

By: Gonzales of Williamson, Raymond, Darby,
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H.B. No. 1818

Substitute the following for H.B. No. 1818:

By: Darby

C.S.H.B. No. 1818

A BILL TO BE ENTITLED

AN ACT

relating to the continuation and functions of the Railroad
Commission of Texas; providing for the imposition of fees.

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

SECTION 1. Section 81.01001(a), Natural Resources Code, is
amended to read as follows:

(a) The Railroad Commission of Texas is subject to Chapter
325, Government Code (Texas Sunset Act). Unless continued in
existence as provided by that chapter, the commission is abolished
September 1, 2029 [~~2017~~].

SECTION 2. Subchapter C, Chapter 81, Natural Resources
Code, is amended by adding Sections 81.065 and 81.066 to read as
follows:

Sec. 81.065. ALTERNATIVE DISPUTE RESOLUTION POLICY. (a)
The commission shall develop and implement a policy to encourage
the use of appropriate alternative dispute resolution procedures
under Chapter 2009, Government Code, to assist in the resolution of
internal and external disputes under the commission's
jurisdiction.

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

1 (c) The commission shall:

2 (1) coordinate the implementation of the policy
3 adopted under Subsection (a);

4 (2) provide training as needed to implement the
5 procedures for alternative dispute resolution; and

6 (3) collect information concerning the effectiveness
7 of those procedures.

8 Sec. 81.066. OIL AND GAS DIVISION MONITORING AND
9 ENFORCEMENT STRATEGIC PLAN. (a) The oil and gas division of the
10 commission shall develop and publish an annual plan to use the oil
11 and gas monitoring and enforcement resources of the commission
12 strategically to ensure public safety and protect the environment.

13 (b) The commission shall seek input from stakeholders when
14 developing each annual plan.

15 (c) The commission shall collect and maintain information
16 that accurately shows the commission's oil and gas monitoring and
17 enforcement activities. Each annual plan must include a report of
18 the information collected by the commission that shows the
19 commission's oil and gas monitoring and enforcement activities over
20 time.

21 (d) The information described by Subsection (c) must
22 include data regarding violations of statutes or commission rules
23 that relate to oil and gas, including:

24 (1) the number, type, and severity of:

25 (A) violations the commission found to have
26 occurred;

27 (B) violations the commission referred for

1 enforcement to the section of the commission responsible for
2 enforcement; and

3 (C) violations for which the commission imposed a
4 penalty or took other enforcement action;

5 (2) the number of major violations for which the
6 commission imposed a penalty or took other enforcement action; and

7 (3) the number of repeat major violations, categorized
8 by individual oil or gas lease, if applicable.

9 (e) The commission shall publish each annual plan on the
10 commission's Internet website not later than September 1 of the
11 year preceding the year in which the commission implements the
12 plan.

13 SECTION 3. Section 81.067(c), Natural Resources Code, is
14 amended to conform to the repeal of Section 81.112, Natural
15 Resources Code, by Chapter 470 (S.B. 757), Acts of the 84th
16 Legislature, Regular Session, 2015, and is further amended to read
17 as follows:

18 (c) The fund consists of:

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

24 (2) private contributions, including contributions
25 made under Section 89.084;

26 (3) expenses collected under Section 89.083;

27 (4) fees imposed under Section 85.2021;

- 1 (5) costs recovered under Section 91.457 or 91.459;
- 2 (6) proceeds collected under Sections 89.085 and
- 3 91.115;
- 4 (7) interest earned on the funds deposited in the
- 5 fund;
- 6 (8) oil and gas waste hauler permit application fees
- 7 collected under Section 29.015, Water Code;
- 8 (9) costs recovered under Section 91.113(f);
- 9 (10) hazardous oil and gas waste generation fees
- 10 collected under Section 91.605;
- 11 (11) oil-field cleanup regulatory fees on oil
- 12 collected under Section 81.116;
- 13 (12) oil-field cleanup regulatory fees on gas
- 14 collected under Section 81.117;
- 15 (13) fees for a reissued certificate collected under
- 16 Section 91.707;
- 17 (14) fees collected under Section 91.1013;
- 18 (15) fees collected under Section 89.088;
- 19 (16) fees collected under Section 91.142;
- 20 (17) fees collected under Section 91.654;
- 21 (18) costs recovered under Sections 91.656 and 91.657;
- 22 (19) fees collected under Section 81.0521;
- 23 (20) fees collected under Sections 89.024 and 89.026;
- 24 (21) legislative appropriations;
- 25 (22) any surcharges collected under Section 81.070;
- 26 (23) fees collected under Section 91.0115;
- 27 (24) ~~[money deposited to the credit of the fund under~~

1 ~~Section 81.112,~~
2 ~~[(25)]~~ fees collected under Subchapter E, Chapter 121,
3 Utilities Code;
4 (25) ~~[and (26)]~~ fees collected under Section 27.0321,
5 Water Code; and
6 (26) fees collected under Section 81.071.

7 SECTION 4. Subchapter C, Chapter 81, Natural Resources
8 Code, is amended by adding Section 81.071 to read as follows:

9 Sec. 81.071. PIPELINE SAFETY AND REGULATORY FEES. (a) The
10 commission by rule may establish pipeline safety and regulatory
11 fees to be assessed for permits or registrations for pipelines
12 under the jurisdiction of the commission's pipeline safety and
13 regulatory program.

14 (b) The commission may establish fees to be assessed
15 annually against permit or registration holders, as well as
16 individual fees for new permits or registrations, permit or
17 registration renewals, and permit or registration amendments.

18 (c) The fees must be in amounts that in the aggregate are
19 sufficient to support all pipeline safety and regulatory program
20 costs, including:

- 21 (1) permitting or registration costs;
- 22 (2) administrative costs; and
- 23 (3) costs of employee salaries and benefits.

24 (d) The commission by rule must establish the method or
25 methods by which the fees will be calculated and assessed so that
26 fee amounts will reflect the time spent and costs incurred to
27 perform the regulatory work associated with permitting or

1 registering pipelines, the effects of required fees on operators of
2 all sizes, and other factors the commission determines are
3 important to the fair imposition of the fees. The commission may
4 base the fees on any factor the commission considers necessary to
5 efficiently and fairly recover the pipeline safety and regulatory
6 program's costs, including:

7 (1) the length of the pipeline;

8 (2) the number of new permits or registrations, permit
9 or registration renewals, or permit or registration amendments; or

10 (3) the number of pipeline systems.

11 (e) The commission by rule may establish a reasonable late
12 payment penalty for a fee charged under this section.

13 (f) The authority provided by this section is in addition to
14 the authority provided by Section 121.211, Utilities Code, and the
15 commission shall consider any fees assessed under that section in
16 establishing the fees to be assessed under this section.

17 (g) A fee collected under this section shall be deposited to
18 the credit of the oil and gas regulation and cleanup fund as
19 provided by Section 81.067.

20 SECTION 5. Section 117.012, Natural Resources Code, is
21 amended by amending Subsection (a) and adding Subsection (a-1) to
22 read as follows:

23 (a) The commission shall adopt rules that include:

24 (1) safety standards applicable to the intrastate
25 transportation of hazardous liquids or carbon dioxide by pipeline
26 and intrastate hazardous liquid or carbon dioxide pipeline
27 facilities; and

1 (2) [~~, including~~] safety standards related to the
2 prevention of damage to interstate and intrastate hazardous liquid
3 or carbon dioxide pipeline facilities [~~such a facility~~] resulting
4 from the movement of earth by a person in the vicinity of such a
5 [~~the~~] facility, other than movement by tillage that does not exceed
6 a depth of 16 inches.

7 (a-1) Rules adopted under Subsection (a) [~~this subsection~~]
8 that apply to the intrastate transportation of hazardous liquids
9 and carbon dioxide by gathering pipelines in rural locations and
10 intrastate hazardous liquid and carbon dioxide gathering pipeline
11 facilities in rural locations must be based only on the risks the
12 transportation and the facilities present to the public safety,
13 except that the commission shall revise the rules as necessary to
14 comply with Subsection (c) and to maintain the maximum degree of
15 federal delegation permissible under 49 U.S.C. Section 60101 et
16 seq., or a succeeding law, if the federal government adopts rules
17 that include safety standards applicable to the transportation and
18 facilities.

19 SECTION 6. Section 756.126, Health and Safety Code, is
20 amended to read as follows:

21 Sec. 756.126. SAFETY STANDARDS AND BEST PRACTICES. The
22 Railroad Commission of Texas shall adopt and enforce rules
23 prescribing safety standards and best practices, including those
24 described by 49 U.S.C. Section 6105 et seq., relating to the
25 prevention of damage by a person to a facility, including an
26 interstate or intrastate pipeline facility, under the jurisdiction
27 of the commission.

1 SECTION 7. Section 121.201(a), Utilities Code, is amended
2 to read as follows:

3 (a) The railroad commission may:

4 (1) by rule prescribe or adopt safety standards for
5 the transportation of gas and for gas pipeline facilities,
6 including safety standards related to the prevention of damage to
7 an interstate or intrastate gas pipeline [~~such a~~] facility
8 resulting from the movement of earth by a person in the vicinity of
9 the facility, other than movement by tillage that does not exceed a
10 depth of 16 inches;

11 (2) by rule require an operator that does not file
12 operator organization information under Section 91.142, Natural
13 Resources Code, to provide the information to the commission in the
14 form of an application;

15 (3) by rule require record maintenance and reports;

16 (4) inspect records and facilities to determine
17 compliance with safety standards prescribed or adopted under
18 Subdivision (1);

19 (5) make certifications and reports from time to time;

20 (6) seek designation by the United States secretary of
21 transportation as an agent to conduct safety inspections of
22 interstate gas pipeline facilities located in this state;

23 (7) by rule take any other requisite action in
24 accordance with 49 U.S.C. Section 60101 et seq. and its subsequent
25 amendments or a succeeding law; and

26 (8) by rule establish safety standards and practices
27 for gathering facilities and transportation activities in Class 1

1 locations, as defined by 49 C.F.R. Section 192.5:

2 (A) based only on the risks the facilities and
3 activities present to the public safety, to the extent consistent
4 with federal law; or

5 (B) as necessary to maintain the maximum degree
6 of federal delegation permissible under 49 U.S.C. Section 60101 et
7 seq., or a succeeding law, if the federal government adopts safety
8 standards and practices for gathering facilities and
9 transportation activities in Class 1 locations, as defined by 49
10 C.F.R. Section 192.5.

11 SECTION 8. Section [91.1135](#), Natural Resources Code, is
12 repealed.

13 SECTION 9. The first year for which the Railroad Commission
14 of Texas is required by Section 81.066, Natural Resources Code, as
15 added by this Act, to develop and publish the annual plan required
16 by that section is 2019. The commission shall publish the plan not
17 later than September 1, 2018.

18 SECTION 10. To the extent of any conflict, this Act prevails
19 over another Act of the 85th Legislature, Regular Session, 2017,
20 relating to nonsubstantive additions to and corrections in enacted
21 codes.

22 SECTION 11. This Act takes effect September 1, 2017.