

- SUBJECT:** Treatment and beneficial use of recycled oil and gas fluid waste
- COMMITTEE:** Energy Resources — committee substitute recommended
- VOTE:** 8 ayes — Goldman, Craddick, Darby, Geren, T. King, Leman, Longoria, Reynolds
- 0 nays
- 3 absent — Herrero, Anchia, Ellzey
- WITNESSES:** For — Cyrus Reed, Lone Star Chapter Sierra Club; Robert Crain, Texas Pacific Water Resources; (*Registered, but did not testify:* Jim Allison, County Judges and Commissioners Association of Texas; Jimmy Carlile, Fasken Oil and Ranch Ltd.; Caleb Troxclair, Gravity Oilfield Services; Lon Burnam, Public Citizen; Trace Finley, WaterBridge LLC)
- Against — None
- On — (*Registered, but did not testify:* Paul Dubois and Leslie Savage, Railroad Commission of Texas)
- BACKGROUND:** Natural Resources Code sec. 122.004 requires the Railroad Commission of Texas to adopt rules to govern the treatment and beneficial use of oil and gas waste.
- DIGEST:** CSHB 3516 would require the Railroad Commission of Texas (RRC), when adopting rules to govern the treatment and beneficial use of oil and gas waste, to establish:
- minimum siting standards for commercial fluid recycling pits;
 - uniform technical and construction standards consistent with noncommercial recycling standards for fluid oil and gas waste;
 - minimum and maximum bonding and financial security amounts for commercial fluid recyclers; and

- standards for sampling and analysis of fluid oil and gas waste.

Rules adopted to govern the treatment and beneficial use of oil and gas waste could not differ in treatment of commercial and noncommercial recycling of fluid oil and gas waste.

RRC would be required to approve or deny an application for a permit issued under rules adopted under the bill by the 120th day after the date the complete application was received by RRC. If the application was not approved or denied before that date, the application would be considered approved and the applicant could operate under the terms specified in the application for a period of one year. An application requesting a variance from the standards adopted under the bill would have to be evaluated and determined to be substantially similar to previous variances approved by RRC.

The bill would take effect September 1, 2021.

**SUPPORTERS
SAY:**

CSHB 3516 would enhance the efficiency of the oil and gas industry, while providing environmental benefits by encouraging the treatment and recycling of oil and gas fluid waste. Oil and gas operations in Texas require large amounts of water. This puts a strain on the state's groundwater resources and creates a negative environmental impact through the discharge of oil and gas wastewater. The bill would address both problems by increasing the use of recycled oil and gas wastewater, which in turn would reduce dependency on groundwater and prevent the discharge of the wastewater into the environment. The bill would provide necessary improvements to existing procedures that would streamline and speed up the reuse of oil and gas fluid waste in Texas.

Combined with existing law, the bill would provide sufficient means for any interested party to contest the issuance of a permit under the bill. The Railroad Commission of Texas (RRC) already has procedures to contest a permit in effect, and the wide latitude granted to RRC by the bill would be appropriate because of the commission's experience and expertise in the field of oil and gas.

CRITICS
SAY:

The bill should require RRC to adopt rules governing procedures for contesting a permit issued under the bill. While there are existing procedures to contest permits granted by RRC, it would be beneficial to all interested parties to establish procedures specific to permits issued for the treatment and reuse of oil and gas waste.