



**Testimony of Virginia Palacios  
Executive Director of Commission Shift Action  
Before the Senate Finance Committee  
February 11, 2025**

My name is Virginia Palacios. I am the Executive Director of Commission Shift Action, the advocacy partner of Commission Shift, an organization focused on building public support to hold the Railroad Commission of Texas accountable to its mission in a shifting energy landscape. Commission Shift has published detailed reports offering solutions to the Railroad Commission's growing problem of unplugged wells in Texas.<sup>1</sup> As the legislature considers how best to ensure clean water resources for current and future Texans, preventing water contamination is increasingly important to maintaining affordable water access.

Commission Shift Action supports the Railroad Commission's request for \$100 million in additional funds to address emergency wells, and we encourage the state to fully appropriate revenues collected by the Railroad Commission to help reduce the orphaned well population in Texas and improve the agency's function. We also support the Commission's request for an additional \$2.7 million and 10 Full Time Equivalent employees to help understand and address the problems related to produced water disposal wells.

I am providing you with a memo explaining risks posed by unplugged wells in Texas, trends in orphaned well population growth, and highlighting how drastically the Railroad Commission's performance on well plugging is declining without needed legislative interventions. The commission needs funding to be able to accomplish its mission of stewarding

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<sup>1</sup> See "Unplugged and Abandoned" and "Eliminating Orphan Wells and Sites in Texas" at <https://commissionshift.org/news/orphaned-oil-and-gas-wells/>

natural resources and the environment and ensuring personal and community safety. In addition to funding, policy changes are needed to ensure that active well operators plug their wells before they are orphaned, and we hope to see the legislature address these needs this legislative session.

## **Commission Shift Action supports the RRC's request**

Commission Shift Action generally supports the RRC's Legislative Appropriations Request (LAR), and the agency's exceptional items requests to fund a produced water and injection data reporting system, an oil and gas authorized pit registration system, an oversight and safety regulatory filing and permitting system, additional support for site remediation, a GIS Cloud upgrade, microfilm digitization, and the commission's many other requests. In particular, we hope to see additional funding allocated for the Office of Public Engagement to be able to hold meaningful public engagement sessions with the public in-district during rulemakings, development of guidelines, and for other important matters being considered by the commission. Public hearings in Austin are difficult for members of the public from oil and gas-producing regions to access.

## **Unplugged wells create risks to groundwater, air quality, human health and safety.**

Orphaned wells create grave consequences for everyday Texans through increased wildfire risk,<sup>2</sup> well blowouts,<sup>3</sup> leaks that leave the land scarred and barren,<sup>4</sup> and by emitting harmful levels of hydrogen sulfide.<sup>5</sup> Additionally, carbon capture and storage will start soon in Texas. This will result in more underground injection of carbon dioxide. If federal tax credits remain in effect, this will unleash, rapid, widespread carbon dioxide injection in Texas, which could contaminate groundwater through acidification or allowing heavy metals to drop out of solution. The Railroad Commission needs to get a better handle on the unplugged well problem and problems with underground injection control wells including produced water disposal wells.

Academic reports and peer-reviewed studies have linked disposal wells to earthquakes,<sup>6</sup> sinkholes and surface uplift,<sup>7</sup> and geyser-like well blowouts.<sup>8</sup> Aside from these very visible

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<sup>2</sup> Texas House of Representatives. May 1, 2024. Investigative Committee on the Panhandle Wildfires. Retrieved from:

<https://www.house.texas.gov/pdfs/committees/reports/interim/88interim/House-Interim-Committee-on-The-Panhandle-Wildfires-Report.pdf>

<sup>3</sup> Baddour, D. June 11, 2024. Water is bursting from another abandoned West Texas oil well, continuing a troubling trend. Texas Tribune. <https://www.texastribune.org/2024/06/11/west-texas-orphan-wells-water-bursts/>

<sup>4</sup> Pskowski, M. Dec. 18, 2023. Thousands of Oil and Gas Wastewater Spills Threaten Property, Groundwater, Wildlife and Livestock Across Texas.

<sup>5</sup> Volcovici, V. Aug. 14, 2024. Texas oil regulator under scrutiny as zombie wells gush back to life. Reuters. Retrieved from: <https://www.reuters.com/business/energy/texas-oil-regulator-under-scrutiny-zombie-wells-gush-back-life-2024-08-14/>

<sup>6</sup> Alexandros Savvaidis, "2024 Biennial Report on Seismic Monitoring and Research in Texas" (University of Texas Bureau of Economic Geology, December 2024), <https://texnet.beg.utexas.edu/news/reports>.

<sup>7</sup> Jin-Woo Kim, Zhong Lu, and Roy M Huffington, "Association between Localized Geohazards in West Texas and Human Activities, Recognized by Sentinel-1A/B Satellite Radar Imagery OPEN," *Scientific REPORTS* / 8 (2018): 4727–4727, <https://doi.org/10.1038/s41598-018-23143-6>.

<sup>8</sup> Vamshi Karanam, Zhong Lu, and Jin-Woo Kim, "Investigation of Oil Well Blowouts Triggered by Wastewater Injection in the Permian Basin, USA," *Geophysical Research Letters* 51, no. 14 (2024): e2024GL109435, <https://doi.org/10.1029/2024GL109435>.

incidents, both orphaned and inactive wells are leaking throughout Texas and increasing risks to drinking water supplies.<sup>9, 10, 11</sup>

## **Orphaned wells are a growing problem in Texas.**

There are approximately 8,500 wells on the RRC's orphaned wells list.<sup>12</sup> Meanwhile, there are approximately 115,000 inactive wells in our state waiting to be orphaned.<sup>13</sup> An additional 44,000 wells have been shut-in for less than 12 months and may return to active status.<sup>14</sup> Out of the inactive well population, nearly 17,000 are more than 20 years old, and the Railroad Commission estimates it would cost more than \$2 billion to plug those 17,000 wells - a cost that is double what it was in 2023.<sup>15</sup>

Each year, the Commission is taking on more orphaned wells than it plugs, with a net increase of 3,700 wells in 2023, as shown in Figure 1.<sup>16</sup> In its Legislative Appropriations Request, the Railroad Commission notes that plugging costs for the agency have increased to \$30,000 in 2023 from \$20,400 in 2019, a 50% increase.<sup>17</sup> Simultaneously, the commission paid an average \$250,000 on average to plug and clean up 38 emergency wells in 2023, this appears to have contributed to the agency having fewer funds available for well plugging in the 2024 - 2025 biennium.<sup>18</sup>

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<sup>9</sup> See "Wells Remaining to be Plugged with State Managed Funds" at <https://www.rrc.texas.gov/oil-and-gas/environmental-cleanup-programs/state-managed-plugging/>

<sup>10</sup> Railroad Commission of Texas. Well Plugging Priority System. Accessed on Feb. 10, 2025. Retrieved from: <https://www.rrc.texas.gov/media/3hjhjroj/well-plugging-prioritization.pdf>

<sup>11</sup> Texas Commission on Environmental Quality. October 2024. Joint Groundwater Monitoring and Contamination Report, SFR-56. Retrieved from: <https://www.tceq.texas.gov/groundwater/groundwater-planning-assessment/sfr-056-joint-groundwater-monitoring-contamination-report>

<sup>12</sup> Railroad Commission of Texas (2025, January 8). Orphaned Wells with a Delinquent P-5 Greater than 12 Months. <https://www.rrc.texas.gov/oil-and-gas/research-and-statistics/well-information/orphan-wells-12-months/>

<sup>13</sup> Railroad Commission of Texas. (2025, January 10). Inactive Well Aging Report (IWAR).

<sup>14</sup> Railroad Commission of Texas. December 2024. Well Distribution Tables. Label: "14(b)(2) Compliant. Shut in < 1 yr."

<sup>15</sup> Railroad Commission of Texas. (2025, January 10/2023, January 9). Inactive Well Aging Report (IWAR). <https://www.rrc.texas.gov/oil-and-gas/compliance-enforcement/hb-2259-hb-3134-inactive-well-requirements/inactive-well-aging-report-iwar/>

<sup>16</sup> Railroad Commission of Texas. Oilfield Cleanup Program Annual Reports; Annual Drilling, Completion and Plugging Summaries. 2014 - 2023.

<sup>17</sup> Railroad Commission of Texas. Legislative Appropriations Request, Fiscal Years 2026-2027. p. 3 of 6.

<sup>18</sup> Railroad Commission of Texas. Legislative Appropriations Request, Fiscal Years 2026-2027. p. 3 of 6.

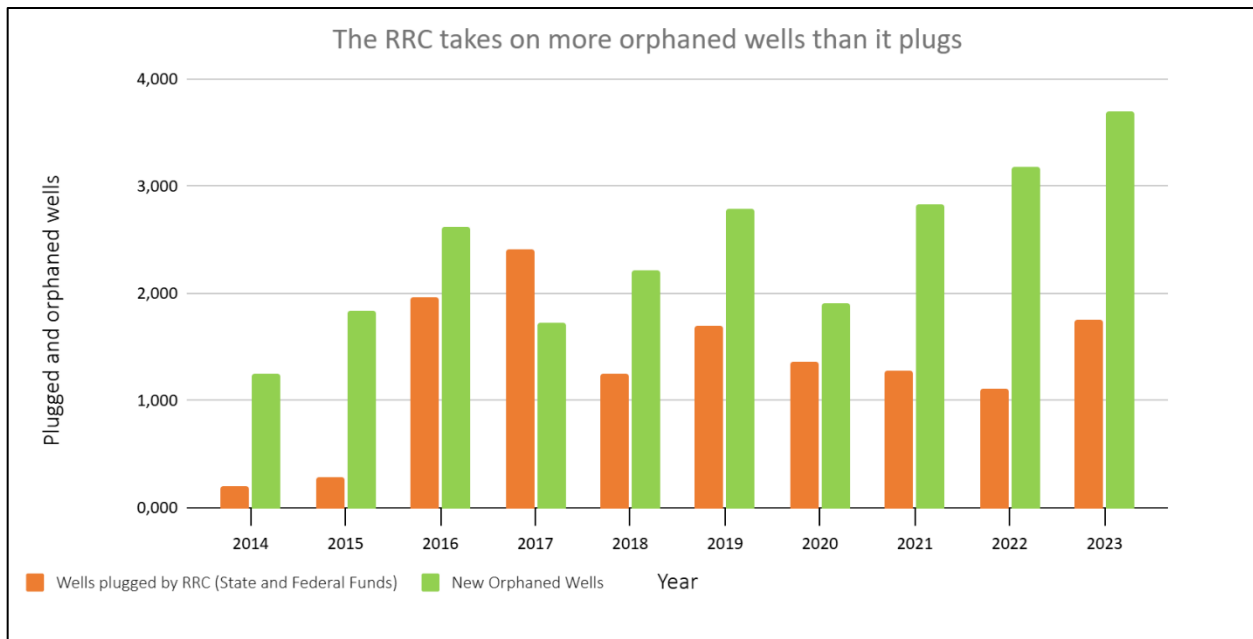


Figure 1. Net New Orphaned and Wells Plugged by the Texas Railroad Commission and in Past Decade

### The RRC's performance indicates a need for legislative action.

In past years, the Railroad Commission consistently exceeded its annual performance measures for well plugging and cleanup. However, this will not be the case for FY 2025. The General Appropriations Act (HB 1, 88R) passed last session set a performance measure for orphaned well plugging of 2,200 wells for FY 2025 (using both state and federal funds). The commission's FY 2025 workplan will plug 500 wells using state-managed funds and 500 wells using federal funds,<sup>19</sup> less than half of what was expected. The reason for this is an increase in emergency well blowout events and leaks from unplugged wells -in some cases, these are related to underground injection. In order to keep up with the increasing costs of plugging and cleaning up Texas' aging well populations, the legislature must grant the RRC the authority to increase fees and surcharges so that the commission may collect the funds necessary for managing orphaned wells in a timely manner.

Future performance measures should set targets and funding levels that accomplish following:

- Increase the Number of Orphaned Wells Approved for Plugging
- Increase the Number of Wells Plugged by Operators without State-Managed Funds
- Reduce the Percent of Active Well Operators with Inactive Wells
- Reduce the Number of Shut-in/Inactive Wells

<sup>19</sup> Railroad Commission of Texas. January 31, 2025 Open Meeting, Item 623. Timestamp: 31:55. Retrieved from: [https://www.adminmonitor.com/tx/rrc/open\\_meeting/20250131/](https://www.adminmonitor.com/tx/rrc/open_meeting/20250131/)

# Glossary of Terms

**Orphaned Well:** Texas statute defines orphaned wells as wells for which the Railroad Commission has issued a permit, where activity has not been reported in the preceding 12 months, and whose operator's commission-approved organization report has lapsed.<sup>20</sup>

**Inactive well:** Inactive wells still have an active operator on file and are not necessarily "orphaned." Texas statute defines an inactive well as an "unplugged well that has had no reported production, disposal, injection, or other permitted activity for a period of greater than 12 months."<sup>21</sup> Railroad Commission rules in 16 TAC §3.15(a)(6) add that an inactive well is "an unplugged well that has been spudded or has been equipped with cemented casing."

**Shut-in:** A well that has been inactive for less than 12 months.

**Active operation:** Active operation is defined in Tex. Nat. Res. Code 89.047 (i), and further clarified in Railroad Commission rule 16 TAC §3.15(a)(1) as "regular and continuing activities related to the production of oil and gas for which the operator has all necessary permits. In the case of a well that has been inactive for 12 consecutive months or longer and that is not permitted as a disposal or injection well, the well remains inactive for purposes of this section, regardless of any minimal activity, until the well has reported production of at least five barrels of oil for oil wells or 50 Mcf of gas for gas wells each month for at least three consecutive months, or until the well has reported production of at least one barrel of oil for oil wells or at least one Mcf of gas for gas wells each month for 12 consecutive months,"

**Abandoned Well:** "Abandoned" is an ambiguous term often used interchangeably with the terms "orphaned" and "inactive," which can be confusing. Abandoned wells may have ceased production and been properly plugged by the operator, or they may be inactive and unplugged or orphaned without a responsible operator on file.

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<sup>20</sup> Tex. Nat. Res. Code 89.047 (a)(3). Also see Railroad Commission. Orphan Wells With Delinquent P-5 Greater Than 12 Months. <https://rrc.texas.gov/oil-and-gas/research-and-statistics/well-information/orphan-wells-12-months/>

<sup>21</sup> Tex. Nat. Res. Code 89.022 (12).