

1-1 By: King of Parker, Keffer, Lewis H.B. No. 2767
 1-2 (Senate Sponsor - Estes)
 1-3 (In the Senate - Received from the House May 10, 2013;
 1-4 May 13, 2013, read first time and referred to Committee on Natural
 1-5 Resources; May 17, 2013, reported favorably by the following vote:
 1-6 Yeas 8, Nays 0; May 17, 2013, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11			X	
1-12			X	
1-13	X			
1-14	X			
1-15			X	
1-16	X			
1-17	X			
1-18	X			
1-19	X			

1-20 A BILL TO BE ENTITLED
 1-21 AN ACT

1-22 relating to the treatment and recycling for beneficial use of
 1-23 certain waste arising out of or incidental to the drilling for or
 1-24 production of oil or gas.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 SECTION 1. Subtitle D, Title 3, Natural Resources Code, is
 1-27 amended by adding Chapter 122 to read as follows:

1-28 CHAPTER 122. TREATMENT AND RECYCLING FOR BENEFICIAL USE OF CERTAIN
 1-29 OIL AND GAS WASTE

1-30 Sec. 122.001. DEFINITIONS. In this chapter:

1-31 (1) "Commission" means the Railroad Commission of
 1-32 Texas.

1-33 (2) "Fluid oil and gas waste" means waste containing
 1-34 salt or other mineralized substances, brine, hydraulic fracturing
 1-35 fluid, flowback water, produced water, or other fluid that arises
 1-36 out of or is incidental to the drilling for or production of oil or
 1-37 gas.

1-38 Sec. 122.002. OWNERSHIP OF CERTAIN OIL AND GAS WASTE
 1-39 TRANSFERRED FOR TREATMENT AND SUBSEQUENT BENEFICIAL USE. Unless
 1-40 otherwise expressly provided by a contract, bill of sale, or other
 1-41 legally binding document:

1-42 (1) when fluid oil and gas waste is transferred to a
 1-43 person who takes possession of that waste for the purpose of
 1-44 treating the waste for a subsequent beneficial use, the transferred
 1-45 material is considered to be the property of the person who takes
 1-46 possession of it for the purpose of treating the waste for
 1-47 subsequent beneficial use until the person transfers the waste or
 1-48 treated waste to another person for disposal or use; and

1-49 (2) when a person who takes possession of fluid oil and
 1-50 gas waste for the purpose of treating the waste for a subsequent
 1-51 beneficial use transfers possession of the treated product or any
 1-52 treatment byproduct to another person for the purpose of subsequent
 1-53 disposal or beneficial use, the transferred product or byproduct is
 1-54 considered to be the property of the person to whom the material is
 1-55 transferred.

1-56 Sec. 122.003. RESPONSIBILITY IN TORT. (a) Except as
 1-57 provided by Subsection (b), a person who takes possession of fluid
 1-58 oil and gas waste, produces from that waste a treated product
 1-59 generally considered in the oil and gas industry to be suitable for
 1-60 use in connection with the drilling for or production of oil or gas,
 1-61 and transfers the treated product to another person with the

2-1 contractual understanding that the treated product will be used in
2-2 connection with the drilling for or production of oil or gas is not
2-3 liable in tort for a consequence of the subsequent use of that
2-4 treated product by the person to whom the treated product is
2-5 transferred or by another person.

2-6 (b) This section does not affect the liability of a person
2-7 that treats fluid oil and gas waste for beneficial use in an action
2-8 brought by a person for damages for personal injury, death, or
2-9 property damage arising from exposure to fluid oil and gas waste or
2-10 a treated product.

2-11 Sec. 122.004. COMMISSION RULES FOR TREATMENT AND BENEFICIAL
2-12 USE. The commission shall adopt rules to govern the treatment and
2-13 beneficial use of oil and gas waste.

2-14 SECTION 2. This Act takes effect September 1, 2013.

2-15

* * * * *