

BILL ANALYSIS

H.B. 1512
By: Merritt
Energy Resources
Committee Report (Unamended)

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 tremendous. 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 1512 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 1512 amends the Natural Resources Code to create the East Texas Oil Field Advisory Committee (committee) and 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. 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:

- (3) three board members of separate school districts;
- (3) three representatives of the oil industry; and
- (1) representative from Kilgore College.

The bill requires the bureau to make one report on or before January 1, 2007, 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 Field. Should the study result in a boost in production and changes in 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, 2007. The bill sets forth requirements for the commission relating to appointing members to the committee as soon as practicable.

H.B. 1512 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

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect, September 1, 2005

