LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 11, 2025

TO: Honorable Drew Darby, Chair, House Committee on Energy Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3619** by Dean (Relating to the rights and liabilities of the owner of the surface estate of the tract of land on which a well to be plugged or replugged by the Railroad Commission of Texas is located.), **As Introduced**

The fiscal implications of the bill cannot be determined because the number of well plugging sites that would require re-vegetation, and the level of re-vegetation that would be required, to return each site to the condition in which it existed before any plugging or re-plugging operations began are unknown.

The bill would amend the Natural Resources Code to require the Railroad Commission (RRC) to restore the surface of the tract of land on which a well is located that has been plugged or re-plugged by the commission to the condition in which it existed before the plugging or re-plugging operations began.

The RRC assumes well plugging costs would increase by an amount ranging from $5,000 to $10,000 for each well requiring re-vegetation of native grasses and trees to attain the condition prior to any well plugging or re-plugging. According to the RRC, this would primarily include replacing trees and re-seeding grasses on lease roads, which could extend for miles prior to reaching the well pad. Where re-vegetation would not be required, there would be no cost increase.

The RRC reported plugging 1,256 orphaned wells with state managed funds in fiscal year 2024; 1,750 wells in fiscal year 2023; 1,068 wells in fiscal year 2022; 1,453 wells in fiscal year 2021; and 1,477 wells in fiscal year 2020. Using the average number of wells plugged over the prior five fiscal years totaling 1,401 and RRC's anticipated cost increases for the purposes of analysis, estimated cost increases could range from $0 to $14,010,000 each fiscal year if RRC were to plug the same number of wells.

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Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 455 Railroad Commission

LBB Staff: JMc, RStu, MW, JOc