

By: Raymond

H.B. No. 4442

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the regulation of oil and gas waste; creating a tax
3 exemption; imposing a fee.

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

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

7 (b-1) An applicant shall submit an additional nonrefundable
8 fee of \$200 for any well utilizing a reserve pit for disposal of oil
9 field wastes on the well site.

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

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

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

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

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

23 SECTION 3. Section 91.113(a), Natural Resources Code, is
24 amended to read as follows:

1 (a) For any [~~if~~] oil and gas wastes or other substances or
2 materials regulated by the commission under Section 91.101,
3 including those that are disposed of or stored on a well site using
4 a reserve pit, an aboveground tank, or other means, that are causing
5 or are likely to cause the pollution of surface or subsurface water,
6 the commission, through its employees or agents, may use money in
7 the oil and gas regulation and cleanup fund to conduct a site
8 investigation or environmental assessment or control or clean up
9 the oil and gas wastes or other substances or materials if:

10 (1) the responsible person has failed or refused to
11 control or clean up the oil and gas wastes or other substances or
12 materials after notice and opportunity for hearing;

13 (2) the responsible person is unknown, cannot be
14 found, or has no assets with which to control or clean up the oil and
15 gas wastes or other substances or materials; or

16 (3) the oil and gas wastes or other substances or
17 materials are causing the pollution of surface or subsurface water.

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

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

22 (1) identifying abandoned wells that pose a high risk
23 of contaminating surface water or groundwater, including those with
24 on-site reserve pits;

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

27 (3) giving priority to plugging high-risk wells with

1 compromised casings.

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

4 Sec. 91.118. DISCLOSURE OF LOCATION OF NONCOMMERCIAL
5 SURFACE DISPOSAL. (a) In this section, "noncommercial surface
6 disposal" means the disposal of oil field fluids or oil and gas
7 waste at a facility for which such disposal is:

8 (1) not a primary business purpose; or

9 (2) performed without compensation.

10 (b) The commission by rule shall require that a notice of
11 noncommercial surface disposal, including a legal description of
12 the exact location of the noncommercial surface disposal, be filed
13 with the county clerk in the county where the disposal occurs.

14 SECTION 6. Section 91.141(a), Natural Resources Code, is
15 amended to read as follows:

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

18 (1) the amount of sold and unsold stock;

19 (2) the amount of promotion money paid;

20 (3) the amount of oil and gas produced and disposed of
21 and the price for which the oil and gas was sold;

22 (4) the volume and type of oil and gas wastes generated
23 at the well site and the primary method of disposal for such wastes,
24 whether managed:

25 (A) on-site;

26 (B) by a third-party commercial surface disposal
27 facility, as defined by Section 91.116; or

1 (C) by a recycling facility;

2 (5) the receipts from the sale or transfer of leases or
3 other property; and

4 (6) [~~(5)~~] disbursements made in connection with or for
5 the benefit of the business.

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

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

15 (1) the issuance of the permit; and

16 (2) whether any on-site reserve pits will be used to
17 permanently dispose of oil and gas waste on the surface owner's
18 property, including the estimated volume and types of waste to be
19 disposed of at the well site, if any.

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

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

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

1 SECTION 8. Section 151.355, Tax Code, is amended to read as
2 follows:

3 Sec. 151.355. WATER-RELATED EXEMPTIONS. The following are
4 exempted from taxes imposed by this chapter:

5 (1) rainwater harvesting equipment or supplies, water
6 recycling and reuse equipment or supplies, or other equipment,
7 services, or supplies used solely to reduce or eliminate water use;

8 (2) equipment, services, or supplies used solely for
9 desalination of surface water or groundwater;

10 (3) equipment, services, or supplies used solely for
11 brush control designed to enhance the availability of water;

12 (4) equipment, services, or supplies used solely for
13 precipitation enhancement;

14 (5) equipment, services, or supplies used solely to
15 construct or operate a water or wastewater system certified by the
16 Texas Commission on Environmental Quality as a regional system;

17 (6) equipment, services, or supplies used solely to
18 construct or operate a water supply or wastewater system by a
19 private entity as a public-private partnership as certified by the
20 political subdivision that is a party to the project; ~~and~~

21 (7) tangible personal property specifically used to
22 process, reuse, or recycle wastewater that will be used in
23 fracturing work performed at an oil or gas well; and

24 (8) tangible personal property or equipment used to
25 process, reuse, or recycle oil and gas wastes, including solids
26 control equipment and closed-loop drilling systems.

27 SECTION 9. Section 85.2021(b-1), Natural Resources Code, as

1 added by this Act, applies only to an application or materially
2 amended application that is submitted to the Railroad Commission of
3 Texas on or after the effective date of this Act. An application or
4 materially amended application submitted to the commission before
5 the effective date of this Act is governed by the law in effect when
6 the application or materially amended application was submitted,
7 and the former law is continued in effect for that purpose.

8 SECTION 10. The changes in law made by this Act to Section
9 [91.753](#), Natural Resources Code, apply only to a permit issued by the
10 Railroad Commission of Texas on or after the effective date of this
11 Act. A permit issued by the commission before the effective date of
12 this Act is governed by the law in effect when the permit was
13 issued, and the former law is continued in effect for that purpose.

14 SECTION 11. The change in law made by this Act to Section
15 [151.355](#), Tax Code, does not affect taxes imposed before the
16 effective date of this Act, and the law in effect before the
17 effective date of this Act is continued in effect for purposes of
18 the liability for and collection of those taxes.

19 SECTION 12. This Act takes effect September 1, 2021.