

BILL ANALYSIS

C.S.H.B. 521
By: Miller
Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

With the growing number of permits granted for commercial disposal wells in Texas, there has also been an increase in problems with the application process. Currently, the Railroad Commission (RRC) adopts and enforces rules relating to the process. Though applicants are currently required to notify surface owners of their application for a permit to dispose of oil and gas waste, those surface owners have no obligation to notify a tenant or contract-for-deed purchaser occupying the property. This gives the land-occupier no course of action by which to formally protest the disposal well.

This bill would direct the RRC to add to their existing rules, a requirement that the owner of the surface property to notify any tenant or contract-for-deed purchaser. Additionally, this bill would require the applicant to notify certain people and entities.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

This bill amends the Water Code by amending the requirements dealing with notice provided by an applicant for a permit to dispose of oil and gas waste in a commercial disposal well and requires applicants to provide notice to certain people and entities including certain newspapers. The bill also requires each owner of record of a surface tract who receives notice of an application for a permit to dispose of oil and gas waste in a commercial disposal well to provide notice of this application to each surface lessee or purchaser under a contract for deed, executory contract, or other executory conveyance of the tract who occupies a residence located on the tract.

This bill provides that each person who receives notice of the application has an opportunity to request a public hearing on the application, but provides that the RRC is not required to hold more than one public hearing on an application regardless of the number of persons who request a hearing.

This bill provides that failure of a person who receives notice of an application under this Act to give notice of the application to any person whom they are required to give notice by this Act does not invalidate any permit issued by the RRC.

This bill states that a person commits an offense if the person knowingly violates a rule of the RRC adopted under this Act, and that the offense is a Class C misdemeanor.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute adds subsections (a-2) and (a-3) under Section 1 of the substitute. The substitute adds the commissioners court of the county in which the well is proposed to be located; and any groundwater conservation district in which the well is proposed to be located, to the list of those

that an applicant is required to provide notice of the application. The substitute adds the words "of the application" to certain areas of the bill dealing with notice so that the substitute reads "notice of the application" in certain areas of the bill. The substitute adds the phrase "who occupies a residence located on the tract" to the section dealing with the requirement of a surface tract owner to provide notice.

The substitute requires the applicant to publish notice of the application in certain newspapers as specified by the bill.