

BILL ANALYSIS

Senate Research Center
89R8807 ANG-F

S.B. 879
By: Birdwell
Natural Resources
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 786 passed in the 88th Regular Session, consolidating jurisdiction of closed-loop geothermal injection wells under the regulatory authority of the Railroad Commission of Texas (RRC). This consolidation provided regulatory certainty, whereas operators previously could have difficulty determining which agency, RRC or the Texas Commission on Environmental Quality (TCEQ), regulated particular types of closed-loop geothermal wells. However, RRC has identified an issue with the implementation of S.B. 786 (88R), where RRC-related statute will require operators or drillers of a particular set of geothermal wells, the permit by rule wells, to be subjected to regulations and financial assurances that are intended for larger production wells. The shallow, closed-loop geothermal injection wells that receive permits by rule are more akin to water wells than wells which produce hydrocarbons. In fact, they are typically used to circulate water through pipes to use the earth's heat to assist with air conditioning units and water heaters. Therefore, the requirements imposed on larger production wells are not consistent with the requirements for the permit by rule wells when they were regulated by TCEQ, nor consistent with the legislative intent of the bill from last session.

As a result, S.B. 879 will clarify that persons who drill or operate shallow closed-loop geothermal injection wells that are obtained through a permit by rule are not required to file a Form P-5 organization report with the RRC, nor are they required to file a drilling permit fee.

As proposed, S.B. 879 amends current law relating to an exemption for drillers or operators of closed-loop geothermal injection wells from certain requirements applicable to persons involved in activities under the jurisdiction of the Railroad Commission of Texas.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 27.037, Water Code, by adding Subsection (c-1) to provide that Sections 85.2021 (Drilling Permit Fee) and 91.142 (Report to Commission), Natural Resources Code, do not apply to a person who submits a request for authorization or is authorized to use a valid permit by rule issued by the Railroad Commission of Texas under Section 27.037 (Jurisdiction Over Closed-Loop Injection Wells).

SECTION 2. Makes application of Section 27.037, Water Code, as amended by this Act, prospective.

SECTION 3. Effective date: September 1, 2025.