

By: Duncan

S.B. No. 1574

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the regulation by the Railroad Commission of Texas of
3 the use of the surface of land in connection with certain activities
4 associated with the exploration, development, or production of oil
5 or gas, including the gathering of oil or gas by pipeline.

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

7 SECTION 1. Chapter 91, Natural Resources Code, is amended
8 by adding Subchapter P to read as follows:

9 SUBCHAPTER P. MISCELLANEOUS PROVISIONS REGARDING USE OF SURFACE
10 OF LAND IN CONNECTION WITH OIL AND GAS-RELATED ACTIVITIES

11 Sec. 91.701. DEFINITIONS. In this subchapter:

12 (1) "Operator" and "well" have the meanings assigned
13 by Section 89.002.

14 (2) "Well-site equipment" means any
15 production-related equipment or materials specific to a well,
16 including motors, pumps, pump jacks, tanks, tank batteries,
17 separators, compressors, casing, tubing, and rods.

18 Sec. 91.702. TRANSFER OR REMOVAL OF WELL-SITE EQUIPMENT FOR
19 INACTIVE WELL. (a) This section applies only to a well that has had
20 no reported production, disposal, injection, or other permitted
21 activity for a period of more than 12 months.

22 (b) Unless the lease provides otherwise, on notice from the
23 lessor, the operator shall:

24 (1) transfer the well-site equipment to another

1 well-site on the leased premises for use in connection with another
2 well; or

3 (2) remove the well-site equipment from the leased
4 premises.

5 (c) Notwithstanding Subsection (b), the operator is not
6 required to transfer or remove the well-site equipment if the
7 operator establishes to the satisfaction of the commission that the
8 operator is reasonably likely to reactivate the well within the
9 next 12 months.

10 (d) If the operator transfers the well-site equipment to
11 another well-site on the leased premises for use in connection with
12 another well as provided by Subsection (b)(1), the operator must
13 begin using the equipment in connection with the well within the
14 next 12 months.

15 Sec. 91.703. STANDARDS FOR CONSTRUCTION, OPERATION, AND
16 MAINTENANCE OF CERTAIN GATHERING LINES. The commission shall adopt
17 rules establishing minimum standards for the construction,
18 operation, and maintenance of any gathering line on leased premises
19 that lies beneath a road.

20 Sec. 91.704. STANDARDS FOR CONSTRUCTION, OPERATION, AND
21 MAINTENANCE OF ELECTRICAL POWER LINES. The commission shall adopt
22 rules establishing minimum standards for the construction,
23 operation, and maintenance of any electrical power lines that are
24 located or to be located on leased premises and are used or to be
25 used by the operator in connection with oil and gas-related
26 activities on the leased premises.

27 Sec. 91.705. ENFORCEMENT: ACTION FOR DAMAGES OR INJUNCTION;

1 MEDIATION. (a) If an operator violates this subchapter, the lessor
2 may give notice to the operator by certified mail of the violation
3 and request that the operator remedy the violation.

4 (b) If the operator fails to remedy the violation before the
5 90th day after the date the notice is mailed under Subsection (a),
6 the lessor may bring an action against the operator for damages or
7 injunctive relief.

8 (c) Any damages awarded under Subsection (b) must be
9 determined on the basis of the cost of remedying the violation.

10 (d) A lessor who prevails in an action under Subsection (b)
11 shall be awarded the lessor's reasonable attorney's fees and court
12 costs.

13 (e) For a suit that arises from a violation of this
14 subchapter, the court shall refer the matter to mediation among all
15 parties and by order shall set the time and place of the mediation.

16 (f) The court shall appoint a mediator if the parties do not
17 agree on a mediator.

18 (g) Each party shall:

19 (1) participate in the mediation in good faith; and

20 (2) share the mediation fee equally.

21 (h) Except as provided by this section, the following apply
22 to the appointment of a mediator and the mediation process provided
23 by this section:

24 (1) Sections 154.023(a) and (b), Civil Practice and
25 Remedies Code; and

26 (2) Subchapters C and D, Chapter 154, Civil Practice
27 and Remedies Code.

1 (i) The court may proceed with the trial on the matter if the
2 parties are unable to agree after participating in the ordered
3 mediation.

4 SECTION 2. The Railroad Commission of Texas shall adopt
5 rules to implement Subchapter P, Chapter 91, Natural Resources
6 Code, as added by this Act, not later than January 1, 2008.

7 SECTION 3. This Act takes effect immediately if it receives
8 a vote of two-thirds of all the members elected to each house, as
9 provided by Section 39, Article III, Texas Constitution. If this
10 Act does not receive the vote necessary for immediate effect, this
11 Act takes effect September 1, 2007.