

## **BILL ANALYSIS**

Senate Research Center  
77R3548 CBH-D

S.B. 1618  
By: Armbrister  
Business & Commerce  
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As Filed

### **DIGEST AND PURPOSE**

In 1973, legislation was passed to address inequity in certain mineral agreements. Large oil companies required small contractors to indemnify them for all losses, regardless of fault, before a contract would be awarded. Currently, the San Miguel Electric Cooperative has a contract with a large mining contractor to provide lignite from a surface mine to a generating plant that indemnifies the cooperative for accidents and injuries at the surface mine. As proposed, S.B. 1618 creates a specific exemption for San Miguel Electric Cooperative to Chapter 127 (Indemnity Provisions in Certain Mineral Agreements), Civil Practice and Remedies Code.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 127, Civil Practice and Remedies Code, by adding Section 127.008, as follows:

Sec. 127.008. ELECTRIC COOPERATIVE CORPORATION. (a) Provides that this section applies to an electric cooperative corporation operating under Chapter 161, Utilities Code, that owns or leases real property to mine lignite using open pit surface mining methods.

(b) Provides that this chapter does not affect the right of an electric cooperative corporation described by Subsection (a) to secure indemnity from a lessee, operator, contractor, or other person who performs services for or provides materials or products to the corporation that relate to lignite mining.

SECTION 2. Effective date: upon passage or September 1, 2001.