

By: Birdwell
(Leman)

S.B. No. 1260

A BILL TO BE ENTITLED

AN ACT

relating to the authority of the Railroad Commission of Texas to contract for the treatment of and sell drill cuttings.

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

SECTION 1. The heading to Section 91.115, Natural Resources Code, is amended to read as follows:

Sec. 91.115. FIRST LIEN ON EQUIPMENT AND STORED HYDROCARBONS OR DRILL CUTTINGS.

SECTION 2. Section 91.115, Natural Resources Code, is amended by amending Subsections (a), (e), (f), and (g) and adding Subsections (f-1) and (f-2) to read as follows:

(a) If a responsible person fails to clean up a site or facility that has ceased oil and gas operations under the commission's jurisdiction on or before the date the site or facility is required to be cleaned up by law or by a rule adopted or order issued by the commission, the state has a first lien, superior to all preexisting and subsequent liens and security interests, on the responsible person's interest in any hydrocarbons or drill cuttings stored at the site or facility and in any equipment that is:

- (1) located at the site or facility; and
- (2) used by the responsible person in connection with the activity that generated the pollution.

(e) The lien is extinguished as to any stored hydrocarbons

1 or drill cuttings or items of equipment that are lawfully removed by
2 any person other than the operator or a nonoperator according to a
3 lien, lease, judgment, written contract, or security agreement
4 before the commission enters into a cleanup contract. An item of
5 equipment may not be removed from an abandoned site or facility if
6 the removal will cause the release of a substance that may cause
7 pollution unless the substance is lawfully disposed of.

8 (f) Equipment or stored hydrocarbons or drill cuttings
9 subject to a lien under this section are presumed to have been
10 abandoned on the date the commission enters into a contract to clean
11 up the site or facility on which the equipment, ~~or~~ hydrocarbons,
12 or drill cuttings are located.

13 (f-1) The commission may dispose of the abandoned equipment
14 or stored hydrocarbons in accordance with the provisions of
15 Sections [89.085](#), [89.086](#), and [89.087](#) [~~of this code~~] for the
16 disposition of well-site equipment and hydrocarbons.

17 (f-2) The commission may dispose of the abandoned stored
18 drill cuttings by contracting with a person to treat the drill
19 cuttings at the site or facility for a subsequent beneficial use and
20 selling the treated drill cuttings at a public auction or a public
21 or private sale. Sections [89.085](#)(c)-(i), [89.086](#), and [89.087](#) apply
22 to the disposition of drill cuttings under this subsection in the
23 same manner as those sections apply to the disposition of
24 hydrocarbons.

25 (g) In this section:

26 (1) "Drill cuttings" has the meaning assigned by
27 Section [123.001](#).

1 (2) "Responsible [~~"responsible]~~ person" has the
2 meaning assigned by Section [91.113](#) [~~of this code]~~.

3 (3) "Treat" means to use a manufacturing, mechanical,
4 thermal, or chemical process other than sizing, shaping, diluting,
5 or sorting.

6 SECTION 3. This Act takes effect immediately if it receives
7 a vote of two-thirds of all the members elected to each house, as
8 provided by Section [39](#), Article III, Texas Constitution. If this
9 Act does not receive the vote necessary for immediate effect, this
10 Act takes effect September 1, 2021.