

BILL ANALYSIS

Senate Research Center
83R12226 JAM-F

H.B. 878
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Natural Resources
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Electronic well logs provide important information regarding the geology of Texas, provide for more efficient production of the state's oil and gas resources, and are important for the protection of the state's natural resources, such as groundwater. The Railroad Commission of Texas is responsible for collecting well logs from operators upon completion of a well. Interested parties contend that the current system for well log collection is outdated and inefficient and imposes a burden on operators and the railroad commission. The parties further contend that processes could be made more efficient by allowing certain electronic filing and by amending the confidentiality period of a well log. H.B. 878 seeks to address these issues in order to improve efficiency in regard to the filing of electric logs by operators of oil-related or gas-related wells.

H.B. 878 amends current law relating to the filing with the state of electric logs by operators of oil-related or gas-related wells, and provides a penalty.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Railroad Commission of Texas is modified in SECTION 1 (Section 91.552, Natural Resources Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 91.552, Natural Resources Code, as follows:

Sec. 91.552. ELECTRIC LOGS REQUIRED TO BE FILED; CRITERIA. (a) Requires the operator, except as otherwise provided by this subchapter, not later than the 90th day after the date a drilling operation is completed, to file with the Railroad Commission of Texas (railroad commission) a copy of each electric log, including each borehole section of the log at all depths run after September 1, 2013, rather than a copy of a basic electric log, run after September 1, 1985, in conjunction with the drilling or deepening of the well that meets basic criteria established by the railroad commission. Requires that each electric log be filed with the railroad commission electronically in a manner acceptable to the railroad commission if the railroad commission has the technological capability to receive the electronic filing.

(b) Requires the railroad commission by rule to establish criteria for electric logs, rather than basic electric logs, to be filed with the railroad commission.

(c) Requires an operator, not later than the deadline prescribed by Subsection (a) for the filing of each electric log, to file with the railroad commission a copy of a cased hole log run after September 1, 2013, in conjunction with the drilling or deepening of a well in lieu of an electric log run after that date if a cased hole log was run and an electric log was not run.

(d) Provides that nothing in this subchapter requires an operator to run an electric log in conjunction with the drilling or deepening of a well.

SECTION 2. Amends Sections 91.553(b), (e), and (f), Natural Resources Code, as follows:

(b) Authorizes the operator, not later than the date by which an electric log is required to be filed with the railroad commission under Section 91.552, to file a written request with the railroad commission asking that the electric log remain confidential and not be made available as public information. Authorizes the electric log or copy of the electric log required to be filed with the railroad commission, on filing this request, to be retained by the operator, and the electric log to remain in the possession of the operator for the period of confidentiality, rather than for the period of confidentiality and any extensions of that period. Provides that on filing of the request for confidentiality, the electric log becomes confidential and remains confidential for a period of three years, rather than one year, after the date that the drilling operation was completed, if the well is an onshore well, or five years after the date that the drilling operation was completed, if the well is a bay or offshore well.

(e) Requires an operator required to file an electric log under this section who has held the log during a period of confidentiality, rather than during a period of confidentiality or any extensions of that period, to file the log with the railroad commission within 30 days after the conclusion of the period of confidentiality, rather than the period of confidentiality or the period of the last extension.

(f) Requires an operator who fails to timely file with the railroad commission a written request under Subsection (b) that an electric log remain confidential and not be made available as public information, to file the log with the railroad commission immediately after the conclusion of the period for filing the request, rather than requiring an operator who fails to timely file with the railroad commission a written request under Subsection (b) that an electric log remain confidential and not be made available as public information or a written request under Subsection (c) (relating to entitling the operator to have a period of confidentiality extended once for an additional period of two years) or (d) (relating to entitling the operator to have a period of confidentiality extended for not more than two additional periods of two years each) to file the log with the railroad commission immediately after the conclusion of the period for filing the request.

SECTION 3. Amends Section 91.556, Natural Resources Code, as follows:

Sec. 91.556. New heading: ENFORCEMENT. Authorizes the railroad commission, if an operator fails to file an electric log as required by this subchapter, to, if the well is completed as a producing well, refuse to assign an allowable or a change in allowable for production from the well for which the electric log is required until the operator files the electric log with the railroad commission, or impose an administrative penalty on the operator in the manner provided by Sections 81.0531 (Administrative Penalty), 81.0532 (Penalty Assessment Procedure), 81.0533 (Payment of Penalty), and 81.0534 (Refund; and Recovery of Penalty) for each well for which the operator failed to file an electric log.

SECTION 4. Amends Section 552.113(c)(2), Government Code, to define "electric logs" rather than "basic electric logs."

SECTION 5. Amends Sections 552.113(d), (e), and (f), Government Code, to make conforming changes.

SECTION 6. Repealers: Sections 91.553(c) (relating to entitling the operator to have the period of confidentiality extended once for an additional period of two years) and (d) (relating to entitling the operator to have the period of confidentiality extended for not more than two additional periods of two years each), Natural Resources Code.

SECTION 7. Makes application of this Act prospective.

SECTION 8. Effective date: September 1, 2013.