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S.B. No. 786

A BILL TO BE ENTITLED

AN ACT

relating to the regulation by the Railroad Commission of Texas of  
closed-loop geothermal injection wells.

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

SECTION 1. Subchapter C, Chapter 27, Water Code, is amended  
by adding Section 27.037 to read as follows:

Sec. 27.037. JURISDICTION OVER CLOSED-LOOP GEOTHERMAL  
INJECTION WELLS. (a) In this section, "closed-loop geothermal  
injection well" means a closed system geothermal well used to  
circulate water, other fluids, or gases through the earth as a heat  
source or heat sink to generate power or heat or cool a structure.

(b) The railroad commission has jurisdiction over  
closed-loop geothermal injection wells and may issue permits for  
closed-loop geothermal injection wells, including individual  
permits, general permits, or permits by rule.

(c) A person may not begin drilling a closed-loop geothermal  
injection well unless that person holds a valid permit issued by the  
railroad commission under this section.

(d) For purposes of railroad commission regulation, a  
closed-loop geothermal injection well is designated as a Class V  
well under the underground injection control program administered  
by the railroad commission.

(e) The railroad commission shall adopt rules as necessary  
to administer this section and regulate closed-loop geothermal

1 injection wells.

2 SECTION 2. (a) In this section:

3 (1) "Closed-loop geothermal injection well" has the  
4 meaning assigned by Section 27.037, Water Code, as added by this  
5 Act.

6 (2) "Commission" means the Texas Commission on  
7 Environmental Quality.

8 (3) "Railroad commission" means the Railroad  
9 Commission of Texas.

10 (b) On the effective date of this Act:

11 (1) all functions and activities performed by the  
12 commission that relate to the regulation of closed-loop geothermal  
13 injection wells under Chapter 27, Water Code, are transferred to  
14 the railroad commission;

15 (2) a rule, standard, or form adopted by the  
16 commission that is related to the regulation of closed-loop  
17 geothermal injection wells under Chapter 27, Water Code, is a rule,  
18 standard, or form of the railroad commission and remains in effect  
19 until altered by the railroad commission;

20 (3) a proceeding involving the commission that is  
21 related to the regulation of closed-loop geothermal injection wells  
22 under Chapter 27, Water Code, is transferred without change in  
23 status to the railroad commission, and the railroad commission  
24 assumes, without change in status, the position of the commission  
25 in any proceeding relating to the regulation of closed-loop  
26 geothermal injection wells to which the commission is a party;

27 (4) all money, contracts, leases, rights, and

1 obligations of the commission related to closed-loop geothermal  
2 injection wells under Chapter 27, Water Code, are transferred to  
3 the railroad commission;

4 (5) all property, including records, in the custody of  
5 the commission related to the regulation of closed-loop geothermal  
6 injection wells under Chapter 27, Water Code, is transferred to the  
7 railroad commission; and

8 (6) all money appropriated to the commission for  
9 purposes related to the regulation of closed-loop geothermal  
10 injection wells under Chapter 27, Water Code, is transferred to the  
11 railroad commission.

12 (c) Section 27.037, Water Code, as added by this Act, does  
13 not affect the validity of a permit for a closed-loop geothermal  
14 injection well issued before the effective date of this Act.

15 (d) Not later than the 90th day after the effective date of  
16 this Act:

17 (1) the railroad commission shall issue a substitute  
18 permit under the name and authority of the railroad commission to  
19 each person who on the effective date of this Act holds a valid  
20 permit issued by the commission for a closed-loop geothermal  
21 injection well; and

22 (2) the commission shall transmit to the railroad  
23 commission all pending applications for closed-loop geothermal  
24 injection wells submitted to the commission before the effective  
25 date of this Act.

26 SECTION 3. This Act takes effect September 1, 2023.