

BILL ANALYSIS

C.S.H.B. 4891
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Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that stationary commercial surface disposal facilities, used to manage oil and gas waste such as drill cuttings, spent drilling fluids, and other materials that are classified as nonhazardous under federal and state law, play a key role in oilfield waste management. The bill author has also informed the committee that there are concerns regarding the relatively low permitting barriers for these facilities, such as minimal financial assurances and limited demonstration of need, especially as the industry evolves and as new entrants seek permits for such operations. C.S.H.B. 4891 seeks to strengthen regulatory oversight and ensure financial responsibility for these facilities by revising provisions relating to the permitting applications, application fees, and financial and procedural requirements for obtaining a permit to operate a stationary commercial surface disposal facility.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 4891 amends the Natural Resources Code to rename a commercial surface disposal facility, which is a facility whose primary business purpose is to provide, for compensation, surface disposal of oil field fluids or oil and gas wastes, including land application for treatment and disposal, as a stationary commercial surface disposal facility for purposes of provisions relating to notice of a permit application for such a facility. The bill includes as such a facility a facility whose primary business purpose is to provide, for compensation, the surface disposal of drill cuttings, drilling mud, or other solid or semi-solid oil using a stationary commercial oil and gas treatment facility.

C.S.H.B. 4891 conditions Railroad Commission of Texas (RRC) approval of an application for a permit for a stationary commercial surface disposal facility on the person applying for the permit demonstrating the necessity for an additional stationary commercial surface disposal facility in the primary market area, as established by the RRC, in which the facility will be located. The bill requires the applicant, for purposes of demonstrating the necessity for an additional facility, to include the following information with the applicant's permit application for the stationary commercial surface disposal facility:

- a map and list of all permitted stationary commercial surface disposal facilities located within a 30-mile radius of the location of the site for which the applicant is applying for the permit; and

- the number of oil and gas wells located within such radius in the year preceding the date on which the applicant submitted the application for the permit.

The bill requires the applicant, in addition to such information, to submit to the RRC other relevant economic, environmental, and feasibility information to demonstrate the necessity of the stationary commercial surface disposal facility.

C.S.H.B. 4891 requires an applicant to submit to the RRC a nonrefundable fee of \$100,000 with each application for a stationary commercial surface disposal facility permit. The bill exempts from the application fee stationary commercial surface disposal facility permit holders seeking the renewal or modification of a permit in effect before September 1, 2025.

C.S.H.B. 4891 requires a person applying for or acting under an RRC permit to operate a stationary commercial surface disposal facility for oil and gas waste to maintain a performance bond or other form of financial security conditioned that the permittee will operate and close the facility in accordance with state law, RRC rules, and the permit to operate the facility.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 4891 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the introduced renamed a commercial surface disposal facility as a commercial disposal facility for purposes of provisions relating to notice of a permit application for such a facility, the substitute renames a commercial surface disposal facility as a stationary commercial disposal facility for those purposes. The substitute accordingly replaces "commercial disposal facility" with "stationary commercial surface disposal facility" throughout the bill.

The introduced included as such a facility a facility whose primary business purpose is to provide, for compensation, the injection of drill cuttings, drilling mud, or other solid or semi-solid oil using a commercial oil and gas waste stationary treatment facility, whereas the substitute includes as such a facility a facility whose primary business purpose is to provide, for compensation, the surface disposal of drill cuttings, drilling mud, or other solid or semi-solid oil using a stationary commercial oil and gas treatment facility.

The substitute replaces the introduced version's authorization for an applicable permit applicant, in addition to the requisite information, to submit to the RRC other relevant economic, environmental, and feasibility information to demonstrate the necessity of the commercial surface disposal facility with a requirement for the applicant to do so with respect to the stationary commercial surface disposal facility.

The substitute revises the introduced version's requirement for a person applying for or acting under an RRC permit to operate a commercial disposal facility to maintain a performance bond or other form of financial security conditioned that the permittee will operate and close the facility in accordance with state law, RRC rules, and the permit to operate the facility by specifying that the RRC permit be to operate a stationary commercial surface disposal facility for oil and gas waste. The substitute omits the provision from the introduced that excluded a permit for a well subject to such requirement from the injection well permits for which a person may be required by the Texas Commission on Environmental Quality or the RRC to maintain a performance bond or other form of financial security to ensure that an abandoned injection well is properly plugged or that funds are available for plugging, postinjection site care, and closure of an applicable anthropogenic carbon dioxide injection well.