

## **BILL ANALYSIS**

C.S.H.B. 2663  
By: Darby  
Energy Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The Texas House of Representatives Investigative Committee on the Panhandle Wildfires identified electrical infrastructure failures as a major cause of wildfires, including the Smokehouse Creek and Reamer Creek fires. The committee found that deteriorated power poles and electrical equipment, both from utility companies and abandoned oil and gas wells, were ignition sources in some of the state's most destructive wildfires. Testimony provided to the committee from landowners and state officials highlighted a regulatory gap between the Railroad Commission of Texas and the Public Utility Commission of Texas regarding oversight of electrical infrastructure at long-inactive wells.

State law currently allows operators to apply for extensions to delay plugging inactive wells, provided they meet certain requirements regarding site maintenance and safety. However, the bill author has informed the committee that there has been no specific requirement for the removal of electrical infrastructure, meaning that energized equipment could remain on-site indefinitely, even after a well is no longer in use. H.B. 2555, Acts of the 88th Legislature, Regular Session, 2023, was previously enacted to promote utility resiliency planning, but it did not establish enforceable requirements for addressing hazardous electrical equipment at inactive wells.

C.S.H.B. 2663 seeks to close this regulatory gap to reduce wildfire risks, improve site safety, and ensure proper decommissioning of inactive wells by requiring a well operator's written affirmation that is part of an application for a deadline extension for plugging an inactive well to include a statement regarding the removal of equipment associated with providing electric service to the well's production site.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 2663 amends the Natural Resources Code to require a well operator's written affirmation that is part of an application for a deadline extension for plugging an inactive well to include, if the operator does not own the surface of the land on which the well is located and the well has been inactive for at least 10 years as of the date of renewal of the operator's organization report, a statement that the operator has removed all equipment associated with providing electric service to the well's production site, except for equipment owned by an

electric utility, as defined by provisions of the Public Utility Regulatory Act relating to electric utilities. The bill requires the Railroad Commission of Texas (RRC) to impose an administrative penalty, capped at \$25,000 for each violation, on a person who provides an affirmation but fails to terminate electric service to the well's production site or remove all applicable equipment and materials in accordance with the affirmation.

C.S.H.B. 2663 applies to an application for an extension of the deadline for plugging an inactive well filed with the RRC on or after the bill's effective date. Such an application filed with the RRC before the bill's effective date is governed by the law in effect on the date the application was submitted, and the former law is continued in effect for that purpose.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

### **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 2663 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

With respect to the bill's requirement that a well operator's applicable written affirmation include a statement that the operator has removed all equipment associated with providing electric service to the well's production site, the substitute includes an exception absent from the introduced for equipment owned by an electric utility, as defined under provisions of the Public Utility Regulatory Act relating to electric utilities.

Whereas the introduced authorized the RRC to impose an applicable administrative penalty capped at \$10,000 for each violation, the substitute requires the RRC to impose such a penalty capped at \$25,000 for each violation.