

BILL ANALYSIS

H.B. 1195
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Energy Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, an operator can allow a lease to acquire multiple severance orders, but is required only to pay a single \$100 dollar fee to have the P-4 reinstated once all rule violation issues have been resolved. If a lease has been severed by multiple sections of the Oil & Gas Division, then each of those sections must verify compliance and resolve cancellation issues. At times, this verification and resolution also requires a lease inspection. It is, therefore, logical that the reinstatement fees reflect the existence of multiple violations and the costs associated with verification and processing those violations.

Too often severed operators consider the \$100 lease as routine "cost of doing business." Raising the reinstatement fee and charging for multiple severances on the same lease will encourage more timely compliance with the violation notices that preceded severance imposition and may serve as a deterrent against recurring violations.

The current \$100 reconnect fee is already directed to the Oil Field Cleanup Fund account. Monies would continue to be directed to the Oil Field Cleanup Fund.

RULEMAKING AUTHORITY

This bill does not expressly delegate any additional rulemaking authority to state officer, department, agency, or institution.

ANALYSIS

Section 85.167(a), Natural Resources Code, is amended to read as follows:

If a certificate of compliance for an oil and gas well have been canceled for violation of one or more commission rules, the commission may not issue a new certificate of compliance until the owner submits to the commission a non refundable fee of \$300 for each severance or seal order issued for the lease or well. (not \$100).

Section 85.167 (a), Natural Resources Code, is amended to increase the current fee for reinstatement from \$100 to \$300.

EFFECTIVE DATE

This act takes effect September 1, 2003.