

- SUBJECT:** Separating cash deposits from the oil field cleanup fund
- COMMITTEE:** Energy Resources — favorable, without amendment
- VOTE:** 8 ayes — Keffer, Crownover, Crabb, Craddick, Farabee, Gonzalez
Tourelles, Hardcastle, Strama
- 0 nays
- 1 absent — Rios Ybarra
- WITNESSES:** For — (*Registered, but did not testify*, Kerry Knorpp, Historic Texas Ranches; Ben Shepperd, Permian Basin Petroleum Association; Bill Stevens, Texas Alliance of Energy Producers; Donna Warndof, Texas Independent Producers and Royalty Owners (TIPRO))
- Against — None
- On — David Pollard, Railroad Commission
- BACKGROUND:** Natural Resources Code, sec. 91.104 requires a person or entity operating one or more active or inactive oil or gas wells to file a bond, letter of credit, or cash deposit under sec. 91.103 to protect the state from the financial liability of abandoned wells. Cash deposits currently are commingled with other funds in the oil field clean-up fund.
- The Railroad Commission (RRC) uses the oil field clean-up fund for plugging and cleaning up abandoned wells. Cash deposits to the fund cannot be used for this purpose; they must be saved to be refunded eventually to the person who made the deposit, or to be used to clean up the well associated with the deposit if the operator abandons the well.
- The current balance of the oil field clean-up fund is approximately \$30 million — \$16 million for abandoned well clean up and \$14 million in cash deposits.
- DIGEST:** HB 4247 would require cash deposits to the oil-field cleanup fund to be held separately from other money in the fund. Cash deposits to the fund

would be held in trust and could be used only for well plugging and surface remediation of the wells that correspond to the deposits.

The bill would take effect September 1, 2009.