AN ACT

relating to the treatment and recycling for beneficial use of
certain waste arising out of or incidental to the drilling for or
production of oil or gas.

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

SECTION 1. Subtitle D, Title 3, Natural Resources Code, is
amended by adding Chapter 122 to read as follows:

CHAPTER 122. TREATMENT AND RECYCLING FOR BENEFICIAL USE OF CERTAIN
OIL AND GAS WASTE

Sec. 122.001. DEFINITIONS. In this chapter:

(1) "Commission" means the Railroad Commission of
Texas.

(2) "Fluid oil and gas waste" means waste containing
salt or other mineralized substances, brine, hydraulic fracturing
fluid, flowback water, produced water, or other fluid that arises
out of or is incidental to the drilling for or production of oil or
gas.

Sec. 122.002. OWNERSHIP OF CERTAIN OIL AND GAS WASTE
TRANSFERRED FOR TREATMENT AND SUBSEQUENT BENEFICIAL USE. Unless
otherwise expressly provided by a contract, bill of sale, or other
legally binding document:

(1) when fluid oil and gas waste is transferred to a
person who takes possession of that waste for the purpose of
treating the waste for a subsequent beneficial use, the transferred
material is considered to be the property of the person who takes
possession of it for the purpose of treating the waste for
subsequent beneficial use until the person transfers the waste or
treated waste to another person for disposal or use; and
(2) When a person who takes possession of fluid oil and
gas waste for the purpose of treating the waste for a subsequent
beneficial use transfers possession of the treated product or any
treatment byproduct to another person for the purpose of subsequent
disposal or beneficial use, the transferred product or byproduct is
considered to be the property of the person to whom the material is
transferred.

Sec. 122.003. RESPONSIBILITY IN TORT. (a) Except as
provided by Subsection (b), a person who takes possession of fluid
oil and gas waste, produces from that waste a treated product
generally considered in the oil and gas industry to be suitable for
use in connection with the drilling for or production of oil or gas,
and transfers the treated product to another person with the
contractual understanding that the treated product will be used in
connection with the drilling for or production of oil or gas is not
liable in tort for a consequence of the subsequent use of that
treated product by the person to whom the treated product is
transferred or by another person.
(b) This section does not affect the liability of a person
that treats fluid oil and gas waste for beneficial use in an action
brought by a person for damages for personal injury, death, or
property damage arising from exposure to fluid oil and gas waste or
a treated product.
Sec. 122.004. COMMISSION RULES FOR TREATMENT AND BENEFICIAL USE. The commission shall adopt rules to govern the treatment and beneficial use of oil and gas waste.

SECTION 2. This Act takes effect September 1, 2013.
H.B. No. 2767

President of the Senate

Speaker of the House

I certify that H.B. No. 2767 was passed by the House on May 9, 2013, by the following vote: Yeas 137, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2767 was passed by the Senate on May 22, 2013, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _______________________

Date

Governor