

BILL ANALYSIS

Senate Research Center

H.B. 3490
By: Holzheuser (Bivins)
Natural Resources
4-28-97
Committee Report (Amended)

DIGEST

Currently, under the Texas Experimental Research and Recovery Activity (TERRA) program the Railroad Commission (commission) may place mechanically sound non-polluting wells into TERRA. Once in TERRA, the wells will remain inactive until they are either plugged or placed back into active service by the commission. Wells in the TERRA program will be utilized by the commission for use in gathering data, performing production tests, and developing and testing enhanced or advanced recovery techniques. The TERRA program enables mineral interest owners to realize any commercial potential that may be found in wellbores as technology and circumstances change. Any wellbores posing a pollution threat or determined to be without economic value are properly plugged in accordance with state law and rules of the commission. H.B. 1713 would authorize salvage money earned in well plugging efforts to be transferred on or after the first of January of each year.

PURPOSE

As proposed, H.B. 1713 outlines provisions regarding the Texas Experimental Research and Recovery Activity of the Railroad Commission of Texas.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 93.004, Natural Resources Code, to delete text regarding certain amounts of money to be transferred for credit to the Texas Experimental Research and Recovery Activity (TERRA) of which the Railroad Commission (commission) is required to send to the comptroller of public accounts (comptroller) or notify the comptroller of amounts to be transferred. Authorizes the commission to notify the comptroller to transfer, for the credit of the TERRA fund, an amount from the oil-field cleanup fund equal to the total money received by that fund from the sale of salvaged equipment under Sections 89.085(d) and 91.115(f), less the total money paid to claimants under Section 89.086 during the previous fiscal year, on or after January 1, of each year. Prohibits the commission from using or pledging more than 75 percent of the annual interest earned on the money in the fund for the purposes described by Subsection (e) if the TERRA fund balance is less than twice the estimated plugging costs of all unplugged TERRA wellbores. Authorizes the commission to use or pledge TERRA funds only for the purpose described in Subsection (e)(1) if the TERRA fund balance is less than the total estimated plugging costs of all TERRA wellbores. Deletes text prohibiting money in the TERRA fund from being used or pledged for a purpose described by Subsection (d)(2) unless the unobligated money in the TERRA fund exceeds the total estimated plugging cost of all unplugged TERRA wellbores. Makes conforming and nonsubstantive changes.

SECTION 2. Amends Section 93.011, Natural Resources Code, by adding Subsection (i), to authorize a well scheduled for plugging with state money to be placed in TERRA without a TERRA agreement, but prohibits the well from being licensed under Subchapter C unless the owners of the required mineral interest have executed a TERRA agreement under this section.

SECTION 3. Amends Section 93.042, Natural Resources Code, to require the commission, while a well is in the TERRA program, to assume all well plugging duties for the well and, with certain exceptions, all pollution prevention and control responsibilities. Requires the commission to conduct

annual inspections and appropriate tests to ensure the continuing integrity of the wellbore. Requires the commission to keep and retain the necessary records to prove compliance with this requirement.

SECTION 4. Effective date: September 1, 1997.

SECTION 5. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Amendment 1.

Add a new SECTION 3 by amending Section 93.042, Natural Resources Code, to read as follows:

The commission, while a well is in the TERRA program, shall assume all well plugging duties for the well and, with the exception of the compliance requirements of a valid TERRA license holder, all pollution prevention and control responsibilities. The commission shall conduct annual inspections and appropriate tests to ensure the continuing integrity of the wellbore. The commission shall keep and retain the necessary records to prove compliance with this requirement.