

- SUBJECT:** Standards for electric power lines on land used in oil and gas activities
- COMMITTEE:** Energy Resources — committee substitute recommended
- VOTE:** 6 ayes — Hardcastle, Farabee, Crownover, Corte, Crabb, Gonzalez Toureilles
- 0 nays
- 1 absent — Chisum
- SENATE VOTE:** On final passage, April 30 — 31-0
- WITNESSES:** For — Kerry Knorpp, Batson/Bivins Minerals/Masterson Ranches and Thompson-Brent Ranches/Coldwater Cattle; Kitty-Sue Quinn, Texas Land & Mineral Owners Association; Trey Scott, Petty Ranch Company
- Against — Bart Boren; Wallace L. Bruce, Adobe Oper.; Odis McClellan; Ben Shepperd, Permian Basin Petroleum Association; (*Registered, but did not testify*: Richard Lundy, Sargeco I Partnership; James Mac Smith)
- On — Ramon Fernandez Jr., Tommie Seitz, Railroad Commission of Texas; Wayne Hughes, Panhandle Producers & Royalty Owners Association; Bill Stevens, Texas Alliance of Energy Producers; Donna Warndof, TIPRO - Texas Independent Producers and Royalty Owners; (*Registered, but did not testify*: Lindsay Sander, Kinder Morgan; Leslie Savage, Railroad Commission of Texas)
- BACKGROUND:** The National Electrical Code (NEC) is a standard for the safe installation of electrical wiring and equipment. It is part of the National Fire Codes series published by the National Fire Protection Association (NFPA). The NEC is not U.S. law, but commonly is mandated by state or local law. It is updated and published every three years.
- DIGEST:** CSSB 1574 would require oil and gas operators to construct, operate, and maintain an electrical power line serving well sites or other surface facilities in operations incident to oil and gas development and production in accordance with the National Electrical Code adopted by the Texas

Commission of Licensing and Regulation under Occupations Code, ch. 1305.

The bill would require an operator to de-energize an electrical power line to an inactive well or other inactive well-site equipment within 90 days of the well or well-site equipment becoming inactive. An operator could re-energize a line to an inactive well or other inactive well-site equipment to restore production from the well or to monitor or control the well or if the commission approved the re-energizing of the line.

The Railroad Commission would post on its website information on the standards for construction, operation, and maintenance of electrical power lines sufficient to inform an operator how to comply with the law.

The Railroad Commission would have rulemaking authority to implement the provisions outlined by the bill. Operators would have two years after the Railroad Commission rules were adopted to comply.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

**SUPPORTERS  
SAY:**

CSSB 1574 would provide the Railroad Commission with statutory authority to address safety issues at older oil fields. Many current oil and gas leases date back to the 1920s, when lease contracts contained few, if any, provisions on safety or environmental harm. According to a Department of State Health Services (DSHS) mortality report, the 2006 wildfires in the Texas Panhandle burned more than 900,000 acres and caused 12 reported human deaths. The two largest of these fires were caused by power lines downed by sustained winds of 46 miles per hour and gusts up to 52 miles per hour. Allegedly, at least one of the downed lines was an oil-field electric line that had not been properly maintained. While most electrical lines are built to generally accepted standards, some oil-field leases in the state contain sagging electrical lines connected to crossbars that are dangling on deteriorated poles, and these lines are hazardous to public health and property.

In addition, although gathering lines are regulated by federal law, the Railroad Commission has no statutory authority to regulate production and flow lines. Production and flow lines beneath roads often are buried at the surface or only a few inches below the road. Graders may inadvertently

rupture these lines, leading to human and environmental harm. This bill would require every oil and gas operator to follow best practices in order to ensure public and environmental safety.

OPPONENTS  
SAY:

CSSB 1574 would represent an unfunded mandate for oil and gas operators across the state. As the price of fuel has increased, many previously abandoned oil and well sites have been leased to small business owners, generating revenues for landowners, operators, and the state. Many of these sites came with old equipment, which in some cases had not been in use for 20 years or more. Requiring the new lessee suddenly to take on the expense of updating all electric equipment on-site would be onerous and could result in the closing of many of these operations. Certainly, since the state and landowners benefit from these production sites, they also should share in the responsibility of upgrading aging infrastructure across the state.

In addition, this bill is unnecessary for addressing safety issues. While the wildfires in the Panhandle were tragic in terms of life and property, oil and gas operators should not be blamed for what essentially was the fault of extreme weather conditions. Most operators are good stewards of the land and have positive working relationships with surface owners. Although some operators may be careless out in the field, this bill would punish every operator across the state. The Railroad Commission should be targeting those operators who have received complaints from surface owners, as it currently is authorized to do so with its power to inspect for leaks and pollution and its role in developing rules to certify electric service on production sites.

NOTES:

The House committee substitute differs from the Senate-passed version of the bill by deleting sections requiring transfer or removal of well-site equipment, standards for maintenance of pipelines, actions for injunction, as well as sections dealing with fees and costs, mandatory mediation, and trial.

The committee substitute would specify that an operator would have to de-energize an electrical power line within 90 days after well or well-site equipment became inactive. The committee substitute also would require the Railroad Commission to post information on its website about the standards for construction, operation, and maintenance of electrical power lines to inform operators how to comply with the provisions of the bill.

