

SUBJECT: Providing notice when applying for a commercial disposal well permit

COMMITTEE: Natural Resources — favorable, without amendment

VOTE: 8 ayes — Ritter, Callegari, Corte, Creighton, Frost, Laubenberg, D. Miller, Smithee

0 nays

3 absent — T. King, Lucio, Martinez Fischer

WITNESSES: For — (*Registered, but did not testify*, GK Sprinkle, Daily Court Review, Daily Commercial Record; Bill Stevens, Texas Alliance of Energy Producers; Ken Whalen, Texas Daily Newspaper Association, Texas Press Association)

Against — Robert Ryan, Association of Energy Service Companies; (*Registered, but did not testify*, David Blackmon, El Paso Corp., Adam Haynes, TIPRO; Barbara Mayfield, Pinnergy, Ltd., Steve Perry, Chevron USA)

BACKGROUND: The Texas Railroad Commission currently adopts and enforces rules relating to commercial disposal wells in Texas. In seeking a permit for an oil and gas waste well, an applicant is required to notify all surface owners of the application, but the surface owners are not required to notify tenants or contract-for-deed purchasers occupying the tract.

DIGEST: HB 569 would require an applicant for a commercial gas and oil waste disposal well permit to provide notice of the application to:

- each owner of record of each adjoining surface tract;
- the commissioners court in the county where the well would be located; and
- any groundwater conservation district in which the well would be located.

The bill would require the applicant to publish notice of the application in a newspaper of general circulation in the county where the well would be

located and in the newspaper published in closest proximity to the well. HB 569 would require the applicant to provide to each person who received notice an opportunity to request a public hearing on the application, and would obligate the Railroad Commission to host only one public hearing if requests were received.

The bill would require each owner of record that received notice from an applicant to give notice to anyone with a contract for deed, executory contract, or other conveyance with a tenant on the tract. If a landowner failed to provide notice to the landowner's tenants, it would not invalidate a permit issued by the Railroad Commission, but knowingly violating this rule would result in a penalty of \$5,000.

The bill would take effect September 1, 2009.

**SUPPORTERS
SAY:**

HB 569 would ensure that, through the local groundwater conservation district, the public sufficiently was aware that a potential commercial disposal well could be placed in their area. Because there is a risk that material in a commercial disposal well, if not properly contained, could negatively impact the water quality of groundwater, this would be a prudent and reasonable step that would not burden industry unduly.

**OPPONENTS
SAY:**

Commercial disposal wells already are closely regulated by the Railroad Commission. The Railroad Commission performed more than 2,338 inspections of commercial injection wells in 2006 alone. Commercial disposal wells are built according to rigid construction standards that require three layers of casing to ensure groundwater is protected.

NOTES:

Rep. S. Miller plans to offer an amendment to reduce the notification requirement to one of the three parties referenced in the bill. The amendment also would prevent the notification requirement from interfering with the permitting process.

During the 2007 regular session, the House passed an identical bill, HB 521 by S. Miller, which died in the Senate Natural Resources Committee.