

By: Bonnen of Galveston

H.B. No. 2688

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the authority of the Railroad Commission of Texas to  
3 prevent waste of oil and gas.

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

5 SECTION 1. Section 85.046, Natural Resources Code, is  
6 amended by amending Subsection (a) and adding Subsections (d) and  
7 (e) to read as follows:

8 (a) The term "waste," among other things, specifically  
9 includes:

10 (1) operation of any oil well or wells with an  
11 inefficient gas-oil ratio and the commission may determine and  
12 prescribe by order the permitted gas-oil ratio for the operation of  
13 oil wells;

14 (2) drowning with water a stratum or part of a stratum  
15 that is capable of producing oil or gas or both in paying  
16 quantities;

17 (3) underground waste or loss, however caused and  
18 whether or not the cause of the underground waste or loss is defined  
19 in this section;

20 (4) permitting any natural gas well to burn  
21 wastefully;

22 (5) creation of unnecessary fire hazards;

23 (6) physical waste or loss incident to or resulting  
24 from drilling, equipping, locating, spacing, or operating a well or

1 wells in a manner that reduces or tends to reduce the total ultimate  
2 recovery of oil or gas from any pool;

3           (7) waste or loss incident to or resulting from the  
4 unnecessary, inefficient, excessive, or improper use of the  
5 reservoir energy, including the gas energy or water drive, in any  
6 well or pool[~~; however, it is not the intent of this section or the~~  
7 ~~provisions of this chapter that were formerly a part of Chapter 26,~~  
8 ~~Acts of the 42nd Legislature, 1st Called Session, 1931, as amended,~~  
9 ~~to require repressuring of an oil pool or to require that the~~  
10 ~~separately owned properties in any pool be unitized under one~~  
11 ~~management, control, or ownership];~~

12           (8) surface waste or surface loss, including the  
13 temporary or permanent storage of oil or the placing of any product  
14 of oil in open pits or earthen storage, and other forms of surface  
15 waste or surface loss including unnecessary or excessive surface  
16 losses, or destruction without beneficial use, either of oil or  
17 gas;

18           (9) escape of gas into the open air in excess of the  
19 amount necessary in the efficient drilling or operation of the well  
20 from a well producing both oil and gas;

21           (10) production of oil in excess of transportation or  
22 market facilities or reasonable market demand, and the commission  
23 may determine when excess production exists or is imminent and  
24 ascertain the reasonable market demand; and

25           (11) surface or subsurface waste of hydrocarbons,  
26 including the physical or economic waste or loss of hydrocarbons in  
27 the creation, operation, maintenance, or abandonment of an

1 underground hydrocarbon storage facility.

2 (d) It is not the intent of this section or the provisions of  
3 this chapter that were formerly a part of Chapter 26, Acts of the  
4 42nd Legislature, 1st Called Session, 1931, as amended, to require  
5 repressuring of an oil pool or to require that the separately owned  
6 properties in any pool be unitized under one management, control,  
7 or ownership.

8 (e) Notwithstanding Subsection (d), this section and the  
9 provisions of this chapter that were formerly a part of Chapter 26,  
10 Acts of the 42nd Legislature, 1st Called Session, 1931, as amended,  
11 do not prohibit the commission from imposing fieldwide unitization  
12 of a geologic formation of oil or gas of Cenozoic age for the  
13 purposes of a new or expanded enhanced recovery project under  
14 Section 202.054, Tax Code.

15 SECTION 2. This Act takes effect immediately if it receives  
16 a vote of two-thirds of all the members elected to each house, as  
17 provided by Section 39, Article III, Texas Constitution. If this  
18 Act does not receive the vote necessary for immediate effect, this  
19 Act takes effect September 1, 2017.