

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 185
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Natural Resources & Economic Development
5/3/2019
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In December 2017, an oil well blowout in Fort Bend County led to a chemical spill involving roughly 240,000 gallons crude oil and 30,000 gallons of sludge. Fort Bend citizens were given no official notice of the spill, and had to learn from media reports that the event occurred. The community was also concerned when IWR Operating, the company responsible for drilling the well, was given another permit to drill an adjacent well while under open investigation by the Texas Commission on Environmental Quality (TCEQ).

S.B. 185 requires the operator of an oil or gas well to immediately notify TCEQ upon the event of fire, leak, spill, or break occurring at their oil or gas well. The notice must contain a complete description of the event, along with the volume of any liquids or gases lost in the event. The bill also requires the State Emergency Management Council (or other such committee) and TCEQ create an emergency alert system to notify the public of an uncontrolled release of a substance that may significantly endanger human health from an oil or gas well. Finally, S.B. 185 prohibits the application for oil or gas wells by companies with previous statutory violations, and for wells adjacent to ones with previous violations. (Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 185 amends current law relating to the response to certain oil or gas well accidents by state agencies and responsible parties.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTION 1 (Section 91.119, Natural Resources Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter D, Chapter 91, Natural Resources Code, by adding Sections 91.118, and 91.119 , as follows:

Sec. 91.118. NOTICE TO COMMISSION OF WELL FIRE, LEAK, SPILL, OR BREAK. (a) Requires an operator of an oil well to give immediate notice of a fire, leak, spill, or break at the well to the appropriate Railroad Commission of Texas (railroad commission) oil and gas division district office, and to submit to the railroad commission a letter giving a full description of the event, including the volume of crude oil, gas, or other well liquids or gases lost.

(b) Provides that this section does not limit the authority of the railroad commission to require other types of notice from operators.

Sec. 91.119. APPLICATION FOR PERMIT FOR WELL ADJACENT TO WELL BLOWOUT SITE. (a) Provides that in the case of a conflict between this section and Section 91.114 (Acceptance of Organization Report or Application For Permit; Approval of Certificate of Compliance; Revocation), this section controls.

(b) Provides that the railroad commission, except as provided by Subsection (e), may not approve an application for a permit to drill an oil or gas well if:

(1) the organization that submitted the application violated a statute or railroad commission rule, order, license, certificate, or permit that relates to safety or the prevention or control of pollution or is under investigation by a state or federal agency for an alleged violation of a statute or railroad commission rule, order, license, certificate, or permit that relates to safety or the prevention or control of pollution;

(2) the violation or alleged violation described by Subdivision (1) relates to an uncontrolled release from an oil or gas well of a substance that substantially endangered human health or the environment; and

(3) the well that is the subject of the application is proposed to be drilled at a site adjacent to the site of the violation or alleged violation described by Subdivision (1).

(c) Provides that an organization has committed a violation for purposes of Subsection (b)(1) of this section if the circumstances described by Section 91.114(b) (relating to circumstance under which an organization is considered to committed a violation) have been met with respect to the violation.

(d) Authorizes the railroad commission to adopt rules if necessary to establish criteria for determining whether a site is adjacent to another site for the purposes of this section.

(e) Authorizes the railroad commission to approve the application if the conditions that constituted the violation have been corrected, the organization has paid all administrative, civil, and criminal penalties and all cleanup and plugging costs incurred by the state relating to those conditions, and the application is in compliance with all other requirements of law and railroad commission rules.

(f) Requires the railroad commission, if an application is rejected under this section, to provide the organization with a written statement explaining the reason for the rejection.

(g) Authorizes the railroad commission, notwithstanding Subsection (b), to issue a permit to drill an oil or gas well to an organization described by Subsection (b) for a term specified by the railroad commission if the permit is necessary to remedy a violation of law or railroad commission rules.

(h) Provides that a fee tendered in connection with an application that is rejected under this section is nonrefundable.

SECTION 2. Makes application of Section 91.119, Natural Resources Code, as added by this Act, prospective.

SECTION 3. Effective date: September 1, 2019.