

BILL ANALYSIS

C.S.H.B. 2067

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Licensing & Administrative Procedures

Committee Report (Substituted)

BACKGROUND AND PURPOSE

The evaluation of oil and gas resources involves the quantification of the volume of oil and gas reserves and resources in the subsurface of the earth, the forecasting of oil and gas production, and the evaluation of the economic impact of the production forecasts. While the evaluation of oil and gas resources requires special knowledge, training and the application of engineering principles, the practice is not regulated by any state.

Recently, Texas Board of Professional Engineers (TBPE) staff concluded that engineers who evaluate oil and gas resources in Texas must be licensed under the Texas Engineering Practice Act. This conclusion gives rise to the concern that licensing agencies in other states, once learning of the TBPE opinion, may reciprocate by disallowing the export of Texas professional engineering expertise for the evaluation of oil and gas resources within reservoirs underlying those states. Consequently, the TBPE staff position may cause increased costs to Texas-licensed professional engineers and the companies that employ them, as those companies and engineers may have to expend resources to meet those other states' regulatory requirements. As substituted, House Bill 2067 proposes to exempt engineers engaged in the evaluation of oil and gas resources that are licensed in a state that does not prohibit similar activities in that state by a Texas engineer from the regulatory requirements of the Texas Engineering Practice Act. There is no risk to public health or safety of Texas citizens from the evaluation of oil and gas reservoirs underlying Texas by licensed professional engineers from other states. Further, this bill does not change existing licensure requirements for Texas residents who provide engineering services to the public.

RULEMAKING AUTHORITY

CSHB 2067 does not delegate rulemaking authority to any state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends the Texas Engineering Practice Act to add a new section, §1001.068, Occupations Code, relating to out-of-state engineers engaged in evaluating oil and gas reserves. The bill defines the "evaluation of oil and gas resources" as the quantification of the volume of oil and gas reserves and resources in the earth, the determination of production forecasts for those reserves or resources, and the evaluation of the economic impact of the production forecasts. The bill exempts the evaluation of oil and gas resources by an engineer licensed in another state that does not prohibit similar activities in that state by an engineer licensed in Texas, where the evaluation by the out-of-state engineers does not involve design, construction or engineering assessments on the surface and does not present a public health or safety risk, from the regulatory requirements of the Texas Engineering Practice Act.

SECTION 2. Effective date upon passage with two-thirds affirmative vote in each chamber, or 1 September 2011.

EFFECTIVE DATE

Upon passage with two-thirds vote in each chamber, or 1 September 2011.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The introduced version of the bill exempted the oil and gas resource evaluation by an engineer licensed in another state that allows reciprocity for similar activities by an engineer licensed in Texas from the requirements of the Texas Engineering Practice Act. The committee substitute changes that same provision to exempt the evaluation of oil and gas resources by an engineer licensed in another state that does not prohibit similar activities in that state by an engineer licensed in Texas from the requirements of the Texas Engineering Practice Act.