

BILL ANALYSIS

C.S.H.B. 2984
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Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In 1991, the Texas legislature established the Oilfield Cleanup Fund under the jurisdiction of the Railroad Commission of Texas. The purpose of the fund is to plug and remediate abandoned well sites. The Fund consists of \$20 million per year which is financed by stakeholders in the Texas oil and gas industry, not by citizen tax dollars.

Over the years, the statute has become broader, and the use of the funds for plugging and remediating well sites has become arbitrary. Currently, there are monies from the Fund being used on activities that have nothing to do with the actual plugging and remediation of an abandoned well.

House Bill 2984 will help clarify the role and appropriate uses of the Oilfield Cleanup Fund. The bill clearly spells out the definitions for the orphan sites and orphan wells. It also mandates proportions for spending, replacing the arbitrary nature of the current expenditures, while protecting funds for surface and subsurface water resources. HB2984 will limit all administrative expenditures used by the Railroad Commission in the plugging and remediation process of orphaned well sites to 25 percent of the annual budget. The remaining 75 percent is required to be used to pay agents of the Railroad Commission to plug and remediate orphaned wells and wells sites. This proportion will help ensure that the funds are exercised as the legislature intended them to be.

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 1-3. Definitions and Conforming Changes

SECTION 4. Section 91.112, Natural Resources Code. PURPOSE OF THE FUND

(a)(1)-(2) Clarifies that the Railroad Commission, its employees, or other agents is authorized to use money in the oil-field cleanup fund to (1) conduct a site investigation or environmental assessment of orphan wells and orphan sites and (2) controlling or cleaning up oil and gas waste or other substances or materials regulated by the commission under Section 91.101 that are causing or are likely to cause the pollution of surface or subsurface water at orphan wells and orphaned sites.

(a)(3)-(5) Requires funds to be used for the plugging of orphaned wells and repeals the authority for money in the fund to be used to administer or enforce permits, orders, and rules relating to the commission's authority to prevent pollution under this chapter, Chapter 89, or any other law administered or enforced by the commission under Title 3 and implementing Subchapter N and enforcing rules, orders, permits adopted, or issued under that subchapter, and implementing the voluntary cleanup program.

(b)(4) Repeals the requirement for the fund's annual report to include the status of enforcement proceedings for all wells in violation of commission rules and the time period during which the wells have been in violation, by region in which the wells are located.

(b)(10) Repeals the requirement to include in the report the number of sites successfully remediated under the voluntary cleanup program.

(c) Prohibits the commission from using the fund for a purpose other than salaries to plug orphan wells or remediate surface locations more than 25 percent of the total amount of money in the fund spent by the commission in a state fiscal year.

(d) Requires the money that is spent in the fiscal year to be (1) no more than 20 percent for controlling or cleaning up oil and gas waste or other substances or materials regulated by the commission under Section 91.101 that are causing or are likely to cause the pollution of surface or subsurface water at orphan wells and orphaned sites, and (2) no less than 80 percent for plugging orphaned wells.

(e) Allows the commission to allocate additional funds, if the commission determines these allocated funds is insufficient to prevent or remediate the pollution of surface or subsurface water.

SECTION 6. Section 91.605(e), Natural Resources Code. (HAZARDOUS OIL AND GAS WASTE)

(e) Requires hazardous oil and gas waste fees to be deposited in the general revenue fund, instead of the oilfield cleanup fund.

EFFECTIVE DATE

September 1, 2005

COMPARISON OF ORIGINAL TO SUBSTITUTE

Includes "orphan site," as well as "orphan wells" to clarify definitions.

Amends SECTION 4. Section 91.112, Natural Resources Code (a) and (b) by repealing authority to use funds for administrative purposes.

Adds Section 91.112, Natural Resources Code (e) to protect surface and subsurface water.

Section 91.112, Natural Resources Code (c) changes from 20 to 25 percent the percentage of funds the commission can use for purpose other than paying agents of the commission to plug orphan wells or remediate surface locations.