

## **BILL ANALYSIS**

C.S.S.B. 1574  
By: Duncan  
Energy Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under current law, the Railroad Commission of Texas (railroad commission) lacks statutory authority to address the issue of older oilfield lease contracts being outdated and containing few, if any, provisions relating to safety, environmental harm, or idle equipment. Some leases date back to the 1920s and have transferred to multiple operators since that time.

According to a Department of State Health Services mortality report, the 2006 wildfires in the Texas panhandle burned more than 900,000 acres and caused 12 reported human deaths. The two largest of these fires were caused by power lines downed by sustained winds of 46 miles per hour and gusts up to 52 miles per hour. Allegedly, at least one of the downed lines was an oilfield electric line that had not been properly maintained. While the majority of electrical lines are built to generally accepted standards, some oilfield leases throughout this state contain sagging electrical lines connected to crossbars that are dangling on deteriorated poles. These lines represent an extreme hazard to public health and property. This bill offers solutions to help resolve this problem.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTION 2 of this bill.

### **ANALYSIS**

This bill amends the Natural Resources Code by adding a subchapter entitled "Miscellaneous Provisions Regarding Use of Surface of Land in Connection with Oil and Gas-related Activities." This bill states that an operator shall construct, operate, and maintain an electrical power line serving a well site or other surface facility employed in operations incident to oil and gas development and production in accordance with the National Electrical Code published by the National Fire Protection Association and adopted by the Texas Commission of Licensing and Regulation.

This bill further states that an operator shall de-energize an electrical power line to an inactive well or other inactive well-site equipment not later than the 90th day after the date the well or well-site equipment becomes inactive. This bill states that the operator may re-energize a line to an inactive well or other inactive well-site equipment to restore production from the well, to monitor or control the well, or if the commission approves re-energizing the line.

This bill states that the Railroad Commission of Texas (commission) shall post on the commission's website information regarding the standards for construction, operation, and maintenance of electrical power lines that is sufficient to inform an operator regarding how to comply with this section. This bill also states that the commission shall adopt rules to implement the provisions outlined by this bill.

This bill clarifies that an operator is not required to comply with the provisions of the Act, until the second anniversary of the date the commission posts the information regarding the standards for construction, operation, and maintenance of electrical power lines on the commission website.

## **EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

## **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute deletes the following phrase from the caption of the original bill "including the gathering of oil or gas by pipeline."

The substitute deletes the following; the section dealing with definitions, the section dealing with transfer or removal of well-site equipment, the section dealing with standards for maintenance of certain pipelines, the section dealing with action for injunction, the section dealing with action for costs, the section dealing with fees and costs, the section dealing with mandatory mediation, the section dealing with trial.

The substitute adds to the section dealing with standards for construction, operation, and maintenance of electrical power lines by stating that an operator shall de-energize an electrical power line "not later than the 90th day after the date the well or well-site equipment becomes inactive. The operator may re-energize a line to an inactive well or other inactive well-site equipment to restore production from the well, to monitor or control the well, or if the commission approves re-energizing the line."

The substitute adds language that states that the commission shall post on the commission's website information regarding the standards for construction, operation, and maintenance of electrical power lines that is sufficient to inform an operator regarding how to comply with the provisions of the bill. The substitute changes the language of Section 3 of both the engrossed and substituted versions.