18TH ANNUAL GAS & POWER INSTITUTE CLE
HOUSTON, TX
SEPTEMBER 26 - 27, 2019

TEXAS LEGISLATIVE & REGULATORY UPDATE

Presented by

Jessica L. Morgan
Husch Blackwell, LLP
Austin, TX

Jennifer Littlefield
Haynes and Boone, LLP
Austin, TX

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GAS MARKET DEVELOPMENTS

86th Legislative Session Gas Market Developments

- Critical Infrastructure Protections
- Environmental Regulations
- Gas Utility Employee Compensation



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GAS MARKET DEVELOPMENTS

Legislative Action: Oil and Gas Leases

- HB 3226 - Texas Mineral Interest Pooling Act (MIPA)
  - Automatic dissolution of an oil and gas pooled unit from year after its effective date or two years after the effective date if no production or drilling operations have commenced
  - 1st MIPA amendment since 1977
- HB 3838 – Mineral interest purchase disclosures
  - Specific disclosure language is required in all mineral interests offers to purchase and conveyance instruments
  - "THIS IS NOT AN OIL AND GAS LEASE. YOU ARE SELLING ALL OR A PORTION OF YOUR MINERAL OR ROYALTY INTERESTS."

GAS MARKET DEVELOPMENTS

Legislative Action: Pipeline Operations

- HB 864 – Pipeline Incident Reporting Procedures
  - Requires a distribution gas pipeline facility operator to notify RRC of an incident within one hour of the operators discovery of the incident.
  - Expands RRC authority to assess administrative penalties.
- HB 866 – Underground Facilities
  - Prohibits a distribution gas pipeline facility operator from installing cast iron, wrought iron, or bare steel underground facilities.
  - Requires cast iron underground facilities to be replaced by Dec. 31, 2021.
  - Expands RRC authority to assess administrative penalties.

GAS MARKET DEVELOPMENTS

Legislative Action: Environmental Regulations

- HB 2675 – Oil and Gas Regulation and Clean Up Fund
  - Removes the $30 million cap on the Oil and Gas Regulation and Clean Up Fund.
- HB 2771 – EPA's National Pollutant Elimination Discharge System (NPDES)
  - Allows TCEQ to seek delegation authority of NPDES.
  - Formerly handled by RRC.
  - Allows TCEQ to issue permits and manage surface discharge of produced water, hydrostatic test water, and gas plant effluent.

GAS MARKET DEVELOPMENTS

Legislative Action: Environmental Regulations

- HB 3745 – Texas Emissions Reduction Plan Fund
  - Establishes a new fund as a trust held by the Comptroller and administered by TCEQ.
  - Fund will be used for helping remove older, high emissions vehicles from use.
- HB 722 – Brackish Groundwater
  - Authorizes a groundwater conservation district located over any part of a designated brackish groundwater production zone to adopt rules to govern the issuance of permits for the completion and operation of a well for the withdrawal of brackish groundwater from a designated brackish groundwater production zone.
  - Applies only to municipal projects and electric generation projects designed to treat brackish groundwater to water quality standards sufficient for project needs.

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First appeared as part of the conference materials for the
18th Annual Gas and Power Institute session
"Texas Legislative and Regulatory Update"