

Bill Summary
2nd Session of the 59th Legislature

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| Bill No.: | SB 1288 |
| Version: | INT |
| Request No.: | 2604 |
| Author: | Sen. Prieto |
| Date: | 12/12/2023 |

Bill Analysis

SB 1288 establishes the Orphaned Well Electrical Power Generation Partnership Program under the management of the Corporation Commission. The Program shall partner with companies to assume the liability of plugging, remediating, or reclaiming an orphaned well in return for temporary, non-transferrable control of the energy generated from the emissions of the well. The measure directs the Commission to make available on a public website information relating to orphaned wells as well as the reporting requirements of the Program. The Commission shall establish a competitive bidding process to request bids from any company wishing to participate in the Program. Companies must submit information outlined in the measure to participate in the Program. Information submitted by a company to participate in the Program shall be kept confidential.

The measure requires the Commission to consider the bid amount, the availability of funds in the Orphaned Well Electrical Power Generation Partnership Program Revolving Fund, estimated leakage from the well, the ability of the prospective company to plug the well, when power generation would begin and end, the percentage of earning the company will return to the Program, and the amount of money the company is requesting from the fund to commence operations at the location when awarding contracts. Upon awarding a contract to a company, the Commission is directed to publish a summary of all proposals submitted in the given period. Prospective operators are authorized to conduct an inspection of the proposed well and, after a period of 60 days, shall notify the Commission as to whether they will participate in the Program. The measure requires the operator to enter into negotiations with the mineral rights owner, if there is one, to determine the royalty on a per thousand cubic feet measurement. Companies participating in the Program shall not incur additional liabilities outside the duty to plug, remediate, or reclaim the orphaned well.

The measure also establishes the Orphaned Well Electrical Power Generation Partnership Program Revolving Fund, which shall consist of monies received from the federal Infrastructure Investment and Jobs Act, the federal Inflation Reduction Act of 2022, severance taxes for any natural gas produced by an orphaned well participating in the Program, and monies designated by the Commission for the purpose of funding the Commission's operations of the Orphaned Well Electrical Power Generation Partnership Program and providing up-front capital to companies participating in the Program.

Prepared by: Kalen Taylor