

By: West

H.B. No. 2984

A BILL TO BE ENTITLED

AN ACT

relating to the composition and use of money in the oil-field cleanup fund.

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

SECTION 1. Section 91.001, Natural Resources Code, is amended by adding Subdivision (4) to read as follows:

(4) "Orphaned well" means an oil or gas well:

(A) that has been inactive for at least 12 months; and

(B) the operator of which as shown in the records of the commission does not have a commission-approved organization report as required by Section 91.142.

SECTION 2. Section 91.013(a), Natural Resources Code, is amended to read as follows:

(a) If the owner of a well described in Subsection (a) of Section 91.012 of this code neglects or refuses to have the well plugged or shut in for more than 20 days after written notice is given to the owner [~~him~~], the owner or operator of adjacent or neighboring land may enter the premises on which the well is located and have the well plugged if it is an orphaned [~~abandoned~~] well or shut in if it is not an orphaned well [~~abandoned~~], in the manner provided by law.

SECTION 3. Sections 91.111(c) and (e), Natural Resources Code, are amended to read as follows:

1 (c) The fund consists of:

2 (1) penalties imposed under Section 85.381 for
3 violation of a law, order, or rule relating to well plugging
4 requirements;

5 (2) proceeds from bonds and other financial assurances
6 required by this chapter, subject to the refund provisions of
7 Section 91.1091;

8 (3) private contributions, including contributions
9 made under Section 89.084;

10 (4) expenses collected under Section 89.083;

11 (5) fees imposed under Section 85.2021;

12 (6) civil penalties collected for violations of
13 Chapter 89 or of rules or orders relating to plugging that are
14 adopted under this code;

15 (7) proceeds collected under Sections 89.085 and
16 91.115;

17 (8) interest earned on the funds deposited in the
18 fund;

19 (9) fees collected under Section 91.104;

20 (10) civil penalties or costs recovered under Section
21 91.457 or 91.459;

22 (11) oil and gas waste hauler permit application fees
23 collected under Section 29.015, Water Code;

24 (12) costs recovered under Section 91.113(f);

25 (13) ~~hazardous oil and gas waste generation fees~~
26 ~~collected under Section 91.605;~~

27 [~~14~~] oil-field cleanup regulatory fees on oil

1 collected under Section 81.116;

2 (14) [~~(15)~~] oil-field cleanup regulatory fees on gas
3 collected under Section 81.117;

4 (15) [~~(16)~~] fees for a reissued certificate collected
5 under Section 85.167;

6 (16) [~~(17)~~] fees collected under Section 91.1013;

7 (17) [~~(18)~~] fees collected under Section 89.088;

8 (18) [~~(19)~~] penalties collected under Section
9 81.0531;

10 (19) [~~(20)~~] fees collected under Section 91.142;

11 (20) [~~(21)~~] ~~fees collected under Section 91.654;~~

12 [~~(22)~~] costs recovered under Sections 91.656 and
13 91.657;

14 (21) [~~(23)~~] two-thirds of the fees collected under
15 Section 81.0521; and

16 (22) [~~(24)~~] legislative appropriations.

17 (e) The commission, through the legislative appropriations
18 request process, shall establish specific performance goals for the
19 oil-field cleanup fund for the next biennium, including goals for
20 the number of:

21 (1) site investigations and environmental assessments
22 to be conducted;

23 (2) orphaned [~~abandoned~~] wells to be plugged; and

24 (3) surface locations to be remediated.

25 SECTION 4. Section 91.112, Natural Resources Code, is
26 amended to read as follows:

27 Sec. 91.112. PURPOSE OF THE FUND. (a) Money in the fund may

1 be used by the commission or its employees or agents for:

2 (1) conducting a site investigation or environmental
3 assessment of orphaned wells and well sites to determine:

4 (A) the nature and extent of contamination caused
5 by oil and gas wastes or other substances or materials regulated by
6 the commission under Section 91.101; and

7 (B) the measures that should be taken to control
8 or clean up the wastes, substances, or materials described in
9 Paragraph (A);

10 (2) controlling or cleaning up oil and gas wastes or
11 other substances or materials regulated by the commission under
12 Section 91.101 that are causing or are likely to cause the pollution
13 of surface or subsurface water at orphaned well sites, consistent
14 with Section 91.113;

15 (3) plugging orphaned [~~abandoned~~] wells [~~and~~
16 ~~administering or enforcing permits, orders, and rules relating to~~
17 ~~the commission's authority to prevent pollution under this chapter,~~
18 ~~Chapter 89, or any other law administered or enforced by the~~
19 ~~commission under Title 3]; and~~

20 (4) [~~implementing Subchapter N and enforcing rules,~~
21 ~~orders, and permits adopted or issued under that subchapter,~~

22 [~~(5) implementing the voluntary cleanup program under~~
23 ~~Subchapter O, and~~

24 [~~(6)~~] preparing the report required under Subsection
25 (b).

26 (b) The commission shall submit to the legislature and make
27 available to the public, annually, a report that reviews the extent

1 to which money provided under Section 91.111 has enabled the
2 commission to better protect the environment and enhance the income
3 of the oil-field cleanup fund. The report shall include:

4 (1) the number of wells plugged, by region;

5 (2) the number of orphaned wells [~~abandoned~~], by
6 region;

7 (3) the number of inactive wells not currently in
8 compliance with commission rules, by region;

9 (4) [~~the status of enforcement proceedings for all~~
10 ~~wells in violation of commission rules and the time period during~~
11 ~~which the wells have been in violation, by region in which the wells~~
12 ~~are located,~~

13 [~~(5)~~] the number of surface locations remediated, by
14 region;

15 (5) [~~(6)~~] a detailed accounting of expenditures of
16 money in the fund, including expenditures for site investigations
17 and environmental assessments, plugging of orphaned [~~abandoned~~]
18 wells, remediation of surface locations, and staff salaries and
19 other administrative expenses;

20 (6) [~~(7)~~] the method by which the commission sets
21 priorities by which it determines the order in which orphaned
22 [~~abandoned~~] wells are plugged;

23 (7) [~~(8)~~] a projection of the amount of money needed
24 for the next biennium for conducting site investigations and
25 environmental assessments, plugging orphaned [~~abandoned~~] wells,
26 and remediating surface locations; and

27 (8) [~~(9)~~] the status of implementation of the

1 provisions of Section 89.085 relating to possession and sale of
2 equipment to recover plugging costs[~~, and~~

3 ~~[(10) the number of sites successfully remediated~~
4 ~~under the voluntary cleanup program under Subchapter O, by region].~~

5 (c) The commission may not use for administrative purposes
6 more than 20 percent of the total amount of money in the fund spent
7 by the commission in a state fiscal year.

8 (d) Of the money in the fund spent by the commission in a
9 state fiscal year for the purposes of Subsections (a)(2) and (3),
10 the commission shall spend:

11 (1) not more than 20 percent for the purposes of
12 Subsection (a)(2); and

13 (2) not less than 80 percent for the purposes of
14 Subsection (a)(3).

15 (e) Notwithstanding Subsection (d), if the commission
16 determines that the allocation of spending between Subsections
17 (a)(2) and (3) required by that subsection in a state fiscal year is
18 insufficient to prevent or remediate the pollution of subsurface
19 water, the commission may allocate:

20 (1) for the purposes of Subsection (a)(2) a greater
21 amount than the amount authorized by Subsection (d)(1); and

22 (2) for the purposes of Subsection (a)(3) a lesser
23 amount than the amount required by Subsection (d)(2).

24 SECTION 5. Section 91.1132, Natural Resources Code, is
25 amended to read as follows:

26 Sec. 91.1132. PRIORITIZATION OF HIGH-RISK WELLS. The
27 commission by rule shall develop a system for:

1 (1) identifying orphaned [~~abandoned~~] wells that pose a
2 high risk of contaminating surface water or groundwater;

3 (2) periodically testing high-risk wells by
4 conducting a fluid level test or, if necessary, a pressure test;
5 and

6 (3) giving priority to plugging high-risk wells with
7 compromised casings.

8 SECTION 6. Section 91.605(e), Natural Resources Code, is
9 amended to read as follows:

10 (e) The fees collected under this section shall be deposited
11 in the general revenue fund [~~oil-field cleanup fund~~].

12 SECTION 7. Section 91.654(e), Natural Resources Code, is
13 amended to read as follows:

14 (e) Fees collected under this section shall be deposited in
15 the general revenue fund [~~to the credit of the oil-field cleanup~~
16 ~~fund under Section 91.111~~].

17 SECTION 8. This Act takes effect September 1, 2005.