

BILL ANALYSIS

C.S.H.B. 630
By: King, Phil
Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, oil or gas well operators are not required to give notice to a surface owner when they are granted a permit by the Railroad Commission of Texas (the commission) to drill a new oil or gas well, or to reenter a plugged oil or gas well on the surface owner's property.

The purpose of this bill is to require oil or gas well operators to give notice to a surface owner before they enter the surface owner's property to drill a new oil or gas well, or to reenter a plugged and abandoned oil or gas well.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

This bill adds Subchapter P to the Natural Resources Code entitled "Notice of Permit for Certain Oil and Gas Operations." This bill defines the term surface owner.

This bill states that Subchapter P applies only to the drilling of a new oil or gas well or the reentry of a plugged and abandoned oil or gas well. The bill states that Subchapter P does not apply to the plugging back, reworking, sidetracking, or deepening of an existing oil or gas well that has not been plugged and abandoned; or to the use of a surface location that is the site of an existing oil or gas well that has not been plugged and abandoned to drill a horizontal oil or gas well.

This bill provides that notice will be required not later than the 15th business day after the date the commission issues an oil or gas well operator a permit to drill a new oil or gas well or reenter a plugged and abandoned oil or gas well. The bill further provides that the operator shall give written notice of the issuance of the permit to the surface owner of the tract of land on which the well is located or is proposed to be located. The bill states that an oil or gas well operator is not required to give notice to a surface owner if the operator and the surface owner have entered into an agreement or if the surface owner has waived their rights to notice. This bill states that notice must be given to the surface owner at the surface owner's address as shown by the records of the county tax assessor-collector at the time the notice is given.

This bill states that the rights of the owner of the mineral estate are not affected by this bill, and any law that gives dominance to the mineral estate over the surface estate is not affected. This bill also states that failure to give notice does not restrict, limit, work as a forfeiture of, or terminate any existing or future permit issued by the commission or right to develop the mineral estate in land.

The change in law made by this Act applies only to oil and gas operations for which a permit is issued on or after October 1, 2007.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute adds the following words to the caption of the bill between the words of and certain "the issuance of a permit for." The substitute adds the words "Permit for Certain" to the title of Subchapter P.

The substitute changes the applicability clause to clarify that this bill does not apply to a "surface location that is the site of" an existing oil or gas well for use in horizontal drilling.

The substitute changes the deadline for an operator to provide notice from the third business day to the 15th business day after the commission issues a permit.

The original stated that the operator shall give written notice of "the operator's intention to drill or reenter the well." The substitute states that the operator shall give written notice of "the issuance of the permit."

The substitute adds the words "Commission Permits and" to the section title dealing with rights of owner of mineral estate, and amends that same section to clarify that failure to give notice does not affect an existing or future "permit issued by the commission."