

BILL ANALYSIS

Senate Research Center
87R7210 JXC-D

S.B. 1260
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Natural Resources & Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1260 expands the Texas Railroad Commission's (RRC) options for cleaning up and remediating waste sites by authorizing RRC's state managed cleanup program to engage with mobile contractors for the purpose of recycling oilfield waste materials—specifically drill cuttings—at waste sites. In practice, RRC would pay a contractor to come to a waste site, treat the waste for subsequent beneficial reuse, and leave the treated waste at the site for sale or disposition by RRC. As such, the bill also authorizes RRC to sell the recycled waste materials at an authorized facility. Any proceeds earned through the sale of recycled materials would be credited to the Oil & Gas Regulation and Cleanup Fund, which may be used to recover the costs incurred while cleaning and remediating waste sites.

Authorizing the use of mobile recycling at authorized sites enables RRC to streamline and simplify requirements and processes for allowing third parties to perform remediation.

As proposed, S.B. 1260 amends current law relating to the authority of the Railroad Commission of Texas to contract for the treatment of and sell drill cuttings.

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 the heading to Section 91.115, Natural Resources Code, to read as follows:

Sec. 91.115. FIRST LIEN ON EQUIPMENT AND STORED HYDROCARBONS OR DRILL CUTTINGS.

SECTION 2. Amends Section 91.115, Natural Resources Code, by amending Subsections (a), (e), (f), and (g) and adding Subsections (f-1) and (f-2), as follows:

(a) Provides that, if a responsible person fails to clean up a site or facility that has ceased oil and gas operations under the Texas Railroad Commission's (RRC) jurisdiction on or before the date the site or facility is required to be cleaned up by law or by a rule adopted or order issued by RRC, the state has a first lien, superior to all preexisting and subsequent liens and security interests, on the responsible person's interest in any hydrocarbons or drill cuttings, rather than in any hydrocarbons, stored at the site or facility and in any equipment that is located at the site or facility, and used by the responsible person in connection with the activity that generated the pollution.

(e) Provides that the lien is extinguished as to any stored hydrocarbons or drill cuttings, rather than any stored hydrocarbons, or items of equipment that are lawfully removed by any person other than the operator or a nonoperator according to a lien, lease, judgment, written contract, or security agreement before RRC enters into a cleanup contract.

(f) Provides that equipment or stored hydrocarbons or drill cuttings, rather than equipment or stored hydrocarbons, subject to a lien under this section are presumed to have been abandoned on the date RRC enters into a contract to clean up the site or facility on which the equipment, hydrocarbons, or drill cuttings, rather than the equipment or hydrocarbons, are located. Makes a nonsubstantive change.

(f-1) Authorizes RRC to dispose of the abandoned equipment, rather than the equipment, or stored hydrocarbons in accordance with the provisions of Sections 89.085 (Possession and Sale of Equipment to Cover Plugging Costs), 89.086 (Claims Against Oil and Gas Regulation and Cleanup Fund), and 89.087 (Judicial Review of Commission Decisions; Immunity From Suit and Liability), rather than Sections 89.085, 89.086, and 89.087 of this code, for the disposition of well-site equipment and hydrocarbons.

(f-2) Authorizes RRC to dispose of the abandoned stored drill cuttings by contracting with a person to treat the drill cuttings at the site or facility for a subsequent beneficial use and selling the treated drill cuttings at a public auction or a public or private sale. Provides that Sections 89.085(c)-(i) (relating to possession and sale of equipment to cover costs), 89.086, and 89.087 apply to the disposition of drill cuttings under this subsection in the same manner as those sections apply to the disposition of hydrocarbons.

(g) Defines "drill cuttings" and "treat."

SECTION 3. Effective date: upon passage or September 1, 2021.