

BILL ANALYSIS

Senate Research Center

S.B. 632
By: Brown
Natural Resources
2-21-97
As Filed

DIGEST

Currently, the Railroad Commission has the authority to require reclamation plant and commercial disposal facility operators (operators), to ensure that these plants are properly operated and closed, to show evidence of financial responsibility by submitting a bond or letter of credit in the amount of \$100,000, or a lesser amount if the operator shows that the lesser amount will be sufficient to properly operate and close the facility. However, these bonds and letters of credit have been difficult, if not impossible, for many of these operators to obtain. This bill will provide for the payment of a nonrefundable annual fee in lieu of a bond or other form of financial security of a person applying for or acting under a Railroad Commission permit to store, handle, treat, reclaim, or dispose of oil and gas waste.

PURPOSE

As proposed, S.B. 632 provides for the payment of a nonrefundable annual fee in lieu of a bond or other form of financial security of a person applying for or acting under a Railroad Commission permit to store, handle, treat, reclaim, or dispose of oil and gas waste.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 91.111(c), Texas Natural Resources Code, to provide that the Oil-Field Cleanup Fund consists, among others, of fees collected under Section 91.109 of this code.

SECTION 2. Amends Section 91.109, Texas Natural Resources Code, to authorize the Railroad Commission (commission), in lieu of a bond or another form of financial security, to allow a person to pay to the commission a nonrefundable annual fee not to exceed five percent of the bond that would otherwise be required.

SECTION 3. Amends Section 91.1091, Texas Natural Resources Code, to require the commission to refund the proceeds from a bond or other fund of security required by this subchapter, except fees paid to the commission in lieu of a bond, in certain circumstances.

SECTION 4. Emergency clause.
Effective date: 90 days after adjournment.