

By: Hughes

S.B. No. 502

A BILL TO BE ENTITLED

AN ACT

relating to the treatment, recycling for beneficial use, or disposal of drill cuttings.

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

SECTION 1. Sections 123.001(2) and (3), Natural Resources Code, are amended to read as follows:

(2) "Drill cuttings" means bits of rock or soil cut from a subsurface formation by a drill bit during the process of drilling an oil or gas well and lifted to the surface by means of the circulation of drilling mud. The term includes any associated sand, silt, drilling fluid, spent completion fluid, workover fluid, debris, water, brine, oil scum, paraffin, or other material cleaned out of the wellbore.

(3) "Permit holder" means a person who holds a permit from the commission to operate a stationary commercial solid oil and gas waste recycling facility or a commercial oil and gas waste disposal facility.

SECTION 2. Section 123.003, Natural Resources Code, is amended to read as follows:

Sec. 123.003. RESPONSIBILITY IN TORT. Unless otherwise provided by a contract or other written agreement, a [A] person who generates drill cuttings and transfers the drill cuttings in an arm's length transaction to an unaffiliated third-party [a] permit holder under a contract that requires ~~[with the contractual~~

~~understanding~~] that the drill cuttings [~~will~~] be used in connection with road building or another beneficial use or disposed of is not liable in tort for a consequence of the subsequent use or disposal of the drill cuttings by the permit holder or by another person if:

(1) the person who generates the drill cuttings has the legal and contractual right to transfer the drill cuttings to the permit holder;

(2) the method and location of the use or disposal are not prohibited by law, contract, or other written agreement; and

(3) the consequence was caused solely by the permit holder.

SECTION 3. The change in law made by this Act applies only to a cause of action that accrues on or after the effective date of this Act. A cause of action that accrues before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2023.