the original bill.

CSHB 183, SECTION 2 of the original bill is deleted.

CSHB 183, SECTION 3 of the original bill is deleted.

CSHB 183, SECTION 4 of the original bill is deleted.

CSHB 183, SECTION 1, Section 85.402:

- adds the word "comprehensive" between the words "making" and "recommendations" on page1, line 16 of CSHB 183.

CSHB 183, SECTION 1, Section 85.403:

- adds "the following persons appointed by the bureau:" on page1, lines 20 and 21.

- adds Subsections (1), (2), (3), (4), (5), and (b).

CSHB 183 adds SECTION 2, to read as follows:

(a) The Bureau of Economic Geology of The University of Texas at Austin is required to implement this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the bureau may, but is not required to, implement this Act using other appropriations available for the purpose.

(b) If the operators of oil or gas wells in East Texas Oil Field implement the recommendations contained in the report required by Section 85.404, Natural Resources Code, as added by this Act and that implementation results in an increase in the amount of oil and gas produced from the field, the legislature shall provide for recovery of the cost of implementing this Act from the owners or operators of the wells in the manner the legislature determines to be most appropriate.

CSHB 183 adds SECTION 3, to read as follows:

This Act take effect immediately if it receives a vote of two-thirds of all members elected to each house, as provided by Section39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.