

1-1 By: West (Senate Sponsor - Armbrister) H.B. No. 2440
1-2 (In the Senate - Received from the House April 25, 2005;
1-3 April 26, 2005, read first time and referred to Committee on
1-4 Natural Resources; May 20, 2005, reported favorably by the
1-5 following vote: Yeas 9, Nays 0; May 20, 2005, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the regulation by the Railroad Commission of Texas of
1-9 activities associated with multiple accumulations of hydrocarbons
1-10 from which production by commingling of hydrocarbons is authorized.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 86.081(b), Natural Resources Code, is
1-13 amended to read as follows:

1-14 (b) When, as provided in Subsection (b) of Section 85.046 or
1-15 Subsection (b) of Section 86.012 [~~of this code, as amended~~], the
1-16 commission has permitted production by commingling oil or gas or
1-17 oil and gas from multiple stratigraphic or lenticular accumulations
1-18 of oil or gas or oil and gas, the commission may regulate all
1-19 activities that are under its jurisdiction and associated with
1-20 [prorate, allocate, and regulate the production of] such
1-21 commingled, separate multiple stratigraphic or lenticular
1-22 accumulations of oil or gas or oil and gas as if the accumulations
1-23 [~~they~~] were a single common reservoir; provided, however, that:

1-24 (i) such commingling shall not cause the allocation of
1-25 allowable production from a well producing from any separate
1-26 accumulation or accumulations to be less than that which would
1-27 result from the commission applying the provisions of Section
1-28 86.095 [~~of this code~~] to such accumulation or accumulations; and

1-29 (ii) the allocation of the allowable for such
1-30 commingled production shall be based on not less than two factors
1-31 which the Railroad Commission shall take into account as directed
1-32 by Section 86.089 [~~of this code~~].

1-33 SECTION 2. The change in law made by this Act applies only
1-34 to an activity that occurs on or after the effective date of this
1-35 Act and that is associated with multiple accumulations of
1-36 hydrocarbons from which the Railroad Commission of Texas authorizes
1-37 production by commingling of hydrocarbons, as provided by Section
1-38 85.046(b) or 86.012(b), Natural Resources Code, regardless of
1-39 whether the authorization occurs before, on, or after the effective
1-40 date of this Act.

1-41 SECTION 3. This Act takes effect immediately if it receives
1-42 a vote of two-thirds of all the members elected to each house, as
1-43 provided by Section 39, Article III, Texas Constitution. If this
1-44 Act does not receive the vote necessary for immediate effect, this
1-45 Act takes effect September 1, 2005.

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