

BILL ANALYSIS

Senate Research Center

S.B. 638
By: Brown
Natural Resources
2-24-97
As Filed

DIGEST

Currently, Texas law provides that the duty of a person to plug an unplugged well that has ceased operation ends if the person's interest in the well is sold or conveyed under certain circumstances. In certain circumstances, this has led to the State of Texas having to cover the cost of plugging a well. This bill will make an operator responsible for plugging a well unless the operator transfers the well to an entity recognized by the Railroad Commission as an entity with sufficient financial security.

PURPOSE

As proposed, S.B. 638 makes an operator responsible for plugging a well unless the operator transfers the well to an entity recognized by the Railroad Commission as an entity with sufficient financial security.

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 89.002(a), Natural Resources Code, to redefine "operator" to mean a person who is designated and accepted by the Railroad Commission (commission) as responsible for the physical operation and control of a well at the time the well is about to be abandoned or ceases operation. Prohibits the term "operator," for the purpose of determining plugging responsibility, in the event of a sale or conveyance of an unplugged well that was in compliance with commission rules applicable to such wells at the time of sale or conveyance, from meaning the person who sells or conveys the well or right to operate the well, if and only if, the person who acquires the well or the right to operate the well meets certain financial criteria.

SECTION 2. Amends Section 89.011(b), Natural Resources Code, to provide that the duty of a person to plug an unplugged well that has ceased operation ends if and only if the person's interest in the well is sold or conveyed while the well is in compliance with the rules of the Railroad Commission applicable to wells that have ceased operation and the provisions of Sections 89.002(a)(2)(A)-(D) of this code have been met. Makes a conforming change.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.