

## **BILL ANALYSIS**

Senate Research Center  
81R3520 SMH-D

S.B. 656  
By: Fraser  
Natural Resources  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The increasing number of permits granted for commercial disposal wells in Texas necessitates a better application process. It is the assigned duty of the Railroad Commission of Texas (railroad commission) to adopt and enforce rules relating to that process. Currently, applicants are required to notify surface owners of their application for a permit to dispose oil and gas waste, but those surface owners have no obligation to notify a tenant or contract-for-deed purchaser occupying the property. Thus, the land-occupier is given no course of action by which to formally protest the disposal well.

As proposed, S.B. 656 requires that certain rules adopted by the railroad commission require an applicant to provide notice to certain persons and to take certain actions and each owner of record of a surface tract who receives such notice to take certain actions regarding the application for a permit to dispose of oil and gas waste in a commercial disposal well. S.B. 656 also provides that a person who knowingly violates certain rules of the railroad commission commits a Class C misdemeanor.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the Railroad Commission of Texas is modified in SECTION 1 (Section 27.034(a-1), Water Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 27.034, Water Code, by adding Subsection (a-1), as follows:

(a-1) Require that the rules adopted under Subsection (a), in connection with an application for a permit to dispose of oil and gas waste in a commercial disposal well, as defined by the Railroad Commission of Texas (railroad commission), at a minimum:

- (1) require the applicant to give notice to certain persons;
- (2) require the applicant to publish notice in the newspaper having the largest circulation in the county in which the well is proposed to be located;
- (3) require each owner of record of a surface tract who receives notice under Subdivision (1)(A) to give notice to each surface lessee or purchaser under a contract for deed, executory contract, or other executory conveyance of the tract; and
- (4) provide each person who receives notice under this subsection an opportunity to request a public hearing on the application.

SECTION 2. Amends Section 27.105, Water Code, by amending Subsection (a) and adding Subsection (a-1) and (a-2), as follows:

(a) Provides that a person, except as provided by Subsection (a-1), who knowingly or intentionally violates a provision of this chapter under the jurisdiction of the railroad commission, a rule of the railroad commission, or a term, condition, or provision of a permit issued by the railroad commission under this chapter is subject to a fine of not more than \$5,000 for each violation and for each day of violation.

(a-1) Provides that a person commits an offense if the person knowingly violates a rule of the railroad commission adopted under Section 27.034(a-1)(3). Provides that an offense under this subsection is a Class C misdemeanor.

(a-2) Creates this subsection from existing text.

SECTION 3. Effective date: September 1, 2009.