COMMISSION SHIFT

89th TEXAS LEGISLATIVE PRIORITIES

Unplugged wells create risks to groundwater, air quality, human health, and safety.

Orphaned wells create grave consequences for everyday Texans through increased wildfire risk, well blowouts, leaks that leave the land scarred and barren, and by emitting harmful levels of hydrogen sulfide. Additionally, both orphaned and inactive wells are leaking throughout Texas and worsening risks to drinking water supplies. As these wells age, they cost more to plug, have a greater risk of failure, and are more likely to be orphaned.

Orphaned wells are a growing problem with growing costs.

- **8,500 wells** are on the orphaned wells list.
- **115,000 inactive wells** still have active operators but are at risk of becoming orphaned.

An additional **44,000 wells** have been shut-in for less than 12 months and may return to active status. The inactive and shut-in well populations have grown by **about 30%** in the past decade. **Nearly 17,000 inactive wells are more than 20 years old**, and the Railroad Commission, the state oil and gas oversight agency, estimates it would cost **more than $2 billion to plug them** – a cost that is double what it was in 2023.

Each year, the Railroad Commission takes on more orphaned wells than it plugs, with a **net increase of 3,700 wells in 2023**. In its Legislative Appropriations Request, the Railroad Commission notes that plugging costs for the agency have increased to $30,000 in 2023 from $20,400 in 2019, a 50% increase. Simultaneously, the commission paid **$250,000 on average** to plug and clean up 38 emergency wells in 2023 – this appears to have contributed to the agency plugging fewer wells in the 2024-2025 biennium.

Produced water and carbon capture projects compound the risks.

Produced water

For every barrel of oil produced, three to twelve barrels of wastewater are also produced. This water is full of particulates, some of which can be toxic or radioactive. The current disposal process is to pump the water back underground into Class II disposal wells. In Texas, people living next to Class II wells and oil and gas waste pits have reported numerous unresolved pollution issues. Pumping significant volumes of pressurized water into underground formations has been linked to earthquakes, sinkholes and surface uplift, and geyser-like well blowouts. Unfortunately, this water is often injected into areas with unplugged or poorly plugged wells, which creates a conduit for produced water to pollute aquifers or groundwater.

Carbon capture and storage

Carbon capture and storage projects are on the way to Texas. If federal tax credits remain in effect, these projects will unleash rapid, widespread carbon dioxide (CO_2) injection in Texas, which could contaminate groundwater through acidification or by allowing heavy metals to drop out of solution. Unplugged oil and gas wells create a conduit for CO_2 to leak into groundwater and create an acidic plume that can eat through cement and metal. This nascent technology is unproven on a large scale and carries significant risks. The Railroad Commission needs to get a better handle on unplugged wells and problems with underground injection control wells before taking on carbon waste.

Current plugging laws contribute to issues caused by orphaned wells.

Current plugging laws allow operators to delay well plugging almost indefinitely. Financial assurance requirements are insufficient to ensure wells are plugged, and if the state must step in, insufficient funds are available to cover plugging costs because bonding rates haven't been updated in statute since 1991. Bonding requirements for individual wells and blanket bonds cover less than 15% of the cost to plug. Additionally, operators that profit from wells can transfer their liability to less capitalized operators without contributing money to plugging costs.

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Strengthening laws will protect Texans from oil and gas messes.

Unplugged wells harm Texans, but there are solutions. We can strengthen laws to ensure timely plugging and that financial resources are available when the well reaches the end of its useful life.

Limit plugging extensions

As wells age, they begin to corrode, which puts them at greater risk of failing and costing more to plug. The likelihood these wells will return to service greatly diminishes after five years of inactivity, with only 15% returning to service after this mark and only 13% in additional production.

Commission Shift recommends a 5-year limit to plugging extensions.

Stop allowing transfer of liability and require operators to cover plugging costs

Currently, when an operator sells a well, the operator is allowed to transfer plugging liability to new operators without any funds for plugging or verification that the new operator is financially solvent enough to cover their asset requirement obligations. The state should not be burdened with plugging costs when companies that profited from the well are still operating profitably.

Commission Shift recommends requiring full-cost financial assurance for individual wells to be set aside before new wells are transferred, prohibiting the transfer of idle wells with ongoing enforcement proceedings, and holding all previous operators potentially liable for plugging costs — legally referred to as joint and several liability.

Require sufficient financial assurance from operators

Based on current RRC plugging costs, plugging the state's 8,300 orphaned wells is estimated to cost around $330 million, and plugging the 155,000 inactive wells is estimated to cost $12.8 billion. To ensure operators — and not taxpayers — cover the costs to plug wells, financial assurance requirements need updating.

Commission Shift recommends requiring full-cost bonding with a sinking trust fund.

Increase well integrity testing oversight

Pressure (H-5) and fluid level (H-15) tests are periodically conducted to verify the mechanical integrity of the well. These tests are a critical check to ensure wells, especially Class II injection wells, are still intact and are not polluting groundwater and aquifers. A failed test could indicate groundwater or aquifers are at risk. Although the Railroad Commission is charged with test oversight, they do not have sufficient inspectors to witness every test.

Commission Shift recommends allowing surface owners, who own the groundwater, and Groundwater Conservation Districts, who are charged with ensuring a clean and steady supply of groundwater for an area, to be notified about and allowed to witness tests and provide an additional set of eyes to keep operators honest.

Ensure carbon capture and storage policy prioritizes Texans' safety

Carbon capture and storage is an experimental technology still in development. Highly concentrated carbon dioxide (CO_2) in large volumes is an asphyxiant. Additionally, carbon dioxide forms carbonic acid in the presence of water, putting downhole equipment with inferior metallurgy or wells plugged with incompatible cement at risk of failure. If carbon capture and storage is implemented, several safety policies should be considered.

- First responders require specialized equipment and training to respond to CO_2 leaks. Texas can **require funding for first responders to be prioritized** in the permitting process.
- To minimize the risk of failures or leaks, **injection wells should be plugged within one year of closure**, without plugging extensions. Companies should also **maintain perpetual liability** and require that sites have **strong post-injection monitoring requirements**.
- Texas should maintain the **ability for injured people to make claims for non-economic damages**, as occurs with all other industries, to ensure companies design and operate to robust standards.