

BILL ANALYSIS

Senate Research Center
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S.B. 1670
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Natural Resources
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

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

As proposed, S.B. 1670 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

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

SECTION BY SECTION ANALYSIS

SECTION 1. Redesignates Subchapter E, Chapter 85, Natural Resources Code, as Subchapter P, Chapter 91, Natural Resources Code, and amends it as follows:

SUBCHAPTER P. CERTIFICATE OF COMPLIANCE.

Sec. 91.701. WELL OWNERS AND OPERATORS CERTIFICATES. Requires the owner or operator of any well subject to the jurisdiction of the Railroad Commission of Texas (commission) under this title, Section 26.131 (Duties of Railroad Commission), or Subchapter C (Oil and Gas Waste; Injection Wells), Chapter 27, Water Code, to secure from the commission a certificate showing compliance with that title, section, or subchapter, as applicable, rules adopted and orders issued under that title, section, or subchapter, as applicable, and any license, permit, or certificate issued to the owner or operator under that title, section, or subchapter, as applicable. Deletes existing text relating to oil or gas conservation laws of the state and conservation rules and orders of the commission.

Sec. 91.702. PROHIBITED CONNECTION. Prohibits an operator of a pipeline or other carrier from connecting with any well subject to the jurisdiction of the commission, under this title, Section 26.131 (Duties of Railroad Commission), or Subchapter C (Oil and Gas Waste; Injection Wells), Chapter 27, Water Code, until the owner or operator of the well furnishes a certificate from the commission that the owner or operator has complied with that title, section, or subchapter, as applicable, rules adopted and orders issued under that title, section, or subchapter, as applicable, and any license, permit, or certificate issued to the owner or operator under that title, section, or subchapter, as applicable. Makes a conforming change.

Sec. 91.703. TEMPORARY CONNECTION. Makes no changes to this section.

Sec. 91.704. CANCELLATION OF CERTIFICATE. Makes a conforming change.

Sec. 91.705. EFFECT OF CANCELLATION ON OPERATOR OF PIPELINE OR OTHER CARRIER. (a) Makes a conforming change.

(b) Requires that it be unlawful for the operator of a pipeline or other carrier to reconnect, rather than transport oil from, the well until a new certificate of compliance has been issued by the commission.

Sec. 97.706. EFFECT OF CANCELLATION ON OWNER OR OPERATOR OF WELL. (a) Creates this subsection from existing text. Makes conforming changes.

(b) Authorizes the commission, 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, to not renew the operator's organization report required by Section 91.142 (Report to Commission) until the operator pays the fee required by Section 91.707 and the commission issues the certificate of compliance required for that well.

Sec. 91.707. FEE FOR REISSUED CERTIFICATE. (a) Prohibits the commission, if a certificate of compliance for a well has been cancelled for one or more violation of, rather than violations of, provisions of this title, section, or subchapter, as applicable, rules adopted and orders issued under that title, section, or subchapter, as applicable, and any license, permit, or certificate issued to the owner or operator under that title, section, or subchapter, as applicable, from issuing 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. Deletes existing text relating to a lease.

(b) Requires fees collected under this section to be deposited to the oil-field cleanup fund.

SECTION 2. Amends Section 85.3855(a), Natural Resources Code, to make conforming changes.

SECTION 3. Amends Section 86.004, Natural Resources Code, to make conforming changes.

SECTION 4. Amends Section 91.111(c), Natural Resources Code, to make conforming changes.

SECTION 5. Amends Sections 91.114(a) and (h), Natural Resources Code, to make conforming changes.

SECTION 6. Amends Section 91.142(f), Natural Resources Code, to make conforming changes.

SECTION 7. Amends Section 101.003, Natural Resources Code, to make conforming changes.

SECTION 8. Effective date: September 1, 2007.