

SUBJECT: Exempting rural gathering lines from pipeline assessment plan

COMMITTEE: Energy Resources — favorable, without amendment

VOTE: 5 ayes — West, Farabee, Canales, Crabb, Keffer

0 nays

2 absent — E. Jones, Delisi

WITNESSES: For — Gregg Owens and Ben Sebree, Texas Oil and Gas Association; *(Registered, but did not testify:)* Marty Allday, Enbridge Energy and Copano Energy; Martin Fleming, Texas Independent Producers and Royalty Owners Association; Julie Moore, Occidental Petroleum Corp.; William Nikolis, TEPPCO; Kym Olson, El Paso Corp.; Bill Stevens, Texas Alliance of Energy Producers

Against — None

BACKGROUND: In 2001, the 77th Legislature enacted SB 310 by Harris, the Texas Railroad Commission (RRC) sunset bill. The act added Natural Resources Code, chapter 118, requiring a pipeline operator to file a plan for assessing or testing a pipeline if the RRC finds that the pipeline may present a hazard to public safety, if the RRC lacks adequate information to assess the risk the pipeline may pose, or if necessary for the commission to begin a safety investigation. A plan may include information about risk factors, previous inspections and maintenance, pressure tests, leaks, and other data. Rules adopted by the RRC for the assessment plan may apply to various categories of pipelines, including a gathering line, a small, low-pressure pipeline that transports oil from a well to a tank battery.

DIGEST: HB 2654 would exempt gathering lines from RRC requirements for a pipeline inspection plan if the lines were outside the limits of an incorporated or unincorporated city or village or outside any designated residential or commercial area, including residential subdivisions, businesses, shopping centers, or other community development.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2003.

**SUPPORTERS
SAY:**

HB 2654 simply would codify the regulatory status quo. The uninhabited areas exempted under the bill already are exempted by RRC rule. The bill would not affect the RRC's ability to protect pipeline integrity or public safety. The Legislature, rather than the commission, would impose additional safety regulations, if necessary.

HB 2654 would ensure that the RRC continues to focus its resources on assessing pipelines in populated areas rather than in remote, isolated regions. Remote gathering lines are vastly more expensive to test, and they affect far fewer people than lines in inhabited areas. Recognizing this, the RRC has focused its limited resources on pipelines in residential and commercial areas. HB 2654 would demonstrate the Legislature's commitment to protecting public safety while spending public money efficiently.

The RRC rightly has determined no need to test rural gathering lines, and HB 2654 would reinforce this finding. Over the past five years, during which plans for this type of assessment were not required, the RRC has recorded no instance of injury or death resulting from these rural lines.

HB 2654 would help sustain oil production in Texas. If the RRC chose at some point to require assessment plans for rural gathering lines, many operators would have to shut down these lines, since the cost of the tests would exceed the revenue generated by the lines. Requiring assessment plans for rural gathering and flow lines could take several thousand wells offline, resulting in lower oil production and reduced severance tax revenue for the state.

**OPPONENTS
SAY:**

HB 2654 would deny the RRC authority to determine how best to guarantee pipeline integrity and public safety. Although the RRC currently does not require assessment plans to be submitted for rural gathering lines, the Sunset Advisory Commission explicitly recommended that the RRC have authority to determine which pipeline systems should come under its jurisdiction. The commission should be allowed to judge which lines pose a risk to public safety and should be tested.

If the threat of potential regulation is stripped from rural gathering lines, neglect of those lines could lead to the safety problems that have been avoided so far. Leakage from any pipeline taints soils, spoils water, and could harm a person who was exposed to the chemicals. Very little federal oversight of pipelines exists, and if HB 2654 were enacted, no one would keep an eye on gathering lines on farms and ranches in rural Texas.

NOTES: The companion bill, SB 1754 by Estes, has been referred to the Senate Natural Resources Committee.