

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1335
By: Estes
Natural Resources
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law does not address the issue of notice of oil and gas operations to be provided by oil and gas operators to landowners. Occasionally, land owners are not aware that an oil and gas exploration and production company has a permit to use the landowner's land, creating problems with the relationship between oil and gas exploration and production companies and land owners. The Barnett Shale is unique in that exploration and production is often taking place in the midst of suburban development.

C.S.S.B. 1335 requires an oil and gas exploration and production company to give written notice to a landowner within 15 business days of receiving their drilling permit. This bill also requires the notice to go to the first name of the tax appraisal roles, authorizes the landowner and driller to contract around the provision, and clarifies that this law does nothing to change the dominance of the mineral estate. Finally, this bill provides that this requirement will only affect new drill sites.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 91, Natural Resources Code, by adding Subchapter P, as follows:

SUBCHAPTER P. NOTICE OF PERMIT FOR CERTAIN OIL AND GAS OPERATIONS

Sec. 91.701. DEFINITION. Defines "surface owner."

Sec. 91.702. APPLICABILITY. Provides that this subchapter applies only to the drilling of a new oil or gas well or the reentry of a plugged and abandoned oil or gas well. Provides that this subchapter does not apply to the plugging back, reworking, sidetracking, or deepening of an existing oil or gas well that has not been plugged and abandoned or the use of a surface location that is the site of an existing oil or gas well that has not been plugged and abandoned to drill a horizontal oil or gas well.

Sec. 91.703. NOTICE REQUIRED. (a) Requires an oil or gas well operator, not later than the 15th business day after the date the Railroad Commission of Texas (commission) issues the operator a permit to drill a new oil or gas well or to reenter a plugged and abandoned oil or gas well, to give written notice of the issuance of the permit to the surface owner of the tract of land on which the well is located or is proposed to be located.

(b) Provides that an oil or gas well operator is not required to give notice under this subchapter to a surface owner if the operator and the surface owner have entered into an agreement that contains alternative provisions regarding the operator's obligation to give notice of oil and gas operations or the surface owner has waived in writing the owner's right to notice under this subchapter.

Sec. 91.704. ADDRESS FOR NOTICE. Requires the notice to be given to the surface owner at the surface owner's address as shown by the records of the county tax assessor-collector at the time the notice is given.

Sec. 91.705. COMMISSION PERMITS AND RIGHTS OF OWNER OF MINERAL ESTATE NOT AFFECTED. (a) Provides that this subchapter does not affect the status of any rule of law to the effect that the mineral estate in land is dominant over the surface estate.

(b) Provides that failure to give notice as required by this subchapter does not restrict, limit, work as a forfeiture of, or terminate any existing or future permit issued by the commission or right to develop the mineral estate in land.

SECTION 2. Makes application of this Act prospective to October 1, 2007.

SECTION 3. Effective date: September 1, 2007.