

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1541
By: Estes
Natural Resources & Economic Development
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Drill cuttings are bits of ground rock and soil which come up from underground in the process of drilling an oil or gas well. Often the cuttings are mixed with hydrocarbons from the targeted zone. Existing law requires that this waste be properly disposed of in accordance with law and regulations in a way that is protective of human health and the environment. Last session, the legislature passed a law (H.B. 1331) which encourages the recycling of drill cuttings, when possible, as an alternative to disposal. Under that law, the recycler assumes liability for any pollution caused by the waste. Existing law also requires the companies to recycle the drill cuttings and put them to use in a beneficial manner, typically for construction or roadbase.

Allowing drill cuttings to accumulate into large piles at the recycling sites is not a beneficial use of this waste. C.S.S.B. 1541 defines "treatment" and "beneficial use" in a manner that will allow the Railroad Commission to prevent companies from qualifying for these permits unless they intend to effectively recycle the drill cuttings into legitimate commercial products that are at least as protective of human health and the environment as alternative products or methods of disposal.

C.S.S.B. 1541 amends current law relating to the treatment and recycling for beneficial use of drill cuttings.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Railroad Commission of Texas (railroad commission) in SECTION 2 (Section 123.0015, Natural Resources Code) of this bill.

Rulemaking authority previously granted to the railroad commission is modified in SECTION 3 (Section 123.005, Natural Resources Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 123.001, Natural Resources Code, by adding Subdivision (4), to define "treatment" to mean a manufacturing, mechanical, or chemical process other than sizing, shaping, diluting, or sorting.

SECTION 2. Amends Chapter 123, Natural Resources Code, by adding Section 123.0015, as follows:

Sec. 123.0015. BENEFICIAL USE. (a) Provides that for the purposes of this chapter, a use of drill cuttings is considered to be beneficial if the cuttings are used in the construction of oil and gas lease pads or oil and gas lease roads or as part of a legitimate commercial product.

(b) Requires the Railroad Commission of Texas (railroad commission), by rule, to define "legitimate commercial product" for the purposes of this chapter (Treatment and Recycling for Beneficial Use of Drill Cuttings).

(c) Requires the railroad commission, by rule, to adopt criteria for beneficial uses to ensure that a beneficial use of recycled drill cuttings under this chapter is at

least as protective of public health, public safety, and the environment as the use of an equivalent product made without recycled drill cuttings.

SECTION 3. Amends Section 123.005, Natural Resources Code, as follows:

Sec. 123.005. New heading: COMMISSION RULES, PERMITS, AND ORDERS FOR TREATMENT AND BENEFICIAL USE. (a) Creates this subsection from existing text. Makes no further changes to this subsection.

(b) Requires that a rule adopted by the railroad commission under this chapter or a permit or order issued by the railroad commission regarding the treatment and beneficial use of drill cuttings be at least as protective of public health, public safety, and the environment as a rule, permit, or order, respectively, adopted or issued by the railroad commission regarding the disposal of drill cuttings.

SECTION 4. Effective date: upon passage or September 1, 2017.