

RAILROAD COMMISSION OF TEXAS

Issue 1

Continue the Railroad Commission of Texas for 12 Years With a Name That Reflects the Agency's Important Functions.

Change in Statute

Rec. 1.1, Modified Continue the Railroad Commission of Texas for 12 years, but do not change its name.

Issue 2

Contested Hearings and Gas Utility Oversight Are Not Core Commission Functions and Should Be Transferred to Other Agencies to Promote Efficiency, Effectiveness, Transparency, and Fairness.

Change in Statute

Rec. 2.1, Not Adopted Require use of the State Office of Administrative Hearings for contested gas utility cases.

Rec. 2.2, Not Adopted Require the Railroad Commission to use the State Office of Administrative Hearings for all other contested case hearings.

Rec. 2.3, Not Adopted Transfer gas utility regulation from the Railroad Commission to the Public Utility Commission.

Issue 3

Oil and Gas Monitoring and Enforcement Need Improvements to Effectively Ensure Public Safety and Environmental Protection.

Change in Statute

Rec. 3.1, Adopted Require the Railroad Commission to develop a strategic plan for the Oil and Gas Division that tracks and measures the effectiveness of monitoring and enforcement.

Rec. 3.2, Not Adopted Require the Railroad Commission to develop in rule a process for issuing expedited penalties for minor violations.

Management Action

Rec. 3.3, Adopted Direct the Railroad Commission to accurately track and report the number of oil and gas violations annually.

- Rec. 3.4, Adopted** Direct the Railroad Commission to systematically track major violations.
- Rec. 3.5, Adopted** Direct the Railroad Commission to develop a definition of repeat violations in rule and report the number of repeat violations on its website.
- Rec. 3.6, Adopted** Direct the Railroad Commission to audit a sample of oil and natural gas production reports and transportation reports.
- Rec. 3.7, Modified** Direct the Railroad Commission to develop a policy to require production reports to be filed electronically, and also direct the agency to provide oil and gas production information on its website in a format that is easier for royalty owners to use and understand.
- Rec. 3.8, Adopted** Direct the Railroad Commission to expand its risk matrix for oil and gas inspections.

Issue 4

Insufficient and Inequitable Statutory Bonding Requirements Contribute to the Large Backlog of Abandoned Wells.

Change in Statute

- Rec. 4.1, Not Adopted** Amend blanket bond requirements in statute to better reflect risk and increase equitability.

Issue 5

Improved Oversight of Texas' Pipeline Infrastructure Would Help Further Ensure Public Safety.

Change in Statute

- Rec. 5.1, Adopted** Authorize the Railroad Commission to enforce damage prevention requirements for interstate pipelines.
- Rec. 5.2, Adopted** Authorize the Railroad Commission to create a pipeline permit fee.

Change in Appropriations

- Rec. 5.3, Adopted** Modify language in the General Appropriations Act to further ensure that the Railroad Commission collects, and is appropriated back, fee amounts to offset the costs of administering its Pipeline Safety program, including administration costs.

Issue 6

The Railroad Commission's Contracting Procedures Are Improving, but Continued Attention Is Needed.

Management Action

- Rec. 6.1, Adopted** Direct the Railroad Commission to centralize all contract administration functions by September 1, 2016.
- Rec. 6.2, Adopted** Direct the Railroad Commission to implement and keep updated contracting best practices as outlined by recent legislation and the comptroller.
- Rec. 6.3, Adopted** Direct the Railroad Commission's executive director to report quarterly to the commissioners at their open meetings regarding the status of contracting improvements.

Issue 7

The Railroad Commission's Statute Does Not Reflect Standard Elements of Sunset Reviews.

Change in Statute

- Rec. 7.1, Adopted** Apply the Sunset across-the-board recommendation regarding alternative dispute resolution to the Railroad Commission.
- Rec. 7.2, Adopted** Allow the Oil and Gas Regulation and Cleanup Fund Advisory Committee to expire.
- Rec. 7.3, Adopted** Continue requiring the Railroad Commission to submit its report on the Oil and Gas Regulation and Cleanup Fund to the Legislature.

Adopted New Issues

Seismicity Data in Railroad Commission Rules

Direct the Railroad Commission to incorporate findings from the TexNet Seismic Monitoring Program at UT's Bureau of Economic Geology as they become available into its oil and gas disposal well rules or guidance, as applicable. The rules should seek to prevent any induced seismicity caused by disposal wells. (Management action — nonstatutory)