

SUBJECT: Railroad Commission regulation of warning signs for certain pipelines

COMMITTEE: Energy Resources — favorable, without amendment

VOTE: 6 ayes — Hardcastle, Farabee, Crownover, Corte, Crabb, Gonzalez
Tourelles

0 nays

1 absent — Chisum

SENATE VOTE: On final passage, April 27 — 31-0

WITNESSES: For — James Mann, Texas Pipeline Association; (*Registered, but did not testify*: Delbert Fore, Enterprise Products; Patrick Nugent, Texas Pipeline Association; Lindsay Sander, Kinder Morgan; Ben Sebree, Texas Oil and Gas Association

Against — None

On — (*Registered, but did not testify*: Mary McDaniel, Railroad Commission of Texas)

BACKGROUND: The Railroad Commission maintains jurisdiction over and may adopt safety standards for the intrastate transport of hazardous liquids or carbon dioxide, as stipulated by Natural Resources Code, sec. 117.011. The commission also may establish safety guidelines for intrastate hazardous liquid or carbon dioxide pipeline facilities.

The Railroad Commission's authority to establish safety standards also applies to gas pipeline facilities and gas transportation, according to Utilities Code, sec. 121.201.

In oil and gas production, a gathering line is used to transport crude oil or natural gas from the field to the main pipeline. Certain gathering lines are covered under the Railroad Commission's pipeline safety rules.

Under Natural Resources Code, sec. 811.0531, for safety violations, the Railroad Commission may issue a civil penalty of up to \$10,000 for each day of a violation. The commission takes various criteria into account when issuing a penalty. The amount collected is deposited to the credit of the oil-field cleanup fund.

DIGEST: SB 1013 would grant the Railroad Commission exclusive jurisdiction over warning signs concerning:

- natural gas pipelines;
- hazardous liquid pipelines;
- gathering lines subject to the commission's jurisdiction; and
- distribution facilities.

The commission would be authorized to adopt rules governing the signs. A violation of a rule would be considered a safety violation and subject to an administrative penalty under Natural Resources Code, sec. 81.0531.

The bill would take effect September 1, 2007.

**SUPPORTERS
SAY:**

SB 1013 would preclude cities and counties from establishing signage requirements on certain pipelines. It would stipulate clearly that the Railroad Commission had exclusive authority to set uniform signage standards. Although the bill would not alter the Railroad Commission's current duties, it would help to limit other jurisdictions from infringing on the commission's authority on safety standards and signage. With clear commission authority, the location and information included on pipeline signage could be consistent. This uniformity would elevate safety and limit potential confusion between competing jurisdictions.

The Railroad Commission currently maintains jurisdiction over certain gathering lines, specifically those posing a hazard. Under the bill, the commission would retain authority over the signage for these gathering lines. The original bill would have permitted the Railroad Commission to regulate signage for all gathering lines in Texas. Given that such lines are located in remote areas, this authority is not needed to enhance safety and signage consistency. Moreover, giving the commission authority over all gathering lines would pose a fiscal impact to the state amounting to \$414,296 in fiscal 2008 and \$289,246 in fiscal 2009.

OPPONENTS
SAY:

This bill is not needed. The Railroad Commission already exercises the authority over signage that is outlined in the bill. Given the authority afforded to the commission under current law, cities and counties already are limited in creating their own signage requirements.

OTHER
OPPONENTS
SAY:

The original bill would have extended the commission's authority to include all gathering lines in Texas. Currently, the commission cannot establish signage standards for non-regulated pipelines, and this lack of authority makes such pipelines subject to varying signage requirements set by cities and counties. To ensure consistency, the commission should exercise jurisdiction over signage requirements for gathering lines in remote locations.