

BILL ANALYSIS

H.B. 2613
By: Keffer, Bill
Energy Resources
Committee Report (Amended)

BACKGROUND AND PURPOSE

Although the 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 statute currently does not create a lien against responsible person's interest in the hydrocarbons on the site of facility undergoing cleanup using state funds without plugging.

This amendment would allow the Railroad Commission, when cleaning up a site, to salvage (or sell) valuable hydrocarbons stored at the abandoned facility. Currently, the Railroad Commission can only salvage or sell hydrocarbons when plugging wells at the site. The proceeds from salvage and sale of the equipment and hydrocarbons would be placed in the Oil Field Cleanup Fund to help defray the costs of the cleanup activities.

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

SECTION 1. Section 91.115. FIRST LIEN ON EQUIPMENT AND STORED HYDROCARBONS.

House Bill 2613 amends Section 91.115, Texas Natural Resources Code, to include "and stored hydrocarbons" to the heading of this section.

SECTION 2. Sections 91.115(a), (e) and (f), Texas Natural Resources Code.

House Bill 2613 amends Section 91.115, Texas Natural Resources Code, to authorize the Commission to salvage and sell both equipment and stored hydrocarbons located on a site or facility on which wells are to be or have been plugged and remediation is to occur or has occurred using funds from the Oil Field Cleanup Fund.

SECTION 3. (a) This Act takes effect September 1, 2003. (b) 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 adopted by the Railroad Commission of Texas is September 1, 2003 or later.

EFFECTIVE DATE

(a) This Act takes effect September 1, 2003.

(b) 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 adopted by the Railroad Commission of Texas is September 1, 2003 or later.

EXPLANATION OF AMENDMENTS

SECTION 2. of the bill, page2, between lines 13 and 14 is amended by adding Subsection(g).

Subsection(g) is added to read as follows: The lien provided by this section, as it relates to stored hydrocarbons, shall be subject to and inferior to any lien in favor of the State of Texas to secure royalty payments.

Section 52.136, Natural Resources Code, gives the General Land Office a first lien on all oil and gas production to secure payment of royalties. The proposed lien in HB 2613 would be superior to that of the General Land Office and could incur conflict in instances where the General Land Office and another agency, both acting on behalf of the State, have filed liens. In order to ensure that the payment of royalties owed the State is not jeopardized, this amendment clarifies that the superior lien, as it relates to stored hydrocarbons, is subject and inferior to any lien in favor of the State of Texas to secure payment of royalties owed to the State.