

BILL ANALYSIS

Senate Research Center
78R11318 MI/SMH-F

H.B. 942
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Natural Resources
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Engrossed

DIGEST AND PURPOSE

In an effort to reduce the number of orphan oil and gas wells (inactive wells that will likely have to be plugged by the state) the 77th Legislature enacted a series of changes, establishing that any company that conducts operations within the Railroad Commission's jurisdiction would have to post a bond, letter of credit, or cash deposit as part of the annual registration with the commission. If a company fails to provide the requisite financial assurance it cannot conduct operations. The purpose of those changes was to provide the state with a source of funds to clean up pollution or plug abandoned wells if the responsible operator was unable or unwilling to do so. H.B. 942 establishes financial security requirements for certain persons engaged in activities regulated by the Texas Railroad Commission other than the ownership or operation of wells.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Section 91.109(b), Natural Resources Code, as effective September 1, 2004, to provide that in addition to the financial security requirements of Subsection (a) and Section 91.104(b), a person required to file a bond, letter of credit, or cash deposit under Section 91.103 who is involved in activities other than the ownership or operation of wells must file the bond, letter of credit, or cash deposit at the time of filing or renewing an organization report required by Section 91.142 according to certain schedules. Deletes text providing for an amount of \$250,000 or a lesser amount be determined by the Texas Railroad Commission if the person is able to demonstrate the risk associated with an operation warrants a lesser amount.

SECTION 2. Effective date: September 1, 2004.