

TEXAS BUREAU

Why Texas is facing 'ticking time bomb' with thousands of orphaned oil wells

Thousands of abandoned oil wells across Texas represent a growing environmental threat. A new state law offers a roadmap for addressing the problem.

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AUSTIN — As a lawyer who represents ranch owners whose properties are pocked by rusting pipes that once gushed West Texas crude from thousands of feet below the land's surface to meet the demands of an oil-thirsty nation, Sarah Stogner sees each iron cylinder as a ticking time bomb.

Some of the pipes have never been plugged, and others that have are so old the cement inside them is failing and must be replaced. The result is that these orphaned oil wells, which total about 7,200 across Texas, are spewing methane and other toxic pollutants into the atmosphere and into the soil.

They fill the skies with hundreds of thousands of metric tons of greenhouse gases each year and pose a danger to the groundwater below, Stogner said.

"I think we're at this precipice of it being catastrophic," said Stogner, whose law practice is based in Midland.

Plugging: a zero-sum game

State lawmakers and regulators are aware of the problem and say they plug as many orphaned wells as they can each year. But it has long been a zero-sum game.

"We have been plugging wells at a rate of about 1,400 per year for years. However, drillers have been abandoning wells at about the same rate," said state Sen. Robert Nichols, an East Texas Republican. "We will never catch up or finish."

During the 2021 legislative session, Nichols teamed up with Democratic state Rep. Armando Walle of Houston to devise a way to pay for and streamline the process for plugging wells that have been abandoned for at least a year by operators who are no longer licensed to drill in Texas.

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The result was House Bill 3973, which went into effect Sept. 1. It requires the presiding officers of the Texas House and Senate to assemble a special committee to "study matters related to abandoned oil and gas wells in this state, including the costs associated with plugging abandoned wells and bonding requirements imposed on owners or operators of oil and gas wells." The two-year state budget for the spending cycle that began Sept. 1 also devotes about \$100 million to well-plugging.

Walle said the measure he first introduced would have taken a more aggressive approach to step up the plugging of orphaned wells. Instead, he said the measure "morphed into a study" because the task of locating long-neglected wells and prioritizing which ones require immediate attention is more complex and challenging than he had initially realized.

"We have to work with the industry to find a happy medium," Walle said. "Because the land owner could be somebody different than the operator."

A rancher's dilemma

Stogner said that's what her clients are dealing with. One of them, Ashley Williams Watt, operates a ranch in West Texas' oil-rich Permian Basin that has been in her family for generations. And for generations, operators drilled for oil. Many wells are now inactive and are in need of plugging or repairs to the plugging systems installed long ago.

Watt referred questions to Stogner, but in a report published July 31 by The Associated Press, the ranch owner said the oil giant Chevron is responsible for some of the wells, but there are no clear records for several others she says are presenting an environmental hazard to the herd of cattle that has grazed nearby.

"At this point, I cannot sell my cattle at market in good conscience, because I have no idea what is in them," Watt told the news outlet.

Chevron has committed to re-plugging its leaking wells on Watt's ranch, the AP reported.

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Stogner said she is disappointed lawmakers did not act more decisively to deal with unplugged wells. But she did say the new legislation is a step in the right direction.

"If you ask any legislator, they would tell you that the surest way to kill meaningful change is to appoint a commission to study," she said. "But I am optimistic that there's a recognition of the problems of orphaned wells. And I think it will at least bring some light to the issues."

Orphaned wells by the numbers

According to records compiled by the Texas Railroad Commission, the agency that regulates the oil and gas industry, the state plugged 1,477 orphaned wells during the one-year period that ended Aug. 31, 2020. The operations were paid for by the Texas Oilfield Cleanup Fund, which was established a decade ago by the Legislature and is funded by permitting fees the commission levies on industry operators.

"After a robust inspection and classification process, wells are listed in our database in various categories depending on the urgency with which they need to be plugged," said Railroad Commission Chairwoman Christi Craddick. "Priority status is given to wells with more immediate need and they are addressed with more urgency than wells that do not pose imminent threats to public health and safety."

Private companies, meanwhile, plugged 7,375 wells during the same one-year period.

Virginia Palacios, who heads the watchdog group Commission Shift, said that even though private companies are plugging wells more needs to be done to shield taxpayers from having to bear the cost for capping wells that companies simply walked away from after they quit producing oil.

Palacios, a Laredo native who comes from an oil-and-gas family, urged lawmakers in the spring when they were crafting the new legislation to require operators to obtain bonds that would underwrite plugging costs if a company went broke. The committee is tasked with exploring whether such bonding is needed.

Now that the law is on the books, the new commission that will be named sometime over the next two months should not be limited only to members with ties to the oil and gas industry, Palacios said.

"Orphan oil and gas wells across Texas are festering, and the Railroad Commission of Texas needs to prioritize cleaning them up," said Palacios, who said it costs about \$40,000 to plug an average well. "We hope to see a diverse committee assembled that considers the needs of people affected by orphan wells."

'Orphaned wells can't be our legacy'

Brett Bennett, vice president of corporate development for Fort Worth oil-driller Rife Energy Operating Inc., said plugging orphaned wells to protect the environment and to minimize burdens to regulators and taxpayers is in the industry's interest. Bennett is also the president of the non-profit Native State Environmental that is pushing for a systematic process for prioritizing which orphaned wells need immediate attention.

A good first step would be to determine how much methane each unplugged well is emitting, Bennett said. According to the Environmental Protection Agency, methane is more than 25 times more potent than carbon dioxide when it comes to trapping heat in the atmosphere. The federal agency said unplugged wells send 280,000 metric tons of methane into the atmosphere each year.

But rather than get overwhelmed by astronomic statistics, Bennett said Texas should attempt to scientifically determine which orphan wells present the most immediate danger.

"We're trying to localize the problem," Bennett said. "We're trying to say, 'these wells right here are an issue that needs to be addressed. These wells over here aren't.' We just want to have a more efficient process."

Bennett, whose company drills along the Red River in Clay, Cooke and Jack counties and near Corsicana south of Dallas-Fort Worth, said he became interested in tackling the orphaned-well issue while plugging his companies' non-producing wells.

"You just see pipes sticking out of the ground from under a tree, and, you know those aren't on the mapping records of the Railroad Commission," he said. "There's really no records of the wells.

"And I thought, as an industry we need to get out front of this. We need to try to shine a good light on ourselves and handle this problem on our own."

Native State Environmental is trying to raise money from others in the industry to study the matter deeper and to one day be able to help private landowners with the cost of plugging orphaned wells on their property, Bennett said.

"This should be a non partisan issue that we can come together on," he said. "Orphaned wells can't be a part of our legacy. Texas has been but good to us. Let's return the favor."

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