

1-1 By: Middleton S.B. No. 1150  
1-2 (In the Senate - Filed February 6, 2025; February 24, 2025,  
1-3 read first time and referred to Committee on Natural Resources;  
1-4 April 14, 2025, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 14, 2025,  
1-6 sent to printer.)

1-7	COMMITTEE VOTE				
1-8		Yea	Nay	Absent	PNV
1-9	Birdwell	X			
1-10	Zaffirini	X			
1-11	Alvarado	X			
1-12	Blanco	X			
1-13	Flores	X			
1-14	Hancock	X			
1-15	Hughes	X			
1-16	Parker	X			
1-17	Sparks	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1150 By: Sparks

1-19 A BILL TO BE ENTITLED  
1-20 AN ACT

1-21 relating to the plugging of and reporting on inactive wells subject  
1-22 to the jurisdiction of the Railroad Commission of Texas;  
1-23 authorizing an administrative penalty.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Section 89.023, Natural Resources Code, is  
1-26 amended by amending Subsection (b) and adding Subsections (c), (d),  
1-27 (e), (f), (g), and (h) to read as follows:

1-28 (b) Notwithstanding Subsection (a) and subject to  
1-29 Subsection (c), an operator may not obtain an extension of the  
1-30 deadline for plugging an inactive well by complying with Subsection  
1-31 (a) [that subsection] if:

1-32 (1) the well:  
1-33 (A) has been inactive for more than 15 years; and  
1-34 (B) was completed more than 25 years before the  
1-35 date the operator submitted the request for the extension; or

1-36 (2) the plugging of the well is otherwise required by  
1-37 commission rules or orders.

1-38 (c) The commission may grant an extension of the deadline  
1-39 for plugging an inactive well described by Subsection (b)(1) if:

1-40 (1) on request of the operator, the commission by  
1-41 order determines that the operator's:

1-42 (A) demonstrated history of returning inactive  
1-43 wells to operation warrants the granting of the extension; or

1-44 (B) financial hardship, as determined by the  
1-45 commission based on whether the operator was a reasonably prudent  
1-46 operator, in complying with the provisions of this section warrants  
1-47 the granting of the extension;

1-48 (2) the inactive well is included in a compliance plan  
1-49 submitted to and approved by the commission or the commission's  
1-50 delegate in which the operator commits to plugging or restoring the  
1-51 inactive well to operation by September 1, 2040; or

1-52 (3) the operator of the inactive well files with the  
1-53 commission an individual performance bond in an amount that is not  
1-54 less than the full cost calculation for plugging an inactive well,  
1-55 as established by the commission, that runs with and covers the  
1-56 lifetime of the well, regardless of a change in the operator.

1-57 (d) When considering whether to approve an operator's  
1-58 compliance plan under Subsection (c)(2), the commission or the  
1-59 commission's delegate shall consider:

1-60 (1) age and length of inactivity of the well;

(2) current economic conditions;  
 (3) the operator's percentage of inactive wells compared to the operator's total well count;

(4) whether the operator has submitted to the commission with the organization report required by Section 91.142 a plan of action for how the well operator will plug or bring the operator's inactive well into production or operate the well as an injection well or other type of operation;

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

(6) any financial assurance made by the well operator under Subsection (a)(3) or Section 89.027;

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

(8) any good faith demonstrated by the well operator.

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

(f) Before granting a request to transfer an inactive well to another operator, the commission shall require the operator to whom the inactive well will be transferred to certify that the operator's wells are in compliance with this section. The commission may 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) An extension granted under Subsection (c)(1) is not transferable to another operator.

(h) The commission shall establish an administrative penalty for a violation of this section in an amount determined by the commission.

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

Sec. 89.049. ANNUAL REPORT. Not later than December 1 of each year, the commission shall produce and deliver to the governor, lieutenant governor, and legislature a report that includes:

(1) the number of inactive wells in this state;  
 (2) the age and length of inactivity of each inactive well;

(3) the number of inactive wells for which an extension of the deadline to plug the inactive well has been granted by the commission under Section 89.023;

(4) the financial assurance methods used by operators of inactive wells, including the number of wells using each financial assurance method available;

(5) the number of wells plugged in the preceding year, including a breakdown of wells plugged by operators versus wells plugged by the commission using state money;

(6) the number of inactive wells returned to production or put into use as an injection well or other operation in the preceding year;

(7) a summary of the number of operators of inactive wells based on organization reports submitted to the commission under Section 91.142, including the total number, based on the reports, of operators and inactive wells that are in compliance, are delinquent, are delinquent for longer than a year, or have been granted an extension under Section 89.023;

(8) the number of organization reports the commission has not renewed or approved under Section 91.142, including:

(A) for each report that has not been renewed or approved:

(i) the associated well count; and  
 (ii) the total amount of financial security submitted by the operator; and

(B) the total amount of financial security

collected from each operator who filed a report that has not been renewed or approved; and

(9) the annual cost calculation for plugging an inactive well, as described by Section 89.023(a).

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

Sec. 89.051. RULEMAKING. (a) The commission shall adopt rules as necessary to regulate and monitor inactive wells under this chapter.

(b) In adopting rules under this section, the commission shall consider:

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

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

(3) regional risk considerations, including penetration of corrosive or over-pressured formations and completion in zones containing hydrogen sulfide.

SECTION 3. Not later than December 1, 2026, the Railroad Commission of Texas shall 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) Subject to Subsection (b) of this section, this Act takes effect September 1, 2025.

(b) The changes made by this Act to Section 89.023, Natural Resources Code, take effect September 1, 2027.

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