

BILL ANALYSIS

C.S.S.B. 2122
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Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

According to the Railroad Commission of Texas (RRC), over the past decade the agency has modernized its oil and gas waste management programs in response to increased waste volumes from unconventional exploration and production. Furthermore, the RRC has recently implemented the first substantial update to its environmental protection and pollution prevention rules in over 40 years. As part of this modernization effort, the RRC's environmental permitting and support unit increased its number of staff members and established a dedicated compliance team. However, unlike other divisions within the RRC's oil and gas division, the RRC reports that the unit does not generate sufficient funding relative to its workload, as the unit only collects fees from waste haulers, which results in a substantial funding gap. C.S.S.B. 2122 seeks to address this shortfall by requiring an applicant for a permit for the storage, treatment, or disposal of certain oil and gas waste to submit to the RRC a nonrefundable fee for certain applications in order to enable the unit to expand its resources, improve customer service, and enhance its capacity to oversee compliance effectively.

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.S.B. 2122 amends the Natural Resources Code to require an applicant for a permit for the storage, treatment, or disposal of certain oil and gas waste to submit to the Railroad Commission of Texas (RRC) a nonrefundable fee for that application as follows:

- \$500 for an application for a landfarm, landtreatment, or land application permit or permit amendment;
- \$2,000 for an application for a commercial oil and gas waste separation facility permit;
- \$1,000 for an application for an amendment to a commercial oil and gas waste separation facility permit;
- \$3,000 for an application for a commercial surface oil and gas waste disposal facility permit; and
- \$1,000 for an application for an amendment to a commercial surface oil and gas waste disposal facility permit.

The bill defines the following:

- "commercial oil and gas waste separation facility" as a facility that manages but does not dispose of oil and gas waste on site and that is managed by an owner or operator

whose primary business is to provide oil field fluid or oil and gas waste management services for compensation;

- "commercial surface oil and gas waste disposal facility" as a facility that disposes of oil and gas waste on site and that is managed by an owner or operator whose primary business is to provide oil field fluid or oil and gas waste disposal services for compensation;
- "land application permit" as a permit authorizing the covering of a controlled area with gas plant effluent or low-chloride produced water through the use of a sprinkler or other irrigation system;
- "landfarm permit" as a permit authorizing the disposal of low-chloride, water-based oil and gas waste, including drilling fluid, by mixing or tilling the fluid or waste into the natural soil so that the waste will not migrate from the area covered by the landfarm permit; and
- "landtreatment permit" as a permit authorizing the disposal of oil-based oil and gas waste, including oil-based drilling fluid, oil-impacted soil, or other oil and gas waste, by mixing or tilling the fluid, soil, or waste into the natural soil to degrade the fluid, impacted soil, or waste so that the fluid, impacted soil, or waste will not migrate from the area covered by the landtreatment permit.

C.S.S.B. 2122 removes a provision that requires an applicant for a permit for the discharge to surface water under RRC rules and statutory provisions generally applicable to the conservation and regulation of oil and gas, other than a permit for a discharge that meets National Pollutant Discharge Elimination System requirements for agricultural or wildlife use, to submit with each application a \$300 nonrefundable fee to the RRC.

C.S.S.B. 2122 applies only to an application for the issuance or amendment of a permit that is filed with the RRC on or after the bill's effective date. An application for a permit filed before the bill's effective date is governed by the law in effect on the date of the filing, and the former law is continued in effect for that purpose.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

C.S.S.B. 2122 differs from the engrossed in a minor or nonsubstantive way to make a technical correction.