

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

NOTICE TO OPERATORS

2005 Legislative Changes

Listed below are some of the bills recently passed by the 79th Legislature (Regular Session, 2005) that contain provisions that impact oil and gas operators. The Commission is in the process of implementing these changes and will be publishing rules, as necessary, to address these changes in the near future. For more information, you may download the text of the bills from the Texas Legislature Online website at http://www.capitol.state.tx.us/tlo/legislation/bill_status.htm.

HB 380 Well-Specific Plugging Insurance Policies (Effective June 17, 2005). This bill amends the Texas Natural Resources Code to authorize the Commission to accept well-specific plugging insurance policies as an alternative form of financial assurance.

HB 484 Filing of Electric Logs with the Commission (Effective September 1, 2005). This bill amends the Natural Resources Code regarding filing of electric logs with the Commission, to clarify the requirements for electric logs (filing deadline, requests for extension of confidentiality) and to clearly identify the operator as the person responsible for compliance.

HB 2161 Orphaned Well Reduction, Low-Producing Well Tax Reduction, and Enhanced Efficiency Equipment (Effective January 1, 2006). This bill amends and enacts new sections in the Natural Resources Code and Tax Code to create the Orphaned Well Reduction Program and several tax incentives. The bill creates the Orphaned Well Reduction Program (including tax incentives); authorizes use of the Oil-Field Cleanup Fund to reimburse half of the costs incurred by a surface estate owner to plug an orphaned well and to make payments to operators that take over orphaned wells; creates a severance tax reduction for low-producing oil and gas wells, depending on the price of oil or gas; and provides for a tax credit for certain enhanced efficiency equipment.

HB 2201 Clean Coal Projects (Effective September 1, 2005). This bill amends and enacts new sections in Government Code, Tax Code, Water Code, and Health & Safety Code to encourage Clean Coal projects in Texas. The bill clearly places under Commission jurisdiction injection of carbon dioxide from Clean Coal projects into zones productive of oil, gas, or geothermal energy.

SB 1130 Reporting of Petroleum Hydrocarbon Contamination by Pipeline Owners/Operators (Effective September 1, 2005). This bill enacts new §81.056, Natural Resources Code, which requires a common carrier or an owner or operator of a pipeline to report to the Commission and to the owner of the land within 24 hours any petroleum hydrocarbon contamination of soil or water in proximity to the pipeline that is observed or detected during placing, repairing, replacing, or maintaining a pipeline, if hydrocarbons are present on the surface of the water; at least 5 linear yards of soil have been affected by hydrocarbons, or soil affected by hydrocarbons extends beyond the face of the excavation in which the contamination is observed/detected.

Austin, Texas

September 2005

PLEASE FORWARD TO THE APPROPRIATE SECTION OF YOUR COMPANY
