

BILL ANALYSIS

Senate Research Center
80R4454 TAD-D

S.B. 714
By: Fraser
Natural Resources
3/9/2007
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Section 36.117(b), Water Code, exempts water wells drilled for the purpose of gas drilling or exploration from the permitting requirements of groundwater conservation districts (district). Local citizens and districts have raised concerns about the use of groundwater for fracturing. Using such an exemption, technology developed during the 1990s known as hydraulic fracturing—an extraction process which involves pumping a large volume of freshwater into a geological formation, is being performed without meeting the permitting requirements of districts. The Texas Railroad Commission estimates that, in 2005, approximately 82,190,000 barrels of water were used for hydraulic fracturing of the Barnett Shale, equaling about 10,592 acre feet of water. Due to this practice, districts, many of which are concerned about their ability to plan for future water needs, may not know the volume of water being pumped from their district. Furthermore, H.B. 173, 79th Legislature, 2005, established a process for such districts to work together in setting the desired conditions for local aquifers.

Additionally, many citizens of this state are also concerned about the spacing of wells used to withdraw groundwater for oil and gas purposes and the impact of those wells on surrounding domestic water wells. When an oil and gas company no longer needs a water well to supply water for an oil and gas operation, the company can turn the water well over to the surface landowner for the landowner's personal use. In most districts, the landowner must apply for a permit from the district in order to continue using the water well. As long as the water well meets the spacing requirements of the district, the landowner receives access to a water well at minimal cost. However, if the water well does not meet the spacing requirements of the district, the landowner must pay for plugging and capping the water well.

As proposed, S.B. 714 requires oil and gas companies that own water wells exempt under Section 36.117(b), Water Code, to report the amount of water extracted to the local district. This bill also authorizes a district to require an operator of such a well that does not comply with the district's spacing requirements to adhere to plugging requirements at the time of well closure or before the well is used for another purpose.

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 36.117, Water Code, by adding Subsection (e-1), as follows:

(e-1) Requires a person drilling or operating a water well exempted under Subsection (b)(2) (regarding exemptions for water wells used in connection with certain oil or gas well operations) to report monthly to the groundwater conservation district (district) the total amount of water withdrawn during the preceding month. Authorizes a district to require a well exempted under Subsection (b)(2) that does not comply with the district's spacing requirements to comply with the district's well plugging requirements at the time of well closure or before using water from the well for any other purpose, notwithstanding the exemption provided by Subsection (b)(2).

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2007.