

BILL ANALYSIS

Senate Research Center

C.S.S.B. 638
By: Brown
Natural Resources
2-26-97
Committee Report (Substituted)

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, C.S.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)(2), Natural Resources Code, to redefine "operator" to mean a person who assumes responsibility for the physical operation and control of a well as shown by a form the person files with the Railroad Commission (commission) and the commission approves. Provides that, in the event of a sale or conveyance of an unplugged well or the right to operate an unplugged well, a person ceases being the operator for the purpose of Section 89.011 only if the well was in compliance with the commission rules at the time of sale or conveyance and the person who acquires the well or the right to operate the well meets certain 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 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. Emergency clause.
Effective date: upon passage.

SUMMARY OF COMMITTEE CHANGES

Amends SECTION 1, Section 89.002(a)(2), Natural Resources Code, to redefine "operator" as a person who assumes responsibility for certain wells by filing a form with the Railroad Commission (RRC) that RRC approves and that a person ceases to be the operator of the well when certain criteria are met.

Amends SECTION 2, Section 89.011(b), Natural Resources Code, to make nonsubstantive changes.

Amends SECTION 3, to include the emergency clause and change the effective date from September 1, 1997, to upon passage.

Deletes SECTION 4 and moves the emergency clause to SECTION 3.