

Amend CSSB 655 (house committee report) by adding the following appropriately numbered SECTION and renumbering the subsequent SECTIONS of the bill accordingly:

SECTION \_\_\_\_\_. Subchapter C, Chapter 85, Natural Resources Code, is amended by adding Section 85.066 to read as follows:

Sec. 85.066. PROCEDURE FOR OBTAINING EXCEPTION FOR CERTAIN GAS WELLS FROM COMMISSION WELL SPACING REQUIREMENTS. (a) This section applies only to a gas well located in a county that is located wholly or partly above a hydrocarbon-producing geological formation that underlies all or part of two counties:

(1) that are adjacent to one another; and

(2) each of which has a population of more than 1.8 million.

(b) This section shall be construed broadly to accomplish its purposes.

(c) An applicant for an exception to a well spacing requirement adopted by the commission by rule must provide a notice in plain language to each person who would be affected by the exception to the rule that:

(1) identifies by means of a drawing prepared by a surveyor the path of the proposed well bore and explains the method that will be used to produce gas from the area surrounding the well bore, including the area adjacent to the property on which the well is located, if applicable;

(2) explains that the person receiving the notice has the right to object to the application and request a hearing on the application and outlines the procedure for the hearing, including the burden of proof and the standard for granting the exception; and

(3) explains that not objecting to the applicant's request may result in:

(A) the depletion of gas from the property of the person receiving the notice;

(B) a loss of compensation for the person's gas; and

(C) the transfer of the person's gas to the operator of the well or other mineral owners.

(d) The commission must hold a hearing on the application

before granting the exception. The hearing must be held in a county described by Subsection (a).

(e) The applicant must present in the hearing evidence:

(1) that the exception is necessary to most efficiently produce the gas and is not merely for the convenience of the operator of the well;

(2) of the absence of feasible alternatives to the exception;

(3) that every effort was made to notify each person affected by the exception; and

(4) of the amount of gas that would be depleted from property owned by persons affected by the exception if the exception were granted, the amount of compensation those persons would likely receive if their interests in the gas were pooled, and the persons to whom the gas would be transferred if the exception were granted.

(f) the applicant has the burden of proof on each issue in the hearing.

SECTION \_\_\_\_\_. The change in law made by this Act applies only to an application for an exception to a well spacing requirement adopted by the Railroad Commission of Texas by rule that is filed with the commission on or after the effective date of this Act. An application filed with the commission before the effective date of this Act is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.