

NATURAL RESOURCES CODE

TITLE 3. OIL AND GAS

SUBTITLE B. CONSERVATION AND REGULATION OF OIL AND GAS

CHAPTER 86. REGULATION OF NATURAL GAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 86.001. DECLARATION OF POLICY. In recognition of past, present, and imminent evils occurring in the production and use of gas as a result of waste in this production and use of gas in the absence of correlative opportunities of owners of gas in a common reservoir to produce and use the gas, the provisions of this chapter are enacted for the protection of public and private interests against these evils by prohibiting waste and compelling ratable production.

Acts 1977, 65th Leg., p. 2531, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.002. DEFINITIONS. In this chapter:

(1) "Oil" means crude petroleum oil.

(2) "Gas" means natural gas.

(3) "Commission" means the Railroad Commission of Texas.

(4) "Common reservoir" means all or part of any oil or gas field or oil and gas field that comprises and includes any area that is underlaid or that, from geological or other scientific data or experiments or from drilling operations or other evidence, appears to be underlaid by a common pool or accumulation of oil or gas or oil and gas.

(5) "Gas well" means a well that:

(A) produces gas not associated or blended with oil at the time of production;

(B) produces more than 100,000 cubic feet of gas to each barrel of oil from the same producing horizon; or

(C) produces gas from a formation or producing horizon productive of gas only encountered in a well bore through which oil also is produced through the inside of another string of

casing.

(6) "Oil well" means any well that produces one barrel or more of oil to each 100,000 cubic feet of gas.

(7) "Dry gas" means gas produced from a stratum that does not produce oil.

(8) "Sour gas" means gas:

(A) containing more than one and one-half grains of hydrogen sulphide per 100 cubic feet;

(B) containing more than 30 grains of total sulphur per 100 cubic feet; or

(C) which in its natural state is found by the commission to be unfit for use in generating light or fuel for domestic purposes.

(9) "Sweet gas" means all gas except sour gas and casinghead gas.

(10) "Casinghead gas" means any gas or vapor indigenous to an oil stratum and produced from the stratum with oil.

(11) "Natural gasoline" means gasoline manufactured from casinghead gas or from any gas.

(12) "Cubic foot of gas" or "standard cubic foot of gas" means the volume of gas, including natural and casinghead gas, contained in one cubic foot of space at a standard pressure base of 14.65 pounds per square inch absolute and at a standard temperature base of 60 degrees Fahrenheit, and if the conditions of pressure and temperature differ from this standard, conversion of the volume from the differing conditions to the standard conditions shall be made in accordance with the ideal gas laws, corrected for deviation.

Acts 1977, 65th Leg., p. 2531, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.003. DETERMINATION OF SEPARATE WELLS. If oil or gas, or both, is produced through different strings of casing set in the same well bore, the inner string through which oil or gas, or both, is produced shall be regarded as one well, and each successive additional string of casing through which oil or gas, or both, is produced from a different producing horizon through the same well

bore shall be regarded as another well.

Acts 1977, 65th Leg., p. 2532, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.004. APPLICABILITY. The provisions in this chapter do not impair the authority of the commission to prevent waste under the oil and gas conservation laws of this state and do not repeal, modify, or impair any of the provisions relating to oil and gas conservation in Sections 85.002, 85.041 through 85.055, 85.056 through 85.064, 85.125, 85.201 through 85.207, 85.241 through 85.243, 85.249 through 85.252, and 85.381 through 85.385, Subchapter J of Chapter 85, and Subchapter P of Chapter 91.

Acts 1977, 65th Leg., p. 2532, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 816 (S.B. 1670), Sec. 3, eff. September 1, 2007.

SUBCHAPTER B. WASTE OF GAS

Sec. 86.011. PROHIBITION AGAINST WASTE. The production, transportation, or use of gas in a manner, in an amount, or under conditions which constitute waste is unlawful and is prohibited.

Acts 1977, 65th Leg., p. 2532, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.012. DEFINITION OF WASTE. (a) The term "waste" includes:

- (1) the operation of an oil well or wells with an inefficient gas-oil ratio;
- (2) the drowning with water of a stratum or part of a stratum capable of producing gas in paying quantities;
- (3) permitting a gas well to burn wastefully;
- (4) the creation of unnecessary fire hazards;
- (5) physical waste or loss incident to or resulting from so drilling, equipping, or operating a well or wells as to reduce or tend to reduce the ultimate recovery of gas from any pool;

(6) the escape of gas from a well producing both oil and gas into the open air in excess of the amount that is necessary in the efficient drilling or operation of the well;

(7) the production of gas in excess of transportation or market facilities or reasonable market demand for the type of gas produced;

(8) the use of gas for the manufacture of carbon black without first having extracted the natural gasoline content from the gas, except it shall not be necessary to first extract the natural gasoline content from the gas where it is utilized in a plant producing an average recovery of not less than five pounds of carbon black to each 1,000 cubic feet of gas;

(9) the use of sweet gas produced from a gas well for the manufacture of carbon black unless it is used in a plant producing an average recovery of not less than five pounds of carbon black to each 1,000 cubic feet and unless the sweet gas is produced from a well located in a common reservoir producing both sweet and sour gas;

(10) permitting gas produced from a gas well to escape into the air before or after the gas has been processed for its gasoline content, unless authorized as provided in Section [86.185](#) of this code;

(11) the production of natural gas from a well producing oil from a stratum other than that in which the oil is found unless the gas is produced in a separate string of casing from that in which the oil is produced;

(12) the production of more than 100,000 cubic feet of gas to each barrel of crude petroleum oil unless the gas is put to one or more of the uses authorized for the type of gas so produced under allocations made by the commission or unless authorized as provided in Section [86.185](#) of this code; and

(13) underground waste or loss however caused and whether or not defined in other subdivisions of this section.

(b) Notwithstanding the provisions contained in this section or elsewhere in this code or in other statutes or laws, the commission may permit production by commingling oil or gas or oil and gas from multiple stratigraphic or lenticular accumulations of

oil or gas or oil and gas where the commission, after notice and opportunity for hearing, has found that producing oil or gas or oil and gas in a commingled state will prevent waste, promote conservation, or protect correlative rights.

Acts 1977, 65th Leg., p. 2532, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1977, 65th Leg., p. 2695, ch. 871, art. II, Sec. 8, eff. Sept. 1, 1977; Acts 1979, 66th Leg., p. 674, ch. 300, Sec. 2, eff. May 29, 1979; Acts 1995, 74th Leg., ch. 870, Sec. 2, eff. Sept. 1, 1995.

SUBCHAPTER C. POWERS AND DUTIES OF THE COMMISSION

Sec. 86.041. IN GENERAL. The commission has broad discretion in administering the provisions of this chapter and may adopt any rule or order in the manner provided by law that it finds necessary to effectuate the provisions and purposes of this chapter.

Acts 1977, 65th Leg., p. 2533, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.042. RULES AND ORDERS. The commission shall adopt and enforce rules and orders to:

- (1) conserve and prevent the waste of gas;
- (2) prevent the waste of gas in drilling and producing operations and in the piping and distribution of gas;
- (3) require dry or abandoned wells to be plugged in a way that confines gas and water in the strata in which they are found and prevents them from escaping into other strata;
- (4) provide for drilling wells and preserving a record of them;
- (5) require wells to be drilled and operated in a manner that prevents injury to adjoining property;
- (6) prevent gas and water from escaping from the strata in which they are found into other strata;
- (7) require records to be kept and reports made;
- (8) provide for the issuance of permits and other evidences of permission when the issuance of the permit or

permission is necessary or incident to the enforcement of its blanket grant of authority to make any rules necessary to effectuate the law; and

(9) otherwise accomplish the purposes of this chapter. Acts 1977, 65th Leg., p. 2533, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.043. DETERMINING GAS-OIL RATIO. The commission may fix and determine the gas-oil ratio of all oil wells in the state but none of the provisions of this chapter may be construed to authorize the limitation of the production of marginal wells below the amount fixed by statute. If a restriction imposed by the commission on the production of oil from an oil well operates to increase the gas-oil ratio of the well so as to then classify it as a gas well under the provisions of this chapter, the well nevertheless shall be considered to be an oil well.

Acts 1977, 65th Leg., p. 2534, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.044. WEATHER EMERGENCY PREPAREDNESS. (a) In this section, "gas supply chain facility" means a facility that is:

(1) used for producing, treating, processing, pressurizing, storing, or transporting natural gas;

(2) not primarily used to support liquefied natural gas pretreatment, liquefaction, or regasification facilities in the business of exporting or importing liquefied natural gas to or from foreign countries;

(3) otherwise regulated by the commission under this subtitle; and

(4) not regulated by the commission under Chapter 121, Utilities Code.

(b) This section applies only to a gas supply chain facility that is:

(1) included on the electricity supply chain map created under Section 38.203, Utilities Code; and

(2) designated as critical by the commission in the manner provided by Section 81.073.

(c) The commission by rule shall require a gas supply chain facility operator to implement measures to prepare to operate during a weather emergency. In adopting the rules, the commission shall take into consideration weather predictions produced by the office of the state climatologist.

(d) The commission shall:

(1) inspect gas supply chain facilities for compliance with rules adopted under Subsection (c);

(2) provide the owner of a facility described by Subdivision (1) with a reasonable period of time in which to remedy any violation the commission discovers in an inspection; and

(3) report to the attorney general any violation that is not remedied in a reasonable period of time.

(e) The commission shall prioritize inspections conducted under Subsection (d)(1) based on risk level, as determined by the commission.

(f) The commission by rule shall require an operator of a gas supply chain facility that experiences repeated weather-related or major weather-related forced interruptions of production to:

(1) contract with a person who is not an employee of the operator to assess the operator's weatherization plans, procedures, and operations; and

(2) submit the assessment to the commission.

(g) The commission may require an operator of a gas supply chain facility to implement appropriate recommendations included in an assessment submitted to the commission under Subsection (f).

(h) If the commission determines that a person has violated a rule adopted under this section, the commission shall notify the attorney general of a violation that is not remedied in a reasonable amount of time. The attorney general shall initiate a suit to recover a penalty for the violation in the manner provided by Subchapter G.

Added by Acts 2021, 87th Leg., R.S., Ch. 426 (S.B. 3), Sec. 5, eff. June 8, 2021.

SUBCHAPTER D. PRODUCTION OF GAS

Sec. 86.081. REGULATION OF PRODUCTION. (a) For the protection of public and private interests, the commission, on written complaint by an affected party or on its own initiative and after notice and an opportunity for a hearing, shall prorate and regulate the daily gas well production from a common reservoir if the commission finds that action to be necessary to:

- (1) prevent waste; or
- (2) adjust the correlative rights and opportunities of each owner of gas in a common reservoir to produce and use or sell the gas as permitted in this chapter.

(b) When, as provided in Subsection (b) of Section 85.046 or Subsection (b) of Section 86.012, the commission has permitted production by commingling oil or gas or oil and gas from multiple stratigraphic or lenticular accumulations of oil or gas or oil and gas, the commission may regulate all activities that are under its jurisdiction and associated with such commingled, separate multiple stratigraphic or lenticular accumulations of oil or gas or oil and gas as if the accumulations were a single common reservoir; provided, however, that:

(i) such commingling shall not cause the allocation of allowable production from a well producing from any separate accumulation or accumulations to be less than that which would result from the commission applying the provisions of Section 86.095 to such accumulation or accumulations; and

(ii) the allocation of the allowable for such commingled production shall be based on not less than two factors which the Railroad Commission shall take into account as directed by Section 86.089.

Acts 1977, 65th Leg., p. 2534, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1981, 67th Leg., p. 2580, ch. 688, Sec. 3, eff. June 16, 1981; Acts 1995, 74th Leg., ch. 435, Sec. 3, eff. Aug. 28, 1995.

Amended by:

Acts 2005, 79th Leg., Ch. 881 (S.B. 1170), Sec. 1, eff. June 17, 2005.

Acts 2005, 79th Leg., Ch. 1119 (H.B. 2440), Sec. 1, eff. June

18, 2005.

Sec. 86.082. EXERCISE OF AUTHORITY TO PREVENT WASTE. The commission shall exercise its authority to prevent waste when the presence or imminence of waste is supported by a finding based on the evidence introduced at a hearing after proper notice.

Acts 1977, 65th Leg., p. 2534, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.083. EXERCISE OF AUTHORITY TO ADJUST CORRELATIVE RIGHTS AND OPPORTUNITIES. The commission shall exercise its authority to adjust correlative rights and opportunities of each owner of gas in a common reservoir to produce and use or sell the gas when evidence introduced at a hearing after proper notice will support a finding made by the commission that the aggregate lawful volume of the open flow or daily potential capacity to produce of all gas wells located in a common reservoir is in excess of the daily reasonable market demand for gas from gas wells that may be produced from the common reservoir, to be used as permitted in this chapter.

Acts 1977, 65th Leg., p. 2534, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.084. DETERMINATION OF STATUS OF PRODUCTION. (a) The commission, on written complaint by an affected party or on its own initiative, may determine the status of gas production from any reservoir in the state.

(b) If the commission finds that waste exists or is imminent in the production of gas from a reservoir, or that the capacity of the wells to produce gas from a reservoir exceeds the market demand for gas from the reservoir, the commission by proper order shall prorate and regulate the gas production from the reservoir on a reasonable basis.

Acts 1977, 65th Leg., p. 2534, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Amended by:

Acts 2005, 79th Leg., Ch. 881 (S.B. [1170](#)), Sec. 2, eff. June

17, 2005.

Sec. 86.085. DETERMINATION OF DEMAND AND VOLUME. On or before the last day of each month, the commission or a person authorized by the commission shall determine:

(1) the lawful market demand for gas to be produced from each prorated reservoir during the following month; and

(2) the volume of gas that can be produced without waste from each prorated reservoir and each well in the reservoir during the following month.

Acts 1977, 65th Leg., p. 2534, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 270, Sec. 1, eff. May 24, 1993.

Amended by:

Acts 2005, 79th Leg., Ch. 881 (S.B. [1170](#)), Sec. 3, eff. June 17, 2005.

Sec. 86.086. MONTHLY RESERVOIR ALLOWABLE. After determining demand for and volume of production from a prorated reservoir as provided in Section [86.085](#), the commission shall fix the monthly reservoir allowable of gas to be produced from the reservoir at the lawful market demand for the gas or at the volume that can be produced from the reservoir without waste, whichever is the smaller quantity.

Acts 1977, 65th Leg., p. 2535, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Amended by:

Acts 2005, 79th Leg., Ch. 881 (S.B. [1170](#)), Sec. 4, eff. June 17, 2005.

Sec. 86.087. MONTHLY WELL ALLOWABLE. The monthly reservoir allowable shall be allocated among all wells entitled to produce gas from a prorated reservoir to give each well its fair share of the gas to be produced from the reservoir, but each well is restricted to the amount of gas that can be produced from it without waste. The volume of gas allocated to each well is the monthly allowable for that well.

Acts 1977, 65th Leg., p. 2535, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Amended by:

Acts 2005, 79th Leg., Ch. 881 (S.B. [1170](#)), Sec. 5, eff. June 17, 2005.

Sec. 86.088. DAILY ALLOWABLE. The daily market demand for gas and the daily allowable shall be determined by dividing the monthly demand and the monthly allowable by the number of days in the month.

Acts 1977, 65th Leg., p. 2535, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.089. FACTORS IN DETERMINING ALLOWABLE. (a) In determining the daily allowable production for each gas well in a prorated reservoir, the commission shall take into account:

(1) the size of the tract segregated with respect to the surface position and common ownership on which the gas well or wells are located;

(2) the relation between the daily producing capacity of each gas well and the aggregate daily capacity of all gas wells producing the same kind of gas in the same common reservoir or zone; and

(3) other factors that are pertinent.

(b) In determining the daily allowable production for each gas well, the commission shall not take into account the size of the tract on which any gas well or wells are located in excess of the efficient drainage area of the well or wells. The drainage area shall be determined by the commission.

(c) In ascertaining the drainage area of a well, the commission shall take into account such factors as are reflected in the productive capacity of a gas well, including formation pressure, the permeability and porosity of the producing formation, and the well bore's structural position, together with all other factors taken into account by a reasonably prudent operator in determining the drainage area for a gas well.

Acts 1977, 65th Leg., p. 2535, ch. 871, art. I, Sec. 1, eff. Sept. 1,

1977. Amended by Acts 1985, 69th Leg., ch. 745, Sec. 2, eff. June 14, 1985.

Amended by:

Acts 2005, 79th Leg., Ch. 881 (S.B. [1170](#)), Sec. 6, eff. June 17, 2005.

Sec. 86.090. AUTHORIZING OVERPRODUCTION AND UNDERPRODUCTION. (a) In order to adjust the correlative rights and opportunities of each owner to produce, use, and sell gas from a common reservoir from which a portion of the market demand is seasonal or where a portion of the market demand fluctuates from month to month, the commission may permit the wells in the reservoir to be produced in excess of the monthly allowable, in accordance with the conditions and limitations set forth in Subsections (b), (c), (d), and (e) of this section, if no waste would be caused by such production.

(b) Except as authorized in Subsection (e) of this section, no well may be permitted in any one month to produce in excess of two times its monthly allowable, except if there exists or there is threatened a situation causing an increase in the demand for the gas from the reservoir which cannot be satisfied otherwise from the reservoir, then the commission may allow a well to be produced in excess of two times its monthly allowable.

(c) Except as authorized in Subsection (e) of this section, no well may ever be allowed to produce in excess of twice its allowable for more than two months in any period of six months beginning on the first day of March and September of each year. If a well has produced twice its allowable or more during a period of six months beginning on the first day of March or September, it shall be shut in or, by appropriate commission order, have its production restricted to a fractional part of its monthly allowable until its production and allowable are in balance.

(d) On the first day of March and September of each year, the commission shall restrict production from all wells that are then overproduced to the fractional part of their monthly allowable that will bring the accumulated allowables and the accumulated monthly production in balance during the next six months. If the

overproduction is not balanced during that six-month period, the overproduced well shall be shut in or, by appropriate commission order, have its production restricted to a fractional part of its monthly allowable until its production and allowable are in balance.

(e) The commission by appropriate order may permit a gas well to be underproduced for a period of six consecutive months and may allow the accumulated underproduction to be produced in addition to the regular monthly allowable during the following six-month period. If the underproduction is not balanced during this six-month period, the remaining accumulated underproduction may, by appropriate commission order, be produced in addition to the regular monthly allowable during subsequent consecutive six-month periods.

Acts 1977, 65th Leg., p. 2535, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1985, 69th Leg., ch. 745, Sec. 1, eff. June 14, 1985.

Sec. 86.091. MARGINAL GAS WELL AND LIMITS ON WELL RESTRICTIONS. A "marginal gas well," as applied to a well classified by the commission as a gas well, means a well that is incapable of producing under normal operating conditions more than 250,000 cubic feet of gas per day. None of the provisions of this chapter shall require the commission to limit the production from a marginal gas well to a quantity less than its actual deliverability if the well:

(1) has a daily deliverability of 100,000 cubic feet of gas or less; or

(2) is in a field for which special field rules are not in effect.

Acts 1977, 65th Leg., p. 2536, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1985, 69th Leg., ch. 745, Sec. 2, eff. June 14, 1985; Acts 1995, 74th Leg., ch. 361, Sec. 1, eff. Aug. 28, 1995; Acts 1997, 75th Leg., ch. 299, Sec. 1, eff. May 26, 1997.

Sec. 86.093. EFFECT OF OIL AND GAS STRATUM ON GAS ONLY STRATUM. If gas is produced from one stratum and oil and gas are

produced from another stratum in the same well bore, the commission shall take into account the amount of gas produced from the oil stratum in determining the amount of gas that may be produced from the stratum producing gas only. The commission may subtract the amount of the casinghead gas produced from the dry gas that would be allocated to the well if it produced dry gas and may restrict the dry gas production accordingly.

Acts 1977, 65th Leg., p. 2536, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.094. AUTHORITY TO INCREASE TAKE ABOVE ALLOWABLE. If unforeseen contingencies increase the demand for gas required by a distributor, transporter, or purchaser to an amount in excess of the total allowable production of the wells in a prorated reservoir to which the person is connected, the distributor, transporter, or purchaser may increase the person's take ratably from all these wells in order to supply the person's demand for gas, provided that notice of the increase and the amount of the increase are given to the commission within five days; and provided further, the commission shall adjust the inequality of withdrawals caused by the increase in fixing the allowable production of the various wells in the common reservoir or zone.

Acts 1977, 65th Leg., p. 2537, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Amended by:

Acts 2005, 79th Leg., Ch. 881 (S.B. 1170), Sec. 7, eff. June 17, 2005.

Sec. 86.095. ZONING COMMON RESERVOIRS. (a) The commission shall zone a common reservoir if, on consideration of the evidence introduced at a hearing, it finds that either the prevention of waste or adjustment of correlative rights and opportunities, or both, as designated in Section 86.081 of this code, may be accomplished more adequately by zoning the common reservoir.

(b) If the commission zones a common reservoir, each zone shall be regarded as a separate common reservoir in making allocations of daily allowable production as provided in this

chapter.

(c) If the commission zones a common reservoir, the commission:

(1) shall allocate to each zone its just proportion of the market demand for gas from the common reservoir;

(2) shall establish appropriate rules applicable to each zone;

(3) may adjust its orders to the practicable conditions that exist; and

(4) may enter any reasonable order necessary to effectuate the purposes of this chapter.

(d) The commission may segregate a sour gas area from a sweet gas area and is not required to restrict the allowable production of the sour gas zone to the same percentages that may be produced from the sweet gas zone.

Acts 1977, 65th Leg., p. 2537, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.096. FAILURE TO USE OR SELL ALLOWABLE PRODUCTION.

If the commission finds that the owner of a gas well failed or refused to use or sell the allowable production from his well when the owner was offered a connection or market for the gas at a reasonable price, the well shall be excluded from consideration in allocating the daily allowable production from the reservoir or zone in which it is located until the owner of the well signifies to the commission his desire to use or sell the gas. In all other cases, all gas wells shall be taken into account in allocating the allowable production among wells producing the same type of gas.

Acts 1977, 65th Leg., p. 2537, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.097. PRODUCTION OF GAS FROM OIL WELL. No person in possession of or operating an oil well may produce from the oil well gas found in a horizon productive of gas only.

Acts 1977, 65th Leg., p. 2537, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

SUBCHAPTER E. METER AND PRESSURE TESTS

Sec. 86.141. DUTY TO TEST GAS WELLS. The commission may require persons producing gas from any gas well to determine periodically through an appropriate test the deliverability and wellhead pressure of each gas well from which gas is produced.

Acts 1977, 65th Leg., p. 2538, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1995, 74th Leg., ch. 26, Sec. 1, eff. Sept. 1, 1995.

Sec. 86.142. TEST REQUIREMENTS. A test to determine the deliverability and pressure of a gas well shall be made:

(1) under uniform and generally recognized methods;
and

(2) under rules prescribed by the commission.

Acts 1977, 65th Leg., p. 2538, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1995, 74th Leg., ch. 26, Sec. 2, eff. Sept. 1, 1995.

Sec. 86.143. TEST REPORTS. (a) Verified reports of the tests to determine deliverability and pressure shall be filed with the commission within a time period after the end of the test period as set by the commission.

(b) The reports are a public record. They shall be kept on file with the commission for a period of time determined by the commission and shall be open to the inspection and examination of the public.

Acts 1977, 65th Leg., p. 2538, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1995, 74th Leg., ch. 26, Sec. 3, eff. Sept. 1, 1995.

Sec. 86.144. DEMANDING SECOND TEST. A person producing gas from the same common reservoir who is dissatisfied with the test as made and reported may demand that a second test be made in the manner provided in this subchapter and in the presence of the person making the demand or his representative.

Acts 1977, 65th Leg., p. 2538, ch. 871, art. I, Sec. 1, eff. Sept. 1,

1977.

Sec. 86.145. DUTY TO TEST METER. The commission shall require one of its duly authorized agents to inspect, read, or test any meter or meters through which gas is being measured or gauged on the request of a lessor, lessee, operator, or royalty owner from whose land, lease, or royalty interest gas is being produced.

Acts 1977, 65th Leg., p. 2538, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

SUBCHAPTER F. USE OF GAS

Sec. 86.181. USE OF SWEET GAS PRODUCED FROM GAS WELL. No sweet gas produced from a gas well may be used for any purpose except:

(1) light or fuel;

(2) efficient chemical manufacture, other than the manufacture of carbon black, provided that sweet gas produced from wells located in a common reservoir producing both sweet and sour gas may be used for the manufacture of carbon black if it is used in a plant producing an average recovery of not less than five pounds of carbon black to each 1,000 cubic feet of gas;

(3) bona fide introduction of gas into oil or gas bearing horizon in order to maintain or increase the rock pressure, or otherwise increase the ultimate recovery of oil or gas from the horizon; and

(4) the extraction of natural gasoline when the residue is returned to the horizon from which it is produced.

Acts 1977, 65th Leg., p. 2538, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.182. USE OF SOUR GAS. In addition to the purposes for which sweet gas produced from a gas well may be used, sour gas may be used for efficient chemical manufacturing purposes including the manufacture of carbon black provided:

(1) it is utilized in a plant producing a recovery of not less than one pound of carbon black to each 1,000 cubic feet of

gas; and

(2) the gasoline content is removed and saved from the sour gas before the gas is used for carbon black.

Acts 1977, 65th Leg., p. 2539, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.183. USE OF CASINGHEAD GAS. Casinghead gas may be used for any beneficial purpose, which includes the manufacture of natural gasoline.

Acts 1977, 65th Leg., p. 2539, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.184. USE AS GAS LIFT. (a) A producer of either sweet or sour gas or casinghead gas may use the gas as gas lift in the bona fide production of oil if the gas is not used in excess of 10,000 cubic feet per barrel of oil produced.

(b) To prevent waste in a case where the facts in the case warrant it, the commission may permit the use of additional quantities of gas to lift oil provided:

(1) all the gas used in excess of 10,000 cubic feet for each barrel of oil is processed for natural gasoline; and

(2) the residue is burned for carbon black when it is reproduced.

Acts 1977, 65th Leg., p. 2539, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.185. PROHIBITION AGAINST GAS IN AIR. No gas from a gas well may be permitted to escape into the air after the expiration of 10 days from the time the gas is encountered in the gas well, or from the time of perforating the casing opposite a gas-bearing zone if casing is set through the zone, whichever is later, but the commission may permit the escape of gas into the air for an additional time if the operator of a well or other facility presents information to show the necessity for the escape; provided that the amount of gas which is flared under that authority is charged to the operator's allowable production. A necessity includes but is not limited to the following situations:

(1) cleaning a well of sand or acid or both following stimulation treatment of a well; and

(2) repairing or modifying a gas-gathering system.

Acts 1977, 65th Leg., p. 2539, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1977, 65th Leg., p. 2696, ch. 871, art. II, Sec. 9, eff. Sept. 1, 1977.

SUBCHAPTER G. ENFORCEMENT; JUDICIAL REVIEW

Sec. 86.221. UNAUTHORIZED PRODUCTION PROHIBITED. No person may produce gas from a gas well in violation of the valid orders of the commission.

Acts 1977, 65th Leg., p. 2539, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.222. PENALTIES. (a) Any person who violates a provision of this chapter or a rule or order adopted under this chapter is liable for a penalty of not more than:

(1) \$10,000 for each offense when the provision, rule, or order pertains to safety or the prevention or control of pollution; or

(2) \$1,000 for each offense when the provision, rule, or order does not pertain to safety or the prevention or control of pollution.

(a-1) Notwithstanding Subsection (a), a person who violates a provision of a rule adopted under Section 86.044 is liable for a penalty of not more than \$1,000,000 for each offense.

(b) Each day a violation occurs constitutes a separate offense.

(c) The commission by rule shall establish a classification system to be used by a court under this subchapter for violations of rules adopted under Section 86.044 that includes a range of penalties that may be recovered for each class of violation based on:

(1) the seriousness of the violation, including:

(A) the nature, circumstances, extent, and gravity of a prohibited act; and

(B) the hazard or potential hazard created to the health, safety, or economic welfare of the public;

(2) the history of previous violations;

(3) the amount necessary to deter future violations;

(4) efforts to correct the violation; and

(5) any other matter that justice may require.

(d) The classification system established under Subsection (c) shall provide that a penalty in an amount that exceeds \$5,000 may be recovered only if the violation is included in the highest class of violations in the classification system.

Acts 1977, 65th Leg., p. 2539, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1983, 68th Leg., p. 5251, ch. 967, Sec. 1, eff. Sept. 1, 1983.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 426 (S.B. 3), Sec. 6, eff. June 8, 2021.

Sec. 86.223. SUIT FOR PENALTY. The penalty may be recovered with the cost of suit by the State of Texas through the attorney general or the county or district attorney when joined by the attorney general in a civil action instituted in Travis County, in the county in which the violation occurred, or in the county of residence of the defendant.

Acts 1977, 65th Leg., p. 2539, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1983, 68th Leg., p. 5251, ch. 967, Sec. 1, eff. Sept. 1, 1983.

Sec. 86.224. SUIT FOR INJUNCTION. A violation or threatened violation of this chapter may be enjoined by any court of competent jurisdiction in which the suit for penalty may be brought. The court may issue mandatory or prohibitory writs of injunction that the facts justify.

Acts 1977, 65th Leg., p. 2539, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 86.225. JUDICIAL REVIEW. Any person affected by an order of the commission adopted under the authority of this chapter

is entitled to judicial review of that order in a manner other than trial de novo.

Acts 1977, 65th Leg., p. 2540, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.