

By: Keffer

H.B. No. 1920

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to a limitation on the amount of natural gas that a  
3 gatherer or transporter of gas may lose or be unable to account for.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Subchapter C, Chapter 85, Natural Resources  
6 Code, is amended by adding Section 85.065 to read as follows:

7 Sec. 85.065. LIMITATION ON LOSS OF NATURAL GAS GATHERED OR  
8 TRANSPORTED. (a) A person who gathers or transports gas may not in  
9 any month lose or be unable to account for more than five percent of  
10 the amount of gas, as determined on the basis of the heating value  
11 of the gas, tendered to the person in that month by a producer. A  
12 violation of this subsection is considered to be waste for purposes  
13 of Section 85.046.

14 (b) On written application by a person who proposes to enter  
15 into or has entered into a contract to gather or transport gas for a  
16 producer, the commission may approve a contractual provision that  
17 would violate Subsection (a) if the commission determines that the  
18 person, because of extenuating circumstances beyond the person's  
19 control, is likely to be unable to gather or transport the gas  
20 without violating Subsection (a).

21 (c) As a condition precedent to the filing of an informal  
22 complaint set out in Subsection (d), the producer shall send a  
23 written request to the person who gathers or transports gas for an  
24 explanation of the amounts and uses of gas by the person who gathers

1 or transports the gas and the person who gathers or transports gas  
2 shall respond in writing within 30 days of receipt of the written  
3 request to the producer with an explanation of the amounts and uses  
4 of gas.

5 (d) A producer may file an informal complaint with the  
6 commission alleging a violation of this section by a person who  
7 gathered or transported gas tendered to the person by the producer.  
8 Not later than the 15th day after the date the complaint is filed,  
9 the person who gathered or transported the gas shall provide to the  
10 producer and the commission an accounting of the gas tendered to the  
11 person by the producer for gathering or transport during the period  
12 covered by the complaint. The accounting shall show on the basis of  
13 the heating value of the substance as stated in terms of million  
14 British thermal units:

15 (1) the amount of gas received as shown by the gas  
16 meters;

17 (2) the amount of oil and other liquid hydrocarbons  
18 received as shown by the oil/liquid hydrocarbon meters;

19 (3) the amount of gas delivered for sale;

20 (4) the amount of oil and other liquid hydrocarbons  
21 delivered for sale;

22 (5) the amount of gas used as residue fuel;

23 (6) the amount of gas used as raw gas fuel;

24 (7) the actual or estimated amount of gas flared;

25 (8) the amount of gas injected;

26 (9) the amount of hydrogen sulfide removed from the  
27 gas;

- 1           (10) the amount of gas lost because of leaks;  
2           (11) the amount of gas lost because of vents; and  
3           (12) the amount of gas that has been lost or that the  
4 person is unable to account for.

5           (e) On written request, a producer is entitled to audit the  
6 books and records of a person who gathers or transports gas for the  
7 producer to verify that the person is in compliance with this  
8 section. A producer is not entitled to conduct an audit under this  
9 subsection more frequently than annually.

10           SECTION 2. Section 85.065(a), Natural Resources Code, as  
11 added by this Act, applies only to natural gas that is tendered by a  
12 producer to a gatherer or transporter of gas on or after the  
13 effective date of this Act. Natural gas that is tendered by a  
14 producer to a gatherer or transporter of gas before the effective  
15 date of this Act is governed by the law in effect on the date the gas  
16 is tendered, and the former law remains in effect for that purpose.

17           SECTION 3. This Act takes effect September 1, 2007.