

By: \_\_\_\_\_

\_\_\_\_.B. No. \_\_\_\_\_

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the regulation by the Railroad Commission of Texas of  
3 common purchasers of oil and gas.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 86.012, Natural Resources Code, is  
6 amended by adding Subsections (c) and (d) to read as follows:

7 (c) If the commission determines that a rate or term imposed  
8 on a producer of gas by a common purchaser, as described by Section  
9 111.081(a)(2), is discriminatory as described by Section 81.058,  
10 the discriminatory rate is considered to be "waste" for the  
11 purposes of this chapter.

12 (d) If a purchase contract between a producer of gas and a  
13 common purchaser, as described by Section 111.081(a)(2), provides  
14 for the producer to be paid a percentage of the proceeds from a sale  
15 of natural gas liquids from an oil or gas well, the exclusion from a  
16 monthly purchase settlement under the contract of natural gas  
17 liquids extracted from the gas production stream originating from  
18 the well is considered to be "waste" for the purposes of this  
19 chapter.

20 SECTION 2. Section 111.085, Natural Resources Code, is  
21 transferred to Subchapter F, Chapter 111, Natural Resources Code,  
22 redesignated as Section 111.191, and amended to read as follows:

23 Sec. 111.191 [~~111.085~~]. APPLICABILITY OF RATE PROVISIONS  
24 FOR COMMON CARRIERS TO [CERTAIN] COMMON PURCHASERS OF CRUDE

1 PETROLEUM. Common purchasers, as defined in Section 111.081(a)(3),  
2 [~~Subdivision (3), Subsection (a), Section 111.081 of this code~~] are  
3 subject to the same regulation concerning rates and charges for  
4 gathering, transporting, loading, and delivering crude petroleum  
5 as set out in this subchapter [~~Subchapter F of this chapter~~].

6 SECTION 3. Section 111.096, Natural Resources Code, is  
7 amended to read as follows:

8 Sec. 111.096. DUTIES AND RESPONSIBILITIES OF COMMON  
9 PURCHASERS, PURCHASERS, GATHERERS, AND TRANSPORTERS.

10 Notwithstanding the provisions of any statute or law including the  
11 provisions of this subchapter, Subchapters C, F, and G [~~of this~~  
12 ~~chapter~~], and Sections 111.004, 111.025, 111.131 through 111.133,  
13 111.136, 111.137, and 111.140 [~~of this code~~], none of the  
14 provisions of Sections 111.081, 111.084, [~~111.085, and~~] 111.091,  
15 and 111.191 [~~of this code~~] shall increase or decrease the duties or  
16 responsibilities of any common purchaser, purchaser, gatherer, or  
17 transporter of natural gas, residue gas, or casinghead gas.

18 SECTION 4. Subchapter E, Chapter 111, Natural Resources  
19 Code, is amended by adding Section 111.1311 to read as follows:

20 Sec. 111.1311. COMMISSION RULES FOR COMMON PURCHASERS. (a)  
21 This section applies only to a common purchaser described by  
22 Section 111.081(a)(2).

23 (b) The commission shall establish and enforce rules for  
24 gathering, transporting, loading, and delivering natural gas by  
25 common purchasers in this state and shall prescribe and enforce  
26 rules, in the manner provided by law, for the government and control  
27 of common purchasers with respect to their pipelines and receiving,

1 transferring, loading, and processing facilities.

2 SECTION 5. Subchapter F, Chapter 111, Natural Resources  
3 Code, is amended by adding Section 111.192 to read as follows:

4 Sec. 111.192. ADOPTION OF RATE PROVISIONS FOR COMMON  
5 PURCHASERS OF NATURAL GAS. (a) This section applies only to a  
6 common purchaser described by Section 111.081(a)(2).

7 (b) The commission shall establish and promulgate rates of  
8 charges for gathering, transporting, loading, and delivering  
9 natural gas by common purchasers of natural gas in this state on the  
10 request of an interested person, including a natural gas producer.

11 (c) The commission may establish and promulgate rates of  
12 charges for gathering, transporting, loading, and delivering  
13 natural gas by common purchasers of natural gas in this state on its  
14 own motion.

15 (d) In establishing and promulgating rates under this  
16 section, the commission shall ensure that the rates and terms  
17 charged by common purchasers of natural gas in this state:

18 (1) are not discriminatory, as provided by Section  
19 81.058; and

20 (2) do not make natural gas production from a well  
21 uneconomical for the producer.

22 (e) Except as otherwise provided by this section, the  
23 provisions of this subchapter apply to rates established and  
24 promulgated under this section. In the case of a conflict between  
25 this section and another provision of this chapter, this section  
26 controls.

27 SECTION 6. This Act takes effect September 1, 2017.