

BILL ANALYSIS

C.S.H.B. 1537
By: Burnam
Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In 1937, several hundred students and their teachers were killed when a spark ignited odorless natural gas in a school in New London, Texas. In order to prevent such catastrophes in the future, the state passed a law requiring gas to be odorized under certain circumstances.

Over 9,000 drilling permits were issued by the Railroad Commission of Texas for natural gas wells in the Barnett Shale in the past three years, and production doubled over the same time period. For the first time in Texas, gas drilling is proliferating in a densely populated urban area. The risks associated with drilling and transporting gas through a county of 1.7 million inhabitants are high, but can be mitigated through appropriate safety measures.

Current law sets no minimum distance between gas pipelines and homes, schools, or other structures frequented by people, nor does it require the gas in the gathering lines being constructed throughout the county to be odorized so that leaks can be easily detected. Gathering lines are not subject to the corrosion prevention measures, such as internal inspection and pressure testing, required under state or federal integrity management programs.

C.S.H.B. 1537 reduces the likelihood of catastrophic pipe failure by requiring new safety measures for gathering and transmission pipelines in Tarrant County and in a Class 3 or 4 location as defined by federal law.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTIONS 1 and 2 of this bill.

ANALYSIS

C.S.H.B. 1537 amends the Utilities Code to prohibit a gathering gas pipeline from being constructed within 30 feet of an established permanent structure that is used by human beings on a regular basis, unless the owner of the structure consents in writing to the construction of the pipeline or the pipeline meets enhanced safety requirements in its design, construction, and operation as determined by the Railroad Commission of Texas. The bill prohibits a transmission pipeline from being constructed within 50 feet of an established permanent structure that is used by human beings on a regular basis unless the owner of the structure consents in writing to the construction of the pipeline or the pipeline meets enhanced safety requirements in its design, construction, and operation as determined by the commission. The bill requires the gathering pipeline to use advanced leak detection measures as determined by the commission. The bill requires the pipe used in a gathering or transmission pipeline to be constructed of materials that meet requirements under federal law and to be protected from external corrosion in a manner that follows requirements under federal law. The bill requires that a pipeline integrity assessment by in-line inspection, a pressure test, or a direct assessment of the gathering pipeline transporting the gas be conducted every five years.

C.S.H.B. 1537 makes its provisions applicable to that portion of a gas pipeline that is located or proposed to be located in a Class 3 or 4 location under federal law and a county located wholly

or partly above a hydrocarbon-producing geological formation in which during the preceding year the commission issued more than 1,500 drilling permits authorizing gas wells to be completed.

C.S.H.B. 1537 requires the commission to adopt rules to implement provisions of the bill.

C.S.H.B. 1537 establishes that the provisions of the bill and the commission rules adopted to implement those provisions shall be enforced in the same manner as provisions relating to the commission's power to adopt pipeline safety rules and safety standards or other rules prescribed or adopted under those provisions.

C.S.H.B. 1537 makes its provisions applicable only to a pipeline constructed on or after the effective date. The bill provides that a pipeline subject to the bill's provisions that is in existence on the effective date is not required to be brought into compliance with certain provisions of the bill until February 4, 2012.

EFFECTIVE DATE

January 1, 2010.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 1537 differs from the original by making its provisions applicable to that portion of a gas pipeline that is located or proposed to be located in a Class 3 or 4 location under federal law and in a county that is located wholly or partly above a hydrocarbon-producing geological formation in which during the preceding year the Railroad Commission of Texas issued more than 1,500 drilling permits authorizing gas wells to be completed, whereas the original makes its provisions applicable to a gas pipeline that is located or is to be located in a county that has a population of more than 1.4 million and is located wholly or partly above a hydrocarbon-producing geological formation in which during the preceding year the commission issued more than 2,000 drilling permits authorizing gas wells to be completed.

C.S.H.B. 1537 differs from the original by prohibiting a gathering gas pipeline from being constructed within 30 feet of an established permanent structure that is used by human beings on a regular basis and provides specified exceptions, whereas the original prohibits a gathering or transmission gas pipeline from being constructed within 300 feet of such a structure.

C.S.H.B. 1537 differs from the original by requiring the pipe used in a gathering or transmission pipeline to be constructed of materials that meet federal requirements and to be protected from external corrosion in a manner provided in federal law, whereas the original requires the pipe used in a gathering or transmission pipeline to be constructed of high-grade materials and to be protected from exterior corrosion through the use of adequate coatings and cathodic protection.

C.S.H.B. 1537 differs from the original by requiring that a pipeline integrity assessment by in-line inspection, a pressure test, or a direct assessment of the gathering pipeline transporting the gas be conducted every five years, whereas the original requires that gas produced from a well be dehydrated at the wellhead before the gas enters a gathering pipeline, or a pipeline integrity assessment by in-line inspection or a pressure test of the gathering pipeline transporting the gas be conducted every two years.

C.S.H.B. 1537 removes a provision in the original requiring gas produced from a well to be odorized at the wellhead in accordance with the methodology prescribed by federal regulations before the gas enters a gathering pipeline.

C.S.H.B. 1537 differs from the original by providing that a pipeline is not required to be brought into compliance with certain requirements until February 4, 2012, whereas the original provided

that a pipeline is not required to be brought into compliance with certain requirements until January 1, 2012.