

## **BILL ANALYSIS**

Senate Research Center  
89R21802 ANG-F

C.S.S.B. 1150  
By: Middleton  
Natural Resources  
4/10/2025  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The orphaned well population in Texas as of August 2024 was 8,347 wells. In 2024, the Railroad Commission of Texas (RRC) plugged 1,750 wells, but only reduced the net orphaned well population by 73 wells. Orphaned wells originate from the population of wells classified by the RRC as inactive. Laws and regulations associated with maintenance and plugging of inactive wells have not been updated since 2009, when the Texas Legislature passed H.B. 2259. Under current law and RRC rules, as long as an operator has a good faith claim to title and a well is in compliance with applicable rules, the well can remain inactive indefinitely. Because there is no deadline by which an operator must plug or reactivate an inactive well, the roster of inactive wells has swollen over time and ultimately feeds into the orphaned well population.

The committee substitute for S.B. 1150 provides that a well must be plugged (or returned to production) once it reaches 15 years of inactivity and 25 years of life (since well completion). C.S.S.B. 1150 authorizes the RRC to grant an applicant's exception to this plugging requirement, taking into consideration the operator's demonstrated history of returning inactive wells to active status, as well as the existence of financial hardship. The bill also allows a phase-in period if the operator develops an RRC-approved compliance plan, committing to plug or restore the well to active operation over a 15-year period from the effective date of the bill, by September 1, 2040. In considering the compliance plan, the RRC must evaluate a number of factors, including the number of years the well has been inactive, current economic conditions, the well operator's percentage of inactive wells, and plans of action for an operator to bring wells into production or plug.

C.S.S.B. 1150 requires an annual report by RRC to the legislature beginning December 1, 2026, detailing the status of Texas' inactive well portfolio, including the total inactive well number and statistics on the age and length of the wells. C.S.S.B. 1150 seeks to reduce the orphaned well count by requiring inactive wells to be plugged within a certain period of time. Over time, this is anticipated to cut off the supply of inactive wells feeding the orphaned well portfolio.

The committee substitute adds a bonding option for the cost of plugging the inactive well equal to the cost calculation for plugging the well, according to the RRC. Additionally, the RRC inactive wells report date is amended to December 1 to align with the ORGC report. C.S.S.B. 1150 requires that each operator, in a transfer of an inactive well, provide written affirmation that the well is in compliance, and allows the RRC to set penalties for violations. Finally, C.S.S.B. 1150 pushes back the effective date of Section 1 of the bill, the section requiring plugging of wells that fit the age and inactivity criteria, by two years to September 1, 2027, to allow operators and the RRC additional time to prepare to carry out the plugging requirements.

C.S.S.B. 1150 amends current law relating to the plugging of and reporting on inactive wells subject to the jurisdiction of the Railroad Commission of Texas and authorizes an administrative penalty.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTION 1 (Section 89.023, Natural Resources Code) and SECTION 2 (Section 89.051, Natural Resources Code) of this bill.

## **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 89.023, Natural Resources Code, by amending Subsection (b) and adding Subsections (c), (d), (e), (f), (g), and (h), as follows:

(b) Prohibits an operator, notwithstanding Subsection (a) (relating to authorizing the Railroad Commission of Texas (RRC) to grant an extension of the deadline for plugging an inactive well under certain circumstances) and subject to Subsection (c), from obtaining an extension of the deadline for plugging an inactive well by complying with Subsection (a), rather than that subsection, if:

(1) the well has been inactive for more than 15 years and was completed more than 25 years before the date the operator submitted the request for the extension;  
or

(2) creates this subdivision from existing text and makes no further changes.

(c) Authorizes RRC to grant an extension of the deadline for plugging an inactive well described by Subsection (b)(1) if certain criteria are met.

(d) Requires RRC or RRC's delegate, when considering whether to approve an operator's compliance plan under Subsection (c)(2) (relating to authorizing RRC to grant an extension of the deadline for plugging an inactive well if the inactive well is included in a compliance plan meeting certain requirements), to consider certain information.

(e) Authorizes an operator, if RRC or its delegate denies the operator's request for the approval of a compliance plan under Subsection (c)(2), to request a hearing from RRC regarding that determination.

(f) Requires RRC, before granting a request to transfer an inactive well to another operator, to require the operator to whom the inactive well will be transferred to certify that the operator's wells are in compliance with Section 89.023 (Extension of Deadline for Plugging Inactive Well). Authorizes RRC to adopt rules that provide for the administrative review and approval of the transfer and ensure that the wells of the operator to whom the well will be transferred are in compliance with this section.

(g) Provides that an extension granted under Subsection (c)(1) (relating to authorizing RRC to grant an extension if, on request of an operator, the RRC determines that the operator meets certain criteria) is not transferable to another operator.

(h) Requires RRC to establish an administrative penalty for a violation of this section in an amount determined by RRC.

SECTION 2. Amends Subchapter C, Chapter 89, Natural Resources Code, by adding Sections 89.049, 89.050, and 89.051, as follows:

Sec. 89.049. ANNUAL REPORT. Requires RRC, not later than December 1 of each year, to produce and deliver to the governor, lieutenant governor, and legislature a report that includes certain information.

Sec. 89.050. OPERATOR REPORT. Requires an operator, not later than the 16th anniversary of the date a well became inactive, to submit a report to RRC with information regarding the results of a successful fluid level test or hydraulic pressure test of the well conducted in accordance with RRC rules. Requires that the report include appropriate documentation of the results of the test.

Sec. 89.051. RULEMAKING. (a) Requires RRC to adopt rules as necessary to regulate and monitor inactive wells under Chapter 89 (Extension of Deadline for Plugging Inactive Well).

(b) Requires RRC, in adopting rules under this section, to consider certain information.

SECTION 3. Requires RRC, not later than December 1, 2026, to submit to the governor, lieutenant governor, and legislature the first report required by Section 89.049, Natural Resources Code, as added by this Act.

SECTION 4. (a) Effective date, subject to Subsection (b) of this section: September 1, 2025.

(b) Effective date, Section 89.023, Natural Resources Code: September 1, 2027.