

By: Raymond, Ellzey, Guillen, Longoria,
Reynolds, et al.

H.B. No. 4442

Substitute the following for H.B. No. 4442:

By: Reynolds

C.S.H.B. No. 4442

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of oil and gas waste; imposing a fee.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 85.2021, Natural Resources Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) An applicant shall submit an additional nonrefundable fee of \$200 for a permit to drill, deepen, plug back, or reenter a well for which the applicant proposes to use a reserve pit located at the well site to dispose of oil and gas waste, as defined by Section 91.1011, from the well.

SECTION 2. Section 91.110, Natural Resources Code, is amended to read as follows:

Sec. 91.110. OIL AND GAS WASTE REDUCTION AND MINIMIZATION. To encourage the reduction and minimization of oil and gas waste, the commission shall implement a program to:

(1) provide operators with training and technical assistance on oil and gas waste reduction and minimization;

(2) assist operators in developing oil and gas waste reduction and minimization plans; and

(3) by rule establish and offer well operators incentives for oil and gas waste reduction and minimization through the use of solids control equipment and closed-loop drilling systems at well sites.

SECTION 3. Section 91.113, Natural Resources Code, is

1 amended by adding Subsection (a-1) to read as follows:

2 (a-1) Subsection (a) includes oil and gas waste or other
3 substances or materials regulated by the commission under Section
4 91.101 that are disposed of or stored at a well site using a reserve
5 pit, an aboveground tank, or other means.

6 SECTION 4. Section 91.1132, Natural Resources Code, is
7 amended to read as follows:

8 Sec. 91.1132. PRIORITIZATION OF HIGH-RISK WELLS. The
9 commission by rule shall develop a system for:

10 (1) identifying abandoned wells that pose a high risk
11 of contaminating surface water or groundwater, including those with
12 reserve pits at the well site;

13 (2) periodically testing high-risk wells by
14 conducting a fluid level test or, if necessary, a pressure test; and

15 (3) giving priority to plugging high-risk wells with
16 compromised casings.

17 SECTION 5. Subchapter D, Chapter 91, Natural Resources
18 Code, is amended by adding Section 91.118 to read as follows:

19 Sec. 91.118. DISCLOSURE OF LOCATION OF NONCOMMERCIAL
20 SURFACE DISPOSAL. (a) In this section, "noncommercial surface
21 disposal" means the disposal of oil field fluids or oil and gas
22 waste at a facility:

23 (1) for which the disposal is not a primary business
24 purpose; or

25 (2) at which the disposal is performed without
26 compensation.

27 (b) The commission by rule shall require the owner or

1 operator of a facility that performs noncommercial surface disposal
2 to file with the county clerk of the county where the disposal
3 occurs a notice of noncommercial surface disposal that includes a
4 legal description of the exact location of the noncommercial
5 surface disposal.

6 SECTION 6. Sections 91.141(a) and (b), Natural Resources
7 Code, are amended to read as follows:

8 (a) Owners and operators of oil and gas wells shall keep
9 books and records that show accurately:

- 10 (1) the amount of sold and unsold stock;
- 11 (2) the amount of promotion money paid;
- 12 (3) the amount of oil and gas produced and disposed of
13 and the price for which the oil and gas was sold;
- 14 (4) the volume and types of oil and gas waste generated
15 at each well site and the primary method of disposal of the waste,
16 including waste that is managed:
- 17 (A) at the well site;
- 18 (B) by a third-party commercial surface disposal
19 facility, as defined by Section 91.116; or
- 20 (C) by a recycling facility;
- 21 (5) the receipts from the sale or transfer of leases or
22 other property; and
- 23 (6) [~~(5)~~] disbursements made in connection with or for
24 the benefit of the business.

25 (b) The books and records shall be kept open for the
26 inspection of the commission or any accredited representative of
27 the commission and any stockholder or shareholder or royalty owner

1 in the business.

2 SECTION 7. Section 91.753, Natural Resources Code, is
3 amended to read as follows:

4 Sec. 91.753. NOTICE REQUIRED. (a) Not later than the 15th
5 business day after the date the commission issues an oil or gas well
6 operator a permit to drill a new oil or gas well or to reenter a
7 plugged and abandoned oil or gas well, the operator shall give
8 ~~[written notice of the issuance of the permit to]~~ the surface owner
9 of the tract of land on which the well is located or is proposed to
10 be located written notice of:

11 (1) the issuance of the permit; and
12 (2) whether a reserve pit will be used to permanently
13 dispose of oil and gas waste on the surface owner's property,
14 including the estimated volume and types of waste to be disposed of
15 at the well site, if any.

16 (b) An oil or gas well operator is not required to give
17 notice under this subchapter to a surface owner if:

18 (1) the operator and the surface owner have entered
19 into a written ~~[an]~~ agreement that contains alternative provisions
20 regarding the operator's obligation to give notice of oil and gas
21 operations; or

22 (2) the surface owner has waived in writing the owner's
23 right to notice under this subchapter.

24 SECTION 8. Section 85.2021(b-1), Natural Resources Code, as
25 added by this Act, applies only to an application or materially
26 amended application that is submitted to the Railroad Commission of
27 Texas on or after the effective date of this Act. An application or

1 materially amended application submitted to the commission before
2 the effective date of this Act is governed by the law in effect when
3 the application or materially amended application was submitted,
4 and the former law is continued in effect for that purpose.

5 SECTION 9. Section [91.753](#), Natural Resources Code, as
6 amended by this Act, applies only to a permit issued by the Railroad
7 Commission of Texas on or after the effective date of this Act. A
8 permit issued by the commission before the effective date of this
9 Act is governed by the law in effect when the permit was issued, and
10 the former law is continued in effect for that purpose.

11 SECTION 10. This Act takes effect September 1, 2021.