

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. Subsection (c), Section 81.0521, Natural Resources Code, is amended to read as follows:

(c) The [~~Two-thirds of the~~] proceeds from this fee, including any penalties collected in connection with the fee, shall be deposited to the General Revenue Fund to be used for the administration of the state's conservation laws [~~oil-field cleanup fund as provided by Section 91.111~~].

SECTION 2. Subsection (e), Section 81.0531, Natural Resources Code, is amended to read as follows:

(e) A penalty collected under this section shall be deposited to the credit of the General Revenue Fund to be used for the administration of the state's conservation laws [~~oil-field cleanup fund~~].

SECTION 3. Section 81.112, Natural Resources Code, is amended to read as follows:

Sec. 81.112. DISPOSITION OF FEE AND PENALTY [~~TAX~~] PROCEEDS.

(a) The fees and penalties collected under Sections 81.0521, 81.0531, 85.167, 85.2021, 85.381, 89.121, 91.1013, 91.264, and 91.459 of this code and Section 27.0321, Water Code, [tax] shall be deposited in the General Revenue Fund to be used for the administration of the state's conservation laws.

1 (b) When the sum of the fees collected under Sections
2 85.2021(a) and (c) of this code, Section 91.1013 of this code, and
3 Section 27.0321, Water Code, exceeds \$7.5 million in a fiscal year,
4 the amount in excess of \$7.5 million shall be transferred to the
5 state oil-field cleanup fund.

6 SECTION 4. Section 81.113, Natural Resources Code, is
7 amended to read as follows:

8 Sec. 81.113. USE OF FEE AND PENALTY [~~TAX~~] PROCEEDS.
9 Proceeds from the fees and penalties collected under Sections
10 81.0521, 81.0531, 85.167, 85.2021, 85.381, 89.121, 91.1013,
11 91.264, and 91.459 of this code and Section 27.0321, Water Code,
12 [~~tax~~] shall be used for the administration of the state's oil and
13 gas conservation laws.

14 SECTION 5. The heading to Section 81.116, Natural Resources
15 Code, is amended to read as follows:

16 Sec. 81.116. OIL-FIELD CLEANUP [~~REGULATORY~~] FEE ON OIL.

17 SECTION 6. Subsections (a) and (b), Section 81.116, Natural
18 Resources Code, are amended to read as follows:

19 (a) An oil-field cleanup [~~regulatory~~] fee is imposed on
20 crude petroleum produced in this state in the amount of
21 thirteen-sixteenths [~~five-eighths~~] of one cent on each barrel of 42
22 standard gallons.

23 (b) The fee is in addition to, and independent of any
24 liability for, the taxes imposed under [~~Section 81.111 of this code~~
25 ~~and~~] Chapter 202, Tax Code.

26 SECTION 7. The heading to Section 81.117, Natural Resources
27 Code, is amended to read as follows:

1 Sec. 81.117. OIL-FIELD CLEANUP [~~REGULATORY~~] FEE ON GAS.

2 SECTION 8. Subsection (a), Section 81.117, Natural
3 Resources Code, is amended to read as follows:

4 (a) An oil-field cleanup [~~regulatory~~] fee is imposed on gas
5 initially produced and saved in this state in the amount of
6 one-fifteenth of one cent for each thousand cubic feet.

7 SECTION 9. Subsection (b), Section 85.167, Natural
8 Resources Code, is amended to read as follows:

9 (b) Fees collected under this section shall be deposited to
10 the General Revenue Fund to be used for the administration of the
11 state's conservation laws [~~oil-field cleanup fund~~].

12 SECTION 10. Subsections (a), (c), and (d), Section 85.2021,
13 Natural Resources Code, are amended to read as follows:

14 (a) With each application or materially amended application
15 for a permit to drill, deepen, plug back, or reenter a well, the
16 applicant shall submit to the commission a nonrefundable fee of:

17 (1) \$300 [~~\$200~~] if the total depth of the well is 2,000
18 feet or less;

19 (2) \$350 [~~\$225~~] if the total depth of the well is
20 greater than 2,000 feet but less than or equal to 4,000 feet;

21 (3) \$400 [~~\$250~~] if the total depth of the well is
22 greater than 4,000 feet but less than or equal to 9,000 feet;

23 (4) \$500 [~~\$300~~] if the total depth of the well is
24 greater than 9,000 feet.

25 (c) An applicant shall submit an additional nonrefundable
26 fee of \$225 [~~\$150~~] when requesting that the commission expedite the
27 application for a permit to drill, deepen, plug back, or reenter a

1 well.

2 (d) All fees collected under this section shall be deposited
3 in the General Revenue Fund to be used for the administration of the
4 state's conservation laws [~~state oil-field cleanup fund~~].

5 SECTION 11. Subchapter F, Chapter 85, Natural Resources
6 Code, is amended by adding Section 85.2022 to read as follows:

7 Sec. 85.2022. INACTIVE WELL FEE. (a) If two-thirds or
8 more of the wells of an operator with five or more wells have been
9 inactive for three years or more, the operator shall submit to the
10 Commission a nonrefundable inactive well fee of \$100 for each well
11 that has been inactive for three years or more.

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

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

18 SECTION 12. Section 85.381, Natural Resources Code, is
19 amended by adding Subsection (c) to read as follows:

20 (c) Penalties collected under this section shall be
21 deposited in the General Revenue Fund to be used for the
22 administration of the state's conservation laws.

23 SECTION 13. Subsection (b), Section 89.121, Natural
24 Resources Code, is amended to read as follows:

25 (b) Civil penalties collected for violations of this
26 chapter or of rules relating to plugging that are adopted under this
27 code shall be deposited in the General Revenue Fund to be used for

1 the administration of the state's conservation laws [~~state~~
2 ~~oil-field cleanup fund~~].

3 SECTION 14. 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 [~~\$200~~]. In this section,
8 "fluid injection well" means any well used to inject fluid or gas
9 into the ground in connection with the exploration or production of
10 oil or gas other than an oil and gas waste disposal well regulated
11 by the commission pursuant to Chapter 27, Water Code.

12 (b) With each application for a permit to discharge to
13 surface water under this chapter and commission rules, other than a
14 permit for a discharge that meets National Pollutant Discharge
15 Elimination System requirements for agricultural or wildlife use,
16 the applicant shall submit to the commission a nonrefundable fee of
17 \$500 [~~\$300~~].

18 (c) Fees collected under this section shall be deposited in
19 the General Revenue Fund to be used for the administration of the
20 state's conservation laws [~~state oil-field cleanup fund~~].

21 SECTION 15. Subsections (b) and (c), Section 91.111,
22 Natural Resources Code, are amended to read as follows:

23 (b) The commission shall certify to the comptroller the date
24 on which the balance in the fund equals or exceeds \$20 million. The
25 oil-field cleanup [~~regulatory~~] fees on oil and gas shall not be
26 collected or required to be paid on or after the first day of the
27 second month following the certification, except that the

1 comptroller shall resume collecting the fees on receipt of a
2 commission certification that the fund has fallen below \$10
3 million. The comptroller shall continue collecting the fees until
4 collections are again suspended in the manner provided by this
5 subsection.

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
11 assurances required by this chapter, subject to the refund
12 provisions of Section 91.1091;

13 (2) [~~(3)~~] private contributions, including
14 contributions made under Section 89.084;

15 (3) [~~(4)~~] expenses collected under Section 89.083;

16 (4) [~~(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 (5) [~~(8)~~] interest earned on the funds deposited in
23 the fund;

24 (6) [~~(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

1 fees collected under Section 29.015, Water Code;

2 (7) [~~(12)~~] costs recovered under Section 91.113(f);

3 (8) [~~(13)~~] hazardous oil and gas waste generation fees
4 collected under Section 91.605;

5 (9) [~~(14)~~] oil-field cleanup [~~regulatory~~] fees on oil
6 collected under Section 81.116;

7 (10) [~~(15)~~] oil-field cleanup [~~regulatory~~] fees on
8 gas collected under Section 81.117;

9 (11) [~~(16)~~] ~~fees for a reissued certificate collected~~
10 ~~under Section 85.167;~~

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

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

13 (12) [~~(19)~~] ~~penalties collected under Section 81.0531;~~

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

15 (13) [~~(21)~~] fees collected under Section 91.654;

16 (14) [~~(22)~~] costs recovered under Sections 91.656 and
17 91.657;

18 (15) fees collected under Section 85.2022;

19 (16) amounts transferred under Section 81.112;

20 [~~(23)~~] ~~two-thirds of the fees collected under Section~~
21 ~~81.0521,~~] and

22 (17) [~~(24)~~] legislative appropriations.

23 SECTION 16. Section 91.112, Natural Resources Code, is
24 amend by adding Subsection (c) to read as follows:

25 (c) Not more than 10 percent of the money expended by the
26 fund in any fiscal year may be used to pay the expenses of
27 administering the fund during that fiscal year.

1 SECTION 17. Section 91.142, Natural Resources Code, is
2 amended by adding Subsections (i) and (j) to read as follows:

3 (i) Notwithstanding the provisions of Subsection (g), if
4 the fee required by this section has not been paid in full to the
5 commission within five business days after the due date as
6 determined by the commission, the commission shall suspend the
7 organization report of the delinquent organization until both the
8 unpaid organization report fee required by Subsection (g) and a
9 penalty amount equal to that fee have been paid in full.

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

12 SECTION 18. Subsection (c), Section 91.264, Natural
13 Resources Code, is amended to read as follows:

14 (c) A penalty collected under this section shall be
15 deposited in the General Revenue Fund to be used for the
16 administration of the state's conservation laws [~~to the credit of~~
17 ~~the oil-field cleanup fund account~~].

18 SECTION 19. Subsection (c), Section 91.459, Natural
19 Resources Code, is amended to read as follows:

20 (c) Any penalties or costs recovered by the attorney general
21 under this subchapter shall be deposited in the General Revenue
22 Fund to be used for the administration of the state's conservation
23 laws [~~oil-field cleanup fund~~].

24 SECTION 20. Section 27.0321, Water Code, is amended to read
25 as follows:

26 Sec. 27.0321. APPLICATION FEE. (a) With each application
27 for an oil and gas waste disposal well permit, the applicant shall

1 submit to the railroad commission a nonrefundable fee of \$300
2 [~~\$100~~].

3 (b) All fees collected under this section shall be deposited
4 in the General Revenue Fund to be used for the administration of the
5 state's conservation laws.

6 SECTION 21. Section 81.111, Natural Resources Code, is
7 repealed.

8 SECTION 22. This Act takes effect September 1, 2005.