

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1698
By: Averitt
Natural Resources
4/28/2005
Committee Report (Substituted)

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

C.S.S.B. 1698 provides additional authority to the Texas Railroad Commission (commission) for assessing fees in connection with oil and gas operations. It would generate \$6,264,150 in additional revenue for the FY 2006-07 biennium to assist in restoring unfunded budgetary items. This estimate assumes that the total amount of oil and gas fees would cover only those costs associated with the commission's unfunded budgetary items.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 85.2021, Natural Resources Code, to require the applicant to submit specific nonrefundable fees to the Railroad Commission of Texas (commission) with each application or materially amended application for a permit to drill, deepen, plug back, or reenter a well. Sets forth the amounts of each fee to be deposited into either the oil-field cleanup fund or the general revenue fund.

SECTION 2. Amends Subchapter F, Chapter 85, Natural Resources Code, by adding Section 85.2022, as follows:

Sec. 85.2022. INACTIVE WELL FEE. (a) Requires operators with a certain percentage of the operator's wells inactive for three years or more, to submit to the commission a nonrefundable inactive well fee for \$100 for each well that has been inactive for three years or more.

(b) Requires the inactive well fee to be paid annually at the time an operator's organization report is due. Prohibits an organization report from being approved until any inactive well fee due under this section has been paid.

(c) Requires all fees collected under this section to be deposited in the state oil-field cleanup fund.

SECTION 3. Amends Section 91.1013, Natural Resources Code, to make conforming changes. Deletes existing text requiring fees collected under this section to be deposited in the state oil-field cleanup fund.

SECTION 4. Amends Section 91.111, Natural Resources Code, by adding Subsection (b-1) and amending Subsection (c), as follows:

(b-1) Requires the amount exceeding \$2.9 million to be transferred to the oil-field cleanup fund when the sum of the general revenue portion of the fees collected under specific sections exceeds \$2.9 million.

(c) Modifies the sources of revenue for the oil-field cleanup fund. Makes nonsubstantive changes.

SECTION 5. Amends Section 91.142, Natural Resources Code, by adding Subsections (i) and (j), as follows:

(i) Requires the commission to suspend the organization report of the delinquent organization, if the fee required by this section has not been paid in full on or before the fifth business day after the due date, until both the unpaid organization report fee and a penalty have been paid.

(j) Requires all fees and penalties collected under this section to be deposited in the state oil-field cleanup fund.

SECTION 6. Amends Section 91.605(e), Natural Resources Code, to require the fees collected under this section to be deposited in the general revenue fund to be used for the administration of the state's conservation laws, rather than the oil-field cleanup fund.

SECTION 7. Amends Section 27.0321, Water Code, to increase the application fee for an oil and gas waste disposal well permit. Requires a portion of the fee collected to be deposited in the oil-field cleanup fund and a portion deposited in the general revenue fund to be used for the administration of the state's conservation laws.

SECTION 8. Effective date: September 1, 2005.