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HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: _____

1 Amend C.S.H.B. No. 1818 (house committee printing) by adding
2 the following appropriately numbered SECTIONS to the bill and
3 renumbering the subsequent SECTIONS of the bill accordingly:

4 SECTION _____. Section 91.104(c), Natural Resources Code, is
5 amended to read as follows:

6 (c) A person required to file a bond, letter of credit, or
7 cash deposit under Section 91.103 who operates one or more wells is
8 considered to have met that requirement for a well if the well bore
9 is included in a well-specific plugging insurance policy that:

10 (1) is approved by the Texas Department of Insurance;

11 (2) names this state as the owner and contingent
12 beneficiary of the policy;

13 (3) names a primary beneficiary who agrees to plug the
14 specified well bore;

15 (4) is fully prepaid and cannot be canceled or
16 surrendered;

17 (5) provides that the policy continues in effect until
18 the specified well bore has been plugged;

19 (6) provides that benefits will be paid when, but not
20 before, the specified well bore has been plugged in accordance with
21 commission rules in effect at the time of plugging; and

22 (7) provides benefits that equal the greatest of:

23 (A) an amount equal to the amount determined by
24 the commission under Section 91.1043 for the oil and gas division
25 district in which the specified well is located multiplied by the
26 number of feet [~~\$2 for each foot~~] of well depth, as determined in
27 the manner specified by the commission, for the [~~specified~~] well;

28 (B) if the specified well is a bay well and
29 regardless of whether the well is producing oil or gas, the amount

1 required under commission rules for a bay well that is not producing
2 oil or gas;

3 (C) if the specified well is an offshore well and
4 regardless of whether the well is producing oil or gas, the amount
5 required under commission rules for an offshore well that is not
6 producing oil or gas; or

7 (D) the payment otherwise due under the policy
8 for plugging the well bore.

9 SECTION _____. Section 91.1041(a), Natural Resources Code,
10 is amended to read as follows:

11 (a) A person required to file a bond, letter of credit, or
12 cash deposit under Section 91.103 who operates one or more wells may
13 file a bond in an amount equal to the amount determined by the
14 commission under Section 91.1043 for the oil and gas division
15 district in which each well is located multiplied by the number of
16 feet [~~\$2 for each foot~~] of well depth for each well.

17 SECTION _____. Sections 91.1042(a) and (b), Natural
18 Resources Code, are amended to read as follows:

19 (a) A person required to file a bond, letter of credit, or
20 cash deposit under Section 91.103 may file a blanket bond to cover
21 all wells for which a bond, letter of credit, or cash deposit is
22 required as follows:

23 (1) a person who operates 10 or fewer wells shall file
24 a \$35,000 [~~\$25,000~~] blanket bond;

25 (2) a person who operates more than 10 but not more
26 [~~fewer~~] than 20 [~~100~~] wells shall file a \$50,000 blanket bond;

27 (3) a person who operates more than 20 but not more
28 than 35 wells shall file a \$75,000 blanket bond;

29 (4) a person who operates more than 35 but not more
30 than 60 wells shall file a \$130,000 blanket bond;

31 (5) a person who operates more than 60 but fewer than

1 100 wells shall file a \$215,000 blanket bond; and

2 (6) [~~3~~] a person who operates 100 or more wells
3 shall file a \$250,000 blanket bond.

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

8 SECTION _____. Subchapter D, Chapter 91, Natural Resources
9 Code, is amended by adding Section 91.1043 to read as follows:

10 Sec. 91.1043. DETERMINATION OF AVERAGE PLUGGING COSTS. At
11 the beginning of each state fiscal year, the commission shall
12 determine the average cost for each foot of well depth of plugging a
13 well located in each oil and gas division district during the
14 preceding state fiscal year.

15 SECTION _____. (a) The changes in law made by this Act apply
16 only to a person required to file a bond, letter of credit, or cash
17 deposit under Section 91.103, Natural Resources Code, on or after
18 the effective date of this Act. A person required to file a bond,
19 letter of credit, or cash deposit under Section 91.103, Natural
20 Resources Code, before the effective date of this Act is governed by
21 the law as it existed immediately before the effective date of this
22 Act, and that law is continued in effect for that purpose.

23 (b) The changes in law made by this Act apply to each well
24 for which a person is required to file a bond, letter of credit, or
25 cash deposit under Section 91.103, Natural Resources Code, on or
26 after the effective date of this Act regardless of whether the
27 person was required to file a bond, letter of credit, or cash
28 deposit under that section for the well before the effective date of
29 this Act.