

BILL ANALYSIS

Senate Research Center

S.B. 639
By: Brown
Natural Resources
2-20-97
As Filed

DIGEST

Currently, Section 91.114, Natural Resources Code, relates to filing of a permit application or certificate of compliance and revocation of such items by the Railroad Commission (RRC). This section is not flexible and is not effective against violators. This bill rewrites that section to prohibit RRC from issuing a drilling permit, an organization report, or a certificate of compliance in the event an organization has an outstanding violation that became final with the past five years of a provision of this title or an RRC rule, order, license, permit, or certificate that relates to safety or other prevention or control of pollution. Additionally, this bill authorizes RRC to revoke any of those three items in the same event. Finally, this bill amends Section 91.142, Natural Resources Code, to clarify that a valid and annual organization report is a prerequisite to performing activities within the oil and gas jurisdiction of RRC.

PURPOSE

As proposed, S.B. 639 rewrites Section 91.114, Natural Resources Code, relating to the filing of a drilling permit application, organization report, or certificate of compliance and revocation of any of those three items in the event an organization has an outstanding violation. Additionally, this bill provides that an annual organization report is a prerequisite to performing activities within the oil and gas jurisdiction of the Railroad Commission.

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 91.114, Natural Resources Code, as follows:

Sec. 91.114. New heading: **FILING OF A DRILLING PERMIT APPLICATION, ORGANIZATION REPORT, OR CERTIFICATE OF COMPLIANCE; REVOCATION.**

(a) Defines "persons holding a 'position of ownership or control,' " and "outstanding violation."

(b) Prohibits the Railroad Commission (RRC) from approving an organization report required under Section 91.142, Natural Resources Code, or an application for certain permits and from issuing a certificate of compliance under Section 85.161, Natural Resources Code, if the submitting organization has an outstanding violation. Provides that if an organization is disqualified under this subsection, RRC is required to provide the organization with a statement that the report, application, or certificate cannot be approved or issued, and the reason for the disqualification. Authorizes RRC to issue permits needed to remedy noncompliance with law or RRC rules to organizations otherwise disqualified under this subsection.

(c) Provides that Subsection (b) applies to a submitting organization, if a person holding a position of ownership or control in the submitting organization has, within the five-year period immediately preceding the submission of a document, held a position of ownership or control in another organization with an outstanding violation which became unappealable while the person held the position of ownership or control in that other

organization.

(d) Provides that fees tendered in connection with a report, application, or certification that cannot be approved or issued under this section are non-refundable.

(e) Authorizes RRC to revoke an organization's current organization report, certain permits, and the organization's certificates of compliance if the provisions of Subsection (b) apply to the organization. Provides that upon revocation of its report, an organization not perform any activities under the jurisdiction of RRC under certain codes, except as necessary to remedy noncompliance with RRC rules, and pursuant to RRC authorization.

(f) Requires RRC to consider the number and seriousness of the organization's prior violations, the hazard to the health or safety of the public, and the organization's demonstrated good faith in determining whether or not to revoke a permit, organization report, or certificate of compliance. Requires any order entered in a revocation proceeding under Subsection (e) to allow the organization a reasonable time to achieve compliance with the orders or judgments made the basis of the revocation before the revocation may become effective. Deletes existing Section 91.114.

SECTION 2. Amends Section 91.142, Natural Resources Code, by adding Subsection (e), to provide that except as necessary to remedy noncompliance with law or RRC rules, and pursuant to RRC authorization, no entity listed in Subsection (a) may perform operations within the jurisdiction of RRC without maintaining on file with RRC a valid organization report and financial security required by this chapter. Provides that if an entity listed in Subsection (a) fails to refile its organization report annually according to a schedule established by RRC, RRC is authorized to immediately and without prior notice suspend any and all permits held by the entity and all certificates of compliance.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.