

By: West

H.B. No. 2440

A BILL TO BE ENTITLED

AN ACT

relating to the regulation by the Railroad Commission of Texas of activities associated with multiple accumulations of hydrocarbons from which production by commingling of hydrocarbons is authorized.

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

SECTION 1. Section 86.081(b), Natural Resources Code, is amended to read as follows:

(b) When, as provided in Subsection (b) of Section 85.046 or Subsection (b) of Section 86.012 [~~of this code, as amended~~], the commission has permitted production by commingling oil or gas or oil and gas from multiple stratigraphic or lenticular accumulations of oil or gas or oil and gas, the commission may regulate all activities that are under its jurisdiction and associated with [~~prorate, allocate, and regulate the production of~~] such commingled, separate multiple stratigraphic or lenticular accumulations of oil or gas or oil and gas as if the accumulations [~~they~~] were a single common reservoir; provided, however, that:

(i) such commingling shall not cause the allocation of allowable production from a well producing from any separate accumulation or accumulations to be less than that which would result from the commission applying the provisions of Section 86.095 [~~of this code~~] to such accumulation or accumulations; and

(ii) the allocation of the allowable for such commingled production shall be based on not less than two factors

1    which the Railroad Commission shall take into account as directed  
2    by Section 86.089 [~~of this code~~].

3           SECTION 2.   The change in law made by this Act applies only  
4    to an activity that occurs on or after the effective date of this  
5    Act and that is associated with multiple accumulations of  
6    hydrocarbons from which the Railroad Commission of Texas authorizes  
7    production by commingling of hydrocarbons, as provided by Section  
8    85.046(b) or 86.012(b), Natural Resources Code, regardless of  
9    whether the authorization occurs before, on, or after the effective  
10   date of this Act.

11          SECTION 3.   This Act takes effect immediately if it receives  
12   a vote of two-thirds of all the members elected to each house, as  
13   provided by Section 39, Article III, Texas Constitution.  If this  
14   Act does not receive the vote necessary for immediate effect, this  
15   Act takes effect September 1, 2005.