

BILL ANALYSIS

Senate Research Center
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S.B. 902
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Natural Resources
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Section 86.185 (Restrictions on Release of Gas in Air: Gas Wells in General), Natural Resources Code, permits the release of gas into the atmosphere during gas drilling completion processes, representing the largest source of emissions from the gas well sites. This pollution is largely preventable with the use of a separator and a sand shaker to divert gas to a sales line as soon as possible. Dallas-Fort Worth is a non-attainment area in terms of air quality and must implement significant changes to ensure that the long-term costs of gas production in the Barnett Shale do not outweigh the benefits. Through proper planning, the cost to operators is offset by the value of the recovered natural gas that would otherwise be vented or flared into the atmosphere. In addition, it furthers the Railroad Commission's goal of preventing waste of natural gas. The current rules have not been amended since 1977, and current technology allows a more environmentally friendly option.

As proposed, S.B. 902 provides that restrictions on the release into the air of natural gas does not apply to a gas well to which Section 86.186 (Restrictions on Release of Gas in Air: Gas Wells in the Newark, East (Barnett Shale) Field), Natural Resources Code, applies. The bill prohibits gas from a gas well from being permitted to escape into the air after the second day after the date the gas is encountered in the well, except under certain circumstances.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 86.185, Natural Resources Code, as follows:

Sec. 86.185. New heading: RESTRICTIONS ON RELEASE OF GAS IN AIR: GAS WELLS IN GENERAL. (a) Provides that this section does not apply to a gas well to which Section 86.186 applies.

(b) Creates this subsection from existing text.

SECTION 2. Amends Subchapter F, Chapter 86, Natural Resources Code, by adding Section 86.186, as follows:

Sec. 86.186. RESTRICTIONS ON RELEASE OF GAS IN AIR: GAS WELLS IN THE NEWARK, EAST (BARNETT SHALE) FIELD. (a) Provides that this section applies only to a gas well that is anticipated to be or has been completed or recompleted in the Newark, East (Barnett Shale) Field.

(b) Prohibits gas from a gas well from being permitted to escape into the air after the second day after the date gas is encountered in the well, except that the Railroad Commission of Texas (commission) is authorized to permit the escape of gas into the air for an additional period if the operator of the well or other facility presents information to show the necessity for the escape. Requires that the amount of gas flared under the commission's authority be charged to the operator's allowable production. Provides that a necessity includes the following situations: to avoid endangering the safety of persons performing work on the

well or of the public; to drill the initial exploratory well in a field before a sales pipeline to which gas produced from the field is authorized to be delivered has been constructed; to comply with an oil or gas lease entered into before September 1, 2009; and to repair or modify a gas-gathering system.

(c) Requires an operator of a gas well to use techniques or methods that minimize the release into the air of gas and associated vapors when gas from the well is permitted to flow during the completion or recompletion of the well. Requires the operator, as soon as practicable, after a gas well is fractured or refractured to employ appropriate equipment and processes to minimize the release into the air of gas and associated vapors and take necessary actions to deliver salable gas to the sales pipeline or shut the well in and conserve the gas.

SECTION 3. Amends Section 86.012(a), Natural Resources Code, to redefine "waste."

SECTION 4. Effective date: upon passage or September 1, 2009.