

BILL ANALYSIS

Senate Research Center

H.B. 2984
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Natural Resources
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

In 1991, the Texas Legislature established the oil-field cleanup fund under the jurisdiction of the Railroad Commission of Texas (commission). The purpose of the fund is to plug and remediate abandoned well sites. The fund consists of \$20 million per year which is financed by stakeholders in the Texas oil and gas industry, not by citizen tax dollars.

Over the years, the statute has become broader, and the use of the funds for plugging and remediating well sites has become arbitrary. Currently, there are monies from the fund being used on activities that have nothing to do with the actual plugging and remediation of an abandoned well.

H.B. 2984 clarifies the role and appropriate uses of the oil-field cleanup fund. The bill clearly spells out the definitions for the orphaned sites and orphaned wells. It also mandates proportions for spending, replacing the arbitrary nature of the current expenditures, while protecting funds for surface and subsurface water resources. H.B. 2984 limits all administrative expenditures used by the commission in the plugging and remediation process of orphaned well sites to 25 percent of the annual budget. The remaining 75 percent is required to be used to pay agents of the commission to plug and remediate orphaned wells and wells sites. This proportion will help ensure that the funds are exercised as the legislature intended them to be.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Railroad Commission of Texas is modified in SECTION 5 (Section 91.1132, Natural Resources Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 91.001, Natural Resources Code, by adding Subdivisions (4) and (5) to define "orphaned site" and "orphaned well."

SECTION 2. Amends Section 91.012(a), Natural Resources Code, to authorize an owner or operator of adjacent land, in certain circumstances, to enter onto the premises on which the well is located and have the well plugged if it is an orphaned, rather than abandoned, well. Makes a conforming change.

SECTION 3. Amends Sections 91.111(c) and (e), Natural Resources Code, as follows:

(c) Deletes existing text providing that hazardous oil and gas waste generation fees and fees collected under Section 91.654 (Application to Participate in Voluntary Cleanup Program) are part of the Oil-Field Cleanup Fund (fund). Makes nonsubstantive changes.

(e) Makes a conforming change.

SECTION 4. Amends Section 91.112, Natural Resources Code, as follows:

(a) Authorizes the money in the fund to be used for conducting a site investigation or environmental assessment specifically of orphaned wells and orphaned sites. Deletes references to administering or enforcing permits and rules. Makes conforming and nonsubstantive changes.

(b) Requires the report submitted to the legislature by the Railroad Commission of Texas (commission) to include the criteria used by the commission to determine the priority of expenditures of money in the fund, rather than the method by which the commission sets priorities by which it determines the order in which abandoned wells are plugged. Requires the report to include the current orphaned wells and well-sites, and surface locations that require remediation, ranked in order of priority, and an anticipated schedule of when the plugging or remediation work will begin. Deletes existing text requiring the report to contain the status of enforcement proceedings for all wells in violation of commission rules and the time period during which the wells have been in violation, and the number of sites successfully remediated under the voluntary cleanup program under Subchapter O. Makes conforming and nonsubstantive changes.

(c) Prohibits the commission from using for a purpose other than paying agents of the commission to plug orphaned wells or remediate surface locations more than 25 percent of the total amount of money in the fund spent by the commission in the state fiscal year.

(d) Sets a cap on the money in the fund spent for certain specified purposes relating to cleaning up orphaned wells and orphaned sites or plugging orphaned wells.

(e) Authorizes the commission, notwithstanding Subsection (d), if the commission determines that the allocation of spending for cleaning up orphaned wells and orphaned sites or plugging orphaned wells is insufficient to prevent or remediate the pollution of surface or subsurface water, to allocate certain additional funds.

(f) Authorizes the commission, notwithstanding Subsection (d), in order to protect public health or the environment, in the event of an emergency to spend money in the fund in a manner that is inconsistent with that subsection if the commission determines the expenditure is necessary to prevent, abate, or control the discharge or potential discharge of hydrocarbons or oil and gas waste from a well. Prohibits the expenditure from exceeding \$100,000 unless the commission first approves the expenditure at an open meeting held for that purpose. Requires the chairman of the commission to notify the presiding officer of the fund advisory committee of the expenditure of money not later than 24 hours after the expenditure is made.

SECTION 5. Amends Section 91.1132, Natural Resources Code, to make a conforming change.

SECTION 6. Amends Section 91.605(e), Natural Resources Code, to require fees collected under this section (Hazardous Oil and Gas Waste Generation Fee) to be deposited to the general revenue fund, rather than the oil-field cleanup fund.

SECTION 7. Amends Section 91.654(e), Natural Resources Code, to require fees collected under this section (Application to Participate in Voluntary Cleanup Program) to be deposited in the general revenue fund, rather than to the credit of the oil-field cleanup fund.

SECTION 8. Effective date: September 1, 2005.