

BILL ANALYSIS

C.S.S.B. 1670
By: Averitt
Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Railroad Commission of Texas (commission) repeatedly experiences problems collecting outstanding reconnecting fees from oil and gas operators.

This bill requires outstanding fees to be paid before receiving or renewing a certificate of compliance from the commission and prohibits operation of any well if the person operating the well does not show a certificate of compliance or if the certificate of compliance has been cancelled.

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 redesignates Subchapter E, Chapter 85, Natural Resources Code, as Subchapter P, Chapter 91, Natural Resources Code, and amends it.

This bill states that the owner or operator of any well subject to the jurisdiction of the commission shall secure from the commission a certificate showing compliance with certain requirements as specified by this bill.

This bill prohibits an operator of a pipeline or other carrier from connecting with any well subject to the jurisdiction of the commission until the owner or operator of the well furnishes a certificate from the commission that the owner or operator has complied with certain requirements as specified by this bill.

This bill states that it is unlawful for the operator of a pipeline or other carrier to "reconnect to" the well until a new certificate of compliance has been issued by the commission. Existing law states "transport oil from."

This bill states that if an operator uses or reports use of a well for production, injection, or disposal for which the operator's certificate of compliance has been cancelled, the commission may refuse to renew the operator's organization report until the operator pays the fee and the commission issues the certificate of compliance required for that well.

This bill states that the commission may not issue a new certificate of compliance until the owner or operator submits to the commission a nonrefundable fee of \$300 for each severance or seal order issued for the well, if a certificate of compliance for a well has been canceled for one or more violations as specified by the bill. This bill clarifies that fees collected under this section shall be deposited to the oil-field cleanup fund.

This bill makes various other conforming changes.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute makes one change as follows. The original stated that if an operator uses or reports use of a well for production, injection, or disposal for which the operator's certificate of compliance has been cancelled, the commission may "not" renew the operator's organization report. The substitute states that the commission may "refuse to" renew the operator's organization report.