

1-1 By: Farabee, et al. (Senate Sponsor - Duncan) H.B. No. 2020  
1-2 (In the Senate - Received from the House May 2, 2003;  
1-3 May 6, 2003, read first time and referred to Committee on Natural  
1-4 Resources; May 23, 2003, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;  
1-6 May 23, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 2020 By: Jackson

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to financial security requirements for certain persons  
1-11 performing operations within the jurisdiction of the Railroad  
1-12 Commission of Texas.

1-13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-14 SECTION 1. Section 91.104(b), Natural Resources Code, is  
1-15 amended to read as follow:

1-16 (b) A person required to file a bond or alternate form of  
1-17 financial security under Section 91.103 may choose to file:

1-18 (1) an individual bond as provided under Section  
1-19 91.1041;

1-20 (2) a blanket bond as provided under Section 91.1042;

1-21 (3) a letter of credit or cash deposit in the same  
1-22 amount as required for an individual bond under Section 91.1041 or a  
1-23 blanket bond under Section 91.1042; or

1-24 (4) a nonrefundable annual fee of [~~\$1,000, if:~~

1-25 [~~(A) the commission determines that individual  
1-26 and blanket bonds as specified by Subdivisions (1) and (2) are not  
1-27 obtainable at reasonable prices; and~~

1-28 [~~(B) the person can demonstrate to the commission  
1-29 an acceptable record of compliance with all commission rules,  
1-30 orders, licenses, permits, or certificates that relate to safety or  
1-31 the prevention or control of pollution for the previous 48 months  
1-32 and the person and, if a firm, partnership, joint stock  
1-33 association, corporation, or other organization, its officers,  
1-34 directors, general partners, or owners of more than 25 percent  
1-35 ownership interest or any trustee:~~

1-36 [~~(i) has no outstanding violations of such  
1-37 commission rules, orders, licenses, permits, or certificates;~~

1-38 [~~(ii) has paid all administrative, civil,  
1-39 and criminal penalties, if any, relating to any violation of such  
1-40 commission rules, orders, licenses, permits, or certificates; and~~

1-41 [~~(iii) has paid all reimbursements of any  
1-42 costs and expenses incurred by the commission in relation to any  
1-43 violation of such commission rules, orders, licenses, permits, or  
1-44 certificates; or~~

1-45 [~~(5) a nonrefundable annual fee] equal to 12 1/2  
1-46 percent of the bond that otherwise would be required.~~

1-47 SECTION 2. Section 91.1042, Natural Resources Code, is  
1-48 amended to read as follows:

1-49 Sec. 91.1042. BLANKET BOND. (a) A person required to file  
1-50 a bond or alternate form of financial security under Section 91.103  
1-51 who operates wells may file a blanket bond to cover all wells and  
1-52 operations for which a bond or alternate form of financial security  
1-53 is required as follows:

1-54 (1) a person who operates at least one well but not  
1-55 more than 10 wells [~~10 or fewer wells or performs other operations~~]  
1-56 shall file a \$15,000 [~~\$25,000~~] blanket bond;

1-57 (2) a person who operates more than 10 but fewer than  
1-58 25 [~~100~~] wells shall file a \$35,000 [~~\$50,000~~] blanket bond; [~~and~~]

1-59 (3) a person who operates 25 [~~100~~] or more wells but  
1-60 fewer than 100 wells shall file a \$50,000 [~~\$250,000~~] blanket bond;

1-61 (4) a person who operates 100 or more wells but fewer  
1-62 than 150 wells shall file a \$100,000 blanket bond;

1-63 (5) a person who operates 150 or more wells but fewer

2-1 than 200 wells shall file a \$175,000 blanket bond; and  
2-2 (6) a person who operates 200 or more wells shall file  
2-3 a \$250,000 blanket bond.

2-4 (b) Notwithstanding Subsection (a), the commission by rule  
2-5 shall set the amount of the bond for an operator of bay or offshore  
2-6 wells at a reasonable amount that exceeds the amount provided by  
2-7 Subsection (a)(1), (2), ~~(3)~~, (4), (5), or (6), as applicable.

2-8 SECTION 3. Effective September 1, 2004, Section 91.1042(a),  
2-9 Natural Resources Code, is amended to read as follows:

2-10 (a) A person required to file a bond, letter of credit, or  
2-11 cash deposit ~~[or alternate form of financial security]~~ under  
2-12 Section 91.103 who operates wells may file a blanket bond to cover  
2-13 all wells and operations for which a bond, letter of credit, or cash  
2-14 deposit ~~[or alternate form of financial security]~~ is required as  
2-15 follows:

2-16 (1) a person who operates at least one well but not  
2-17 more than 10 wells ~~[10 or fewer wells or performs other operations]~~  
2-18 shall file a \$15,000 ~~[\$25,000]~~ blanket bond;

2-19 (2) a person who operates more than 10 but fewer than  
2-20 25 ~~[100]~~ wells shall file a \$35,000 ~~[\$50,000]~~ blanket bond; ~~and~~

2-21 (3) a person who operates 25 ~~[100]~~ or more wells but  
2-22 fewer than 100 wells shall file a \$50,000 ~~[\$250,000]~~ blanket bond;

2-23 (4) a person who operates 100 or more wells but fewer  
2-24 than 150 wells shall file a \$100,000 blanket bond;

2-25 (5) a person who operates 150 or more wells but fewer  
2-26 than 200 wells shall file a \$175,000 blanket bond; and

2-27 (6) a person who operates 200 or more wells shall file  
2-28 a \$250,000 blanket bond.

2-29 SECTION 4. Section 24, Chapter 1233, Acts of the 77th  
2-30 Legislature, Regular Session, 2001, is repealed.

2-31 SECTION 5. The changes in law made by this Act apply only to  
2-32 a person required to file a bond or alternate form of financial  
2-33 security under Section 91.103, Natural Resources Code, on or after  
2-34 the effective date of this Act. A person required to file a bond or  
2-35 alternate form of financial security under Section 91.103, Natural  
2-36 Resources Code, before the effective date of this Act is governed by  
2-37 the law as it existed immediately before the effective date of this  
2-38 Act, and that law is continued in effect for that purpose.

2-39 SECTION 6. This Act takes effect immediately if it receives  
2-40 a vote of two-thirds of all the members elected to each house, as  
2-41 provided by Section 39, Article III, Texas Constitution. If this  
2-42 Act does not receive the vote necessary for immediate effect, this  
2-43 Act takes effect September 1, 2003.

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