Plugging Liability: A Framework for Risk and Financial Security

Brandon Durrett, San Antonio 44th Annual Ernest E. Smith Oil, Gas & Mineral Law Institute

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About the Presentation

- Summarizes risks and liabilities of non-compliance with Texas laws and regulations regarding plugging and abandonment of onshore oil and gas wells.
- Does <u>not</u> address:
 - Casualty or tort liability
 - Contractual liability
 - Contamination liability
 - Federal environmental laws





















Inactive Wells

- RRC's definition of "inactive well" under SWR 15:
 - Unplugged
 - Has been spudded or equipped with cemented casing
 - No reported production, disposal, injection, or other permitted activity for over 12 months

Plugging Requirements

- SWR 14 requires plugging operations on "inactive" wells to commence within 1 year of date of drilling or operations cease
- Continue plugging operations with "due diligence" until completed or get plugging extension

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Plugging Requirements

- SWR 14 contains plugging specifications for variety of well types
- · Railroad Commission publishes plugging cost estimates online





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