

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 2020  
By: Farabee (Duncan)  
Natural Resources  
5/21/2003  
Committee Report (Substituted)

### **DIGEST AND PURPOSE**

C.S.H.B. 2020 addresses financial assurance requirements for persons engaged in the operation of wells and other activities regulated by the Railroad Commission of Texas.

### **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. Amends Section 91.104, Natural Resources Code, to delete text authorizing a person required to file a bond or alternative form of financial security to file a nonrefundable annual fee of \$1,000 if the Texas Railroad Commission (commission) determines that individual and blanket bonds as specified by Subdivisions (1) and (2) are not obtainable at reasonable prices.

SECTION 2. Amends Section 91.1042, Natural Resources Code, as follows:

- (a) Authorizes a person required to file a bond or alternate form of financial security under Section 91.103 who operates wells to file a blanket bond to cover all wells and operations for which a bond or alternate form of financial security is required in a certain amount based on the number of wells the person operates.
- (b) Makes a conforming change.

SECTION 3. Amends Section 91.1042(a), Natural Resources Code, effective September 1, 2004, as follows:

- (a) Authorizes a person required to file a bond, letter of credit, or cash deposit under Section 91.103 who operates wells to file a blanket bond to cover all wells and operations for which a bond or alternate form of financial security is required in a certain amount based on the number of wells the person operates. Deletes text relating to filing an alternative form of security.

SECTION 4. Repealer: Section 24, Chapter 1233, Acts of the 77th Legislature, Regular Session, 2001.

SECTION 5. Makes application of this Act prospective.

SECTION 6. Effective date: upon passage or September 1, 2003.