

1-1 By: Averitt S.B. No. 1698
1-2 (In the Senate - Filed March 11, 2005; March 30, 2005, read
1-3 first time and referred to Committee on Natural Resources;
1-4 April 29, 2005, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 8, Nays 0; April 29, 2005,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1698 By: Lindsay

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to fees and penalties for oil and gas operations.

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

1-12 SECTION 1. Section 85.2021, Natural Resources Code, is
1-13 amended to read as follows:

1-14 Sec. 85.2021. DRILLING PERMIT FEE. (a) With each
1-15 application or materially amended application for a permit to
1-16 drill, deepen, plug back, or reenter a well, the applicant shall
1-17 submit to the commission a nonrefundable fee of:

1-18 (1) \$300 [~~\$200~~] if the total depth of the well is 2,000
1-19 feet or less, of which \$200 shall be deposited in the oil-field
1-20 cleanup fund and \$100 shall be deposited in the general revenue fund
1-21 to be used for the administration of the state's conservation laws;

1-22 (2) \$350 [~~\$225~~] if the total depth of the well is
1-23 greater than 2,000 feet but less than or equal to 4,000 feet, of
1-24 which \$225 shall be deposited in the oil-field cleanup fund and \$125
1-25 shall be deposited in the general revenue fund to be used for the
1-26 administration of the state's conservation laws;

1-27 (3) \$400 [~~\$250~~] if the total depth of the well is
1-28 greater than 4,000 feet but less than or equal to 9,000 feet, of
1-29 which \$250 shall be deposited in the oil-field cleanup fund and \$150
1-30 shall be deposited in the general revenue fund to be used for the
1-31 administration of the state's conservation laws;

1-32 (4) \$500 [~~\$300~~] if the total depth of the well is
1-33 greater than 9,000 feet, of which \$300 shall be deposited in the
1-34 oil-field cleanup fund and \$200 shall be deposited in the general
1-35 revenue fund to be used for the administration of the state's
1-36 conservation laws.

1-37 (b) An applicant shall submit an additional nonrefundable
1-38 fee of \$200 when a Rule 37 spacing or a Rule 38 density exception
1-39 review is requested. All fees collected under this subsection
1-40 shall be deposited in the oil-field cleanup fund.

1-41 (c) An applicant shall submit an additional nonrefundable
1-42 fee of \$225 [~~\$150~~] when requesting that the commission expedite the
1-43 application for a permit to drill, deepen, plug back, or reenter a
1-44 well, of which \$150 shall be deposited in the oil-field cleanup fund
1-45 and \$75 shall be deposited in the general revenue fund to be used
1-46 for the administration of the state's conservation laws.

1-47 [~~(d) All fees collected under this section shall be~~
1-48 ~~deposited in the state oil-field cleanup fund.]~~

1-49 SECTION 2. Subchapter F, Chapter 85, Natural Resources
1-50 Code, is amended by adding Section 85.2022 to read as follows:

1-51 Sec. 85.2022. INACTIVE WELL FEE. (a) If two-thirds or
1-52 more of the wells of an operator with five or more wells have been
1-53 inactive for three years or more, the operator shall submit to the
1-54 commission a nonrefundable inactive well fee of \$100 for each well
1-55 that has been inactive for three years or more.

1-56 (b) The inactive well fee shall be paid annually at the time
1-57 an operator's organization report is due. An organization report
1-58 may not be approved until any inactive well fee due under this
1-59 section has been paid.

1-60 (c) All fees collected under this section shall be deposited
1-61 in the oil-field cleanup fund.

1-62 SECTION 3. Section 91.1013, Natural Resources Code, is
1-63 amended to read as follows:

2-1 Sec. 91.1013. APPLICATION FEES. (a) With each application
2-2 for a fluid injection well permit, the applicant shall submit to the
2-3 commission a nonrefundable fee of \$300, of which \$200 shall be
2-4 deposited in the oil-field cleanup fund and \$100 shall be deposited
2-5 in the general revenue fund to be used for the administration of the
2-6 state's conservation laws. In this section, "fluid injection well"
2-7 means any well used to inject fluid or gas into the ground in
2-8 connection with the exploration or production of oil or gas other
2-9 than an oil and gas waste disposal well regulated by the commission
2-10 pursuant to Chapter 27, Water Code.

2-11 (b) With each application for a permit to discharge to
2-12 surface water under this chapter and commission rules, other than a
2-13 permit for a discharge that meets National Pollutant Discharge
2-14 Elimination System requirements for agricultural or wildlife use,
2-15 the applicant shall submit to the commission a nonrefundable fee of
2-16 \$500, of which \$300 shall be deposited in the oil-field cleanup fund
2-17 and \$200 shall be deposited in the general revenue fund to be used
2-18 for the administration of the state's conservation laws.

2-19 ~~[(c) Fees collected under this section shall be deposited in~~
2-20 ~~the state oil-field cleanup fund.]~~

2-21 SECTION 4. Section 91.111, Natural Resources Code, is
2-22 amended by adding Subsection (b-1) and amending Subsection (c) to
2-23 read as follows:

2-24 (b-1) When the sum of the general revenue portion of the
2-25 fees collected under Sections 85.2021(a) and (c), 91.1013, and
2-26 91.605 of this code and Section 27.0321, Water Code, exceeds \$2.9
2-27 million in a fiscal year, the amount exceeding \$2.9 million shall be
2-28 transferred to the oil-field cleanup fund.

2-29 (c) The fund consists of:

2-30 (1) penalties imposed under Section 85.381 for
2-31 violation of a law, order, or rule relating to well plugging
2-32 requirements;

2-33 (2) proceeds from bonds and other financial assurances
2-34 required by this chapter, subject to the refund provisions of
2-35 Section 91.1091;

2-36 (3) private contributions, including contributions
2-37 made under Section 89.084;

2-38 (4) expenses collected under Section 89.083;

2-39 (5) fees imposed under Section 85.2021;

2-40 (6) civil penalties collected for violations of
2-41 Chapter 89 or of rules or orders relating to plugging that are
2-42 adopted under this code;

2-43 (7) proceeds collected under Sections 89.085 and
2-44 91.115;

2-45 (8) interest earned on the funds deposited in the
2-46 fund;

2-47 (9) fees collected under Section 91.104;

2-48 (10) civil penalties or costs recovered under Section
2-49 91.457 or 91.459;

2-50 (11) oil and gas waste hauler permit application fees
2-51 collected under Section 29.015, Water Code;

2-52 (12) costs recovered under Section 91.113(f);

2-53 (13) ~~hazardous oil and gas waste generation fees~~
2-54 ~~collected under Section 91.605;~~

2-55 ~~[(14)]~~ oil-field cleanup regulatory fees on oil
2-56 collected under Section 81.116;

2-57 (14) ~~[(15)]~~ oil-field cleanup regulatory fees on gas
2-58 collected under Section 81.117;

2-59 (15) ~~[(16)]~~ fees for a reissued certificate collected
2-60 under Section 85.167;

2-61 (16) ~~[(17)]~~ fees collected under Section 91.1013;

2-62 (17) ~~[(18)]~~ fees collected under Section 89.088;

2-63 (18) ~~[(19)]~~ penalties collected under Section
2-64 81.0531;

2-65 (19) ~~[(20)]~~ fees collected under Section 91.142;

2-66 (20) ~~[(21)]~~ fees collected under Section 91.654;

2-67 (21) ~~[(22)]~~ costs recovered under Sections 91.656 and
2-68 91.657;

2-69 (22) fees collected under Section 85.2022;

3-1 (23) amounts transferred under Subsection (b-1);
3-2 (24) two-thirds of the fees collected under Section
3-3 81.0521; and
3-4 (25) [~~(24)~~] legislative appropriations.

3-5 SECTION 5. Section 91.142, Natural Resources Code, is
3-6 amended by adding Subsections (i) and (j) to read as follows:

3-7 (i) Notwithstanding the provisions of Subsection (g), if
3-8 the fee required by this section has not been paid in full to the
3-9 commission on or before the fifth business day after the due date as
3-10 determined by the commission, the commission shall suspend the
3-11 organization report of the delinquent organization until both the
3-12 unpaid organization report fee required by Subsection (g) and a
3-13 penalty amount equal to that fee have been paid in full.

3-14 (j) All fees and penalties collected under this section
3-15 shall be deposited in the oil-field cleanup fund.

3-16 SECTION 6. Subsection (e), Section 91.605, Natural
3-17 Resources Code, is amended to read as follows:

3-18 (e) The fees collected under this section shall be deposited
3-19 in the general revenue fund to be used for the administration of the
3-20 state's conservation laws [~~oil-field cleanup fund~~].

3-21 SECTION 7. Section 27.0321, Water Code, is amended to read
3-22 as follows:

3-23 Sec. 27.0321. APPLICATION FEE. With each application for
3-24 an oil and gas waste disposal well permit, the applicant shall
3-25 submit to the railroad commission a nonrefundable fee of \$300, of
3-26 which \$100 shall be deposited in the oil-field cleanup fund and \$200
3-27 shall be deposited in the general revenue fund to be used for the
3-28 administration of the state's conservation laws.

3-29 SECTION 8. This Act takes effect September 1, 2005.

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