

1-1 By: Davis, Nelson S.B. No. 902
1-2 (In the Senate - Filed February 17, 2009; March 9, 2009,
1-3 read first time and referred to Committee on Natural Resources;
1-4 April 14, 2009, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 10, Nays 0; April 14, 2009,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 902 By: Seliger

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to restrictions on the release into the air of natural gas
1-11 and associated vapors from a gas well.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 86.185, Natural Resources Code, is
1-14 amended to read as follows:

1-15 Sec. 86.185. RESTRICTIONS ON RELEASE OF [PROHIBITION
1-16 AGAINST] GAS IN AIR: GAS WELLS IN GENERAL. (a) This section does
1-17 not apply to a gas well to which Section 86.186 applies.

1-18 (b) No gas from a gas well may be permitted to escape into
1-19 the air after the expiration of 10 days from the time the gas is
1-20 encountered in the gas well, or from the time of perforating the
1-21 casing opposite a gas-bearing zone if casing is set through the
1-22 zone, whichever is later, but the commission may permit the escape
1-23 of gas into the air for an additional time if the operator of a well
1-24 or other facility presents information to show the necessity for
1-25 the escape; provided that the amount of gas which is flared under
1-26 that authority is charged to the operator's allowable production.
1-27 A necessity includes but is not limited to the following
1-28 situations:

1-29 (1) cleaning a well of sand or acid or both following
1-30 stimulation treatment of a well; and

1-31 (2) repairing or modifying a gas-gathering system.

1-32 SECTION 2. Subchapter F, Chapter 86, Natural Resources
1-33 Code, is amended by adding Section 86.186 to read as follows:

1-34 Sec. 86.186. RESTRICTIONS ON RELEASE OF GAS IN AIR: GAS
1-35 WELLS IN CERTAIN POPULOUS COUNTIES. (a) This section applies only
1-36 to a gas well located in a county that:

1-37 (1) has a population of more than 1.4 million; and

1-38 (2) is located wholly or partly above a
1-39 hydrocarbon-producing geological formation in which during 2008
1-40 the commission issued more than 1,000 drilling permits authorizing
1-41 wells to be completed.

1-42 (b) After fracturing or refracturing a gas well that the
1-43 operator anticipates completing or recompleting, the operator
1-44 shall employ appropriate processes to minimize the release into the
1-45 air of gas and associated vapors from the well.

1-46 (c) The operator of a gas well shall:

1-47 (1) deliver all salable gas to a sales line as soon as
1-48 the pressure of the gas at the wellhead is sufficient to permit the
1-49 gas to flow into the line; or

1-50 (2) shut in the well and conserve the gas.

1-51 (d) The operator of a gas well that has access to a sales
1-52 line shall employ means or methods that minimize the release into
1-53 the air of gas and associated vapors from the well when gas from the
1-54 well is permitted to flow during the completion or recompletion of
1-55 the well, except that the commission may authorize the release if
1-56 the operator of the well or of another facility presents
1-57 information to the commission showing the necessity for the
1-58 release. The amount of gas flared or vented under the commission's
1-59 authority shall be charged to the operator's allowable production.
1-60 A necessity includes the following situations:

1-61 (1) to avoid endangering the safety of persons
1-62 performing work on the well or of the public;

1-63 (2) to comply with an oil or gas lease entered into

2-1 before September 1, 2009;
2-2 (3) to repair or modify a gas-gathering system;
2-3 (4) the composition of the gas does not meet the
2-4 minimum quality standards of the gatherer of the gas;
2-5 (5) the pressure of the gas at the wellhead is
2-6 insufficient to permit the gas to flow into the sales line or
2-7 another circumstance occurs that is beyond the control of the
2-8 operator of the well; or
2-9 (6) other circumstances or conditions determined by
2-10 the commission to be relevant to the goal of preventing waste or
2-11 protecting the public interest.
2-12 (e) The commission shall adopt rules to implement this
2-13 section. Rules adopted under this subsection:
2-14 (1) must require an operator to provide a statement on
2-15 a form prescribed by the commission evidencing compliance with this
2-16 section;
2-17 (2) must prescribe a procedure for obtaining
2-18 commission authorization of the release into the air of gas and
2-19 associated vapors from a gas well; and
2-20 (3) may limit the period for which gas and associated
2-21 vapors from a gas well may be released into the air with commission
2-22 authorization.
2-23 (f) The municipality in which a gas well is located may
2-24 monitor the operator's compliance with this section. A
2-25 municipality may adopt an ordinance to implement this subsection.
2-26 SECTION 3. Subsection (a), Section 86.012, Natural
2-27 Resources Code, is amended to read as follows:
2-28 (a) The term "waste" includes:
2-29 (1) the operation of an oil well or wells with an
2-30 inefficient gas-oil ratio;
2-31 (2) the drowning with water of a stratum or part of a
2-32 stratum capable of producing gas in paying quantities;
2-33 (3) permitting a gas well to burn wastefully;
2-34 (4) the creation of unnecessary fire hazards;
2-35 (5) physical waste or loss incident to or resulting
2-36 from so drilling, equipping, or operating a well or wells as to
2-37 reduce or tend to reduce the ultimate recovery of gas from any pool;
2-38 (6) the escape of gas from a well producing both oil
2-39 and gas into the open air in excess of the amount that is necessary
2-40 in the efficient drilling or operation of the well;
2-41 (7) the production of gas in excess of transportation
2-42 or market facilities or reasonable market demand for the type of gas
2-43 produced;
2-44 (8) the use of gas for the manufacture of carbon black
2-45 without first having extracted the natural gasoline content from
2-46 the gas, except it shall not be necessary to first extract the
2-47 natural gasoline content from the gas where it is utilized in a
2-48 plant producing an average recovery of not less than five pounds of
2-49 carbon black to each 1,000 cubic feet of gas;
2-50 (9) the use of sweet gas produced from a gas well for
2-51 the manufacture of carbon black unless it is used in a plant
2-52 producing an average recovery of not less than five pounds of carbon
2-53 black to each 1,000 cubic feet and unless the sweet gas is produced
2-54 from a well located in a common reservoir producing both sweet and
2-55 sour gas;
2-56 (10) permitting gas produced from a gas well to escape
2-57 into the air before or after the gas has been processed for its
2-58 gasoline content, unless authorized as provided in Section 86.185
2-59 or 86.186 [of this code];
2-60 (11) the production of natural gas from a well
2-61 producing oil from a stratum other than that in which the oil is
2-62 found unless the gas is produced in a separate string of casing from
2-63 that in which the oil is produced;
2-64 (12) the production of more than 100,000 cubic feet of
2-65 gas to each barrel of crude petroleum oil unless the gas is put to
2-66 one or more of the uses authorized for the type of gas so produced
2-67 under allocations made by the commission or unless authorized as
2-68 provided in Section 86.185 or 86.186 [of this code]; and
2-69 (13) underground waste or loss however caused and

3-1 whether or not defined in other subdivisions of this section.
3-2 SECTION 4. This Act takes effect immediately if it receives
3-3 a vote of two-thirds of all the members elected to each house, as
3-4 provided by Section 39, Article III, Texas Constitution. If this
3-5 Act does not receive the vote necessary for immediate effect, this
3-6 Act takes effect September 1, 2009.

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