

## **BILL ANALYSIS**

Senate Research Center

H.B. 521  
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Natural Resources  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

As the number of permits granted for commercial disposal wells in Texas has grown problems with the application process have also increased. Under current rules adopted and enforced by the Railroad Commission of Texas (railroad commission) applicants are required to notify surface owners of their application for a permit to dispose of oil and gas waste; however, those surface owners have no obligation to notify a tenant or contract-for-deed purchaser occupying the property. This provides the land-occupier no course of action to formally protest the disposal well.

H.B. 521 directs the railroad commission to add to existing rules the requirement that the owner of the surface property notify any tenant or contract-for-deed purchaser. Additionally, H.B. 521 requires the applicant to notify certain persons and entities.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the Railroad Commission of Texas is modified in SECTION 1 (Section 27.034, Water Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 27.034, Water Code, by adding Subsections (a-1), (a-2), and (a-3) as follows:

(a-1) Provides that in connection with an application for a permit to dispose of oil and gas waste in a commercial disposal well, as defined by the Railroad Commission of Texas (railroad commission), the rules adopted under Subsection (a) must, at a minimum, require the applicant to give notice of the application to certain persons, require each owner of record of a surface tract who receives notice of the application under Subdivision (1)(A) to give notice of the application to each surface lessee or purchaser under certain contracts or executory conveyance of the tract who occupies a residence located on the tract, requires the applicant to publish notice of the application in certain newspapers, and provide each person who receives notice of the application under Subdivision (1) an opportunity to request a public hearing on the application.

(a-2) Provides that the failure of a person who receives notice of an application under Subsection (a-1)(1)(A) to give notice of the application to any person to whom the person is required to give notice under Subsection (a-1)(2) does not invalidate any permit issued by the railroad commission.

(a-3) Provides that the railroad commission is not required to hold more than one public hearing on an application regardless of the number of persons who request a hearing.

SECTION 2. Amends Section 27.105(a), Water Code, to provide that a person who knowingly or intentionally violates a rule of the railroad commission other than a rule adopted under Section 27.034(a-1)(2) is subject to a fine of not more than \$5,000 for each violation and for each day of violation.

SECTION 3. Effective date: September 1, 2007.