

By: King of Parker

H.B. No. 2767

A BILL TO BE ENTITLED

AN ACT

relating to treating and recycling for beneficial use certain liquid or semiliquid waste arising out of or incidental to drilling for or producing 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. RECYCLING CERTAIN OIL AND GAS WASTE FOR BENEFICIAL USE

Sec. 122.001. FINDINGS AND POLICY. (a) The legislature finds that it is necessary to both:

(1) conserve the water resources of this state; and

(2) reduce and minimize the amount of liquid and semiliquid waste arising out of or incidental to the drilling for or production of oil and gas that must then be safely discharged or disposed of.

(b) Accordingly, it is the policy of this state to encourage the treatment of liquid and semiliquid oil and gas waste so that the treated product may be recycled for beneficial use.

Sec. 122.002. DEFINITIONS. In this chapter:

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

(2) "Liquid or semiliquid oil and gas waste" means water containing salt or other mineralized substances, brine, drilling mud, hydraulic fracturing fluid, flow-back water,

1 produced water, and other liquid or semiliquid material that arises
2 out of or incidental to the drilling for or producing of oil or gas.

3 Sec. 122.003. OWNERSHIP OF CERTAIN OIL AND GAS WASTE
4 TRANSFERRED FOR TREATMENT AND SUBSEQUENT BENEFICIAL USE. (a)
5 Unless otherwise expressly provided by a contract, bill of sale, or
6 other legally binding document, when liquid or semiliquid oil and
7 gas waste is transferred to a person who takes possession of that
8 waste for the purpose of treating the waste for a subsequent
9 beneficial use, the transferred material is considered to be the
10 property of the person that takes possession of it for the purpose
11 of treating the waste for subsequent beneficial use until the
12 person transfers the waste or treated waste to another person for
13 disposal or use.

14 (b) Unless otherwise expressly provided by a contract, bill
15 of sale, or other legally binding document, when, as described by
16 Subsection (a), the person who takes possession of oil and gas waste
17 for purposes of treating the waste transfers possession of the
18 treated product or any treatment byproduct to another person for
19 the purpose of subsequent disposal or beneficial use, the
20 transferred product or byproduct is considered to be the property
21 of the person to whom the material is transferred.

22 Sec. 122.004. RESPONSIBILITY IN TORT. (a) This section
23 applies only in relation to the production from liquid or
24 semiliquid oil and gas waste of a treated product generally
25 considered in the oil and gas industry to be suitable for use in
26 connection with the drilling for or producing of oil or gas.

27 (b) A person who takes possession of liquid or semiliquid

1 oil and gas waste, produces from that waste a treated product
2 described by Subsection (a), and sells or transfers the treated
3 product to another with the contractual understanding that the
4 treated product will be used in connection with the drilling for or
5 producing of oil or gas is not liable in tort for a consequence of
6 the subsequent use of that treated product by the person to whom
7 the treated product is transferred or by another person.

8 Sec. 122.005. OFF-LEASE PERMITTING. The commission shall
9 establish a procedure under which a person who holds in good
10 standing a commission permit for on-lease operation to store,
11 handle, treat, or reclaim oil and gas waste and who treats liquid
12 or semiliquid oil and gas waste for a subsequent beneficial use may
13 expeditiously receive an off-lease commercial permit under which
14 the person may treat liquid or semiliquid oil and gas waste
15 off-lease for a subsequent beneficial use if the permit holder
16 demonstrates to the commission that the permit holder can and will:

17 (1) safely store the waste and treated waste
18 off-lease; and

19 (2) for each site at which the waste is treated,
20 provide the commission with the information about the composition
21 of the treated oil and gas waste at that site in the form and manner
22 that the commission reasonably requires to perform its duties.

23 SECTION 2. This Act takes effect September 1, 2013.