



RAILROAD COMMISSION OF TEXAS

The Honorable Dan Patrick
State Capitol, Room 2E.13
Austin, TX 78701

The Honorable Dade Phelan
State Capitol, Room 2W.13
Austin, TX 78768

Dear Joint Chairmen of the Legislative Budget Board,

Since the Railroad Commission's (the Commission) 2026-27 Legislative Appropriations Request was submitted August 30, 2024, emergent issues have developed that have made that request insufficient to protect the groundwater and the environment. The Commission needs additional funding to plug orphaned wells and create an injection well investigation team.

Additional Funding for Well Plugging (\$100 million)

The Commission needs additional funding to address emergency wells, expensive high-priority wells, and inflationary impacts on well plugging costs.

The Commission takes immediate action to control and plug actively leaking emergency wells without regard to the impact of the well plugging budget. The number and cost of emergency wells has significantly increased over the last five years making this practice unsustainable. The Commission is forced to reduce the number of non-emergency high-priority wells plugged each year due to the budget constraints. These high-priority wells need to be taken care of before they themselves become emergency wells.

The problem is compounded by an inflationary environment. Since FY 2022, the cost to plug wells has increased by 36 percent. Increasing costs result from a higher cost of materials such as cement as well as higher hourly rates for labor and rigs.

Underground Injection Well Investigation Team (\$2.7 million and 10 FTEs)

The Commission has a crucial need for a team of professionals to investigate hydrogeologic phenomena resulting from the injection of produced water into subsurface formations. Currently, the Commission efforts are focused on stopping damage caused by surface flows. The Commission's ability to assess, characterize, and evaluate these events is limited by the currently available resources. An investigation team could get a better understanding of the root causes of surface water flows and seismicity events. The

investigative data would provide leadership and the public with better tools for mitigating the effects going forward.

The Commission can put these funds to use as soon as they are available. Please let us know if you have any questions or need any additional information.

Sincerely,



Danny Sorrells, Executive Director
Railroad Commission of Texas

CC via Email:

The Honorable Greg Abbott
The Honorable Brandon Creighton
The Honorable Joan Huffman
The Honorable Lois Kolkhorst
The Honorable Charles Schwertner
The Honorable Greg Bonnen
The Honorable Mary González
The Honorable Morgan Meyer
The Honorable Armando Walle