



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

MEMORANDUM

TO: Chairman David Porter
Commissioner Christi Craddick
Commissioner Ryan Sitton

FROM: Haley Cochran, Attorney – General Counsel Section
Office of General Counsel *HC*

THROUGH: Lindil C. Fowler, General Counsel *LF*

DATE: November 10, 2015

SUBJECT: Proposed Amendment of 16 TAC §3.16, relating to Log and Completion or Plugging Report; Docket Number 20-0297968.

November 17, 2015		
Approved	Denied	Abstain
<i>OC</i> <i>RR</i> <i>DF</i>		

Attached is Staff's recommendation to publish certain amendments to 16 Tex. Admin. Code §3.16, relating to Log and Completion or Plugging Report. The amendments are proposed to reflect current Commission practice and statutory requirements regarding confidentiality of well logs filed with the Commission.

Staff requests the Commission's approval to publish the proposed amendments in the *Texas Register* for a 30-day comment period. If approved at conference on November 17th, the proposal should appear in the December 4, 2015, issue of the *Texas Register*. This proposal and an online comment form would also be made available on the Commission's website the day after conference, giving interested persons more than two additional weeks to review and submit comments to the Commission.

cc: Lori Wrotenbery, Director – Oil and Gas Division
Leslie Savage, Assistant Director of Technical Permitting
Wei Wang, Chief Financial Officer

1 The Railroad Commission of Texas (Commission) proposes to amend §3.16, relating to Log and
2 Completion or Plugging Report, to reflect changes in Texas statutes relating to confidentiality of well
3 logs.

4 House Bill 878 (83rd Legislature, Regular Session, 2013) amended Texas Natural Resources
5 Code §§91.552 and 91.553 to streamline the current procedures for requesting a period of confidentiality
6 for a well log. Current §3.16 requires that an operator desiring a log to be confidential submit a request
7 for delayed filing of the log. The initial delay period lasts for one year, but the operator may request an
8 additional extension of up to two years, unless the well is on state submerged lands, in which case the
9 operator may request two, two-year extensions for a total period of five years. HB 878 revised the
10 requirements to allow an operator of a land well to request a confidentiality period of up to three years
11 and to allow an operator of a bay or offshore well to request a confidentiality period of up to five years.
12 The Commission has been complying with the HB 878 procedures for requesting confidentiality, and
13 proposes changes to §3.16(d) to conform the rule's requirements to the statutory requirements.
14 Amendments are also proposed to subsections (a) and (c) to change the term "basic electric log" to
15 "electric log", which is the term used in the applicable statutes.

16 Leslie Savage, Assistant Director of Technical Permitting, Oil & Gas Division, has determined
17 that for each year of the first five years the amendments as proposed will be in effect, there will be
18 minimal fiscal implications for state government as a result of enforcing or administering the
19 amendments because the Commission has been complying with the requirements of Texas Natural
20 Resources Code §§91.552 and 91.553. The proposed amendments reflect the statutory language and
21 current Commission practice. Consequently, there will be no fiscal effect on local government or persons
22 required to comply as a result of adoption of the proposed amendments.

23 Ms. Savage has determined that for each year of the first five years that the amendments will be
24 in effect the primary public benefit would be to ensure consistency with statutory requirements and

1 reflect current Commission practices for claiming confidentiality of well logs.

2 The Commission has determined that the proposed amendments to §3.16 will not have an
3 adverse economic effect on small businesses or micro-businesses. The Commission has been complying
4 with the requirements of Texas Natural Resources Code §§91.552 and 91.553. The proposed
5 amendments reflect the statutory language and current Commission practice. Therefore, no additional
6 cost of compliance will be incurred by small businesses, micro-businesses or large businesses as a result
7 of the proposed amendments. In addition, Texas Natural Resources Code §91.552, as amended by HB
8 878, does not expressly allow the Commission to create any exception to log filing requirements for
9 small businesses and micro-businesses.

10 The Commission has also determined that the proposed amendments will not affect a local
11 economy. Therefore, the Commission has not prepared a local employment impact statement pursuant to
12 Texas Government Code, §2001.022.

13 The Commission has determined that the amendments do not meet the statutory definition of a
14 major environmental rule as set forth in Texas Government Code, §2001.0225(a); therefore, a regulatory
15 analysis conducted pursuant to that section is not required.

16 Comments on the proposal may be submitted to Rules Coordinator, Office of General Counsel,
17 Railroad Commission of Texas, P.O. Box 12967, Austin, Texas 78711-2967; online at
18 www.rrc.texas.gov/legal/rules/comment-form-for-proposed-rulemakings; or by electronic mail to
19 rulescoordinator@rrc.texas.gov. The Commission will accept comments until noon (12:00 p.m.) on
20 Monday, January 4, 2016, which is 31 days after publication in the *Texas Register*. Comments should
21 refer to O&G Docket No. 20-0297968. The Commission finds that this comment period is reasonable
22 because the proposal and an online comment form will be available on the Commission's web site more
23 than two weeks prior to *Texas Register* publication of the proposal, giving interested persons additional
24 time to review, analyze, draft, and submit comments. The Commission encourages all interested persons

1 to submit comments no later than the deadline. The Commission cannot guarantee that comments
2 submitted after the deadline will be considered. For further information, call Ms. Savage at (512)
3 463-7308. The status of Commission rulemakings in progress is available at
4 www.rrc.texas.gov/legal/rules/proposed-rules.

5 The Commission proposes the amendments to §3.16 pursuant to Texas Natural Resources Code
6 §§91.551 - 91.556 (electric logs); specifically §91.552, which requires the Commission to establish
7 criteria for filing electric logs, and §91.553, which contains the requirements for requesting log
8 confidentiality. The Commission also proposes the amendments pursuant to Texas Natural Resources
9 Code §§81.051 - 81.052, which provide the Commission with jurisdiction over all persons owning or
10 engaged in drilling or operating oil or gas wells in Texas and the authority to adopt all necessary rules for
11 governing and regulating persons and their operations under Commission jurisdiction; Texas Natural
12 Resources Code §§85.201 - 85.202 and 86.041 - 86.042, which require the Commission to adopt and
13 enforce rules and orders for the conservation and prevention of waste of oil and gas, and specifically for
14 drilling of wells, preserving a record of the drilling of wells, and requiring records to be kept and reports
15 to be made; and Texas Natural Resources Code §§141.011 - 141.012, which authorize the Commission to
16 regulate the exploration, development, and production of geothermal energy and associated resources and
17 to make and enforce rules associated therewith.

18 Texas Natural Resources Code §§81.051, 81.052, 85.201, 85.202, 86.041, 86.042, 91.551 -
19 91.556, 141.011, and 141.012 are affected by the proposed amendments.

20 Statutory Authority: §§81.051, 81.052, 85.201, 85.202, 86.041, 86.042, 91.551 - 91.556,
21 141.011, and 141.012.

22 Cross-reference to statutes: Texas Natural Resources Code §§81.051, 81.052, 85.201, 85.202,
23 86.041, 86.042, 91.551 - 91.556, 141.011, and 141.012 .

1 §3.16. Log and Completion or Plugging Report.

2 (a) Definitions. The following words and terms, when used in this section, shall have the
3 following meanings, unless the context clearly indicates otherwise:

4 (1) Electric [~~Basic electric~~] log--A density, sonic, or resistivity (except dip meter) log run
5 over the entire wellbore.

6 (2) Drilling operation--A continuous effort to drill or deepen a wellbore for which the
7 commission has issued a permit.

8 (3) Operator--A person who assumes responsibility for the regulatory compliance of a
9 well as shown by a form the person files with the commission and the commission approves.

10 (4) Well--A well drilled for any purpose related to exploration for or production or
11 storage of oil or gas or geothermal resources, including a well drilled for injection of fluids to enhance
12 hydrocarbon recovery, disposal of produced fluids, disposal of waste from exploration or production
13 activity, or brine mining.

14 (b) Completion and plugging reports.

15 (1) The operator of a well shall file with the commission the appropriate completion
16 report within 90 days after completion of the well or within 150 days after the date on which the drilling
17 operation is completed, whichever is earlier.

18 (2) The operator of a well shall file with the Commission an amended completion report
19 within 30 days of any physical changes made to the well, such as any change in perforations, or openhole
20 or casing records.

21 (3) If the well is a dry hole, the operator shall file with the commission an appropriate
22 plugging report within 30 days after the well is plugged.

23 (c) Electric [~~Basic electric~~] logs. Except as otherwise provided in this section, not later than the
24 90th day after the date a drilling operation is completed, the operator shall file with the commission a

1 legible and unaltered copy of an ~~[a basic]~~ electric log, except that where a well is deepened, a legible and
2 unaltered copy of an ~~[a basic]~~ electric log shall be filed if such log is run over a deeper interval than the
3 interval covered by an ~~[a basic]~~ electric log for the well already on file with the commission. In the event
4 an ~~[a basic]~~ electric log, as defined in this section, has not been run, subject to the commission's approval,
5 the operator shall file a lithology log or gamma ray log of the entire wellbore. In the event no log has
6 been run over the entire wellbore, subject to the commission's approval, the operator shall file the log
7 which is the most nearly complete of the logs run. An electric log shall be filed with the commission
8 electronically in a digital format acceptable to the commission, when the commission has the
9 technological capability to receive the electronic filing. Nothing in this subsection requires an operator to
10 run an electric log in conjunction with the drilling or deepening of a well.

11 (d) Delayed filing based on confidentiality. Each log filed with the commission shall be
12 considered public information and shall be available to the public during normal business hours. If the
13 operator of a well desires a log to be confidential, on or before the 90th day after the date a drilling
14 operation is completed, the operator must submit to the Oil and Gas Division in Austin a written request
15 for a delayed filing of the log. If a well is drilled on land submerged in state water, when filing such a
16 request, the operator must retain the log and may delay filing such log for five years beginning from the
17 date the drilling operation was completed. For any other well ~~[When filing such a request]~~, the operator
18 must retain the log and may delay filing such log for three years ~~[one year]~~ beginning from the date the
19 drilling operation was completed. ~~[The operator of such well may request an additional filing delay of~~
20 ~~two years, provided the written request is filed prior to the expiration date of the initial confidentiality~~
21 ~~period. If a well is drilled on land submerged in state water, the operator may request an additional filing~~
22 ~~delay of two years so that a possible total delay of five years may be obtained. A request for the~~
23 ~~additional two year filing delay period must be in writing and be filed with the commission prior to the~~
24 ~~expiration of the first two year filing delay].~~ Logs must be filed with the commission within 30 days

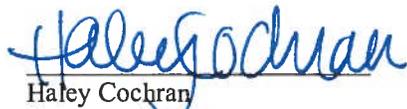
1 after the expiration of the [final] confidentiality period [~~except that an operator who fails to timely file~~
2 ~~with the commission a written request under this subsection for an extension of the period of log~~
3 ~~confidentiality shall file the log with the commission immediately after the conclusion of the period for~~
4 ~~filing the request~~].

5 (e) Sanctions. If an operator fails to file a completion report or log in accordance with the
6 provisions of this section, the commission may refuse to assign an allowable to a well, set the allowable
7 for such well at zero, and/or initiate penalty action pursuant to the Texas Natural Resources Code, Title
8 3.

9 This agency hereby certifies that the proposal has been reviewed by legal counsel and found to
10 be within the agency's authority to adopt.

11 Issued in Austin, Texas on November 17, 2015.

12 Filed with the Office of the Secretary of State on November 17, 2015.



Haley Cochran
Rules Attorney, Office of General Counsel
Railroad Commission of Texas