By:  Geren H.B. No. 2766

A BILL TO BE ENTITLED

AN ACT

relating to the plugging of certain inactive wells subject to the jurisdiction of the Railroad Commission of Texas.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Section 89.023, Natural Resources Code, is amended by amending Subsection (b) and adding Subsections (c) through (g) to read as follows:

(b)  Notwithstanding Subsection (a), an operator may not obtain an extension of the deadline for plugging an inactive well by complying with that subsection:

(1)  if the plugging of the well is otherwise required by commission rules or orders; or

(2)  if the inactive well:

(A)  has been an inactive well for more than 15 years; and

(B)  25 years have elapsed since the well was completed, unless:

(i)  the commission approves an order granting an applicant's exception to plugging the inactive well; or

(ii)  the inactive well is included in an approved compliance plan under Subsection (e), in which the operator of the well commits to plug, or restore to active operation, the inactive well within a time period ending on September 1, 2040.

(c)  When considering a request under Subsection (b)(2)(B)(i) for an exception to plugging an inactive well, the commission shall consider an operator's demonstrated history of returning inactive wells to active status.

(d)  An exception approved by order of the commission under Subsection (b)(2)(B)(i) is not transferrable to another operator and shall terminate upon transfer of the well, except that a new operator of that well may seek an additional exception under Subsection (b) for that well.

(e)  An operator may request the commission or its delegate to approve a compliance plan for inactive wells. In approving a compliance plan pursuant to Subsection (b)(2)(B)(ii), the commission or its delegate shall consider the following factors:

(1)  the number of years the well has been inactive and its age;

(2)  current economic conditions;

(3)  the well operator's percentage of inactive wells as compared to its total well count;

(4)  any plan of action by the well operator to plug or bring its inactive wells into production, injection, or other service operation, which must include a compliance report to be submitted to the commission annually with the operator's P-5 renewal;

(5)  whether the operator has financial assurance to cover the actual plugging costs of each well;

(6)  the well operator's record of compliance, the history of any previous violations, and the seriousness of any previous violations;

(7)  any potential hazards to the health and safety of the public or environmental risks posed by the inactive well; and

(8)  the demonstrated good faith of the well operator.

(f)  If the commission or its delegate denies an operator's request for approval of a compliance plan pursuant to Subsection (e), the operator may request a hearing and order of the commission.

(g)  The commission shall adopt rules that provide for administrative review and approval of requests to transfer an inactive well to another operator to ensure that wells of the receiving operator are in compliance with this section.

SECTION 2.  Subchapter B-1, Chapter 89, Natural Resources Code, is amended by adding Section 89.031 to read as follows:

Sec. 89.031.  ANNUAL REPORT BY COMMISSION. On or before September 1, 2026, and each year thereafter, the commission shall prepare and submit to the governor, lieutenant governor, and each member of the legislature a report on inactive wells that includes:

(1)  the number of inactive wells in Texas;

(2)  the age and length of inactivity for the inactive wells;

(3)  the quantity of inactive wells that use each method for extending the deadline under this chapter for plugging inactive wells;

(4)  the identification of the financial assurance methods being used by operators for inactive wells under this chapter, and the quantity of the number of inactive wells for each category of financial assurance;

(5)  the number of inactive wells and total wells that were plugged in the prior 12 months, including a breakdown by commission district of wells plugged by industry and by the commission using state-managed funds;

(6)  the number of inactive wells that were returned to production, injection, or other service operation in the prior 12 months;

(7)  P-5 status statistical summary of the number of operators of inactive wells including the total number of operators and total number of inactive wells for the status categories of active P-5, P-5 Extension, Delinquent P-5, and P-5 delinquent greater than 12 months;

(8)  the number of P-5 Organization Reports revoked under Section 91.114, the associated well count, the total amount of financial assurance in place for those operators, and the amount of financial assurance collected; and

(9)  the annual cost calculation for plugging an inactive well, as defined in Section 89.002 (a)(9).

SECTION 3.  Subchapter B-1, Chapter 89, Natural Resources Code, is amended by adding Section 89.032 to read as follows:

Sec. 89.032.  COMMISSION RULEMAKING. (a) The commission shall by rule adopt requirements for inactive wells. In its rulemaking, the commission shall consider the following factors:

(1)  risk to public safety and/or the environment;

(2)  wellbore integrity and wellhead integrity including the ability to monitor casing pressures; and

(3)  regional considerations of risk such as penetration of corrosive or overpressured formations, and completion in zones containing hydrogen sulfide.

(b)  The commission's rules shall include requirements that within one year of the 15th anniversary of a well becoming inactive, the operator of that well submit a report to the commission that:

(1)  demonstrates completion of a successful fluid level test or a mechanical integrity test of the well conducted in accordance with the commission's rules in effect at the time of the test, with a phase-in period for wells that require testing on the effective date of the rule; and

(2)  includes documentation of the results of a successful fluid level test and reporting of pressure on the production casing prior to testing.

SECTION 4.  This Act takes effect September 1, 2025.