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Subject: Comment Form for Proposed Rulemakings



Comments Form for Proposed Rulemakings

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Amend §3.15--inactive wells and return to production

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The proposal of Commissioner Craddick relating to Sec. 3.15 proposing a reduction in production standards for inactive wells fails to consider the potential damage to private surface owners and future loss to the State. As a surface and mineral owner and former oil and gas operator, I have witnessed too often the effective abandonment of the well bore and surface equipment as the inactive well is transferred from one operator to another. While the operator has an obligation to have a "good faith" belief that the well is perpetuated by a lease or mineral ownership, many operators have been known to stretch their good faith belief in their favor when that standard permitted avoiding the expenditure of plugging costs and cleanup.

The benefit to the Agency is minimal. I suspect that the ultimate recovery from wells that have not remained is nominal and the reduction in production standard is only prolonging the ultimate plugging obligation. The State may believe that there is a sufficient financial security deposited for the future plugging and surface cleanup under the present requirements, but with mere inflationary increases, more often than not, the actual costs estimated in prior years exceeds the financial security deposited, particularly when the operator has elected the protection of the

federal bankruptcy act. The taxpayers and private property owners are then left with the loss.

There may be other rule revisions that are appropriate to reduce the burden on small operators, but this proposal to reduce standards for an inactive well is not one of them.

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