



## LEGISLATIVE BUDGET BOARD

# Funding for Oil and Gas Well Plugging and Site Remediation

**PRESENTED TO HOUSE ENVIRONMENTAL REGULATION COMMITTEE  
LEGISLATIVE BUDGET BOARD STAFF**

**MAY 2022**

# Statement of Interim Charge

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3. Review recent passage of the Bipartisan Infrastructure Law (Infrastructure Investment and Jobs Act, Public Law No. 117-58), specifically funds that may bolster efforts to clean up polluted sites and plug wells and how federal funds can be used to complement state efforts on well plugging and pollution clean-up.

# Statutory Authority

Texas Natural Resources Code, Section 91.113, *Investigation, Assessment, or Cleanup by Commission*

(a) If oil and gas wastes or other substances or materials regulated by the commission under Section 91.101 are causing or are likely to cause the pollution of surface or subsurface water, the commission, through its employees or agents, may use money in the oil and gas regulation cleanup fund to conduct a site investigation or environmental assessment or control or clean up the oil and gas wastes or other substances or materials if:

- (1) the responsible person has failed or refused to control or clean up the oil and gas wastes or other substances or materials after notice and opportunity for hearing;
- (2) the responsible person is unknown, cannot be found, or has no assets with which to control or clean up the oil and gas wastes or other substances or materials; or
- (3) the oil and gas wastes or other substances or materials are causing the pollution of surface or subsurface water.

(b) For purposes of this section, “responsible person” means any operator or other person required by law, rules adopted by the commission, or a valid order of the commission to control or clean up the oil and gas wastes or other substances or materials.

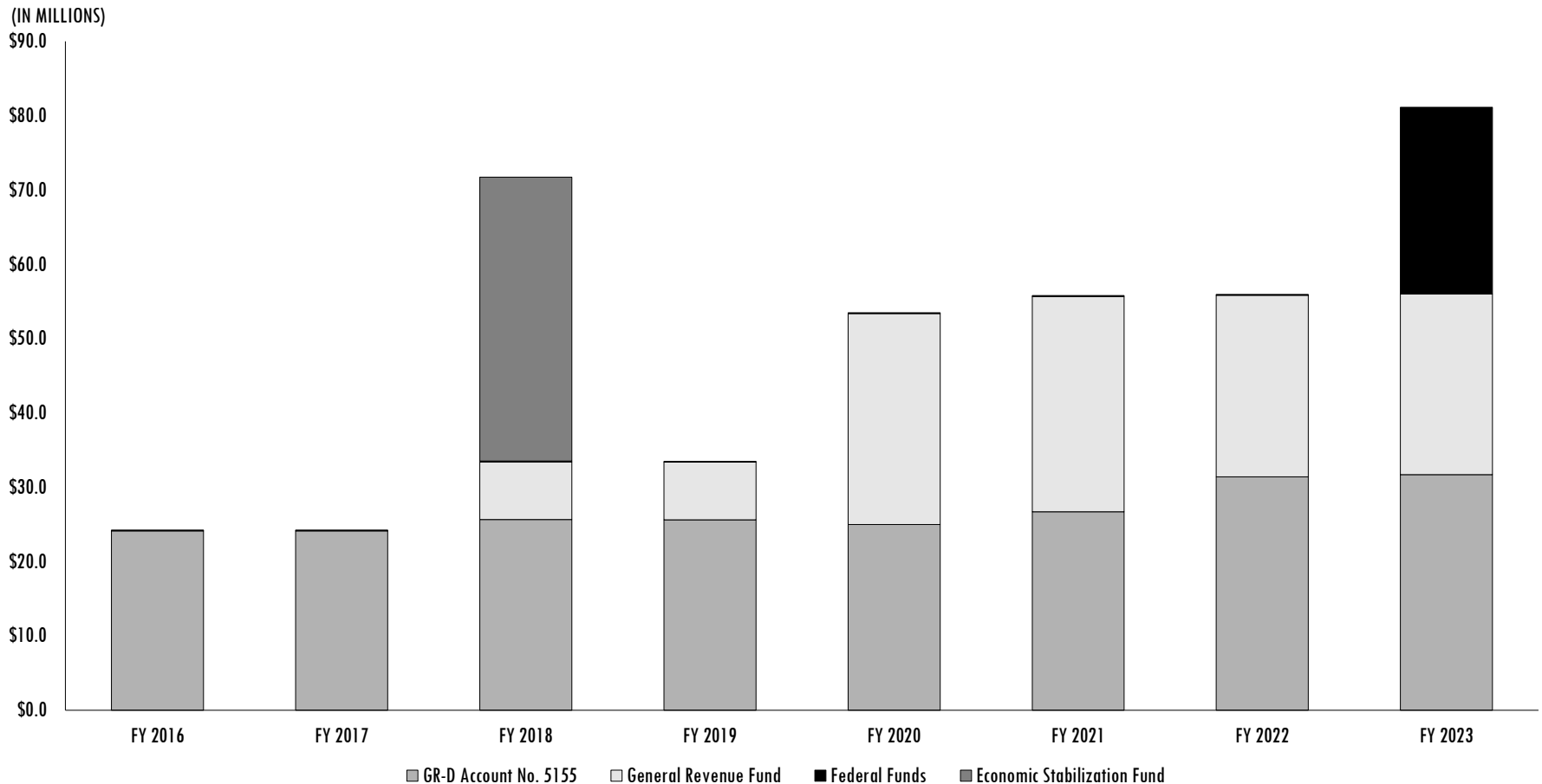
# 2022–23 Appropriations

Railroad Commission of Texas (RRC) appropriations for oil and gas well plugging and site remediation total **\$137.1 million in All Funds** for the 2022–23 biennium.

Although appropriations primarily are funded with General Revenue and General Revenue–Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 (GR–D Account No. 5155) funds, they also include Federal Funds totaling \$0.1 million in EPA State and Tribal Brownfields Response Program grants in both fiscal years and \$25.0 million in fiscal year 2023 from the Infrastructure Investment and Jobs Act of 2021.

<b>Method of Finance (in millions)</b>	<b>Fiscal Year 2022</b>	<b>Fiscal Year 2023</b>	<b>2022–23 Total</b>	<b>% Total</b>
General Revenue	\$24.5	\$24.3	\$48.8	35.6%
GR–D Account No. 5155	\$31.4	\$31.7	\$63.1	46.0%
Federal Funds	\$0.1	\$25.1	\$25.2	18.4%
<b>Total</b>	<b>\$56.0</b>	<b>\$81.1</b>	<b>\$137.1</b>	<b>100.0%</b>

# Oil and Gas Well Plugging and Site Remediation Appropriations Fiscal Years 2016–2023



NOTE: RRC was notified in January 2022 that it will receive \$25.0 million in Federal Funds in initial grant funding from the Infrastructure Investment and Jobs Act in fiscal year 2023 for well plugging.

SOURCE: Legislative Budget Board

# Key Performance Measures

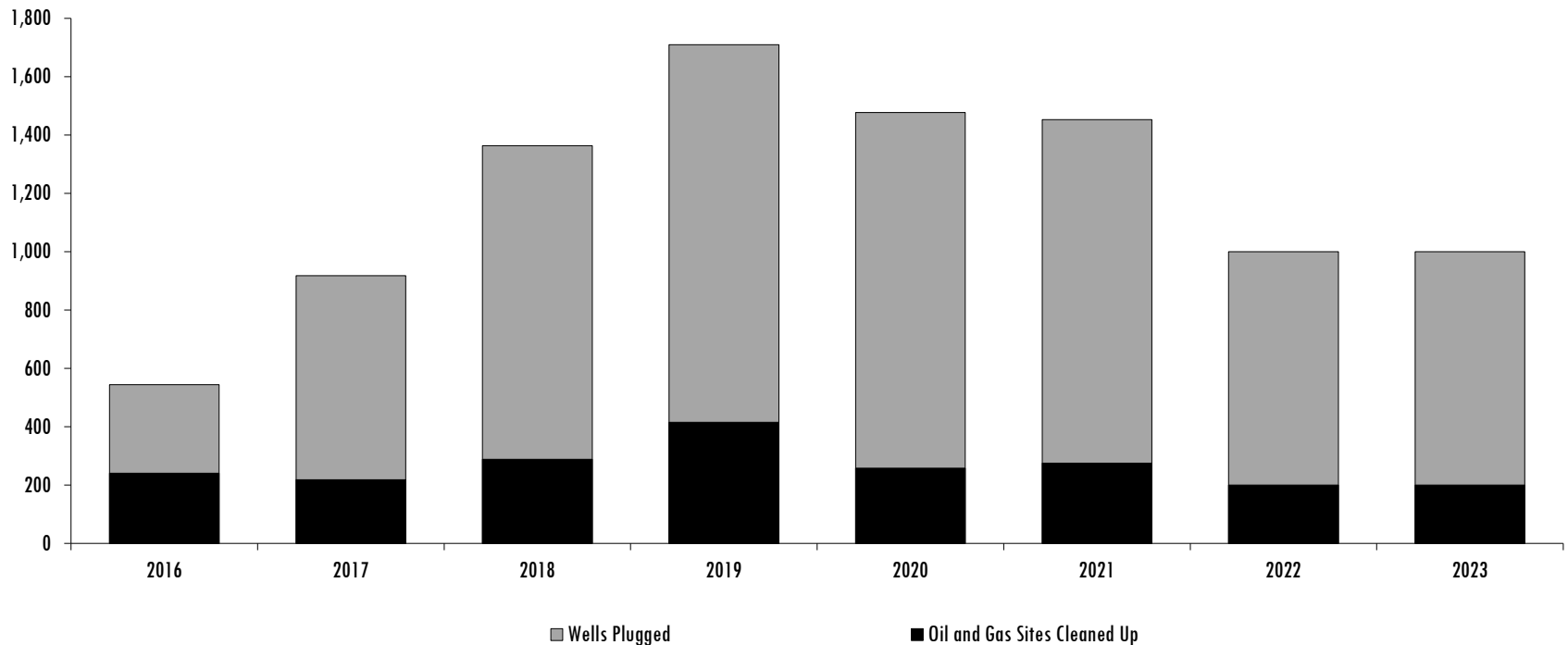
## Fiscal Years 2016–2023

	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Target	2023 Target
Number of Abandoned Pollution Sites Investigated, Assessed, or Cleaned Up with State-Managed Funds	241	218	288	415	258	275	200	200
Number of Orphaned Wells Plugged with State-Managed Funds	544	918	1,364	1,710	1,477	1,453	1,000	1,000
Total Aggregate Plugging Depth of Orphaned Wells Plugged with State-Managed Funds (in millions of linear feet)	1.0	1.9	3.4	4.2	3.2	3.4	2.0	2.0

SOURCE: General Appropriations Acts, Article VI, Railroad Commission of Texas.

# Wells Plugged and Sites Cleaned Up

RRC reports that 7,466 abandoned oil and gas wells were plugged and 1,695 abandoned oil and gas polluted site cleanup projects were completed between fiscal years 2016 and 2021.



Note: Fiscal years 2022 and 2023 are performance measure target amounts

Source: Railroad Commission of Texas.

# Federal Funding

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## EPA State and Tribal Brownfields Response Program

- \$0.1 million grant each fiscal year for brownfield cleanup efforts

## Infrastructure Investment and Jobs Act (IIJA) of 2021

- Designated \$4.7 billion in grant funding to states for well plugging only
- RRC was awarded \$343.7 million in January 2022
- States have five to six years to expend or obligate the grant funds
- Funds will be made available in phases. Phase 1 totals \$107.6 million
  - An initial grant of \$25.0 million will be available in fiscal year 2023
  - The remaining \$82.6 million is anticipated to be available in fiscal year 2024





## LEGISLATIVE BUDGET BOARD

# Contact the LBB

Legislative Budget Board

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