

1-1 By: Averitt S.B. No. 1670
1-2 (In the Senate - Filed March 8, 2007; March 21, 2007, read
1-3 first time and referred to Committee on Natural Resources;
1-4 April 4, 2007, reported favorably by the following vote: Yeas 11,
1-5 Nays 0; April 4, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to certificates of compliance issued by the Railroad
1-9 Commission of Texas to owners or operators of certain wells subject
1-10 to the jurisdiction of the commission.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subchapter E, Chapter 85, Natural Resources
1-13 Code, is redesignated as Subchapter P, Chapter 91, Natural
1-14 Resources Code, and amended to read as follows:

1-15 SUBCHAPTER P ~~[E]~~. CERTIFICATE OF COMPLIANCE

1-16 Sec. 91.701 ~~[85.161]~~. WELL OWNERS AND OPERATORS
1-17 CERTIFICATES. The owner or operator of any well subject to the
1-18 jurisdiction of the commission under this title, Section 26.131,
1-19 Water Code, or Subchapter C, Chapter 27, Water Code, shall secure
1-20 from the commission a certificate showing compliance with that
1-21 title, section, or subchapter, as applicable, rules adopted and
1-22 orders issued under that title, section, or subchapter, as
1-23 applicable, and any license, permit, or certificate issued to the
1-24 owner or operator under that title, section, or subchapter, as
1-25 applicable ~~[the oil or gas conservation laws of the state and~~
1-26 ~~conservation rules and orders of the commission]~~.

1-27 Sec. 91.702 ~~[85.162]~~. PROHIBITED CONNECTION. No operator
1-28 of a pipeline or other carrier shall connect with any ~~[oil or gas]~~
1-29 well subject to the jurisdiction of the commission under this
1-30 title, Section 26.131, Water Code, or Subchapter C, Chapter 27,
1-31 Water Code, until the owner or operator of the well furnishes a
1-32 certificate from the commission that the owner or operator has
1-33 complied with that title, section, or subchapter, as applicable,
1-34 rules adopted and orders issued under that title, section, or
1-35 subchapter, as applicable, and any license, permit, or certificate
1-36 issued to the owner or operator under that title, section, or
1-37 subchapter, as applicable ~~[the conservation laws of this state and~~
1-38 ~~the rules and orders of the commission]~~.

1-39 Sec. 91.703 ~~[85.163]~~. TEMPORARY CONNECTION. The
1-40 provisions of this subchapter do not prevent a temporary connection
1-41 with a well in order to take care of production and prevent waste
1-42 until opportunity shall have been given the owner or operator of the
1-43 well to secure the certificate.

1-44 Sec. 91.704 ~~[85.164]~~. CANCELLATION OF CERTIFICATE. The
1-45 commission may cancel any certificate of compliance issued under
1-46 the provisions of this subchapter if it appears that the owner or
1-47 operator of a well covered by the provisions of the certificate, in
1-48 the operation of the well or the production of oil or gas from the
1-49 well, has violated or is violating this title, Section 26.131,
1-50 Water Code, or Subchapter C, Chapter 27, Water Code, a rule adopted
1-51 or order issued under that title, section, or subchapter, as
1-52 applicable, or a license, permit, or certificate issued to the
1-53 owner or operator under that title, section, or subchapter, as
1-54 applicable ~~[the oil and gas conservation laws of this state or rules~~
1-55 ~~or orders of the commission adopted under those laws]~~. Before
1-56 canceling a certificate of compliance, the commission shall give
1-57 notice to the owner or operator by personal service or by registered
1-58 or certified mail of the facts or conduct alleged to warrant the
1-59 cancellation and shall give the owner or operator an opportunity to
1-60 show compliance with all requirements of law for retention of the
1-61 certificate as required by Section 2001.054, Government Code.

1-62 Sec. 91.705 ~~[85.165]~~. EFFECT OF CANCELLATION ON OPERATOR OF
1-63 PIPELINE OR OTHER CARRIER. (a) On notice from the commission to
1-64 the operator of a pipeline or other carrier connected to a [an oil

2-1 ~~or gas~~] well that the certificate of compliance pertaining to that
 2-2 well has been cancelled, the operator of the pipeline or other
 2-3 carrier shall disconnect from the well.

2-4 (b) It shall be unlawful for the operator of a pipeline or
 2-5 other carrier to reconnect to [~~transport oil from~~] the well until a
 2-6 new certificate of compliance has been issued by the commission.

2-7 Sec. 91.706 [~~85.166~~]. EFFECT OF CANCELLATION ON OWNER OR
 2-8 OPERATOR OF WELL. (a) On notice from the commission that a
 2-9 certificate of compliance for a [~~an oil or gas~~] well has been
 2-10 cancelled, it shall be unlawful for the owner or operator of the
 2-11 well to use [~~produce oil or gas from~~] the well for production,
 2-12 injection, or disposal until a new certificate of compliance
 2-13 covering the well has been issued by the commission.

2-14 (b) If an operator uses or reports use of a well for
 2-15 production, injection, or disposal for which the operator's
 2-16 certificate of compliance has been cancelled, the commission may
 2-17 not renew the operator's organization report required by Section
 2-18 91.142 until the operator pays the fee required by Section 91.707
 2-19 and the commission issues the certificate of compliance required
 2-20 for that well.

2-21 Sec. 91.707 [~~85.167~~]. FEE FOR REISSUED CERTIFICATE. (a)
 2-22 If a certificate of compliance for a [~~an oil lease or gas~~] well has
 2-23 been canceled for [~~violation of~~] one or more violations of
 2-24 provisions of this title, Section 26.131, Water Code, or Subchapter
 2-25 C, Chapter 27, Water Code, rules adopted or orders issued under that
 2-26 title, section, or subchapter, as applicable, or licenses, permits,
 2-27 or certificates issued to the owner or operator of the well under
 2-28 that title, section, or subchapter, as applicable [~~commission~~
 2-29 ~~rules~~], the commission may not issue a new certificate of
 2-30 compliance until the owner or operator submits to the commission a
 2-31 nonrefundable fee of \$300 for each severance or seal order issued
 2-32 for the [~~lease or~~] well.

2-33 (b) Fees collected under this section shall be deposited to
 2-34 the oil-field cleanup fund.

2-35 SECTION 2. Subsection (a), Section 85.3855, Natural
 2-36 Resources Code, is amended to read as follows:

2-37 (a) The commission may impose an administrative penalty on a
 2-38 person who:

2-39 (1) violates Section 91.705 [~~85.165~~] or 91.706
 2-40 [~~85.166~~] or a rule or order adopted under Section 91.705 [~~85.165~~] or
 2-41 91.706 [~~85.166~~]; or

2-42 (2) knowingly destroys, breaks, removes, or otherwise
 2-43 tampers with, or attempts to destroy, break, remove, or otherwise
 2-44 tamper with, a cap, seal, or other device placed by the commission
 2-45 on an oil well, gas well, oil and gas well, or other associated oil
 2-46 or gas gathering equipment.

2-47 SECTION 3. Section 86.004, Natural Resources Code, is
 2-48 amended to read as follows:

2-49 Sec. 86.004. APPLICABILITY. The provisions in this chapter
 2-50 do not impair the authority of the commission to prevent waste under
 2-51 the oil and gas conservation laws of this state and do not repeal,
 2-52 modify, or impair any of the provisions relating to oil and gas
 2-53 conservation in Sections 85.002, 85.041 through 85.055, 85.056
 2-54 through 85.064, 85.125, 85.201 through 85.207, 85.241 through
 2-55 85.243, 85.249 through 85.252, and 85.381 through 85.385,
 2-56 Subchapter [~~of this code and Subchapters E and~~] J of Chapter 85, and
 2-57 Subchapter P of Chapter 91 [~~of this code~~].

2-58 SECTION 4. Subsection (c), Section 91.111, Natural
 2-59 Resources Code, is amended to read as follows:

2-60 (c) The fund consists of:

2-61 (1) penalties imposed under Section 85.381 for
 2-62 violation of a law, order, or rule relating to well plugging
 2-63 requirements;

2-64 (2) proceeds from bonds and other financial security
 2-65 required by this chapter and benefits under well-specific plugging
 2-66 insurance policies described by Section 91.104(c) that are paid to
 2-67 the state as contingent beneficiary of the policies, subject to the
 2-68 refund provisions of Section 91.1091, if applicable;

2-69 (3) private contributions, including contributions

- 3-1 made under Section 89.084;
- 3-2 (4) expenses collected under Section 89.083;
- 3-3 (5) fees imposed under Section 85.2021;
- 3-4 (6) civil penalties collected for violations of
- 3-5 Chapter 89 or of rules or orders relating to plugging that are
- 3-6 adopted under this code;
- 3-7 (7) proceeds collected under Sections 89.085 and
- 3-8 91.115;
- 3-9 (8) interest earned on the funds deposited in the
- 3-10 fund;
- 3-11 (9) civil penalties or costs recovered under Section
- 3-12 91.457 or 91.459;
- 3-13 (10) oil and gas waste hauler permit application fees
- 3-14 collected under Section 29.015, Water Code;
- 3-15 (11) costs recovered under Section 91.113(f);
- 3-16 (12) hazardous oil and gas waste generation fees
- 3-17 collected under Section 91.605;
- 3-18 (13) oil-field cleanup regulatory fees on oil
- 3-19 collected under Section 81.116;
- 3-20 (14) oil-field cleanup regulatory fees on gas
- 3-21 collected under Section 81.117;
- 3-22 (15) fees for a reissued certificate collected under
- 3-23 Section 91.707 [~~85.167~~];
- 3-24 (16) fees collected under Section 91.1013;
- 3-25 (17) fees collected under Section 89.088;
- 3-26 (18) penalties collected under Section 81.0531;
- 3-27 (19) fees collected under Section 91.142;
- 3-28 (20) fees collected under Section 91.654;
- 3-29 (21) costs recovered under Sections 91.656 and 91.657;
- 3-30 (22) two-thirds of the fees collected under Section
- 3-31 81.0521; and
- 3-32 (23) legislative appropriations.

3-33 SECTION 5. Subsections (a) and (h), Section 91.114, Natural
 3-34 Resources Code, are amended to read as follows:

3-35 (a) Except as provided by Subsection (d), the commission may
 3-36 not accept an organization report required under Section 91.142 or
 3-37 an application for a permit under this Chapter, Chapter 85, or
 3-38 Chapter 26, 27, or 29, Water Code, or approve a certificate of
 3-39 compliance under Section 91.701 [~~85.161~~] if:

3-40 (1) the organization that submitted the report,
 3-41 application, or certificate violated a statute or commission rule,
 3-42 order, license, certificate, or permit that relates to safety or
 3-43 the prevention or control of pollution; or

3-44 (2) a person who holds a position of ownership or
 3-45 control in the organization has, within the seven years preceding
 3-46 the date on which the report, application, or certificate is filed,
 3-47 held a position of ownership or control in another organization and
 3-48 during that period of ownership or control the other organization
 3-49 violated a statute or commission rule, order, license, permit, or
 3-50 certificate that relates to safety or the prevention or control of
 3-51 pollution.

3-52 (h) If the commission is prohibited by Subsection (a) from
 3-53 accepting an organization's organization report or application or
 3-54 approving the organization's certificate or would be prohibited
 3-55 from doing so by that subsection if the organization submitted a
 3-56 report, application, or certificate, the commission, after notice
 3-57 and opportunity for a hearing, by order may revoke:

3-58 (1) the organization's organization report filed under
 3-59 Section 91.142;

3-60 (2) a permit issued to the organization under this
 3-61 chapter, Chapter 85, or Chapter 26, 27, or 29, Water Code; or

3-62 (3) any certificate of compliance approved under
 3-63 Section 91.701 [~~85.161~~].

3-64 SECTION 6. Subsection (f), Section 91.142, Natural
 3-65 Resources Code, is amended to read as follows:

3-66 (f) If an entity described by Subsection (a) [~~of this~~
 3-67 ~~section~~] does not maintain on file with the commission an
 3-68 organization report and financial security as required by this
 3-69 chapter:

4-1 (1) the entity may not perform operations under the
4-2 jurisdiction of the commission except as necessary to remedy a
4-3 violation of law or commission rules and as authorized by the
4-4 commission; and

4-5 (2) the commission, on written notice, may suspend:
4-6 (A) any permits held by the entity; or
4-7 (B) any certificates of compliance approved
4-8 under Subchapter P [Chapter 85 of this code].

4-9 SECTION 7. Section 101.003, Natural Resources Code, is
4-10 amended to read as follows:

4-11 Sec. 101.003. APPLICABILITY. None of the provisions in
4-12 this chapter impair the power of the commission to prevent waste
4-13 under the oil and gas conservation laws of the state except as
4-14 provided in Section 101.004 [~~of this code~~] or repeal, modify, or
4-15 impair any of the provisions of Sections 85.002 through 85.003,
4-16 85.041 through 85.055, 85.056 through 85.064, 85.125, 85.201
4-17 through 85.207, 85.241 through 85.243, 85.249 through 85.252, or
4-18 85.381 through 85.385, Subchapter [~~of this code or Subchapters E~~
4-19 ~~and~~] J of Chapter 85, or Subchapter P of Chapter 91 [~~of this code~~],
4-20 relating to oil and gas conservation.

4-21 SECTION 8. This Act takes effect September 1, 2007.

4-22 * * * * *