

By: Darby

H.B. No. 5123

A BILL TO BE ENTITLED

AN ACT

relating to financial assurance requirements for operators under the jurisdiction of the Railroad Commission of Texas.

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

SECTION 1. Chapter 91, Natural Resources Code, is amended by adding Section 91.115 to read as follows:

Sec. 91.115. FINANCIAL ASSURANCE REQUIREMENTS FOR OPERATORS. (a) The Railroad Commission shall accept financial assurance mechanisms, including but not limited to, self-insurance and parental bonding, to demonstrate an operator's ability to satisfy financial security obligations for the operation and closure of produced water recycling pits and other related facilities.

(b) An operator that owns or controls multiple subsidiaries operating under separate P-5 organization reports may satisfy financial security requirements through a single consolidated bond, subject to a demonstration of financial adequacy to the Commission.

(c) The Railroad Commission shall develop and implement a system allowing operators to submit an annual report identifying facilities covered under specific bonding mechanisms and ensuring financial responsibility is properly assigned when assets are transferred through mergers, acquisitions, or sales.

(d) The Commission shall adopt rules necessary to implement

1 this section, including but not limited to establishing:

2 (1) criteria for demonstrating financial adequacy for  
3 self-insurance and parental bonding;

4 (2) requirements for the submission and approval of  
5 consolidated bonding structures for multiple P-5 operators; and

6 (3) procedures for tracking and assigning financial  
7 responsibility when transactions result in changes of ownership.

8 (e) Nothing in this section shall diminish the authority of  
9 the Railroad Commission to require additional financial security in  
10 cases where the commission determines that an operator's financial  
11 assurance is insufficient to cover potential closure and  
12 remediation costs.

13 SECTION 2. The Railroad Commission shall adopt rules to  
14 implement Section 91.115, Natural Resources Code, as added by this  
15 Act, no later than December 31, 2025.

16 SECTION 3. This Act takes effect September 1, 2025.