

By: Averitt

S.B. No. 1698

A BILL TO BE ENTITLED

AN ACT

relating to fees and penalties for oil and gas operations.

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

SECTION 1. Section 85.2021, Natural Resources Code, is amended to read as follows:

Sec. 85.2021. DRILLING PERMIT FEE. (a) With each application or materially amended application for a permit to drill, deepen, plug back, or reenter a well, the applicant shall submit to the commission a nonrefundable fee of:

(1) \$300 [~~\$200~~] if the total depth of the well is 2,000 feet or less, of which \$200 shall be deposited in the oil-field cleanup fund and \$100 shall be deposited in the general revenue fund to be used for the administration of the state's conservation laws;

(2) \$350 [~~\$225~~] if the total depth of the well is greater than 2,000 feet but less than or equal to 4,000 feet, of which \$225 shall be deposited in the oil-field cleanup fund and \$125 shall be deposited in the general revenue fund to be used for the administration of the state's conservation laws;

(3) \$400 [~~\$250~~] if the total depth of the well is greater than 4,000 feet but less than or equal to 9,000 feet, of which \$250 shall be deposited in the oil-field cleanup fund and \$150 shall be deposited in the general revenue fund to be used for the administration of the state's conservation laws;

(4) \$500 [~~\$300~~] if the total depth of the well is

1 greater than 9,000 feet, of which \$300 shall be deposited in the  
2 oil-field cleanup fund and \$200 shall be deposited in the general  
3 revenue fund to be used for the administration of the state's  
4 conservation laws.

5 (b) An applicant shall submit an additional nonrefundable  
6 fee of \$200 when a Rule 37 spacing or a Rule 38 density exception  
7 review is requested. All fees collected under this subsection  
8 shall be deposited in the oil-field cleanup fund.

9 (c) An applicant shall submit an additional nonrefundable  
10 fee of \$225 [~~\$150~~] when requesting that the commission expedite the  
11 application for a permit to drill, deepen, plug back, or reenter a  
12 well, of which \$150 shall be deposited in the oil-field cleanup fund  
13 and \$75 shall be deposited in the general revenue fund to be used  
14 for the administration of the state's conservation laws.

15 [~~(d) All fees collected under this section shall be~~  
16 ~~deposited in the state oil-field cleanup fund.]~~

17 SECTION 2. Subchapter F, Chapter 85, Natural Resources  
18 Code, is amended by adding Section 85.2022 to read as follows:

19 Sec. 85.2022. INACTIVE WELL FEE. (a) If two-thirds or  
20 more of the wells of an operator with five or more wells have been  
21 inactive for three years or more, the operator shall submit to the  
22 commission a nonrefundable inactive well fee of \$100 for each well  
23 that has been inactive for three years or more.

24 (b) The inactive well fee shall be paid annually at the time  
25 an operator's organization report is due. An organization report  
26 may not be approved until any inactive well fee due under this  
27 section has been paid.

1        (c) All fees collected under this section shall be deposited  
2 in the oil-field cleanup fund.

3        SECTION 3. Section 91.1013, Natural Resources Code, is  
4 amended to read as follows:

5        Sec. 91.1013. APPLICATION FEES. (a) With each application  
6 for a fluid injection well permit, the applicant shall submit to the  
7 commission a nonrefundable fee of \$300, of which \$200 shall be  
8 deposited in the oil-field cleanup fund and \$100 shall be deposited  
9 in the general revenue fund to be used for the administration of the  
10 state's conservation laws. In this section, "fluid injection well"  
11 means any well used to inject fluid or gas into the ground in  
12 connection with the exploration or production of oil or gas other  
13 than an oil and gas waste disposal well regulated by the commission  
14 pursuant to Chapter 27, Water Code.

15        (b) With each application for a permit to discharge to  
16 surface water under this chapter and commission rules, other than a  
17 permit for a discharge that meets National Pollutant Discharge  
18 Elimination System requirements for agricultural or wildlife use,  
19 the applicant shall submit to the commission a nonrefundable fee of  
20 \$500, of which \$300 shall be deposited in the oil-field cleanup fund  
21 and \$200 shall be deposited in the general revenue fund to be used  
22 for the administration of the state's conservation laws.

23        [~~(c) Fees collected under this section shall be deposited in~~  
24 ~~the state oil-field cleanup fund.]~~

25        SECTION 4. Section 91.111, Natural Resources Code, is  
26 amended by adding Subsection (b-1) and amending Subsection (c) to  
27 read as follows:

1        (b-1) When the sum of the general revenue portion of the  
2 fees collected under Sections 85.2021(a) and (c), 91.1013, and  
3 91.605 of this code and Section 27.0321, Water Code, exceeds \$2.9  
4 million in a fiscal year, the amount exceeding \$2.9 million shall be  
5 transferred to the oil-field cleanup fund.

6        (c) The fund consists of:

7            (1) penalties imposed under Section 85.381 for  
8 violation of a law, order, or rule relating to well plugging  
9 requirements;

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

13          (3) private contributions, including contributions  
14 made under Section 89.084;

15          (4) expenses collected under Section 89.083;

16          (5) fees imposed under Section 85.2021;

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

20          (7) proceeds collected under Sections 89.085 and  
21 91.115;

22          (8) interest earned on the funds deposited in the  
23 fund;

24          (9) fees collected under Section 91.104;

25          (10) civil penalties or costs recovered under Section  
26 91.457 or 91.459;

27          (11) oil and gas waste hauler permit application fees

1 collected under Section 29.015, Water Code;

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

3 (13) ~~[hazardous oil and gas waste generation fees~~  
4 ~~collected under Section 91.605,~~

5 ~~[(14)]~~ oil-field cleanup regulatory fees on oil  
6 collected under Section 81.116;

7 (14) ~~[(15)]~~ oil-field cleanup regulatory fees on gas  
8 collected under Section 81.117;

9 (15) ~~[(16)]~~ fees for a reissued certificate collected  
10 under Section 85.167;

11 (16) ~~[(17)]~~ fees collected under Section 91.1013;

12 (17) ~~[(18)]~~ fees collected under Section 89.088;

13 (18) ~~[(19)]~~ penalties collected under Section  
14 81.0531;

15 (19) ~~[(20)]~~ fees collected under Section 91.142;

16 (20) ~~[(21)]~~ fees collected under Section 91.654;

17 (21) ~~[(22)]~~ costs recovered under Sections 91.656 and  
18 91.657;

19 (22) fees collected under Section 85.2022;

20 (23) amounts transferred under Subsection (b-1);

21 (24) two-thirds of the fees collected under Section  
22 81.0521; and

23 (25) ~~[(24)]~~ legislative appropriations.

24 SECTION 5. Section 91.142, Natural Resources Code, is  
25 amended by adding Subsections (i) and (j) to read as follows:

26 (i) Notwithstanding the provisions of Subsection (g), if  
27 the fee required by this section has not been paid in full to the

1 commission on or before the fifth business day after the due date as  
2 determined by the commission, the commission shall suspend the  
3 organization report of the delinquent organization until both the  
4 unpaid organization report fee required by Subsection (g) and a  
5 penalty amount equal to that fee have been paid in full.

6 (j) All fees and penalties collected under this section  
7 shall be deposited in the oil-field cleanup fund.

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

10 (e) The fees collected under this section shall be deposited  
11 in the general revenue fund to be used for the administration of the  
12 state's conservation laws [~~oil-field cleanup fund~~].

13 SECTION 7. Section 27.0321, Water Code, is amended to read  
14 as follows:

15 Sec. 27.0321. APPLICATION FEE. With each application for  
16 an oil and gas waste disposal well permit, the applicant shall  
17 submit to the railroad commission a nonrefundable fee of \$300, of  
18 which \$100 shall be deposited in the oil-field cleanup fund and \$200  
19 shall be deposited in the general revenue fund to be used for the  
20 administration of the state's conservation laws.

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