

- SUBJECT:** Regulation of uranium exploration by the Railroad Commission
- COMMITTEE:** Energy Resources — committee substitute recommended
- VOTE:** 6 ayes — Hardcastle, Farabee, Crownover, Chisum, Crabb, Gonzalez Toureilles
0 nays
1 absent — Corte
- WITNESSES:** For — Powell (Pat) Thompson Calhoun, Goliad County Farm Bureau; Kinnan Golemon, Joe R. Jacob; Craig W. Holmes, Uranium Energy Corp.; Monica Jacobs; (*Registered, but did not testify:* Garrett Engelking, Victoria County Groundwater Conservation District and Refugio Groundwater Conservation District; William Goranson, Mesteña Operating Ltd.; Betty P. Jacob; Kevin L. Raabe, Rio Grande Resources Corp.; Stephen F. Smith, Texas Mining and Reclamation Association; Lonnie Stewart, Bee Groundwater Conservation District; Billy Howe, Texas Farm Bureau)

Against — None

On — Cyrus Reed, Lone Star Chapter of Sierra Club; (*Registered, but did not testify:* Melvin Hodgkiss, Railroad Commission Surface Mining and Reclamation Division; Katherine Nelson, Texas Commission on Environmental Quality)
- BACKGROUND:** In situ uranium mining is a method of extracting uranium by drilling. Currently, there is a lack of clarity in statutes regarding jurisdiction over in situ uranium exploration, which has not previously been addressed because the uranium industry has been largely dormant for the past decade due to extremely low market prices for the product.

Unlike 30 years ago, in situ recovery, rather than surface mining, is the principal method used in the uranium industry in Texas. In particular, the increase of in situ uranium mining presents a broad range of issues affecting the jurisdiction of the Railroad Commission (RRC) and local groundwater conservation districts.

DIGEST: CSHB 3837 would expand the Uranium Surface Mining and Reclamation Act to include uranium exploration and permitting activities.

This bill would provide the Railroad Commission (RRC) with exclusive general authority, jurisdiction, and rulemaking power over uranium exploration activity and permitting in the state. It would not require the RRC to determine the suitability of sites or hold inspections, nor would it require permit holders to maintain monitoring records, equipment, or post signs on site. This bill further would clarify that discharge rules, orders, and permits associated with uranium exploration activities were under the exclusive authority of the commission.

The bill would set the procedures for the issuance, application, renewal and scope of exploration permits. It would prohibit a person from conducting exploration activity unless the person held an exploration permit issued by the commission. The bill would exempt a person holding a permit to conduct exploration activity from being regulated by any other governmental entity unless:

- the activity takes place in a monitoring or rig supply well inside a groundwater conservation district, and
- the cumulative amount of water produced from the well exceeds 40 acre feet in one year.

This bill would give the commission jurisdiction over uranium exploration holes and cased exploration wells completed under an exploration permit until:

- exploration holes and cased wells were properly plugged and abandoned; or
- cased wells were registered or included in an area permit of the Texas Commission on Environmental Quality (TCEQ).

This bill would allow the RRC to impose an application fee for an exploration permit. This bill would require the RRC, upon receiving an application for an exploration permit and upon issuing a permit, to provide written notice to:

- each area groundwater conservation district;
- the mayor and health authority of each area municipality;

- the county judge and health authority of each area county; and
- each member of the Legislature who represents the area.

This bill would require a person issued an exploration permit that authorized exploration in a groundwater conservation district to provide to the RRC:

- pre-exploration water quality information from each existing well in the district that was tested by that person;
- pre-mining water quality information from each existing well that was tested by that person;
- pre-mining water quality information from each cased exploration well completed under the permit; and
- well logs that did not contain confidential information.

The bill requires a person issued an exploration permit authorizing exploration in a groundwater conservation district to provide to the district within 90 days:

- well completion information for each well in the district; and
- the location of each well in the district.

The bill would take effect September 1, 2007.

NOTES:

According to the Legislative Budget Board, implementing the uranium exploration permitting program would cost \$180,803 in general revenue funds in fiscal 2008 and \$158,783 each fiscal year thereafter in order to pay for two additional FTEs. It is expected that these costs would be recovered by fees set by the RRC at a level equal to the costs of the program.