COMMISSION SHIFT
ACTION

Written Testimony on HB 2766 relating to the plugging of certain inactive wells subject to the jurisdiction of the Railroad Commission of Texas

April 7, 2025

Esteemed Energy Resources Committee,

Last week, I heard yet another rendition of a story I've heard before, like many being told across Texas. I am only helping to recount a story that was shared with me by the landowner, Ty Allen, and his neighbor Luke Shipp -who requested that I share it with you.

Given that your time is limited, I will present my conclusions upfront. I ask you to view the story below as another cautionary example that supports these conclusions.

1. Insufficient mechanical integrity testing leads to prolonged periods during which leaking facilities of profiting companies inflict harm on their neighbors.
2. Even active facilities may harm our water quality. Checking well integrity more frequently is paramount.
3. Waiting 15 years after a well has gone inactive to check its integrity, let alone plug it, allows too much time for compromised leaking wells to inflict harm.
4. It is too easy for profit-driven companies to walk away and leave their plugging liabilities to the public. Sufficient bonding needs to be set aside while wells are operational to ensure that funds are available if a company walks away.
5. Waiting 15 years after a well has gone inactive before requiring a company to plug it allows too much time for an operator to reap profits without funding liabilities for their operations and for them to walk away when the asset retirement bills come due.
6. Many companies profited from this well, and many are still in existence, and yet in instances when a well is orphaned it is left to the state to pay to plug.
7. What recourse do surface owners have if an operator abandons wells to the state that harm them? Will the state compensate the landowner for contaminated well water and depreciated property?
8. Insufficient well integrity tests allow oil and gas operations to destroy aquifers undetected until it is too late to do anything to prevent the pollution. At a time when the Legislature is investing billions to tackle the growing water scarcity problem in Texas, it is urgent that we do more to safeguard the precious freshwater resources we possess.

Ty Allen's freshwater well began producing oil and formation water from the San Andres in late 2023. In this region, the San Andres is artesian, meaning it flows naturally to the surface. Nearby, MLC Operating operated a saltwater disposal well. Based in Houston, MLC Operating conveniently abandoned the lease in October 2023 when it chose not to renew its P-5 Organization Report, which is required to operate in Texas.

Big Mesa LLC, which took over the lease, recently plugged the disposal well. Luke observed that MLC Operating did not have corrosion-inhibiting fluid in the annular space between the tubing and the 5 ½-inch casing above the packer, as evidenced by the extreme scale and excessive corrosion found when the tubing was pulled during the recent plugging operation.

With the source of contamination now plugged, Ty Allen, put a brand new $7,500 submersible pump into his nearby contaminated freshwater well in an attempt to clean it and flush out the pollutants. After pumping for a month, the combination of the produced water and oil completely ruined the pump. The produced water that affected his well was so corrosive that it “ate up” the stainless steel screen on the intake of his new pump.

Luke believes this shows that mechanical integrity (H-5) tests should be conducted at least annually on wells and should be witnessed by the RRC and the landowner. H-5 tests should permit no pressure drops for a duration of 24 hours. The RRC should mandate that corrosion-inhibiting fluid completely fills the annular space above the tubing packer on SWD wells. Failure to adequately test wells leads to the destruction of aquifers - something Texas can’t afford right now.

Ty’s problems were caused by the Bouscaren J-1 salt water disposal (SWD) well, API 105-30582, located in Crockett, County. The Bouscaren J-1 is an old well that was drilled in 1974 by Gulf Oil. It was unsuccessfully recompleted by Chevron in 1987. Through the years, it has had several owners, including Kinder Morgan, Marathon, Philips 66, and others. MLC Operating took over the lease in 2007, and received a salt water injection permit in Dec 2012.

The well passed an H-5 mechanical integrity test in Oct 2016. Based on the condition of the tubing, Luke is suspicious that the passing test was not legitimate. It was not retested, as required by law, for mechanical integrity when it was due again in October 2021. The Railroad Commission failed to catch that the oil and gas operator, MLC Operating, out of Houston, failed to perform this test before renewing their P-5 in May 2022. By October 2023, when it appeared its liabilities would exceed future profits, MLC Operating abandoned the well.

I’ve heard stories like this in the Eagle Ford, from the Piney Woods of East Texas to South Texas, and with catastrophic frequency in areas of the Permian. Texas oil and gas have contributed great wealth to our state, but it doesn’t come without a cost, and the bill to cover asset retirement obligations is coming due. I urge you to do what you can to ensure that this bill is paid by those who profit from the development, and that it is paid before those decaying assets harm our great state and poison its lifeblood, our water.

Sincerely,

Julie Range

Photos below are the tubing pulled from the Bouscaren J-1 salt water disposal (SWD) well, API 105-30582, located in Crockett, County.