

Amend HB 1796 (Senate committee printing) by adding the following appropriately numbered SECTIONS to the bill and renumbered subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 86.185, Natural Resources Code, is amended to read as follows:

Sec. 86.185. RESTRICTIONS ON RELEASE OF [PROHIBITION AGAINST] GAS IN AIR: GAS WELLS IN GENERAL. (a) This section does not apply to a gas well to which Section 86.186 applies.

(b) No gas from a gas well may be permitted to escape into the air after the expiration of 10 days from the time the gas is encountered in the gas well, or from the time of perforating the casing opposite a gas-bearing zone if casing is set through the zone, whichever is later, but the commission may permit the escape of gas into the air for an additional time if the operator of a well or other facility presents information to show the necessity for the escape; provided that the amount of gas which is flared under that authority is charged to the operator's allowable production. A necessity includes but is not limited to the following situations:

(1) cleaning a well of sand or acid or both following stimulation treatment of a well; and

(2) repairing or modifying a gas-gathering system.

SECTION _____. Subchapter F, Chapter 86, Natural Resources Code, is amended by adding Section 86.186 to read as follows:

Sec. 86.186. RESTRICTIONS ON RELEASE OF GAS IN AIR: GAS WELLS IN CERTAIN POPULOUS COUNTIES. (a) This section applies only to a gas well located in a county that:

(1) has a population of more than 1.4 million; and

(2) is located wholly or partly above a hydrocarbon-producing geological formation in which during 2008 the commission issued more than 1,000 drilling permits authorizing wells to be completed.

(b) After fracturing or refracturing a gas well that the operator anticipates completing or recompleting, the operator shall employ appropriate processes to minimize the release into the air of gas and associated vapors from the well.

(c) The operator of a gas well shall:

(1) deliver all salable gas to a sales line as soon as the pressure of the gas at the wellhead is sufficient to permit the gas to flow into the line; or

(2) shut in the well and conserve the gas.

(d) The operator of a gas well that has access to a sales line shall employ means or methods that minimize the release into the air of gas and associated vapors from the well when gas from the well is permitted to flow during the completion or recompletion of the well, except that the commission may authorize the release if the operator of the well or of another facility presents information to the commission showing the necessity for the release. The amount of gas flared or vented under the commission's authority shall be charged to the operator's allowable production. A necessity includes the following situations:

(1) to avoid endangering the safety of persons performing work on the well or of the public;

(2) to comply with an oil or gas lease entered into before September 1, 2009;

(3) to repair or modify a gas-gathering system;

(4) the composition of the gas does not meet the minimum quality standards of the gatherer of the gas;

(5) the pressure of the gas at the wellhead is insufficient to permit the gas to flow into the sales line or another circumstance occurs that is beyond the control of the operator of the well; or

(6) other circumstances or conditions determined by the commission to be relevant to the goal of preventing waste or protecting the public interest.

(e) The commission shall adopt rules to implement this section. Rules adopted under this subsection:

(1) must require an operator to provide a statement on a form prescribed by the commission evidencing compliance with this section;

(2) must prescribe a procedure for obtaining commission authorization of the release into the air of gas and associated vapors from a gas well; and

(3) may limit the period for which gas and associated

vapors from a gas well may be released into the air with commission authorization.

(f) The municipality in which a gas well is located may monitor the operator's compliance with this section. A municipality may adopt an ordinance to implement this subsection.

SECTION _____. Subsection (a), Section 86.012, Natural Resources Code, is amended to read as follows:

(a) The term "waste" includes:

(1) the operation of an oil well or wells with an inefficient gas-oil ratio;

(2) the drowning with water of a stratum or part of a stratum capable of producing gas in paying quantities;

(3) permitting a gas well to burn wastefully;

(4) the creation of unnecessary fire hazards;

(5) physical waste or loss incident to or resulting from so drilling, equipping, or operating a well or wells as to reduce or tend to reduce the ultimate recovery of gas from any pool;

(6) the escape of gas from a well producing both oil and gas into the open air in excess of the amount that is necessary in the efficient drilling or operation of the well;

(7) the production of gas in excess of transportation or market facilities or reasonable market demand for the type of gas produced;

(8) the use of gas for the manufacture of carbon black without first having extracted the natural gasoline content from the gas, except it shall not be necessary to first extract the natural gasoline content from the gas where it is utilized in a plant producing an average recovery of not less than five pounds of carbon black to each 1,000 cubic feet of gas;

(9) the use of sweet gas produced from a gas well for the manufacture of carbon black unless it is used in a plant producing an average recovery of not less than five pounds of carbon black to each 1,000 cubic feet and unless the sweet gas is produced from a well located in a common reservoir producing both sweet and sour gas;

(10) permitting gas produced from a gas well to escape into the air before or after the gas has been processed for its

gasoline content, unless authorized as provided in Section 86.185 or 86.186 [~~of this code~~];

(11) the production of natural gas from a well producing oil from a stratum other than that in which the oil is found unless the gas is produced in a separate string of casing from that in which the oil is produced;

(12) the production of more than 100,000 cubic feet of gas to each barrel of crude petroleum oil unless the gas is put to one or more of the uses authorized for the type of gas so produced under allocations made by the commission or unless authorized as provided in Section 86.185 or 86.186 [~~of this code~~]; and

(13) underground waste or loss however caused and whether or not defined in other subdivisions of this section.

SECTION _____. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.