

BILL ANALYSIS

Senate Research Center
78R5678 MI-F

H.B. 1195
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Natural Resources
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DIGEST AND PURPOSE

Currently, an operator may allow a lease to acquire multiple severance orders but is required only to pay a single \$100 dollar fee to have the P-4 reinstated once all rule violation issues have been resolved. If a lease has been severed by multiple sections of the Oil & Gas Division, then each of those sections must verify compliance and resolve cancellation issues. At times, this verification and resolution also requires a lease inspection. As a result, reinstatement fees suggest that there may be multiple violations and the costs associated with verification and processing those violations. Some operators consider the \$100 lease as a routine cost of doing business. H.B. 1195 prohibits the Railroad Commission of Texas (RRC) from issuing a new certificate of compliance until the owner or operator submits to RRC a nonrefundable fee of \$300 for each severance or seal order issued for the lease or well.

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 Section 85.167(a), Natural Resources Code, to prohibit the Railroad Commission of Texas (RRC), if a certificate of compliance for an oil lease or gas well has been canceled for violation of one or more RRC rules, from issuing a new certificate of compliance until the owner or operator submits to RRC a nonrefundable fee of \$300 for each severance or seal order issued for the lease or well, rather than just \$100 without reference to the number of orders.

SECTION 2. Effective date: September 1, 2003.