

AN ACT

relating to the ownership and use of carbon dioxide captured by a clean coal project.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle D, Title 3, Natural Resources Code, is amended by adding Chapter 119 to read as follows:

CHAPTER 119. OWNERSHIP OF CARBON DIOXIDE CAPTURED BY CLEAN COAL PROJECT

Sec. 119.001. DEFINITIONS. In this chapter:

(1) "Clean coal project" has the meaning assigned by Section 5.001, Water Code.

(2) "Commission" means the Railroad Commission of Texas.

Sec. 119.002. ACQUISITION OF CARBON DIOXIDE. (a) The commission shall acquire title to carbon dioxide captured by a clean coal project.

(b) The right, title, and interest in carbon dioxide acquired under this section are the property of the commission, acting on behalf of the state, and shall be administered and controlled by the commission in the name of the state.

(c) A right, title, or interest acquired under this section does not vest in any fund created by the Texas Constitution.

Sec. 119.003. TRANSFER COSTS. Carbon dioxide transferred to the state under Section 119.002 shall be transferred to the state

1 without cost, other than administrative and legal costs incurred in
2 making the transfer.

3 Sec. 119.004. LIABILITY. The transfer of title to the state
4 under Section 119.002 does not relieve an owner or operator of a
5 clean coal project of liability for any act or omission regarding
6 the generation of carbon dioxide performed before the carbon
7 dioxide was captured.

8 Sec. 119.005. SALE OF CARBON DIOXIDE FOR BENEFICIAL USE.

9 (a) The commission may sell, for enhanced oil recovery or other
10 beneficial use, carbon dioxide that is:

11 (1) captured by a clean coal project; and

12 (2) not injected for permanent storage in a geologic
13 formation.

14 (b) The commission shall deposit any proceeds from the sale
15 of carbon dioxide under this section to the credit of the general
16 revenue fund.

17 Sec. 119.006. INDEMNIFICATION. The University of Texas
18 System and the permanent university fund may enter into a lease with
19 the commission, or an owner or operator of a clean coal project, for
20 the use of lands owned or controlled by the system or fund for
21 permanent storage of carbon dioxide captured by a clean coal
22 project, provided that such lease adequately indemnifies the system
23 and fund against liability for personal injury or property damage
24 incurred by the system or fund as a result of the escape or
25 migration of the carbon dioxide after it is injected into a zone or
26 reservoir. This section does not affect the application of Chapter
27 101, Civil Practice and Remedies Code, to any activity carried out

1 by a governmental unit, as defined by that chapter.

2 SECTION 2. This Act takes effect September 1, 2006.

President of the Senate

Speaker of the House

I certify that H.B. No. 149 was passed by the House on May 12, 2006, by the following vote: Yeas 143, Nays 0, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 149 on May 15, 2006, by the following vote: Yeas 140, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 149 was passed by the Senate, with amendments, on May 15, 2006, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor