

BILL ANALYSIS

Senate Research Center
82R23485 KJM-D

C.S.S.B. 1584
By: Ogden
Finance
4/21/2011
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.S.B. 1584 amends current law relating to state fiscal matters related to natural resources and the environment.

[**Note:** While the statutory reference in this bill is to the Texas Natural Resource Conservation Commission (TNRCC), the following amendments affect the Texas Commission on Environmental Quality, as the successor agency to TNRCC.]

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Texas Animal Health Commission is modified in SECTION 2.01 (Section 161.060, Agriculture Code) of this bill.

Rulemaking authority is expressly granted to the Texas Parks and Wildlife Commission in SECTION 4.01 (Section 11.225, Parks and Wildlife Code), SECTION 4.02 (Sections 13.0151 and 13.0155, Parks and Wildlife Code), and SECTION 4.03 (Section 13.103, Parks and Wildlife Code) of this bill.

Rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTION 6.02 (Section 81.070, Natural Resources Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. REDUCTION OF EXPENDITURES AND IMPOSITION OF CHARGES GENERALLY

SECTION 1.01. Provides that this article applies to any state agency that receives an appropriation under Article VI of the General Appropriations Act.

SECTION 1.02. Provides that, notwithstanding any other statute of this state, each state agency to which this article applies is authorized to reduce or recover expenditures by:

- (1) consolidating any reports or publications the agency is required to make and filing or delivering any of those reports or publications exclusively by electronic means;
- (2) extending the effective period of any license, permit, or registration the agency grants or administers;
- (3) entering into a contract with another governmental entity or with a private vendor to carry out any of the agency's duties;
- (4) adopting additional eligibility requirements for persons who receive benefits under any law the agency administers to ensure that those benefits are received by the most deserving persons consistent with the purposes for which the benefits are provided;
- (5) providing that any communication between the agency and another person and any document required to be delivered to or by the agency, including any application, notice,

billing statement, receipt, or certificate, may be made or delivered by e-mail or through the Internet; and

(6) adopting and collecting fees or charges to cover any costs the agency incurs in performing its lawful functions.

ARTICLE 2. FISCAL MATTERS CONCERNING ANIMAL HEALTH REGULATION

SECTION 2.01. Amends Section 161.060, Agriculture Code, as follows:

Sec. 161.060. New heading: AUTHORITY TO SET AND COLLECT FEES. Authorizes the Texas Animal Health Commission (TAHC) by rule to set and collect a fee for any service provided by TAHC, rather than to charge a fee, as provided by TAHC rule, for an inspection made by TAHC, including:

- (1) the inspection of animals or facilities;
- (2) the testing of animals for disease;
- (3) obtaining samples from animals for disease testing;
- (4) disease eradication and treatment efforts;
- (5) services related to the transport of livestock;
- (6) control and eradication of ticks and other pests; and
- (7) any other service for which TAHC incurs a cost.

ARTICLE 3. FISCAL MATTERS REGARDING PETROLEUM INDUSTRY REGULATION

SECTION 3.01. Amends Section 26.3574(b), Water Code, as follows:

(b) Requires each operator of a bulk facility on withdrawal from bulk of a petroleum product to collect from the person who orders the withdrawal a fee in an amount determined as follows:

- (1) \$3.75 for each delivery into a cargo tank having a capacity of less than 2,500 gallons, rather than \$3.75 for each delivery into a cargo tank having a capacity of less than 2,500 gallons for the state fiscal year beginning September 1, 2007, through the state fiscal year ending August 31, 2011;
- (2) \$7.50 for each delivery into a cargo tank having a capacity of 2,500 gallons or more but less than 5,000 gallons, rather than \$7.50 for each delivery into a cargo tank having a capacity of 2,500 gallons or more but less than 5,000 gallons for the state fiscal year beginning September 1, 2007, through the state fiscal year ending August 31, 2011;
- (3) \$11.75 for each delivery into a cargo tank having a capacity of 5,000 gallons or more but less than 8,000 gallons, rather than \$11.75 for each delivery into a cargo tank having a capacity of 5,000 or more but less than 8,000 for the state fiscal year beginning September 1, 2007, through the state fiscal year ending August 31, 2011;
- (4) \$15.00 for each delivery into a cargo tank having a capacity of 8,000 gallons or more but less than 10,000 gallons, rather than \$15.00 for each delivery into a cargo tank having a capacity of 8,000 gallons or more but less than 10,000 gallons for the state fiscal year beginning September 1, 2007, through the state fiscal year ending August 31, 2011; and

(5) \$7.50 for each increment of 5,000 gallons or any part thereof delivered into a cargo tank having a capacity of 10,000 gallons or more, rather than \$7.50 for each increment of 5,000 gallons or any part thereof delivered into a cargo tank having a capacity of 10,000 gallons or more for the state fiscal year beginning September 1, 2007, through the state fiscal year ending August 31, 2011.

ARTICLE 4. FISCAL MATTERS REGARDING FUNDING FOR STATE SITES

SECTION 4.01. Amends Chapter 11, Parks and Wildlife Code, by adding Subchapter J-1, as follows:

SUBCHAPTER J-1. FOR-PROFIT PARTNERSHIPS

Sec. 11.221. DEFINITIONS. Defines, in this subchapter, "official corporate partner" and "state site."

Sec. 11.222. SELECTION; CONTRACT. (a) Authorizes the Texas Parks and Wildlife Department (TPWD), subject to Texas Parks and Wildlife Commission (TPWC) approval, to select a for-profit entity as an official corporate partner.

(b) Authorizes TPWD to contract with an official corporate partner to raise funds for state site operations and maintenance.

Sec. 11.223. GIFTS AND GRANTS; FUND-RAISING. (a) Authorizes an official corporate partner, to raise funds for state site operations and maintenance, to accept contributions, gifts, grants, and promotional campaign proceeds on behalf of TPWD. Requires TPWD to ensure that an official corporate partner transfers the contributions, gifts, grants, and promotional campaign proceeds to TPWD as soon as possible.

(b) Authorizes TPWD to contract with an official corporate partner to conduct joint promotional campaigns or other fund-raising efforts conducted by TPWD to raise funds for state site operations and maintenance.

Sec. 11.224. USE OF FUNDS. Authorizes money received by TPWD under this subchapter, including money received under a contract or licensing or other agreement or as a gift or grant, to be used only for state site operations and maintenance.

Sec. 11.225. RULES. Requires TPWC to adopt rules to implement this subchapter, including rules that establish guidelines or best practices for official corporate partners.

SECTION 4.02. Amends Subchapter A, Chapter 13, Parks and Wildlife Code, by adding Sections 13.0151 and 13.0155, as follows:

Sec. 13.0151. STATE PARK PASSES. (a) Authorizes TPWD to contract with any entity TPWD considers appropriate to sell state park passes in any of the entity's retail locations.

(b) Authorizes TPWC to adopt rules to implement this section.

Sec. 13.0155. USE OF PARKS AND WILDLIFE DEPARTMENT BRAND. (a) Authorizes TPWD to contract with any entity TPWD considers appropriate to use the TPWD brand in exchange for licensing fees paid by the entity to TPWD.

(b) Requires TPWD to use the licensing fees received under Subsection (a) only for the operation and maintenance of state sites as defined by Section 11.221.

(c) Authorizes TPWC to adopt rules to implement this section.

SECTION 4.03. Amends Subchapter B, Chapter 13, Parks and Wildlife Code, by adding Section 13.103, as follows:

Sec. 13.103. ADVERTISING. Authorizes TPWC by rule to assess and limit commercial advertising in state parks, natural areas, historic sites, or other sites under the jurisdiction of TPWD to preserve the integrity of the sites and to minimize distractions that may interfere with the enjoyment of the sites by visitors.

ARTICLE 5. FISCAL MATTERS REGARDING PARKS AND WILDLIFE DEPARTMENT

SECTION 5.01. Amends Subchapter D, Chapter 502, Transportation Code, by adding Section 502.1747, as follows:

Sec. 502.1747. VOLUNTARY CONTRIBUTION TO PARKS AND WILDLIFE DEPARTMENT. (a) Authorizes a person, when the person registers or renews the registration of a motor vehicle under this chapter, to contribute \$5 or more to TPWD.

(b) Requires the county assessor-collector to send any contribution made under this section to the comptroller of public accounts (comptroller) for credit to TPWD. Authorizes money received by TPWD under this section to be used only for the operation and maintenance of state parks, historic sites, or natural areas under the jurisdiction of TPWD.

ARTICLE 6. FISCAL MATTERS CONCERNING OIL AND GAS REGULATION

SECTION 6.01. Amends Section 81.0521(c), Natural Resources Code, to require that two-thirds of the proceeds from the fee for an application for an exception to a Railroad Commission of Texas (commission) rule, excluding any penalties collected in connection with the fee, rather than including any penalties collected in connection with the fee, be deposited to the oil and gas regulation and cleanup fund as provided by Section 81.067, rather than the oil-field cleanup fund as provided by Section 91.111.

SECTION 6.02. Amends Subchapter C, Chapter 81, Natural Resources Code, by adding Sections 81.067-81.070, as follows:

Sec. 81.067. OIL AND GAS REGULATION AND CLEANUP FUND. (a) Provides that the oil and gas regulation and cleanup fund is created as an account in the general revenue fund of the state treasury.

(b) Requires the commission to certify to the comptroller of public accounts (comptroller) the date on which the balance in the fund equals or exceeds \$20 million. Requires that the oil-field cleanup regulatory fees on oil and gas not be collected or required to be paid on or after the first day of the second month following the certification, except that the comptroller is required to resume collecting the fees on receipt of a commission certification that the fund has fallen below \$10 million. Requires the comptroller to continue collecting the fees until collections are again suspended in the manner provided by this subsection.

(c) Provides that the fund consists of:

(1) proceeds from bonds and other financial security required by this chapter and benefits under well-specific plugging insurance policies described by Section 91.104(c) (relating to a person required to file a bond, letter of credit, or cash deposit who operates one or more wells being considered to have met that requirement for a well under certain conditions) that are paid to the state as contingent beneficiary of the policies, subject to the refund provisions of Section 91.1091 (Refund), if applicable;

(2) private contributions, including contributions made under Section 89.084 (Money Paid Commission by Private Person);

- (3) expenses collected under Section 89.083 (First Lien on Equipment; Cause of Action if Commission Plugs);
- (4) fees imposed under Section 85.2021 (Drilling Permit Fee);
- (5) costs recovered under Section 91.457 (Removal of Unauthorized Pit) or 91.459 (Civil Penalty);
- (6) proceeds collected under Sections 89.085 (Possession and Sale of Equipment to Cover Plugging Costs) and 91.115 (First Lien on Equipment and Stored Hydrocarbons);
- (7) interest earned on the funds deposited in the fund;
- (8) oil and gas waste hauler permit application fees collected under Section 29.015 (Application Fee), Water Code;
- (9) costs recovered under Section 91.113(f) (relating to recovering all costs incurred by the commission from any person who was required by law, rules adopted by the commission, or a valid order of the commission to control or clean up the oil and gas wastes or other substances or materials);
- (10) hazardous oil and gas waste generation fees collected under Section 91.605 (Hazardous Oil and Gas Waste Generation Fee);
- (11) oil-field cleanup regulatory fees on oil collected under Section 81.116 (Oil-Field Cleanup Regulatory Fee on Oil);
- (12) oil-field cleanup regulatory fees on gas collected under Section 81.117 (Oil-Field Cleanup Regulatory Fee on Gas);
- (13) fees for a reissued certificate collected under Section 91.707 (Fee for Reissued Certificate);
- (14) fees collected under Section 91.1013 (Application Fees);
- (15) fees collected under Section 89.088 (Record of Request for Notice by Lienholder or Nonoperator; Form; Fee);
- (16) fees collected under Section 91.142 (Report to Commission);
- (17) fees collected under Section 91.654 (Application to Participate in Voluntary Cleanup Program);
- (18) costs recovered under Sections 91.656 (Voluntary Cleanup Agreement) and 91.657 (Termination of Agreement; Cost Recovery);
- (19) two-thirds of the fees collected under Section 81.0521 (Fee for Application of Exception to Railroad Commission Rule);
- (20) fees collected under Sections 89.024 (Abeyance of Plugging Report) and 89.026 (Fluid Level or Hydraulic Pressure Test);
- (21) legislative appropriations; and
- (22) any surcharges collected under Section 81.070.

Sec. 81.068. PURPOSE OF OIL AND GAS REGULATION AND CLEANUP FUND.
Authorizes money in the oil and gas regulation and cleanup fund to be used by the

commission or its employees or agents for any purpose related to the regulation of oil and gas development, including oil and gas monitoring and inspections, oil and gas remediation, oil and gas well plugging, public information and services related to those activities, and administrative costs and state benefits for personnel involved in those activities.

Sec. 81.069. REPORTING ON PROGRESS IN MEETING PERFORMANCE GOALS FOR THE OIL AND GAS REGULATION AND CLEANUP FUND. (a) Requires the commission, through the legislative appropriations request process, to establish specific performance goals for the oil and gas regulation and cleanup fund for the next biennium, including goals for each quarter of each state fiscal year of the biennium for the number of:

- (1) orphaned wells to be plugged with state-managed funds;
- (2) abandoned sites to be investigated, assessed, or cleaned up with state funds; and
- (3) surface locations to be remediated.

(b) Requires the commission to provide quarterly reports to the Legislative Budget Board (LBB) that include:

(1) the following information with respect to the period since the last report was provided as well as cumulatively:

(A) the amount of money deposited in the oil and gas regulation and cleanup fund;

(B) the amount of money spent from the fund for the purposes described by Subsection (a);

(C) the balance of the fund; and

(D) the commission's progress in meeting the quarterly performance goals established under Subsection (a) and, if the number of orphaned wells plugged with state-managed funds, abandoned sites investigated, assessed, or cleaned up with state funds, or surface locations remediated is at least five percent less than the number projected in the applicable goal established under Subsection (a), an explanation of the reason for the variance; and

(2) any additional information or data requested in writing by LBB.

(c) Requires the commission to submit to the legislature and make available to the public, annually, a report that reviews the extent to which money provided under Section 81.067 has enabled the commission to better protect the environment through oil-field cleanup activities. Requires that the report include:

(1) the performance goals established under Subsection (a) for that state fiscal year, the commission's progress in meeting those performance goals, and, if the number of orphaned wells plugged with state-managed funds, abandoned sites investigated, assessed, or cleaned up with state funds, or surface locations remediated is at least five percent less than the number projected in the applicable goal established under Subsection (a), an explanation of the reason for the variance;

(2) the number of orphaned wells plugged with state-managed funds, by region;

- (3) the number of wells orphaned, by region;
- (4) the number of inactive wells not currently in compliance with commission rules, by region;
- (5) the status of enforcement proceedings for all wells in violation of commission rules and the period during which the wells have been in violation, by region in which the wells are located;
- (6) the number of surface locations remediated, by region;
- (7) a detailed accounting of expenditures of money in the fund for oil-field cleanup activities, including expenditures for plugging of orphaned wells, investigation, assessment, and cleaning up of abandoned sites, and remediation of surface locations;
- (8) the method by which the commission sets priorities by which it determines the order in which orphaned wells are plugged;
- (9) a projection of the amount of money needed for the next biennium for plugging orphaned wells, investigating, assessing, and cleaning up abandoned sites, and remediating surface locations; and
- (10) the number of sites successfully remediated under the voluntary cleanup program under Subchapter O (Railroad Commission Voluntary Cleanup Program), Chapter 91 (Provisions Generally Applicable), by region.

Sec. 81.070. ESTABLISHMENT OF SURCHARGES ON FEES. (a) Requires the commission, except as provided by Subsection (b), by rule to provide for the imposition of reasonable surcharges as necessary on fees imposed by the commission that are required to be deposited to the credit of the oil and gas regulation and cleanup fund as provided by Section 81.067 in amounts sufficient to enable the commission to recover the costs of performing the functions specified by Section 81.068 from those fees and surcharges.

(b) Prohibits the commission from imposing a surcharge on an oil-field cleanup regulatory fee on oil collected under Section 81.116 or an oil-field cleanup regulatory fee on gas collected under Section 81.117.

(c) Requires the commission by rule to establish a methodology for determining the amount of a surcharge that takes into account:

- (1) the time required for regulatory work associated with the activity in connection with which the surcharge is imposed;
- (2) the number of individuals or entities from which the commission's costs may be recovered;
- (3) the effect of the surcharge on operators of all sizes, as measured by the number of oil or gas wells operated;
- (4) the balance in the oil and gas regulation and cleanup fund; and
- (5) any other factors the commission determines to be important to the fair and equitable imposition of the surcharge.

(d) Requires the commission to collect a surcharge on a fee at the time the fee is collected.

(e) Requires that a surcharge collected under this section be deposited to the credit of the oil and gas regulation and cleanup fund as provided by Section 81.067.

SECTION 6.03. Amends Section 81.115, Natural Resources Code, as follows:

Sec. 81.115. New heading: APPROPRIATIONS TO COMMISSION FOR OIL AND GAS REGULATION AND CLEANUP PURPOSES. Requires that money appropriated to the commission, rather than the oil and gas division of the commission, under the General Appropriations Act for the purposes described by Section 81.068 be paid from the oil and gas regulation and cleanup fund, rather than the General Revenue Fund.

SECTION 6.04. Amends Sections 81.116(d) and (e), Natural Resources Code, as follows:

(d) Requires the comptroller to suspend collection of the fee in the manner provided by Section 81.067, rather than Section 91.111 (Oil-Field Cleanup Fund). Provides that the exemptions and reductions set out in Sections 202.052 (Rate of Tax), 202.054 (Qualification of Oil from New or Expanded Enhanced Recovery Project for Special Tax Rate), 202.056 (Exemption for Oil and Gas From Wells Previously Inactive), 202.057 (Tax Credit for Incremental Production Techniques), 202.059 (Exemption for Hydrocarbons from Terra Wells), and 202.060 (Exemption for Oil and Gas From Reactivated Orphaned Wells), Tax Code, do not affect the fee imposed by this section.

(e) Requires that proceeds from the fee, excluding any penalties collected in connection with the fee, rather than including any penalties collected in connection with the fee, be deposited to the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund, as provided by Section 81.067. Makes a conforming change.

SECTION 6.05. Amends Sections 81.117(d) and (e), Natural Resources Code, as follows:

(d) Requires the comptroller to suspend collection of the fee in the manner provided by Section 81.067, rather than Section 91.111. The exemptions and reductions set out in Sections 201.053, 201.057, 201.058, and 202.060, Tax Code, do not affect the fee imposed by this section.

(e) Requires that proceeds from the fee, excluding any penalties collected in connection with the fee, rather than including any penalties collected in connection with the fee, be deposited to the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund, as provided by Section 81.067. Makes a conforming change.

SECTION 6.06. Amends Section 85.2021(d), Natural Resources Code, to require that all fees collected under this section be deposited in the oil and gas regulation and cleanup fund, rather than the state oil-field cleanup fund.

SECTION 6.07. Amends Section 89.024(d), Natural Resources Code to require that a fee collected under this section be deposited in the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund.

SECTION 6.08. Amends Section 89.026(d), Natural Resources Code, to require that a fee collected under this section be deposited in the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund.

SECTION 6.09. Amends Section 89.048(d), Natural Resources Code, to require the commission to reimburse the surface estate owner from money in the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund, in an amount not to exceed 50 percent of the lesser of the documented well-plugging costs or the average cost incurred by the commission in the preceding 24 months in plugging similar wells located in the same general area.

SECTION 6.10. Amends Section 89.083(j), Natural Resources Code, to require that money collected in a suit under this section be deposited in the oil and gas regulation and cleanup fund, rather than the state oil-field cleanup fund.

SECTION 6.11. Amends Section 89.085(d), Natural Resources Code, to require the commission to deposit money received from the sale of well-site equipment or hydrocarbons under this section to the credit of the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund.

SECTION 6.12. Amends the heading to Section 89.086, Natural Resources Code, to read as follows:

Sec. 89.086. CLAIMS AGAINST OIL AND GAS REGULATION AND CLEANUP FUND.

SECTION 6.13. Amends Sections 89.086(a), (h), (i), (j), and (k), Natural Resources Code, as follows:

(a) Authorizes a person with a legal or equitable ownership or security interest in well-site equipment or hydrocarbons disposed of under Section 89.085 to make a claim against the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund, unless an element of the transaction giving rise to the interest occurs after the commission forecloses its statutory lien under Section 89.083. Makes a nonsubstantive change.

(h) Requires the commission to suspend an amount of money in the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund, equal to the amount of the claim until the claim is finally resolved. Requires the commission, if the provisions of Subsection (k) prevent suspension of the full amount of the claim, to treat the claim as two consecutively filed claims, one in the amount of funds available for suspension and the other in the remaining amount of the claim. Makes a nonsubstantive change.

(i) Authorizes the commission, if a claimant is a person who is responsible under law or commission rules for plugging the well or cleaning up pollution originating on the lease or if the claimant owes a penalty assessed by the commission or a court for a violation of a commission rule or order, to recoup from or offset against a valid claim an expense incurred by the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund, that is not otherwise reimbursed or any penalties owed. Requires that an amount recouped from, deducted from, or offset against a claim under this subsection shall be treated as an invalid portion of the claim and shall remain suspended in the oil and gas regulation and cleanup fund in the manner provided by Subsection (j). Makes a conforming and nonsubstantive change.

(j) Requires the commission, if the commission finds that a claim is valid in whole or in part, to pay the valid portion of the claim from the suspended amount in the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund, not later than the 30th day after the date of the commission's decision. Requires the commission, if the commission finds that a claim is invalid in whole or in part, to continue to suspend in the oil and gas regulation and cleanup fund an amount equal to the invalid portion of the claim until the period during which the commission's decision may be appealed has expired or, if appealed, during the period the case is under judicial review. Requires the commission, if on appeal the district court finds the claim valid in whole or in part, to pay the valid portion of the claim from the suspended amount in the oil and gas regulation and cleanup fund not later than 30 days after the date the court's judgment becomes unappealable. Requires the commission, on the date the commission's decision is not subject to judicial review, to release from the suspended amount in the oil and gas regulation and cleanup fund the amount of the claim held to be invalid. Makes conforming changes.

(k) Provides that, if the aggregate of claims paid and money suspended that relates to well-site equipment or hydrocarbons from a particular well equals the total of the actual proceeds and credit realized from the disposition of that equipment or those hydrocarbons, the oil and gas regulation and cleanup fund, rather than the oil-field

cleanup fund, is not liable for any subsequently filed claims that relate to the same equipment or hydrocarbons unless and until the commission releases from the suspended amount money derived from the disposition of that equipment or those hydrocarbons.

SECTION 6.14. Amends Section 89.121(b), Natural Resources Code, to require that civil penalties collected for violations of this chapter or of rules relating to plugging that are adopted under this code be deposited in the general revenue fund, rather than the state oil-field cleanup fund.

SECTION 6.15. Amends Section 91.1013(c), Natural Resources Code, to require that fees collected under this section be deposited in the oil and gas regulation and cleanup fund, rather than the state oil-field cleanup fund.

SECTION 6.16. Amends Section 91.108, Natural Resources Code, as follows:

Sec. 91.108. DEPOSIT AND USE OF FUNDS. Provides that that proceeds from bonds and other financial security required pursuant to this chapter and benefits under well-specific plugging insurance policies described by Section 91.104(c) that are paid to the state as contingent beneficiary of the policies, subject to the refund provisions of Section 91.1091, if applicable, are required to be deposited in the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund, and, notwithstanding Sections 81.068 and 91.113 (Investigation, Assessment, or Cleanup by Commission), rather than Sections 91.112 (Purpose of the Fund) and 91.113, may be used only for actual well plugging and surface remediation.

SECTION 6.17. Amends Section 91.109(a), Natural Resources Code, to require that proceeds from any bond or other form of financial security required by this section, subject to the refund provisions of Section 91.1091, be placed in the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund. Makes a nonsubstantive change.

SECTION 6.18. Amends Sections 91.113(a) and (f), Natural Resources Code, as follows:

(a) Authorizes the commission, through its employees or agents, if oil and gas wastes or other substances or materials regulated by the commission under Section 91.101 are causing or are likely to cause the pollution of surface or subsurface water, to use money in the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund, to conduct a site investigation or environmental assessment or control or clean up the oil and gas wastes or other substances or materials if:

- (1) the responsible person has failed or refused to control or clean up the oil and gas wastes or other substances or materials after notice and opportunity for hearing;
- (2) the responsible person is unknown, cannot be found, or has no assets with which to control or clean up the oil and gas wastes or other substances or materials; or
- (3) the oil and gas wastes or other substances or materials are causing the pollution of surface or subsurface water.

(f) Requires that costs recovered under this subsection be deposited to the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund.

SECTION 6.19. Amends Section 91.264(c), Natural Resources Code, to require that a penalty collected under this section be deposited to the credit of the general revenue fund, rather than the oil-field cleanup fund account.

SECTION 6.20. Amends Section 91.457(b), Natural Resources Code, to authorize the commission, if a person ordered to close a saltwater disposal pit under Subsection (a) fails or refuses to close the pit in compliance with the commission's order and rules, to close the pit

using money from the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund, and direct the attorney general to file suits in any courts of competent jurisdiction in Travis County to recover applicable penalties and the costs incurred by the commission in closing the saltwater disposal pit. Makes a nonsubstantive change.

SECTION 6.21. Amends Section 91.459(c), Natural Resources Code, to require that any costs, rather than any penalties or costs, recovered by the attorney general under this subchapter be deposited in the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund.

SECTION 6.22. Amends Section 91.605(e), Natural Resources Code, to require that the fees collected under this section be deposited in the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund.

SECTION 6.23. Amends Section 91.654(e), Natural Resources Code, to require that fees collected under this section be deposited to the credit of the oil and gas regulation and cleanup fund under Section 81.067, rather than the oil-field cleanup fund under Section 91.111.

SECTION 6.24. Amends Section 91.707(b), Natural Resources Code, to require that fees collected under this section be deposited to the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund.

SECTION 6.25. Amends Section 29.015, Water Code, as follows:

Sec. 29.015. APPLICATION FEE. Requires the applicant, with each application for issuance, renewal, or material amendment of a permit, to submit to the commission a nonrefundable fee of \$100. Requires that fees collected under this section be deposited in the oil and gas regulation and cleanup fund, rather than the oil-field cleanup fund.

SECTION 6.26. Repealers: Sections 91.111 (Oil-Field Cleanup Fund) and 91.112 (Purpose of the Fund), Natural Resources Code.

SECTION 6.27. Provides that, on the effective date of this article:

- (1) the oil-field cleanup fund is abolished;
- (2) any money remaining in the oil-field cleanup fund is transferred to the oil and gas regulation and cleanup fund;
- (3) any claim against the oil-field cleanup fund is transferred to the oil and gas regulation and cleanup fund; and
- (4) any amount required to be deposited to the credit of the oil-field cleanup fund is required to be deposited to the credit of the oil and gas regulation and cleanup fund.

ARTICLE 7. EFFECTIVE DATE

SECTION 7.01. Effective date: September 1, 2011.