

AN ACT

relating to certificates of compliance issued by the Railroad Commission of Texas to owners or operators of certain wells subject to the jurisdiction of the commission.

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

SECTION 1. Subchapter E, Chapter 85, Natural Resources Code, is redesignated as Subchapter P, Chapter 91, Natural Resources Code, and amended to read as follows:

SUBCHAPTER P [~~E~~]. CERTIFICATE OF COMPLIANCE

Sec. 91.701 [~~85.161~~]. WELL OWNERS AND OPERATORS CERTIFICATES. The owner or operator of any well subject to the jurisdiction of the commission under this title, Section 26.131, Water Code, or Subchapter C, Chapter 27, Water Code, shall 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 [~~the oil or gas conservation laws of the state and conservation rules and orders of the commission~~].

Sec. 91.702 [~~85.162~~]. PROHIBITED CONNECTION. No operator of a pipeline or other carrier shall connect with any [~~oil or gas~~] well subject to the jurisdiction of the commission under this title, Section 26.131, Water Code, or Subchapter C, Chapter 27,

1 Water Code, until the owner or operator of the well furnishes a
2 certificate from the commission that the owner or operator has
3 complied with that title, section, or subchapter, as applicable,
4 rules adopted and orders issued under that title, section, or
5 subchapter, as applicable, and any license, permit, or certificate
6 issued to the owner or operator under that title, section, or
7 subchapter, as applicable [~~the conservation laws of this state and~~
8 ~~the rules and orders of the commission~~].

9 Sec. 91.703 [~~85.163~~]. TEMPORARY CONNECTION. The
10 provisions of this subchapter do not prevent a temporary connection
11 with a well in order to take care of production and prevent waste
12 until opportunity shall have been given the owner or operator of the
13 well to secure the certificate.

14 Sec. 91.704 [~~85.164~~]. CANCELLATION OF CERTIFICATE. The
15 commission may cancel any certificate of compliance issued under
16 the provisions of this subchapter if it appears that the owner or
17 operator of a well covered by the provisions of the certificate, in
18 the operation of the well or the production of oil or gas from the
19 well, has violated or is violating this title, Section 26.131,
20 Water Code, or Subchapter C, Chapter 27, Water Code, a rule adopted
21 or order issued under that title, section, or subchapter, as
22 applicable, or a license, permit, or certificate issued to the
23 owner or operator under that title, section, or subchapter, as
24 applicable [~~the oil and gas conservation laws of this state or rules~~
25 ~~or orders of the commission adopted under those laws~~]. Before
26 canceling a certificate of compliance, the commission shall give
27 notice to the owner or operator by personal service or by registered

1 or certified mail of the facts or conduct alleged to warrant the
2 cancellation and shall give the owner or operator an opportunity to
3 show compliance with all requirements of law for retention of the
4 certificate as required by Section 2001.054, Government Code.

5 Sec. 91.705 [~~85.165~~]. EFFECT OF CANCELLATION ON OPERATOR OF
6 PIPELINE OR OTHER CARRIER. (a) On notice from the commission to
7 the operator of a pipeline or other carrier connected to a a [~~an oil~~
8 ~~or gas~~] well that the certificate of compliance pertaining to that
9 well has been cancelled, the operator of the pipeline or other
10 carrier shall disconnect from the well.

11 (b) It shall be unlawful for the operator of a pipeline or
12 other carrier to reconnect to [~~transport oil from~~] the well until a
13 new certificate of compliance has been issued by the commission.

14 Sec. 91.706 [~~85.166~~]. EFFECT OF CANCELLATION ON OWNER OR
15 OPERATOR OF WELL. (a) On notice from the commission that a
16 certificate of compliance for a a [~~an oil or gas~~] well has been
17 cancelled, it shall be unlawful for the owner or operator of the
18 well to use [~~produce oil or gas from~~] the well for production,
19 injection, or disposal until a new certificate of compliance
20 covering the well has been issued by the commission.

21 (b) If an operator uses or reports use of a well for
22 production, injection, or disposal for which the operator's
23 certificate of compliance has been cancelled, the commission may
24 refuse to renew the operator's organization report required by
25 Section 91.142 until the operator pays the fee required by Section
26 91.707 and the commission issues the certificate of compliance
27 required for that well.

1 Sec. 91.707 [~~85.167~~]. FEE FOR REISSUED CERTIFICATE.

2 (a) If a certificate of compliance for a [~~an oil lease or gas~~] well
3 has been canceled for [~~violation of~~] one or more violations of
4 provisions of this title, Section 26.131, Water Code, or Subchapter
5 C, Chapter 27, Water Code, rules adopted or orders issued under that
6 title, section, or subchapter, as applicable, or licenses, permits,
7 or certificates issued to the owner or operator of the well under
8 that title, section, or subchapter, as applicable [~~commission~~
9 ~~rules~~], the commission may not issue a new certificate of
10 compliance until the owner or operator submits to the commission a
11 nonrefundable fee of \$300 for each severance or seal order issued
12 for the [~~lease or~~] well.

13 (b) Fees collected under this section shall be deposited to
14 the oil-field cleanup fund.

15 SECTION 2. Subsection (a), Section 85.3855, Natural
16 Resources Code, is amended to read as follows:

17 (a) The commission may impose an administrative penalty on a
18 person who:

19 (1) violates Section 91.705 [~~85.165~~] or 91.706
20 [~~85.166~~] or a rule or order adopted under Section 91.705 [~~85.165~~] or
21 91.706 [~~85.166~~]; or

22 (2) knowingly destroys, breaks, removes, or otherwise
23 tampers with, or attempts to destroy, break, remove, or otherwise
24 tamper with, a cap, seal, or other device placed by the commission
25 on an oil well, gas well, oil and gas well, or other associated oil
26 or gas gathering equipment.

27 SECTION 3. Section 86.004, Natural Resources Code, is

1 amended to read as follows:

2 Sec. 86.004. APPLICABILITY. The provisions in this chapter
3 do not impair the authority of the commission to prevent waste under
4 the oil and gas conservation laws of this state and do not repeal,
5 modify, or impair any of the provisions relating to oil and gas
6 conservation in Sections 85.002, 85.041 through 85.055, 85.056
7 through 85.064, 85.125, 85.201 through 85.207, 85.241 through
8 85.243, 85.249 through 85.252, and 85.381 through 85.385,
9 Subchapter [of this code and Subchapters E and] J of Chapter 85, and
10 Subchapter P of Chapter 91 [of this code].

11 SECTION 4. Subsection (c), Section 91.111, Natural
12 Resources Code, is amended to read as follows:

13 (c) The fund consists of:

14 (1) penalties imposed under Section 85.381 for
15 violation of a law, order, or rule relating to well plugging
16 requirements;

17 (2) proceeds from bonds and other financial security
18 required by this chapter and benefits under well-specific plugging
19 insurance policies described by Section 91.104(c) that are paid to
20 the state as contingent beneficiary of the policies, subject to the
21 refund provisions of Section 91.1091, if applicable;

22 (3) private contributions, including contributions
23 made under Section 89.084;

24 (4) expenses collected under Section 89.083;

25 (5) fees imposed under Section 85.2021;

26 (6) civil penalties collected for violations of
27 Chapter 89 or of rules or orders relating to plugging that are

- 1 adopted under this code;
- 2 (7) proceeds collected under Sections 89.085 and
3 91.115;
- 4 (8) interest earned on the funds deposited in the
5 fund;
- 6 (9) civil penalties or costs recovered under Section
7 91.457 or 91.459;
- 8 (10) oil and gas waste hauler permit application fees
9 collected under Section 29.015, Water Code;
- 10 (11) costs recovered under Section 91.113(f);
- 11 (12) hazardous oil and gas waste generation fees
12 collected under Section 91.605;
- 13 (13) oil-field cleanup regulatory fees on oil
14 collected under Section 81.116;
- 15 (14) oil-field cleanup regulatory fees on gas
16 collected under Section 81.117;
- 17 (15) fees for a reissued certificate collected under
18 Section 91.707 [~~85.167~~];
- 19 (16) fees collected under Section 91.1013;
- 20 (17) fees collected under Section 89.088;
- 21 (18) penalties collected under Section 81.0531;
- 22 (19) fees collected under Section 91.142;
- 23 (20) fees collected under Section 91.654;
- 24 (21) costs recovered under Sections 91.656 and 91.657;
- 25 (22) two-thirds of the fees collected under Section
26 81.0521; and
- 27 (23) legislative appropriations.

1 SECTION 5. Subsections (a) and (h), Section 91.114, Natural
2 Resources Code, are amended to read as follows:

3 (a) Except as provided by Subsection (d), the commission may
4 not accept an organization report required under Section 91.142 or
5 an application for a permit under this Chapter, Chapter 85, or
6 Chapter 26, 27, or 29, Water Code, or approve a certificate of
7 compliance under Section 91.701 [~~85.161~~] if:

8 (1) the organization that submitted the report,
9 application, or certificate violated a statute or commission rule,
10 order, license, certificate, or permit that relates to safety or
11 the prevention or control of pollution; or

12 (2) a person who holds a position of ownership or
13 control in the organization has, within the seven years preceding
14 the date on which the report, application, or certificate is filed,
15 held a position of ownership or control in another organization and
16 during that period of ownership or control the other organization
17 violated a statute or commission rule, order, license, permit, or
18 certificate that relates to safety or the prevention or control of
19 pollution.

20 (h) If the commission is prohibited by Subsection (a) from
21 accepting an organization's organization report or application or
22 approving the organization's certificate or would be prohibited
23 from doing so by that subsection if the organization submitted a
24 report, application, or certificate, the commission, after notice
25 and opportunity for a hearing, by order may revoke:

26 (1) the organization's organization report filed under
27 Section 91.142;

1 (2) a permit issued to the organization under this
2 chapter, Chapter 85, or Chapter 26, 27, or 29, Water Code; or

3 (3) any certificate of compliance approved under
4 Section 91.701 [~~85.161~~].

5 SECTION 6. Subsection (f), Section 91.142, Natural
6 Resources Code, is amended to read as follows:

7 (f) If an entity described by Subsection (a) [~~of this~~
8 ~~section~~] does not maintain on file with the commission an
9 organization report and financial security as required by this
10 chapter:

11 (1) the entity may not perform operations under the
12 jurisdiction of the commission except as necessary to remedy a
13 violation of law or commission rules and as authorized by the
14 commission; and

15 (2) the commission, on written notice, may suspend:

16 (A) any permits held by the entity; or

17 (B) any certificates of compliance approved
18 under Subchapter P [~~Chapter 85 of this code~~].

19 SECTION 7. Section 101.003, Natural Resources Code, is
20 amended to read as follows:

21 Sec. 101.003. APPLICABILITY. None of the provisions in
22 this chapter impair the power of the commission to prevent waste
23 under the oil and gas conservation laws of the state except as
24 provided in Section 101.004 [~~of this code~~] or repeal, modify, or
25 impair any of the provisions of Sections 85.002 through 85.003,
26 85.041 through 85.055, 85.056 through 85.064, 85.125, 85.201
27 through 85.207, 85.241 through 85.243, 85.249 through 85.252, or

1 85.381 through 85.385, Subchapter [~~of this code or Subchapters E~~
2 ~~and~~] J of Chapter 85, or Subchapter P of Chapter 91 [~~of this code~~],
3 relating to oil and gas conservation.

4 SECTION 8. This Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1670 passed the Senate on April 12, 2007, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 21, 2007, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1670 passed the House, with amendment, on May 16, 2007, by the following vote: Yeas 143, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor