



**THE ATTORNEY GENERAL
OF TEXAS**

AUSTIN 11, TEXAS

**WILL WILSON
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March 18, 1957

Honorable Richard Slack, Chairman
Oil and Gas Committee
House of Representatives
Austin, Texas

Opinion No. WW-67

Re: To what extent and in what
way does Section 7 of H.B.
496 change Article 6066c,
Revised Civil Statutes?

Dear Mr. Slack:

In reply to your letter of March 5, 1957, which we quote in part as follows:

"Will you please ascertain to what extent and in what way Section 7 of the proposed bill changes Article 6066c, Revised Civil Statutes."

we offer the following opinion:

Article 6066c, V.C.S., provides that the Railroad Commission may approve agreements for the construction and operation of cooperative facilities necessary for the conservation and utilization of gas, including facilities for extracting and separating hydrocarbons from natural gas, or casinghead gas. This statute declared that such cooperative agreements are intended as a reasonable exception to the Anti-Trust Acts.¹

The Railroad Commission can approve agreements for the construction and operation of cooperative facilities for the extraction of liquid hydrocarbons from gas and the separation of such liquid hydrocarbons into butanes, propanes, ethanes, distillate, condensate and natural gasoline without any additional processing of any of them, and Article 6066c specifically provides that no approval shall be given to agreements providing for cooperative marketing or "refining"² of crude petroleum, condensate, distillate or gas or any by-products thereof.

¹Title 126, Revised Civil Statutes, 1925, as amended; Chapter 3, Title 19, Penal Code of Texas, 1925, as amended.

²Article 6066c provides in part "the extraction of liquid hydrocarbons from gas and the separation of such liquid hydrocarbons into butanes, propanes, ethanes, distillate, condensate and natural gasoline without any additional processing of any of them shall not be considered to be refining."

Section 7 of H.B. 496 is quoted as follows:

"Sec. 7. Agreements made in the interest of conservation of oil or gas, or both, or for the prevention of waste, between and among owners or operators, or both, owning separate holdings in the same field or pool, or in any area that appears from geologic or other data to be underlaid by a common accumulation of oil or gas, or both, and agreements between and among such owners or operators, or both, and royalty owners therein, for the purpose of bringing about the development and operation of the field, pool or area, or any part thereof, as a unit, and for establishing and carrying out a plan for the cooperative development and operation thereof, when such agreements are approved by the Commission, are hereby authorized and shall not be held or construed to violate any of the statutes of this State relating to trusts, monopolies, or contracts and combinations in restraint of trade."

The effect of the enactment of Section 7 of H.B. 496 would be to grant to agreements made and approved pursuant to H.B. 496, immunity from the Anti-Trust laws of Texas.

In our opinion nothing in Section 7 of H.B. 496 repeals or affects Article 6066c.

SUMMARY

In our opinion nothing in Section 7 of H.B. 496 repeals or affects Article 6066c.

Very truly yours,

WILL WILSON
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Houghton Brownlee, Jr.

By
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HB:tiw

APPROVED:

OPINION COMMITTEE
H. Grady Chandler, Chairman