

By: Davis

S.B. No. 1639

A BILL TO BE ENTITLED

AN ACT

relating to certain exceptions and permits granted by the Railroad Commission.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter C, Chapter 81, Natural Resources Code, is amended by adding Section 81.05211 to read as follows:

Sec.81.05211 RAILROAD COMMISSION JURISDICTION AND RULES IN CERTAIN COUNTIES. (a) This section applies only to a gas well located in a county that is located wholly or partly above a hydrocarbon-producing geological formation that underlies all or part of two counties:

(1) that are adjacent to one another; and

(2) each of which has a population of more than 1.4 million.

(b) This section shall be interpreted broadly regarding the power of rules and permits granted under Sections 81.051,81.052 and 81.0521 of this Subchapter.

(c) For any permit or exception to any rule derived from the authority given to the Commission by this subchapter that would allow a well for gas be drilled closer than the limits permitted by Commission rules or applicable field rules, the applicant shall;

(1) provide a notice to each person the exception to the rule or permit would affect. The notice shall be in plain language and;

1 (A) shall identify the path of the proposed
2 wellbore and explain the method that will be used to recover
3 minerals from surrounding areas and adjacent properties, including
4 a surveyed drawing;

5 (B) shall explain that the person receiving
6 notice has the right to object to the applicant's exception or
7 permit and outline the procedure for the hearing including the
8 standards and burdens of proof; and,

9 (C) shall explain that not objecting to the
10 applicant's request may result in the depletion of minerals from
11 the property of the person receiving notice and could result in a
12 loss of compensation for their minerals and transfer of their
13 minerals to the operator or other mineral owners.

14 (2) The applicant must present in a hearing to the
15 Commission;

16 (A) that the exception or permit is necessary for
17 the most efficient process of collecting gas and not for the mere
18 convenience of the operator;

19 (B) the absence of feasible alternatives to the
20 proposed exception or permit;

21 (C) that all efforts were made to notify persons
22 affected by the exception or permit; and,

23 (D) the amount of minerals that would be depleted
24 from persons affected by the exception or permit and the
25 compensation that would be available to these persons if they had
26 been mineral interest pooled and to whom the minerals would be
27 transferred if produced.

1 (3) A hearing must take place before any exception or
2 permit is granted and the applicant shall bear the burden of proof.

3 (4) The commission shall hold the hearing in a county
4 located in the urban hydrocarbon-producing area in subsection (a)
5 of this section.

6 SECTION 2. This Act takes effect immediately if it receives
7 a vote of two-thirds of all the members elected to each house, as
8 provided by Section 39, Article III, Texas Constitution. If this
9 Act does not receive the vote necessary for immediate effect, this
10 Act takes effect September 1, 2011.