

BILL ANALYSIS

Senate Research Center
88R15240 JAM-F

C.S.S.B. 1210
By: Blanco
Natural Resources & Economic Development
4/6/2023
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

There are over 8,000 orphan wells in Texas that the Railroad Commission is charged with plugging. Currently, there is a program in statute that allows an oil and gas operator to adopt an orphaned oil and gas well to bring it back into operation. However, there is no similar mechanism for a geothermal operator to adopt an orphaned oil and gas well. There is tremendous promise for geothermal energy in Texas, and abandoned oil and gas wells have the potential to be valuable assets for the geothermal industry in the state.

As proposed, S.B. 1210 would allow a geothermal operator to adopt an orphaned oil and gas well to convert it into a geothermal electricity production well. S.B. 1210 will reduce the number of orphaned oil and gas wells in Texas, thereby reducing the amount of money the Railroad Commission's Oilfield Regulation and Cleanup Fund must spend on plugging orphaned wells.

C.S.S.B. 1210 would:

- Add the definition of "energy conservation well."
- Provide that in Section 89.047 of the Natural Resources Code, "geothermal energy and associated resources" has the meaning assigned by Section 141.003, Natural Resources Code.
- Clarify that the Railroad Commission of Texas (RRC) shall designate a person as the operator of an abandoned oil and gas well if that person files with RRC a factually supported claim of a possessory interest in the geothermal estate accessed by the well or in the space accessed by the well.

C.S.S.B. 1210 amends current law relating to the authority of the Railroad Commission of Texas to designate certain persons as the operator of an orphaned oil or gas well.

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 Section 89.047(a), Natural Resources Code, by adding Subdivisions (1-a) and (1-b) to define "energy conservation well" and "geothermal energy and associated resources."

SECTION 2. Amends Section 89.047(f), Natural Resources Code, as follows:

(f) Requires the Railroad Commission of Texas (RRC) to designate the person as the operator of the well if the person files with RRC:

(1) a factually supported claim based on a recognized legal theory to a continuing possessory right in:

(A) the mineral estate accessed by the well, as established by, rather than such as evidence of, a current oil and gas lease, a recorded deed conveying a fee interest in the mineral estate, or any other documentation of an interest in the mineral estate. Makes a nonsubstantive change;

(B) the geothermal energy and associated resources estate accessed by the well, as established by a current geothermal lease, a recorded deed conveying a fee interest in the geothermal estate, or any other documentation of an interest in the geothermal estate; or

(C) the geologic space accessed by the well for the purpose of an energy conservation well, as established by a recorded deed conveying a fee interest in the space accessed by the well or any other documentation of an interest in that space; and

(2)-(3) makes no changes to these subdivisions.

SECTION 3. Effective date: September 1, 2023.