

BILL ANALYSIS

Senate Research Center

H.B. 2613
By: Keffer, Bill (Armbrister)
Natural Resources
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Engrossed

DIGEST AND PURPOSE

Although Texas statutes specifically place a lien on equipment and authorize the salvage and sale of the equipment and stored hydrocarbons to recover costs associated with well plugging using state funds, the statutes currently do not create a lien against the responsible person's interest in the hydrocarbons on the site of facility undergoing cleanup using state funds without plugging. The Texas Railroad Commission (RRC) can only salvage or sell hydrocarbons when plugging wells at the site.

H.B. 2613 allows RRC, when cleaning up a site, to salvage or sell valuable hydrocarbons stored at the abandoned facility. The proceeds from salvage and sale of the equipment and hydrocarbons are to be placed in the oil field cleanup fund to help defray the costs of cleanup activities.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading to Section 91.115, Natural Resources Code, to read as follows:

Sec. 91.115. FIRST LIEN ON EQUIPMENT AND STORED HYDROCARBONS.

SECTION 2. Amends Section 91.115, Natural Resources Code, by amending Subsections (a), (e), and (f) and adding Subsection (h), as follows:

(a) Provides that if a responsible person fails to clean up a site or facility that has ceased oil and gas operations under jurisdiction of the Texas Railroad Commission (RRC) on or before the date the site or facility is required to be cleaned up by law or by a rule adopted or order issued by RRC, the state has a first lien, superior to all preexisting and subsequent liens and security interests, on the responsible person's interest in any hydrocarbons stored at the site or facility and in any equipment that is located at the site or facility and used by the responsible person in connection with the activity that generated the pollution.

(e) Provides that the lien is extinguished as to any stored hydrocarbons or items of equipment that are lawfully removed by any person other than the operator or a nonoperator according to a lien, lease, judgment, written contract, or security agreement before RRC enters into a cleanup contract.

(f) Provides that equipment or stored hydrocarbons subject to a lien under this section are presumed to have been abandoned on the date RRC enters into a contract to clean up the site or facility on which the equipment or hydrocarbons are located. Authorizes RRC to dispose of the equipment or stored hydrocarbons in accordance with the provisions of Sections 89.085, 89.086, and 89.087 of this code for the disposition of well-site equipment and hydrocarbons.

(h) Requires the lien provided by this section, as it relates to stored hydrocarbons, to be subject to and inferior to any lien in favor of the State of Texas to secure royalty payments.

SECTION 3. (a) Effective date: September 1, 2003.

(b) Provides that the changes in law made by Section 91.115, Natural Resources Code, as amended by this Act, apply only to an interest in hydrocarbons stored at a site or facility the date for cleanup of which required by law or rule or order adopted by RRC is September 1, 2003, or later.