

BILL ANALYSIS

C.S.H.B. 878
By: Crownover
Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Electronic well logs provide important information regarding the geology of Texas, provide for more efficient production of the state's oil and gas resources, and are important for the protection of the state's natural resources, such as groundwater. The Railroad Commission of Texas is responsible for collecting well logs from operators upon completion of a well. Interested parties contend that the current system for well log collection is outdated and inefficient and imposes a burden on operators and the railroad commission. The parties further contend that processes could be made more efficient by allowing certain electronic filing and by amending the confidentiality period of a well log. C.S.H.B. 878 seeks to address these issues in order to improve efficiency in regard to the filing of electric logs by operators of oil-related or gas-related wells.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 878 amends the Natural Resources Code to require the Railroad Commission of Texas by rule to establish criteria for electric logs, rather than basic electric logs, to be filed with the railroad commission. The bill requires a well operator, not later than the 90th day after the date a drilling operation is completed, to file with the railroad commission, in conjunction with the drilling or deepening of a well that meets basic criteria established by the railroad commission, a copy of each electric log, including each borehole section of the log at all depths, run after September 1, 2013, rather than a copy of a basic electric log run after September 1, 1985. The bill requires each electric log to be filed with the railroad commission electronically in a manner acceptable to the railroad commission if the railroad commission has the technological capability to receive the electronic filing. The bill requires an operator, not later than the deadline for the filing of each electric log, to file with the railroad commission a copy of a cased hole log run after September 1, 2013, in conjunction with the drilling or deepening of a well in lieu of an electric log run after that date if a cased hole log was run and an electric log was not run. The bill establishes that nothing in provisions relating to electric logs requires an operator to run an electric log in conjunction with the drilling or deepening of a well.

C.S.H.B. 878 increases the period that an electric log is confidential under a request for confidentiality from a period of one year after the date that the drilling operation was completed to a period of three years after the date that the drilling operation was completed, if the well is an onshore well, or a period of five years after the date that the drilling operation was completed, if the well is a bay or offshore well. The bill repeals provisions providing for an extension of a period of confidentiality.

C.S.H.B. 878 authorizes the railroad commission, if an operator fails to file a required electric log, to refuse to assign an allowable or a change in allowable for production from the well for

which the electric log is required until the operator files the electric log with the railroad commission only if the well is completed as a producing well and authorizes the railroad commission to alternatively impose an administrative penalty on the operator in a certain prescribed manner for each well for which the operator failed to file an electric log.

C.S.H.B. 878 amends the Government Code to make conforming changes.

C.S.H.B. 878 repeals Sections 91.553(c) and (d), Natural Resources Code.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 878 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. The heading to Subchapter M, Chapter 91, Natural Resources Code, is amended to read as follows:

No equivalent provision.

SUBCHAPTER M. WELL ~~[ELECTRIC]~~ LOGS

SECTION 2. Sections 91.551(a)(1) and (2), Natural Resources Code, are amended to read as follows:

No equivalent provision.

(1) "Well" means a well drilled for any purpose related to exploration for or production or storage of oil or gas or both oil and gas, including a well drilled for injection of fluids to enhance hydrocarbon recovery, disposal of produced fluids, disposal of waste from exploration or production activity, or brine mining. The term includes a well that is completed as a dry hole.

(2) "Well ~~[Electric]~~ log" means:
(A) a resistivity log combined with a spontaneous potential log; or
(B) a gamma ray log combined with a porosity log ~~[a wireline survey, except dipmeter surveys and seismic wireline surveys, run in an open hole or a cased hole of a well for purposes of obtaining geological information].~~

SECTION 3. Section 91.552, Natural Resources Code, is amended to read as follows:

SECTION 1. Section 91.552, Natural Resources Code, is amended to read as follows:

Sec. 91.552. **WELL [ELECTRIC] LOGS REQUIRED TO BE FILED; CRITERIA.**
(a) Except as otherwise provided by this subchapter, not later than the 90th day after the date a drilling operation is completed, the operator shall file with the commission a copy of each well log, including each borehole section of the log at all depths, [a basic electric log] run after September 1, 2013 [September 1, 1985], in conjunction with the drilling or deepening of the well that meets basic criteria established by the commission. Each well log must be filed with the commission electronically in a manner acceptable to the commission if the commission has the technological capability to receive the electronic filing.
(b) The commission by rule shall establish criteria for **well [basic electric]** logs to be filed with the commission.
(c) Not later than the deadline prescribed by Subsection (a) for the filing of each well log, an operator shall file with the commission a copy of a cased hole log run after September 1, 2013, in conjunction with the drilling or deepening of a well in lieu of a well log run after that date if:
(1) a cased hole log was run; and
(2) a well log was not run.
(d) Nothing in this subchapter requires an operator to run a well log in conjunction with the drilling or deepening of a well.

SECTION 4. The heading to Section 91.553, Natural Resources Code, is amended to read as follows:

Sec. 91.553. AVAILABILITY OF **WELL [ELECTRIC] LOGS.**

SECTION 5. Sections 91.553(a), (b), and (f), Natural Resources Code, are amended to read as follows:

(a) Except as specifically provided by this section, each well [electric] log filed with the commission under this subchapter is not confidential and is public information under Chapter 552, Government Code.

(b) Not later than the date by which a well [an electric] log is required to be filed with the commission under Section 91.552, the operator may file a written request with the commission asking that the well [electric] log remain confidential and not be made

Sec. 91.552. **ELECTRIC LOGS REQUIRED TO BE FILED; CRITERIA.**
(a) Except as otherwise provided by this subchapter, not later than the 90th day after the date a drilling operation is completed, the operator shall file with the commission a copy of each electric log, including each borehole section of the log at all depths, [a basic electric log] run after September 1, 2013 [September 1, 1985], in conjunction with the drilling or deepening of the well that meets basic criteria established by the commission. Each electric log must be filed with the commission electronically in a manner acceptable to the commission if the commission has the technological capability to receive the electronic filing.
(b) The commission by rule shall establish criteria for **[basic] electric** logs to be filed with the commission.
(c) Not later than the deadline prescribed by Subsection (a) for the filing of each electric log, an operator shall file with the commission a copy of a cased hole log run after September 1, 2013, in conjunction with the drilling or deepening of a well in lieu of an electric log run after that date if:
(1) a cased hole log was run; and
(2) an electric log was not run.
(d) Nothing in this subchapter requires an operator to run an electric log in conjunction with the drilling or deepening of a well.

No equivalent provision.

SECTION 2. Sections 91.553(b), (e), and (f), Natural Resources Code, are amended to read as follows:

(b) Not later than the date by which an electric log is required to be filed with the commission under Section 91.552, the operator may file a written request with the commission asking that the electric log remain confidential and not be made

available as public information. ~~[On filing this request, the electric log or copy of the electric log required to be filed with the commission may be retained by the operator, and the electric log may remain in the possession of the operator for the period of confidentiality and any extensions of that period.]~~ On filing of the request for confidentiality, the ~~well~~ ~~[electric]~~ log becomes confidential and remains confidential for a period of:

- (1) three years ~~[one year]~~ after the date that the drilling operation was completed, if the well is an onshore well; or
- (2) five years after the date that the drilling operation was completed, if the well is a bay or offshore well.

(f) An operator who fails to timely file with the commission a written request under Subsection (b) that ~~a well~~ ~~[an electric]~~ log remain confidential and not be made available as public information ~~[or a written request under Subsection (c) or (d) for an extension of the period of confidentiality]~~ shall file the log with the commission immediately after the conclusion of the period for filing the request.

SECTION 6. Section 91.554, Natural Resources Code, is amended to read as follows:

Sec. 91.554. AVAILABILITY OF CONFIDENTIAL WELL ~~[ELECTRIC]~~ LOGS. ~~The~~ ~~[If the commission requires an electric log to be filed before the expiration of a period of confidentiality, the]~~ commission may ~~[shall]~~ make a confidential well ~~[that electric]~~ log available for inspection during the period of confidentiality only to:

- (1) a person authorized in writing by the operator; or ~~[and]~~
- (2) members of the commission and its employees in the exercise of their powers and duties under this code.

available as public information. On filing this request, the electric log or copy of the electric log required to be filed with the commission may be retained by the operator, and the electric log may remain in the possession of the operator for the period of confidentiality ~~[and any extensions of that period]~~. On filing of the request for confidentiality, the ~~well~~ ~~[electric]~~ log becomes confidential and remains confidential for a period of:

- (1) three years ~~[one year]~~ after the date that the drilling operation was completed, if the well is an onshore well; or
- (2) five years after the date that the drilling operation was completed, if the well is a bay or offshore well.

~~(e) An operator required to file an electric log under this section who has held the log during a period of confidentiality [or any extensions of that period] shall file the log with the commission within 30 days after the conclusion of the period of confidentiality [or the period of the last extension].~~

(f) An operator who fails to timely file with the commission a written request under Subsection (b) that an ~~electric~~ log remain confidential and not be made available as public information ~~[or a written request under Subsection (c) or (d) for an extension of the period of confidentiality]~~ shall file the log with the commission immediately after the conclusion of the period for filing the request.

~~No equivalent provision.~~

SECTION 7. Section 91.555, Natural Resources Code, is amended to read as follows:

Sec. 91.555. MANAGEMENT AND STORAGE OF WELL [~~ELECTRIC~~] LOGS. The commission may contract with any person for the management and storage of the well [~~electric~~] logs filed with the commission.

SECTION 8. Section 91.556, Natural Resources Code, is amended to read as follows:

Sec. 91.556. ENFORCEMENT [~~DENIAL OF ALLOWABLE~~]. If an operator fails to file a well [~~an electric~~] log as required by this subchapter, the commission may:

- (1) if the well is completed as a producing well, refuse to assign an allowable or a change in allowable for production from the well [~~for which the electric log is required~~] until the operator files the well [~~electric~~] log with the commission; or
- (2) impose an administrative penalty on the operator in the manner provided by Sections 81.0531-81.0534 [~~in an amount not to exceed \$500~~] for each well for which the operator failed to file a well log.

SECTION 9. Section 552.113(a), Government Code, is amended to read as follows:

(a) Information is excepted from the requirements of Section 552.021 if it is:

- (1) a well [~~an electric~~] log confidential under Subchapter M, Chapter 91, Natural Resources Code;
- (2) geological or geophysical information or data, including maps concerning wells, except information filed in connection with an application or proceeding before an agency; or
- (3) confidential under Subsections (c) through (f).

SECTION 10. Section 552.113(c)(2), Government Code, is amended to read as follows:

(2) "Well [~~Basic electric~~] logs" has the same meaning as it has in Chapter 91, Natural Resources Code.

No equivalent provision.

SECTION 3. Section 91.556, Natural Resources Code, is amended to read as follows:

Sec. 91.556. ENFORCEMENT [~~DENIAL OF ALLOWABLE~~]. If an operator fails to file an electric log as required by this subchapter, the commission may:

- (1) if the well is completed as a producing well, refuse to assign an allowable or a change in allowable for production from the well for which the electric log is required until the operator files the electric log with the commission; or
- (2) impose an administrative penalty on the operator in the manner provided by Sections 81.0531-81.0534 for each well for which the operator failed to file an electric log.

No equivalent provision.

SECTION 4. Section 552.113(c)(2), Government Code, is amended to read as follows:

(2) "Electric [~~Basic electric~~] logs" has the same meaning as it has in Chapter 91, Natural Resources Code.

SECTION 11. Sections 552.113(d), (e), and (f), Government Code, are amended to read as follows:

(d) Confidential material, except ~~well [basic electric]~~ logs, filed in the General Land Office on or after September 1, 1985, is public information and is available to the public under Section 552.021 on and after the later of:

- (1) five years from the filing date of the confidential material; or
- (2) one year from the expiration, termination, or forfeiture of the lease in connection with which the confidential material was filed.

(e) ~~Well [Basic electric]~~ logs filed in the General Land Office on or after September 1, 1985, are either public information or confidential material to the same extent and for the same periods provided for the same logs by Chapter 91, Natural Resources Code. A person may request that a ~~well [basic electric]~~ log that has been filed in the General Land Office be made confidential by filing with the land office a copy of the written request for confidentiality made to the Railroad Commission of Texas for the same log.

(f) The following are public information:

- (1) ~~well [basic electric]~~ logs filed in the General Land Office before September 1, 1985; and
- (2) confidential material, except ~~well [basic electric]~~ logs, filed in the General Land Office before September 1, 1985, provided, that Subsection (d) governs the disclosure of that confidential material filed in connection with a lease that is a valid and subsisting lease on September 1, 1995.

SECTION 12. Sections 91.553(c), (d), and ~~(e)~~, Natural Resources Code, are repealed.

SECTION 13. The changes in law made by this Act apply only to a drilling operation that is completed on or after the effective date of this Act. A drilling operation that is completed before the effective date of this Act is subject to the law in effect on the date of completion, and that law is continued in effect for that purpose.

SECTION 5. Sections 552.113(d), (e), and (f), Government Code, are amended to read as follows:

(d) Confidential material, except ~~[basic electric]~~ logs, filed in the General Land Office on or after September 1, 1985, is public information and is available to the public under Section 552.021 on and after the later of:

- (1) five years from the filing date of the confidential material; or
- (2) one year from the expiration, termination, or forfeiture of the lease in connection with which the confidential material was filed.

(e) ~~Electric [Basic electric]~~ logs filed in the General Land Office on or after September 1, 1985, are either public information or confidential material to the same extent and for the same periods provided for the same logs by Chapter 91, Natural Resources Code. A person may request that ~~an [a basic electric]~~ log that has been filed in the General Land Office be made confidential by filing with the land office a copy of the written request for confidentiality made to the Railroad Commission of Texas for the same log.

(f) The following are public information:

- (1) ~~[basic electric]~~ logs filed in the General Land Office before September 1, 1985; and
- (2) confidential material, except ~~[basic electric]~~ logs, filed in the General Land Office before September 1, 1985, provided, that Subsection (d) governs the disclosure of that confidential material filed in connection with a lease that is a valid and subsisting lease on September 1, 1995.

SECTION 6. Sections 91.553(c) and (d), Natural Resources Code, are repealed.

SECTION 7. Same as introduced version.

SECTION 14. This Act takes effect
September 1, 2013.

SECTION 8. Same as introduced version.