

Testimony**Texas House of Representatives
Committee on Environmental Regulation
October 19th 2022 9AM CT****Tim Tarpley
Senior Vice President Government Affairs
Energy Workforce & Technology Council
ttarpley@energyworkforce.org
202-421-8432**

Chairman Landgraf, Vice Chair Dominguez and distinguished members of the committee, thank you for inviting me to testify here today. I am Senior Vice President of Government Affairs for Energy Workforce & Technology Council, which is the national trade association for the energy technology and services sector of the energy supply chain. Our companies provide the world with energy to meet growing demand and ensure energy security, while leading the development of technology that produces energy in the most environmentally safe, efficient, and responsible way possible.

We represent over 300 companies in the sector employing more than 600,000 energy workers, manufacturers and innovators. Our membership includes large oilfield services companies with operations all over the world, as well as small family-owned well servicing companies that operate locally. Our member companies are leading the way to resolve the critical issue of orphaned wells around the United States. Many members of our association participate in existing state level programs for orphan well remediation all over the country, including Texas's program we are here to discuss today. The funding for a federal program passed in the Infrastructure bill is a special opportunity to tackle the issue of orphan wells, and Energy Workforce & Technology Council looks forward to working together to complete this task.

As to the specifics of the program funded through the Infrastructure Investment and Jobs Act, to ensure this work is done quickly, efficiently, and properly, an expanded Texas state run plugging program should account for four major obstacles that I believe need to be fully considered by the Texas Railroad Commission.

The first, is that Energy Workforce believes that advanced planning and logistics can ensure wells that are targeted for remediation that gives us the best return on our investment. Energy Workforce support the current Railroad Commission Well Plugging Priority system, however I would encourage one additional metric to be added, the physical location of the well and the proximity to other orphan wells targeted to be plugged. To the extent in which the Railroad Commission can estimate which wells are potentially causing the most emissions, these wells should be targeted first also keeping in mind that the oil patch in Texas is geographically quite large, and transportation of crews and materials is one of the biggest cost drivers in this work. Targeting wells that are located within close proximity to each other first and if possible, through the same contract, will ensure effective use of resources and could provide more value for taxpayers.

To the second point, in our opinion it is imperative that the state set standards that ensure that only experienced teams are chosen to plug orphaned wells and remediate land around the wells. Energy Workforce has released a white paper developed by companies with decades of experience in the proper plugging and remediation of orphaned and abandoned well sites. I have included this document in my written testimony for reference. This guide outlines recommendations for the proper plugging materials and equipment that must be utilized, and the importance of hiring an experienced workforce who is capable of recognizing and mitigating problems with wells that may have dangerous components. These procedures outlined in the white paper will ensure the well is safely and properly plugged for good.

Third, and perhaps the most challenging aspect for this program is that the labor and supply chain market in the energy services sector has changed since the passage of the Infrastructure Bill. At the time that legislation passed, the market was much slower and the sector was still recovering from the demand destruction caused by COVID-19 shutdowns. Today, we are experiencing a total reverse in the labor market. In many areas of Texas, there is more work than people to perform it. One of our leading well servicing companies told me just last week that every single one of their yards is fully booked out with a waiting list. Additionally, inflation and supply chain issues are making it difficult to obtain parts and supplies, like quality cement that is necessary for plugging. I am told by our well servicing companies that their operational costs have gone up 30% this year.

These challenges mean that from a pure business perspective companies are going to choose to use their available labor and supplies on the highest paying jobs. This scenario sets up the problem that companies who would otherwise have been very interested in participating in the state program are now at full capacity on other, potentially higher paying, jobs. The state should create financial incentives to ensure that quality companies can be encouraged to participate, perhaps by combining contract opportunities into larger packages to make the incentive greater. This way companies will not have to face the prospect of moving a crew off of other work for just one or two plugging jobs that may not make financial sense.

Chairman Landgraf thank you again for inviting me to testify today, the Energy Workforce & Technology Council looks forward to working with all members of this committee to make this program a success.



Tim Tarpley
Senior Vice President Government Affairs & Counsel
Energy Workforce & Technology Council