

1-1 By: Hegar S.B. No. 655
1-2 (In the Senate - Filed March 8, 2011; March 8, 2011, read
1-3 first time and referred to Committee on Government Organization;
1-4 March 29, 2011, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 5, Nays 1; March 29, 2011,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 655 By: Hegar

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

1-10 relating to the abolition of the Railroad Commission of Texas, the
1-11 creation of the Texas Oil and Gas Commission, and the transfer of
1-12 the powers and duties of the railroad commission to the oil and gas
1-13 commission.

1-14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-15 SECTION 1. The heading to Chapter 81, Natural Resources
1-16 Code, is amended to read as follows:

1-17 CHAPTER 81. TEXAS OIL AND GAS [RAILROAD] COMMISSION [OF TEXAS]

1-18 SECTION 2. Section 81.001, Natural Resources Code, is
1-19 amended to read as follows:

1-20 Sec. 81.001. DEFINITIONS. In this chapter:

1-21 (1) "Commission" means the Texas Oil and Gas
1-22 [Railroad] Commission [of Texas].

1-23 (2) "Commissioner" means the commissioner [any
1-24 member] of the Texas Oil and Gas [Railroad] Commission [of Texas].

1-25 SECTION 3. Subchapter A, Chapter 81, Natural Resources
1-26 Code, is amended by adding Section 81.003 to read as follows:

1-27 Sec. 81.003. REFERENCE TO RAILROAD COMMISSION OF TEXAS OR
1-28 RAILROAD COMMISSIONER. A reference in law to:

1-29 (1) the Railroad Commission of Texas means the Texas
1-30 Oil and Gas Commission; and

1-31 (2) a railroad commissioner or a member of the
1-32 Railroad Commission of Texas means the commissioner of the Texas
1-33 Oil and Gas Commission.

1-34 SECTION 4. Section 81.01001, Natural Resources Code, as
1-35 effective April 1, 2011, is amended to read as follows:

1-36 Sec. 81.01001. SUNSET PROVISION. The Texas Oil and Gas
1-37 [Railroad] Commission [of Texas] is subject to Chapter 325,
1-38 Government Code (Texas Sunset Act). Unless continued in existence
1-39 as provided by that chapter, the commission is abolished September
1-40 1, 2023 [2011].

1-41 SECTION 5. Section 81.01002, Natural Resources Code, as
1-42 effective April 1, 2011, is amended to read as follows:

1-43 Sec. 81.01002. ELECTION AND TERM OF COMMISSIONER
1-44 [CHAIRMAN]. (a) The commission is governed by [commissioners
1-45 shall elect] one commissioner [as the chairman].

1-46 (b) The commissioner is elected for a term of four years.

1-47 SECTION 6. Section 81.01003, Natural Resources Code, as
1-48 effective April 1, 2011, is amended to read as follows:

1-49 Sec. 81.01003. QUALIFICATIONS FOR OFFICE. The [A]
1-50 commissioner must be:

1-51 (1) a qualified voter under the constitution and laws;
1-52 and

1-53 (2) at least 25 years of age.

1-54 SECTION 7. Section 81.01004, Natural Resources Code, as
1-55 effective April 1, 2011, is amended to read as follows:

1-56 Sec. 81.01004. PERSONAL FINANCIAL DISCLOSURE, STANDARDS OF
1-57 CONDUCT, AND CONFLICT OF INTEREST. The [A] commissioner is subject
1-58 to the provisions of Chapter 572, Government Code, that apply to
1-59 elected officers, including the requirements governing personal
1-60 financial statements, standards of conduct, and conflicts of
1-61 interest.

1-62 SECTION 8. Subchapter B, Chapter 81, Natural Resources
1-63 Code, is amended by adding Section 81.010045 to read as follows:

2-1 Sec. 81.010045. CERTAIN POLITICAL CONTRIBUTIONS
 2-2 RESTRICTED. (a) In this section, "political contribution" has the
 2-3 meaning assigned by Section 251.001, Election Code.

2-4 (b) The commissioner may not knowingly accept a political
 2-5 contribution given or offered with the intention that it be used in
 2-6 connection with a campaign for or the holding of a statewide or
 2-7 federal office, including the office of commissioner, except:

2-8 (1) beginning one year before the date of the next
 2-9 general election at which the commissioner's office is filled; and
 2-10 (2) ending on the 30th day before the date the first
 2-11 regular legislative session of the commissioner's succeeding term
 2-12 convenes.

2-13 (c) A person other than the commissioner may not knowingly
 2-14 accept a political contribution given or offered with the intention
 2-15 that it be used in connection with a campaign for the office of
 2-16 commissioner, except:

2-17 (1) during the period:

2-18 (A) beginning one year before the date of the
 2-19 next general election at which the commissioner's office is filled;
 2-20 and

2-21 (B) ending on the 30th day before the date the
 2-22 first regular legislative session of the commissioner's succeeding
 2-23 term convenes; or

2-24 (2) during the period beginning on the date a vacancy
 2-25 in the office of commissioner occurs and ending on the date that
 2-26 vacancy is filled.

2-27 SECTION 9. Section 81.01005, Natural Resources Code, as
 2-28 effective April 1, 2011, is amended to read as follows:

2-29 Sec. 81.01005. NAME AND SEAL. (a) The commission is
 2-30 [commissioners are] known [collectively] as the "Texas Oil and Gas
 2-31 [Railroad] Commission [of Texas]."

2-32 (b) The seal of the commission contains a star of five
 2-33 points with the words "Texas Oil and Gas [Railroad] Commission [of
 2-34 Texas]" engraved on it.

2-35 SECTION 10. Section 81.01006, Natural Resources Code, as
 2-36 effective April 1, 2011, is amended to read as follows:

2-37 Sec. 81.01006. PROCEDURAL RULES. The commissioner
 2-38 [commissioners] may adopt all rules necessary for the commission's
 2-39 government and proceedings.

2-40 SECTION 11. Section 81.01007, Natural Resources Code, as
 2-41 effective April 1, 2011, is amended to read as follows:

2-42 Sec. 81.01007. SUPPLIES. The commissioner [commissioners]
 2-43 shall be furnished necessary furniture, stationery, supplies, and
 2-44 expenses, to be paid for on the order of the governor.

2-45 SECTION 12. Section 81.01008, Natural Resources Code, as
 2-46 effective April 1, 2011, is amended to read as follows:

2-47 Sec. 81.01008. PUBLIC HEARINGS [SESSIONS]. The commission
 2-48 may hold public hearings [sessions] at any place in this state when
 2-49 considered necessary.

2-50 SECTION 13. Subsection (d), Section 81.01013, Natural
 2-51 Resources Code, as effective April 1, 2011, is amended to read as
 2-52 follows:

2-53 (d) The commission shall provide to the commissioner
 2-54 [commissioners] and to agency employees, as often as necessary,
 2-55 information regarding the requirements for office or employment
 2-56 under this chapter, including information regarding a person's
 2-57 responsibilities under applicable laws relating to standards of
 2-58 conduct for state officers or employees.

2-59 SECTION 14. Section 81.01016, Natural Resources Code, as
 2-60 effective April 1, 2011, is amended to read as follows:

2-61 Sec. 81.01016. SEPARATION OF RESPONSIBILITIES. The
 2-62 commission shall develop and implement policies that clearly
 2-63 separate the policy-making responsibilities of the commissioner
 2-64 [commissioners] and the management responsibilities of the staff of
 2-65 the commission.

2-66 SECTION 15. Section 81.017, Natural Resources Code, is
 2-67 amended to read as follows:

2-68 Sec. 81.017. ADDITIONAL EMPLOYEES. The commission may
 2-69 employ gaugers, inspectors, investigators, supervisors, and

3-1 clerical employees. These employees shall include a chief engineer
 3-2 and a~~[r]~~ chief petroleum engineer, ~~[and an administrative chief,~~
 3-3 and their salaries shall be paid in the amounts provided in the
 3-4 General Appropriations Act.

3-5 SECTION 16. Subsection (b), Section 81.018, Natural
 3-6 Resources Code, is amended to read as follows:

3-7 (b) Warrants for expenses shall be issued only on duly
 3-8 verified statements of the persons entitled to the funds and on
 3-9 approval of the commissioner ~~[chairman of the commission]~~.

3-10 SECTION 17. Subsection (c), Section 81.0521, Natural
 3-11 Resources Code, is amended to read as follows:

3-12 (c) Two-thirds of the proceeds from this fee, excluding
 3-13 ~~[including]~~ any penalties collected in connection with the fee,
 3-14 shall be deposited to the oil and gas regulation and ~~[oil-field]~~
 3-15 cleanup fund as provided by Section 81.067 ~~[91.111]~~.

3-16 SECTION 18. Subsections (c), (d), and (e), Section 81.0531,
 3-17 Natural Resources Code, are amended to read as follows:

3-18 (c) In determining the amount of the penalty, the commission
 3-19 shall consider the ~~[permittee's history of previous violations, the~~
 3-20 ~~seriousness of the violation, any hazard to the health or safety of~~
 3-21 ~~the public, and the demonstrated good faith of the person charged.~~
 3-22 ~~In determining the amount of the penalty for a violation of a~~
 3-23 ~~provision of this title or a rule, order, license, permit, or~~
 3-24 ~~certificate that relates to pipeline safety, the commission shall~~
 3-25 ~~consider the] guidelines adopted under Subsection (d).~~

3-26 (d) The commission by rule shall adopt guidelines to be used
 3-27 in determining the amount of the penalty ~~[for a violation of a~~
 3-28 ~~provision of this title or a rule, order, license, permit, or~~
 3-29 ~~certificate that relates to pipeline safety]~~. The guidelines shall
 3-30 include a penalty calculation worksheet that specifies the typical
 3-31 penalty for certain violations, circumstances justifying
 3-32 enhancement of a penalty and the amount of the enhancement, and
 3-33 circumstances justifying a reduction in a penalty and the amount of
 3-34 the reduction. The guidelines shall take into account:

3-35 (1) the permittee's history of previous violations,
 3-36 including the number of previous violations;

3-37 (2) the seriousness of the violation and of any
 3-38 pollution resulting from the violation;

3-39 (3) any hazard to the health or safety of the public;

3-40 (4) the degree of culpability;

3-41 (5) the demonstrated good faith of the person charged;

3-42 and

3-43 (6) any other factor the commission considers
 3-44 relevant.

3-45 (e) A penalty collected under this section shall be
 3-46 deposited to the credit of the general revenue ~~[oil-field cleanup]~~
 3-47 fund.

3-48 SECTION 19. Subsection (g), Section 81.056, Natural
 3-49 Resources Code, is amended to read as follows:

3-50 (g) The commission may use money in the oil and gas
 3-51 regulation and ~~[oil-field]~~ cleanup fund to implement this section.
 3-52 The amount of money in the fund the commission may use for that
 3-53 purpose may not exceed the amount of money in the fund that is
 3-54 derived from fees collected under Section 91.142 from common
 3-55 carriers or owners or operators of pipelines as determined annually
 3-56 by the commission.

3-57 SECTION 20. The heading to Section 81.064, Natural
 3-58 Resources Code, as effective April 1, 2011, is amended to read as
 3-59 follows:

3-60 Sec. 81.064. POWERS OF ~~[COMMISSIONER OR]~~ DESIGNATED
 3-61 EMPLOYEE IN CASES BEFORE COMMISSION.

3-62 SECTION 21. Subsections (a) and (b), Section 81.064,
 3-63 Natural Resources Code, as effective April 1, 2011, are amended to
 3-64 read as follows:

3-65 (a) In a case before the commission, ~~[a commissioner, or]~~ an
 3-66 authorized commission employee, designated by the commissioner
 3-67 ~~[commission]~~ for that purpose, in the same manner as if the
 3-68 commissioner ~~[entire commission]~~ were present, may:

3-69 (1) hold a hearing;

- 4-1 (2) conduct an investigation;
 4-2 (3) make a record of a hearing or investigation for the
 4-3 use and benefit of the commission;
 4-4 (4) administer an oath;
 4-5 (5) certify to an official act; and
 4-6 (6) compel the attendance of a witness and the
 4-7 production of papers, books, accounts, and other pertinent
 4-8 documents and testimony.

4-9 (b) The record of a hearing or investigation made under this
 4-10 section that is certified to by the [~~commissioner or~~] employee has
 4-11 the same effect as if made before the commissioner [~~commission~~].
 4-12 The commissioner [~~commission~~] shall determine a case in which the
 4-13 record is made under this section in the same manner as if the
 4-14 record had been made before the commissioner [~~commission~~].

4-15 SECTION 22. Subchapter C, Chapter 81, Natural Resources
 4-16 Code, is amended by adding Sections 81.065, 81.066, 81.067, 81.068,
 4-17 81.069, 81.070, and 81.071 to read as follows:

4-18 Sec. 81.065. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE
 4-19 RESOLUTION POLICY. (a) The commission shall develop and implement
 4-20 a policy to encourage the use of:

4-21 (1) negotiated rulemaking procedures under Chapter
 4-22 2008, Government Code, for the adoption of commission rules; and

4-23 (2) appropriate alternative dispute resolution
 4-24 procedures under Chapter 2009, Government Code, to assist in the
 4-25 resolution of internal and external disputes under the commission's
 4-26 jurisdiction.

4-27 (b) The commission's procedures relating to alternative
 4-28 dispute resolution must conform, to the extent possible, to any
 4-29 model guidelines issued by the State Office of Administrative
 4-30 Hearings for the use of alternative dispute resolution by state
 4-31 agencies.

4-32 (c) The commission shall:

4-33 (1) coordinate the implementation of the policy
 4-34 adopted under Subsection (a);

4-35 (2) provide training as needed to implement the
 4-36 procedures for negotiated rulemaking or alternative dispute
 4-37 resolution; and

4-38 (3) collect data concerning the effectiveness of those
 4-39 procedures.

4-40 Sec. 81.066. ENFORCEMENT POLICY. (a) The commission by
 4-41 rule shall adopt an enforcement policy to guide the employees of the
 4-42 commission in evaluating violations of the provisions of this title
 4-43 that pertain to safety or the prevention or control of pollution or
 4-44 the provisions of a rule, order, license, permit, or certificate
 4-45 that pertains to safety or the prevention or control of pollution
 4-46 and is issued under this title.

4-47 (b) The enforcement policy adopted under this section must
 4-48 include:

4-49 (1) a specific process for classifying violations
 4-50 based on:

4-51 (A) the seriousness of any pollution resulting
 4-52 from the violation; and

4-53 (B) any hazard to the health or safety of the
 4-54 public; and

4-55 (2) standards to provide guidance to commission
 4-56 employees on which violations may be dismissed once the permittee
 4-57 comes into compliance and which violations must be forwarded for
 4-58 enforcement.

4-59 (c) The standards adopted under Subsection (b)(2) must
 4-60 require a commission employee to take into account the permittee's
 4-61 history of previous violations in determining whether to dismiss a
 4-62 violation once the permittee comes into compliance or forward the
 4-63 violation for enforcement.

4-64 Sec. 81.067. OIL AND GAS REGULATION AND CLEANUP FUND.
 4-65 (a) The oil and gas regulation and cleanup fund is created as a
 4-66 special fund in the state treasury.

4-67 (b) The commission shall certify to the comptroller the date
 4-68 on which the balance in the fund equals or exceeds \$20 million. The
 4-69 oil-field cleanup regulatory fees on oil and gas shall not be

5-1 collected or required to be paid on or after the first day of the
 5-2 second month following the certification, except that the
 5-3 comptroller shall resume collecting the fees on receipt of a
 5-4 commission certification that the fund has fallen below \$10
 5-5 million. The comptroller shall continue collecting the fees until
 5-6 collections are again suspended in the manner provided by this
 5-7 subsection.

5-8 (c) The fund consists of:

5-9 (1) proceeds from bonds and other financial security
 5-10 required by this chapter and benefits under well-specific plugging
 5-11 insurance policies described by Section 91.104(c) that are paid to
 5-12 the state as contingent beneficiary of the policies, subject to the
 5-13 refund provisions of Section 91.1091, if applicable;

5-14 (2) private contributions, including contributions
 5-15 made under Section 89.084;

5-16 (3) expenses collected under Section 89.083;

5-17 (4) fees imposed under Section 85.2021;

5-18 (5) costs recovered under Section 91.457 or 91.459;

5-19 (6) proceeds collected under Sections 89.085 and
 5-20 91.115;

5-21 (7) interest earned on the funds deposited in the
 5-22 fund;

5-23 (8) oil and gas waste hauler permit application fees
 5-24 collected under Section 29.015, Water Code;

5-25 (9) costs recovered under Section 91.113(f);

5-26 (10) hazardous oil and gas waste generation fees
 5-27 collected under Section 91.605;

5-28 (11) oil-field cleanup regulatory fees on oil
 5-29 collected under Section 81.116;

5-30 (12) oil-field cleanup regulatory fees on gas
 5-31 collected under Section 81.117;

5-32 (13) fees for a reissued certificate collected under
 5-33 Section 91.707;

5-34 (14) fees collected under Section 91.1013;

5-35 (15) fees collected under Section 89.088;

5-36 (16) fees collected under Section 91.142;

5-37 (17) fees collected under Section 91.654;

5-38 (18) costs recovered under Sections 91.656 and 91.657;

5-39 (19) two-thirds of the fees collected under Section
 5-40 81.0521;

5-41 (20) fees collected under Sections 89.024 and 89.026;

5-42 (21) legislative appropriations; and

5-43 (22) any surcharges collected under Section 81.070.

5-44 (d) All revenues and balances in the oil and gas regulation
 5-45 and cleanup fund created in this section are exempt from Section
 5-46 403.095(b), Government Code.

5-47 Sec. 81.068. PURPOSE OF OIL AND GAS REGULATION AND CLEANUP
 5-48 FUND. Money in the oil and gas regulation and cleanup fund may be
 5-49 used by the commission or its employees or agents for any purpose
 5-50 related to the regulation of oil and gas development, including oil
 5-51 and gas monitoring and inspections, oil and gas remediation, oil
 5-52 and gas well plugging, public information and services related to
 5-53 those activities, and administrative costs and state benefits for
 5-54 personnel involved in those activities.

5-55 Sec. 81.069. REPORTING ON PROGRESS IN MEETING PERFORMANCE
 5-56 GOALS FOR THE OIL AND GAS REGULATION AND CLEANUP FUND. (a) The
 5-57 commission, through the legislative appropriations request
 5-58 process, shall establish specific performance goals for the oil and
 5-59 gas regulation and cleanup fund for the next biennium, including
 5-60 goals for each quarter of each state fiscal year of the biennium for
 5-61 the number of:

5-62 (1) orphaned wells to be plugged with state-managed
 5-63 funds;

5-64 (2) abandoned sites to be investigated, assessed, or
 5-65 cleaned up with state funds; and

5-66 (3) surface locations to be remediated.

5-67 (b) The commission shall provide quarterly reports to the
 5-68 Legislative Budget Board that include:

5-69 (1) the following information with respect to the

6-1 period since the last report was provided as well as cumulatively:

6-2 (A) the amount of money deposited in the oil and
6-3 gas regulation and cleanup fund;

6-4 (B) the amount of money spent from the fund for
6-5 the purposes described by Subsection (a);

6-6 (C) the balance of the fund; and

6-7 (D) the commission's progress in meeting the
6-8 quarterly performance goals established under Subsection (a) and,
6-9 if the number of orphaned wells plugged with state-managed funds,
6-10 abandoned sites investigated, assessed, or cleaned up with state
6-11 funds, or surface locations remediated is at least five percent
6-12 less than the number projected in the applicable goal established
6-13 under Subsection (a), an explanation of the reason for the
6-14 variance; and

6-15 (2) any additional information or data requested in
6-16 writing by the Legislative Budget Board.

6-17 (c) The commission shall submit to the legislature and make
6-18 available to the public, annually, a report that reviews the extent
6-19 to which money provided under Section 81.067 has enabled the
6-20 commission to better protect the environment through oil-field
6-21 cleanup activities. The report must include:

6-22 (1) the performance goals established under
6-23 Subsection (a) for that state fiscal year, the commission's
6-24 progress in meeting those performance goals, and, if the number of
6-25 orphaned wells plugged with state-managed funds, abandoned sites
6-26 investigated, assessed, or cleaned up with state funds, or surface
6-27 locations remediated is at least five percent less than the number
6-28 projected in the applicable goal established under Subsection (a),
6-29 an explanation of the reason for the variance;

6-30 (2) the number of orphaned wells plugged with
6-31 state-managed funds, by region;

6-32 (3) the number of wells orphaned, by region;

6-33 (4) the number of inactive wells not currently in
6-34 compliance with commission rules, by region;

6-35 (5) the status of enforcement proceedings for all
6-36 wells in violation of commission rules and the period during which
6-37 the wells have been in violation, by region in which the wells are
6-38 located;

6-39 (6) the number of surface locations remediated, by
6-40 region;

6-41 (7) a detailed accounting of expenditures of money in
6-42 the fund for oil-field cleanup activities, including expenditures
6-43 for plugging of orphaned wells, investigation, assessment, and
6-44 cleaning up of abandoned sites, and remediation of surface
6-45 locations;

6-46 (8) the method by which the commission sets priorities
6-47 by which it determines the order in which orphaned wells are
6-48 plugged;

6-49 (9) a projection of the amount of money needed for the
6-50 next biennium for plugging orphaned wells, investigating,
6-51 assessing, and cleaning up abandoned sites, and remediating surface
6-52 locations; and

6-53 (10) the number of sites successfully remediated under
6-54 the voluntary cleanup program under Subchapter O, Chapter 91, by
6-55 region.

6-56 Sec. 81.070. ESTABLISHMENT OF SURCHARGES ON FEES.

6-57 (a) Except as provided by Subsection (b), the commission by rule
6-58 shall provide for the imposition of reasonable surcharges as
6-59 necessary on fees imposed by the commission that are required to be
6-60 deposited to the credit of the oil and gas regulation and cleanup
6-61 fund as provided by Section 81.067 in amounts sufficient to enable
6-62 the commission to recover the costs of performing the functions
6-63 specified by Section 81.068 from those fees and surcharges.

6-64 (b) The commission may not impose a surcharge on an
6-65 oil-field cleanup regulatory fee on oil collected under Section
6-66 81.116 or an oil-field cleanup regulatory fee on gas collected
6-67 under Section 81.117.

6-68 (c) The commission by rule shall establish a methodology for
6-69 determining the amount of a surcharge that takes into account:

7-1 (1) the time required for regulatory work associated
7-2 with the activity in connection with which the surcharge is
7-3 imposed;
7-4 (2) the number of individuals or entities from which
7-5 the commission's costs may be recovered;
7-6 (3) the effect of the surcharge on operators of all
7-7 sizes, as measured by the number of oil or gas wells operated;
7-8 (4) the balance in the oil and gas regulation and
7-9 cleanup fund; and
7-10 (5) any other factors the commission determines to be
7-11 important to the fair and equitable imposition of the surcharge.
7-12 (d) The commission shall collect a surcharge on a fee at the
7-13 time the fee is collected.
7-14 (e) A surcharge collected under this section shall be
7-15 deposited to the credit of the oil and gas regulation and cleanup
7-16 fund as provided by Section 81.067.
7-17 Sec. 81.071. POWERS AND DUTIES OF STATE OFFICE OF
7-18 ADMINISTRATIVE HEARINGS. (a) Notwithstanding any other law, the
7-19 State Office of Administrative Hearings shall conduct each
7-20 contested case hearing in an enforcement proceeding under a law
7-21 administered by the commission. A hearing must be conducted in
7-22 accordance with the rules and procedures adopted by the commission.
7-23 (b) The commission may delegate to the State Office of
7-24 Administrative Hearings the authority to make a final decision and
7-25 to issue findings of fact, conclusions of law, and other necessary
7-26 orders in a proceeding in which there is not a contested issue of
7-27 fact or law.
7-28 (c) The commission by rule shall define the procedures by
7-29 which it delegates final decision-making authority under
7-30 Subsection (b).
7-31 (d) For purposes of judicial review, an administrative law
7-32 judge's final decision under Subsection (b) has the same effect as a
7-33 final decision of the commission unless the commission requests
7-34 formal review of the decision.
7-35 SECTION 23. Section 81.115, Natural Resources Code, is
7-36 amended to read as follows:
7-37 Sec. 81.115. APPROPRIATIONS [PAYMENTS] TO COMMISSION FOR
7-38 OIL AND GAS REGULATION AND CLEANUP PURPOSES [OIL AND GAS DIVISION].
7-39 Money appropriated to the [oil and gas division of the] commission
7-40 under the General Appropriations Act for the purposes described by
7-41 Section 81.068 shall be paid from the oil and gas regulation and
7-42 cleanup fund [General Revenue Fund].
7-43 SECTION 24. Subsections (d) and (e), Section 81.116,
7-44 Natural Resources Code, are amended to read as follows:
7-45 (d) The comptroller shall suspend collection of the fee in
7-46 the manner provided by Section 81.067 [91.111]. The exemptions and
7-47 reductions set out in Sections 202.052, 202.054, 202.056, 202.057,
7-48 202.059, and 202.060, Tax Code, do not affect the fee imposed by
7-49 this section.
7-50 (e) Proceeds from the fee, excluding [including] any
7-51 penalties collected in connection with the fee, shall be deposited
7-52 to the oil and gas regulation and [oil-field] cleanup fund as
7-53 provided by Section 81.067 [91.111 of this code].
7-54 SECTION 25. Subsections (d) and (e), Section 81.117,
7-55 Natural Resources Code, are amended to read as follows:
7-56 (d) The comptroller shall suspend collection of the fee in
7-57 the manner provided by Section 81.067 [91.111]. The exemptions and
7-58 reductions set out in Sections 201.053, 201.057, 201.058, and
7-59 202.060, Tax Code, do not affect the fee imposed by this section.
7-60 (e) Proceeds from the fee, excluding [including] any
7-61 penalties collected in connection with the fee, shall be deposited
7-62 to the oil and gas regulation and [oil-field] cleanup fund as
7-63 provided by Section 81.067 [91.111 of this code].
7-64 SECTION 26. Subsection (d), Section 85.2021, Natural
7-65 Resources Code, is amended to read as follows:
7-66 (d) All fees collected under this section shall be deposited
7-67 in the oil and gas regulation and [state oil-field] cleanup fund.
7-68 SECTION 27. Subsection (d), Section 89.024, Natural
7-69 Resources Code, is amended to read as follows:

8-1 (d) An operator who files an abeyance of plugging report
 8-2 must pay an annual fee of \$100 for each well covered by the report.
 8-3 A fee collected under this section shall be deposited in the oil and
 8-4 gas regulation and [oil-field] cleanup fund.

8-5 SECTION 28. Subsection (d), Section 89.026, Natural
 8-6 Resources Code, is amended to read as follows:

8-7 (d) An operator who files documentation described by
 8-8 Subsection (a) must pay an annual fee of \$50 for each well covered
 8-9 by the documentation. A fee collected under this section shall be
 8-10 deposited in the oil and gas regulation and [oil-field] cleanup
 8-11 fund.

8-12 SECTION 29. Subsection (d), Section 89.048, Natural
 8-13 Resources Code, is amended to read as follows:

8-14 (d) On successful plugging of the well by the well plugger,
 8-15 the surface estate owner may submit documentation to the commission
 8-16 of the cost of the well-plugging operation. The commission shall
 8-17 reimburse the surface estate owner from money in the oil and gas
 8-18 regulation and [oil-field] cleanup fund in an amount not to exceed
 8-19 50 percent of the lesser of:

8-20 (1) the documented well-plugging costs; or

8-21 (2) the average cost incurred by the commission in the
 8-22 preceding 24 months in plugging similar wells located in the same
 8-23 general area.

8-24 SECTION 30. Subsection (j), Section 89.083, Natural
 8-25 Resources Code, is amended to read as follows:

8-26 (j) Money collected in a suit under this section shall be
 8-27 deposited in the oil and gas regulation and [state oil-field]
 8-28 cleanup fund.

8-29 SECTION 31. Subsection (d), Section 89.085, Natural
 8-30 Resources Code, is amended to read as follows:

8-31 (d) The commission shall deposit money received from the
 8-32 sale of well-site equipment or hydrocarbons under this section to
 8-33 the credit of the oil and gas regulation and [oil-field] cleanup
 8-34 fund. The commission shall separately account for money and credit
 8-35 received for each well.

8-36 SECTION 32. The heading to Section 89.086, Natural
 8-37 Resources Code, is amended to read as follows:

8-38 Sec. 89.086. CLAIMS AGAINST OIL AND GAS REGULATION AND [THE
 8-39 OIL-FIELD] CLEANUP FUND.

8-40 SECTION 33. Subsections (a) and (h) through (k), Section
 8-41 89.086, Natural Resources Code, are amended to read as follows:

8-42 (a) A person with a legal or equitable ownership or security
 8-43 interest in well-site equipment or hydrocarbons disposed of under
 8-44 Section 89.085 [~~of this code~~] may make a claim against the oil and
 8-45 gas regulation and [oil-field] cleanup fund unless an element of
 8-46 the transaction giving rise to the interest occurs after the
 8-47 commission forecloses its statutory lien under Section 89.083.

8-48 (h) The commission shall suspend an amount of money in the
 8-49 oil and gas regulation and [oil-field] cleanup fund equal to the
 8-50 amount of the claim until the claim is finally resolved. If the
 8-51 provisions of Subsection (k) [~~of this section~~] prevent suspension
 8-52 of the full amount of the claim, the commission shall treat the
 8-53 claim as two consecutively filed claims, one in the amount of funds
 8-54 available for suspension and the other in the remaining amount of
 8-55 the claim.

8-56 (i) A claim made by or on behalf of the operator or a
 8-57 nonoperator of a well or a successor to the rights of the operator
 8-58 or nonoperator is subject to a ratable deduction from the proceeds
 8-59 or credit received for the well-site equipment to cover the costs
 8-60 incurred by the commission in removing the equipment or
 8-61 hydrocarbons from the well or in transporting, storing, or
 8-62 disposing of the equipment or hydrocarbons. A claim made by a
 8-63 person who is not an operator or nonoperator is subject to a ratable
 8-64 deduction for the costs incurred by the commission in removing the
 8-65 equipment from the well. If a claimant is a person who is
 8-66 responsible under law or commission rules for plugging the well or
 8-67 cleaning up pollution originating on the lease or if the claimant
 8-68 owes a penalty assessed by the commission or a court for a violation
 8-69 of a commission rule or order, the commission may recoup from or

9-1 offset against a valid claim an expense incurred by the oil and gas
 9-2 regulation and [oil-field] cleanup fund that is not otherwise
 9-3 reimbursed or any penalties owed. An amount recouped from,
 9-4 deducted from, or offset against a claim under this subsection
 9-5 shall be treated as an invalid portion of the claim and shall remain
 9-6 suspended in the oil and gas regulation and [oil-field] cleanup
 9-7 fund in the manner provided by Subsection (j) ~~[of this section]~~.

9-8 (j) If the commission finds that a claim is valid in whole or
 9-9 in part, the commission shall pay the valid portion of the claim
 9-10 from the suspended amount in the oil and gas regulation and
 9-11 [oil-field] cleanup fund not later than the 30th day after the date
 9-12 of the commission's decision. If the commission finds that a claim
 9-13 is invalid in whole or in part, the commission shall continue to
 9-14 suspend in the oil and gas regulation and [oil-field] cleanup fund
 9-15 an amount equal to the invalid portion of the claim until the period
 9-16 during which the commission's decision may be appealed has expired
 9-17 or, if appealed, during the period the case is under judicial
 9-18 review. If on appeal the district court finds the claim valid in
 9-19 whole or in part, the commission shall pay the valid portion of the
 9-20 claim from the suspended amount in the oil and gas regulation and
 9-21 [oil-field] cleanup fund not later than 30 days after the date the
 9-22 court's judgment becomes unappealable. On the date the
 9-23 commission's decision is not subject to judicial review, the
 9-24 commission shall release from the suspended amount in the oil and
 9-25 gas regulation and [oil-field] cleanup fund the amount of the claim
 9-26 held to be invalid.

9-27 (k) If the aggregate of claims paid and money suspended that
 9-28 relates to well-site equipment or hydrocarbons from a particular
 9-29 well equals the total of the actual proceeds and credit realized
 9-30 from the disposition of that equipment or those hydrocarbons, the
 9-31 oil and gas regulation and [oil-field] cleanup fund is not liable
 9-32 for any subsequently filed claims that relate to the same equipment
 9-33 or hydrocarbons unless and until the commission releases from the
 9-34 suspended amount money derived from the disposition of that
 9-35 equipment or those hydrocarbons. If the commission releases money,
 9-36 then the commission shall suspend money in the amount of
 9-37 subsequently filed claims in the order of filing.

9-38 SECTION 34. Subsection (b), Section 89.121, Natural
 9-39 Resources Code, is amended to read as follows:

9-40 (b) Civil penalties collected for violations of this
 9-41 chapter or of rules relating to plugging that are adopted under this
 9-42 code shall be deposited in the general revenue [state oil-field
 9-43 cleanup] fund.

9-44 SECTION 35. Subsection (c), Section 91.1013, Natural
 9-45 Resources Code, is amended to read as follows:

9-46 (c) Fees collected under this section shall be deposited in
 9-47 the oil and gas regulation and [state oil-field] cleanup fund.

9-48 SECTION 36. Section 91.108, Natural Resources Code, is
 9-49 amended to read as follows:

9-50 Sec. 91.108. DEPOSIT AND USE OF FUNDS. Subject to the
 9-51 refund provisions of Section 91.1091, if applicable, proceeds from
 9-52 bonds and other financial security required pursuant to this
 9-53 chapter and benefits under well-specific plugging insurance
 9-54 policies described by Section 91.104(c) that are paid to the state
 9-55 as contingent beneficiary of the policies shall be deposited in the
 9-56 oil and gas regulation and [oil-field] cleanup fund and,
 9-57 notwithstanding Sections 81.068 [91.112] and 91.113, may be used
 9-58 only for actual well plugging and surface remediation.

9-59 SECTION 37. Subsection (a), Section 91.109, Natural
 9-60 Resources Code, is amended to read as follows:

9-61 (a) A person applying for or acting under a commission
 9-62 permit to store, handle, treat, reclaim, or dispose of oil and gas
 9-63 waste may be required by the commission to maintain a performance
 9-64 bond or other form of financial security conditioned that the
 9-65 permittee will operate and close the storage, handling, treatment,
 9-66 reclamation, or disposal site in accordance with state law,
 9-67 commission rules, and the permit to operate the site. However, this
 9-68 section does not authorize the commission to require a bond or other
 9-69 form of financial security for saltwater disposal pits, emergency

10-1 saltwater storage pits (including blow-down pits), collecting
 10-2 pits, or skimming pits provided that such pits are used in
 10-3 conjunction with the operation of an individual oil or gas lease.
 10-4 Subject to the refund provisions of Section 91.1091 [~~of this code~~],
 10-5 proceeds from any bond or other form of financial security required
 10-6 by this section shall be placed in the oil and gas regulation and
 10-7 [~~oil-field~~] cleanup fund. Each bond or other form of financial
 10-8 security shall be renewed and continued in effect until the
 10-9 conditions have been met or release is authorized by the
 10-10 commission.

10-11 SECTION 38. Subsections (a) and (f), Section 91.113,
 10-12 Natural Resources Code, are amended to read as follows:

10-13 (a) If oil and gas wastes or other substances or materials
 10-14 regulated by the commission under Section 91.101 are causing or are
 10-15 likely to cause the pollution of surface or subsurface water, the
 10-16 commission, through its employees or agents, may use money in the
 10-17 oil and gas regulation and [~~oil-field~~] cleanup fund to conduct a
 10-18 site investigation or environmental assessment or control or clean
 10-19 up the oil and gas wastes or other substances or materials if:

10-20 (1) the responsible person has failed or refused to
 10-21 control or clean up the oil and gas wastes or other substances or
 10-22 materials after notice and opportunity for hearing;

10-23 (2) the responsible person is unknown, cannot be
 10-24 found, or has no assets with which to control or clean up the oil and
 10-25 gas wastes or other substances or materials; or

10-26 (3) the oil and gas wastes or other substances or
 10-27 materials are causing the pollution of surface or subsurface water.

10-28 (f) If the commission conducts a site investigation or
 10-29 environmental assessment or controls or cleans up oil and gas
 10-30 wastes or other substances or materials under this section, the
 10-31 commission may recover all costs incurred by the commission from
 10-32 any person who was required by law, rules adopted by the commission,
 10-33 or a valid order of the commission to control or clean up the oil and
 10-34 gas wastes or other substances or materials. The commission by
 10-35 order may require the person to reimburse the commission for those
 10-36 costs or may request the attorney general to file suit against the
 10-37 person to recover those costs. At the request of the commission,
 10-38 the attorney general may file suit to enforce an order issued by the
 10-39 commission under this subsection. A suit under this subsection may
 10-40 be filed in any court of competent jurisdiction in Travis County.
 10-41 Costs recovered under this subsection shall be deposited to the oil
 10-42 and gas regulation and [~~oil-field~~] cleanup fund.

10-43 SECTION 39. Subsection (c), Section 91.264, Natural
 10-44 Resources Code, is amended to read as follows:

10-45 (c) A penalty collected under this section shall be
 10-46 deposited to the credit of the general revenue [~~oil-field cleanup~~]
 10-47 fund [~~account~~].

10-48 SECTION 40. Subsection (b), Section 91.457, Natural
 10-49 Resources Code, is amended to read as follows:

10-50 (b) If a person ordered to close a saltwater disposal pit
 10-51 under Subsection (a) [~~of this section~~] fails or refuses to close the
 10-52 pit in compliance with the commission's order and rules, the
 10-53 commission may close the pit using money from the oil and gas
 10-54 regulation and [~~oil-field~~] cleanup fund and may direct the attorney
 10-55 general to file suits in any courts of competent jurisdiction in
 10-56 Travis County to recover applicable penalties and the costs
 10-57 incurred by the commission in closing the saltwater disposal pit.

10-58 SECTION 41. Subsection (c), Section 91.459, Natural
 10-59 Resources Code, is amended to read as follows:

10-60 (c) Any [~~penalties or~~] costs recovered by the attorney
 10-61 general under this subchapter shall be deposited in the oil and gas
 10-62 regulation and [~~oil-field~~] cleanup fund.

10-63 SECTION 42. Subsection (e), Section 91.605, Natural
 10-64 Resources Code, is amended to read as follows:

10-65 (e) The fees collected under this section shall be deposited
 10-66 in the oil and gas regulation and [~~oil-field~~] cleanup fund.

10-67 SECTION 43. Subsection (e), Section 91.654, Natural
 10-68 Resources Code, is amended to read as follows:

10-69 (e) Fees collected under this section shall be deposited to

11-1 the credit of the oil and gas regulation and [oil-field] cleanup
 11-2 fund under Section 81.067 [91.111].

11-3 SECTION 44. Subsection (b), Section 91.707, Natural
 11-4 Resources Code, is amended to read as follows:

11-5 (b) Fees collected under this section shall be deposited to
 11-6 the oil and gas regulation and [oil-field] cleanup fund.

11-7 SECTION 45. Subchapter B, Chapter 102, Natural Resources
 11-8 Code, is amended by adding Sections 102.0125 and 102.0165 to read as
 11-9 follows:

11-10 Sec. 102.0125. WITHDRAWAL AND REFILEING OF APPLICATION.

11-11 (a) The commission by rule shall:

11-12 (1) provide procedures requiring an interested owner
 11-13 who applies to the commission for the pooling of mineral interests
 11-14 to give notice to the commission before withdrawing the application
 11-15 if a hearing on the application has been scheduled; and

11-16 (2) require an applicant who refiles an application
 11-17 that was withdrawn without proper notice as required by rules
 11-18 adopted under Subdivision (1) to pay a filing fee that exceeds the
 11-19 amount of any fee required for filing the initial application.

11-20 (b) Rules adopted under Subsection (a)(1) must specify the
 11-21 deadline for giving notice of withdrawal of the application before
 11-22 the hearing is held.

11-23 Sec. 102.0165. LOCATION OF HEARING. (a) At the request of
 11-24 an interested party, the commission may hold the hearing on the
 11-25 application in person or by telephone at a location in the vicinity
 11-26 of the proposed unit.

11-27 (b) The commission may contract with another state agency to
 11-28 hold hearings on applications for pooling of interests into a unit
 11-29 under the provisions of this chapter in person or by telephone at
 11-30 field offices of that agency.

11-31 SECTION 46. Subsection (a), Section 117.012, Natural
 11-32 Resources Code, is amended to read as follows:

11-33 (a) The commission shall adopt rules that include:

11-34 (1) safety standards for and practices applicable to
 11-35 the intrastate transportation of hazardous liquids or carbon
 11-36 dioxide by pipeline and intrastate hazardous liquid or carbon
 11-37 dioxide pipeline facilities; and

11-38 (2) [~~including~~] safety standards related to the
 11-39 prevention of damage to interstate and intrastate hazardous liquid
 11-40 or carbon dioxide pipeline facilities [~~such a facility~~] resulting
 11-41 from the movement of earth by a person in the vicinity of such a
 11-42 [~~the~~] facility, other than movement by tillage that does not exceed
 11-43 a depth of 16 inches.

11-44 SECTION 47. Subsection (q), Section 211.033, Natural
 11-45 Resources Code, is amended to read as follows:

11-46 (q) A penalty collected under this section shall be remitted
 11-47 to the comptroller for [~~the~~] deposit to the credit of the general
 11-48 revenue [~~oil-field cleanup~~] fund.

11-49 SECTION 48. Subsection (c), Section 52.092, Election Code,
 11-50 is amended to read as follows:

11-51 (c) Statewide offices of the state government shall be
 11-52 listed in the following order:

- 11-53 (1) governor;
- 11-54 (2) lieutenant governor;
- 11-55 (3) attorney general;
- 11-56 (4) comptroller of public accounts;
- 11-57 (5) commissioner of the General Land Office;
- 11-58 (6) commissioner of agriculture;
- 11-59 (7) [~~railroad~~] commissioner of the Texas Oil and Gas
 11-60 Commission;
- 11-61 (8) chief justice, supreme court;
- 11-62 (9) justice, supreme court;
- 11-63 (10) presiding judge, court of criminal appeals;
- 11-64 (11) judge, court of criminal appeals.

11-65 SECTION 49. Section 756.126, Health and Safety Code, is
 11-66 amended to read as follows:

11-67 Sec. 756.126. SAFETY STANDARDS AND BEST PRACTICES. The
 11-68 Texas Oil and Gas [~~Railroad~~] Commission [~~of Texas~~] shall adopt and
 11-69 enforce safety standards and best practices, including those

12-1 described by 49 U.S.C. Section 6105 et seq., relating to the
 12-2 prevention of damage by a person to a facility, including an
 12-3 interstate or intrastate pipeline facility, under the jurisdiction
 12-4 of the commission.

12-5 SECTION 50. Section 102.006, Utilities Code, is amended to
 12-6 read as follows:

12-7 Sec. 102.006. POWERS AND DUTIES OF STATE OFFICE OF
 12-8 ADMINISTRATIVE HEARINGS [IN CONTESTED CASES]. (a) The [~~railroad~~
 12-9 ~~commission by rule shall provide for administrative hearings in~~
 12-10 ~~contested cases to be conducted by one or more members of the~~
 12-11 ~~railroad commission, by railroad commission hearings examiners, or~~
 12-12 ~~by the utility division of the State Office of Administrative~~
 12-13 ~~Hearings. The rules must provide for a railroad commission~~
 12-14 ~~hearings examiner or the utility division of the] State Office of~~
 12-15 ~~Administrative Hearings shall [to] conduct each hearing in a~~
 12-16 ~~contested case under this subtitle [that is not conducted by one or~~
 12-17 ~~more members of the railroad commission]. A hearing must be~~
 12-18 ~~conducted in accordance with the rules and procedures adopted by~~
 12-19 ~~the railroad commission.~~

12-20 (b) The railroad commission may delegate to [~~a railroad~~
 12-21 ~~commission hearings examiner or to the utility division of] the~~
 12-22 ~~State Office of Administrative Hearings the authority to make a~~
 12-23 ~~final decision and to issue findings of fact, conclusions of law,~~
 12-24 ~~and other necessary orders in a proceeding in which there is not a~~
 12-25 ~~contested issue of fact or law.~~

12-26 (c) The railroad commission by rule shall define the
 12-27 procedures by which it delegates final decision-making authority
 12-28 under Subsection (b) [~~to a railroad commission hearings examiner or~~
 12-29 ~~to the utility division of the State Office of Administrative~~
 12-30 ~~Hearings]~~.

12-31 (d) For purposes of judicial review, an administrative law
 12-32 judge's [the] final decision [of a railroad commission hearings
 12-33 examiner or an administrative law judge of the State Office of
 12-34 Administrative Hearings in a matter delegated] under Subsection (b)
 12-35 has the same effect as a final decision of the railroad commission
 12-36 unless [~~a member of] the commission requests formal review of the~~
 12-37 ~~decision.~~

12-38 [~~(e) The State Office of Administrative Hearings shall~~
 12-39 ~~charge the railroad commission a fixed annual rate for hearings~~
 12-40 ~~conducted by the office under this section only if the legislature~~
 12-41 ~~appropriates money for that purpose. If the legislature does not~~
 12-42 ~~appropriate money for the payment of a fixed annual rate under this~~
 12-43 ~~section, the State Office of Administrative Hearings shall charge~~
 12-44 ~~the railroad commission an hourly rate of not more than \$90 per hour~~
 12-45 ~~for hearings conducted by the office under this section.]~~

12-46 SECTION 51. Subsection (a), Section 121.201, Utilities
 12-47 Code, is amended to read as follows:

12-48 (a) The railroad commission may:

12-49 (1) by rule prescribe or adopt safety standards for
 12-50 the transportation of gas and for gas pipeline facilities,
 12-51 including safety standards related to the prevention of damage to
 12-52 an interstate or intrastate gas pipeline [such a] facility
 12-53 resulting from the movement of earth by a person in the vicinity of
 12-54 the facility, other than movement by tillage that does not exceed a
 12-55 depth of 16 inches;

12-56 (2) by rule require an operator that does not file
 12-57 operator organization information under Section 91.142, Natural
 12-58 Resources Code, to provide the information to the commission in the
 12-59 form of an application;

12-60 (3) by rule require record maintenance and reports;

12-61 (4) inspect records and facilities to determine
 12-62 compliance with safety standards prescribed or adopted under
 12-63 Subdivision (1);

12-64 (5) make certifications and reports from time to time;

12-65 (6) seek designation by the United States secretary of
 12-66 transportation as an agent to conduct safety inspections of
 12-67 interstate gas pipeline facilities located in this state; and

12-68 (7) by rule take any other requisite action in
 12-69 accordance with 49 U.S.C. Section 60101 et seq., or a succeeding

13-1 law.

13-2 SECTION 52. Section 29.015, Water Code, is amended to read
13-3 as follows:

13-4 Sec. 29.015. APPLICATION FEE. With each application for
13-5 issuance, renewal, or material amendment of a permit, the applicant
13-6 shall submit to the railroad commission a nonrefundable fee of
13-7 \$100. Fees collected under this section shall be deposited in the
13-8 oil and gas regulation and ~~oil-field~~ cleanup fund.

13-9 SECTION 53. The following provisions of the Natural
13-10 Resources Code are repealed:

- 13-11 (1) Section 91.111;
- 13-12 (2) Section 91.112;
- 13-13 (3) Section 91.1135; and
- 13-14 (4) Subchapter I, Chapter 113.

13-15 SECTION 54. On the effective date of this Act:

13-16 (1) the oil-field cleanup fund and the alternative
13-17 fuels research and education fund are abolished;

13-18 (2) any money remaining in the oil-field cleanup fund
13-19 is transferred to the oil and gas regulation and cleanup fund;

13-20 (3) any money remaining in the alternative fuels
13-21 research and education fund is transferred to the undedicated
13-22 portion of the general revenue fund;

13-23 (4) any claim against the oil-field cleanup fund is
13-24 transferred to the oil and gas regulation and cleanup fund;

13-25 (5) any claim against the alternative fuels research
13-26 and education fund is transferred to the undedicated portion of the
13-27 general revenue fund;

13-28 (6) any amount required to be deposited to the credit
13-29 of the oil-field cleanup fund shall be deposited to the credit of
13-30 the oil and gas regulation and cleanup fund; and

13-31 (7) any amount required to be deposited to the credit
13-32 of the alternative fuels research and education fund shall be
13-33 deposited to the credit of the undedicated portion of the general
13-34 revenue fund.

13-35 SECTION 55. (a) As soon as possible after the effective
13-36 date of this Act, the governor shall appoint the initial
13-37 commissioner of the Texas Oil and Gas Commission to serve a term
13-38 that expires January 1, 2013. The commissioner of the Railroad
13-39 Commission of Texas who was most recently elected by the voters of
13-40 Texas at a general election to serve a full six-year term shall
13-41 serve as the initial commissioner of the Texas Oil and Gas
13-42 Commission until the governor makes an appointment under this
13-43 section, and that commissioner of the Railroad Commission of Texas
13-44 may be appointed by the governor under this section.

13-45 (b) The office of commissioner of the Texas Oil and Gas
13-46 Commission exists for purposes of the primary and general election
13-47 in 2012.

13-48 (c) The initial elected commissioner of the Texas Oil and
13-49 Gas Commission shall be elected at the general election for state
13-50 and county officers in 2012 to serve a two-year term.

13-51 (d) The initial elected commissioner of the Texas Oil and
13-52 Gas Commission shall take office January 1, 2013.

13-53 SECTION 56. (a) On the date the initial commissioner of
13-54 the Texas Oil and Gas Commission takes office:

13-55 (1) the Texas Oil and Gas Commission is created;

13-56 (2) the Railroad Commission of Texas is abolished and
13-57 the terms of the members of the Railroad Commission of Texas serving
13-58 on that date expire;

13-59 (3) the powers, duties, functions, programs, and
13-60 activities of the Railroad Commission of Texas are transferred to
13-61 the Texas Oil and Gas Commission;

13-62 (4) an employee of the Railroad Commission of Texas
13-63 becomes an employee of the Texas Oil and Gas Commission;

13-64 (5) all obligations and contracts of the Railroad
13-65 Commission of Texas are transferred to the Texas Oil and Gas
13-66 Commission;

13-67 (6) all property and records in the custody of the
13-68 Railroad Commission of Texas and all funds appropriated by the
13-69 legislature to the Railroad Commission of Texas shall be

14-1 transferred to the Texas Oil and Gas Commission;
14-2 (7) all complaints, investigations, or contested
14-3 cases that are pending before the Railroad Commission of Texas, or
14-4 the governing body of the Railroad Commission of Texas, are
14-5 transferred without change in status to the Texas Oil and Gas
14-6 Commission;

14-7 (8) a rule or form adopted by the Railroad Commission
14-8 of Texas is a rule or form of the Texas Oil and Gas Commission and
14-9 remains in effect until altered by that commission;

14-10 (9) a reference in law to the Railroad Commission of
14-11 Texas means the Texas Oil and Gas Commission;

14-12 (10) a reference in law to a railroad commissioner or a
14-13 member of the Railroad Commission of Texas means the commissioner
14-14 of the Texas Oil and Gas Commission; and

14-15 (11) a license, permit, or certification in effect
14-16 that was issued by the Railroad Commission of Texas is continued in
14-17 effect as a license, permit, or certification of the Texas Oil and
14-18 Gas Commission.

14-19 (b) The abolition of the Railroad Commission of Texas and
14-20 the transfer of its powers, duties, functions, programs,
14-21 activities, obligations, rights, contracts, records, property,
14-22 funds, and employees as provided by this Act do not affect or impair
14-23 an act done, any obligation, right, order, permit, certificate,
14-24 rule, criterion, standard, or requirement existing, or any penalty
14-25 accrued under former law, and that law remains in effect for any
14-26 action concerning those matters.

14-27 SECTION 57. The Railroad Commission of Texas shall adopt a
14-28 timetable for phasing in the use of the name of the Texas Oil and Gas
14-29 Commission so as to minimize the fiscal impact of the change of name
14-30 of the entity responsible for performing the functions of the
14-31 Railroad Commission of Texas. Until January 1, 2012, to allow for
14-32 phasing in the use of the name of the Texas Oil and Gas Commission
14-33 and in accordance with the timetable established as required by
14-34 this section, the Texas Oil and Gas Commission may perform any act
14-35 authorized by law for the Railroad Commission of Texas as the
14-36 Railroad Commission of Texas or as the Texas Oil and Gas Commission
14-37 and any act of the Texas Oil and Gas Commission acting as the
14-38 Railroad Commission of Texas is an act of the Texas Oil and Gas
14-39 Commission.

14-40 SECTION 58. This Act takes effect September 1, 2011.

14-41 * * * * *