

SUBJECT: Providing notice when applying for a commercial disposal well permit

COMMITTEE: Energy Resources — committee substitute recommended

VOTE: 7 ayes — Hardcastle, Farabee, Crownover, Chisum, Corte, Crabb, Gonzalez Toureilles

0 nays

WITNESSES: For — Bill Stevens, Texas Alliance of Energy Producers; Stephen Fenoglio; Haskell Simon; (*Registered, but did not testify:* Kitty-Sue Quinn, Texas Land and Mineral Owners Association; Cyrus Reed, Lone Star Chapter of the Sierra Club; Ed Small, Texas & Southwestern Cattle Raisers; Bob Turner, Texas Poultry Federation)

Against — None

BACKGROUND: The Texas Railroad Commission currently adopts and enforces rules relating to commercial disposal wells in Texas. In seeking a permit for an oil and gas waste well, an applicant is required to notify all surface owners of the application, but the surface owners are not required to notify tenants or contract-for-deed purchasers occupying the tract.

DIGEST: CSHB 521 would require an applicant for a commercial gas and oil waste disposal well permit to provide notice of the application to:

- each owner of record of each adjoining surface tract;
- the commissioners court in the county where the well would be located; and
- any groundwater conservation district in which the well would be located.

The bill would require the applicant to publish notice of the application in a newspaper of general circulation in the county where the well would be located and in the newspaper published in closest proximity to the well.

CSHB 521 would require the applicant to provide each person who received notice an opportunity to request a public hearing on the

application and would obligate the Railroad Commission to host only one public hearing if requests were received.

The bill would require each owner of record that received notice from an applicant to give notice to anyone with a contract for deed, executory contract, or other conveyance with a tenant on the tract. If a landowner failed to provide notice to the landowner's tenants, it would not invalidate a permit issued by the Railroad Commission, but knowingly violating this rule would be a class C misdemeanor (maximum fine of \$500).

The bill would take effect September 1, 2007.

NOTES:

Unlike the bill as introduced, the committee substitute would:

- require the applicant to notify the commissioners court and groundwater conservation district and publish notice in newspapers near the proposed well site;
- specify that the Railroad Commission would not have to host more than one public hearing on an application; and
- stipulate that a permit granted by the Railroad Commission would not be invalid if an owner neglected to apprise a tenant of a pending application.

The companion bill, SB 715 by Fraser, has been referred to the Senate Natural Resources Committee.