

Plugging Liability: A Framework for Risk and Financial Security

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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 not address:
 - Casualty or tort liability
 - Contractual liability
 - Contamination liability
 - Federal environmental laws



Image U.S. Geological Survey

Google earth

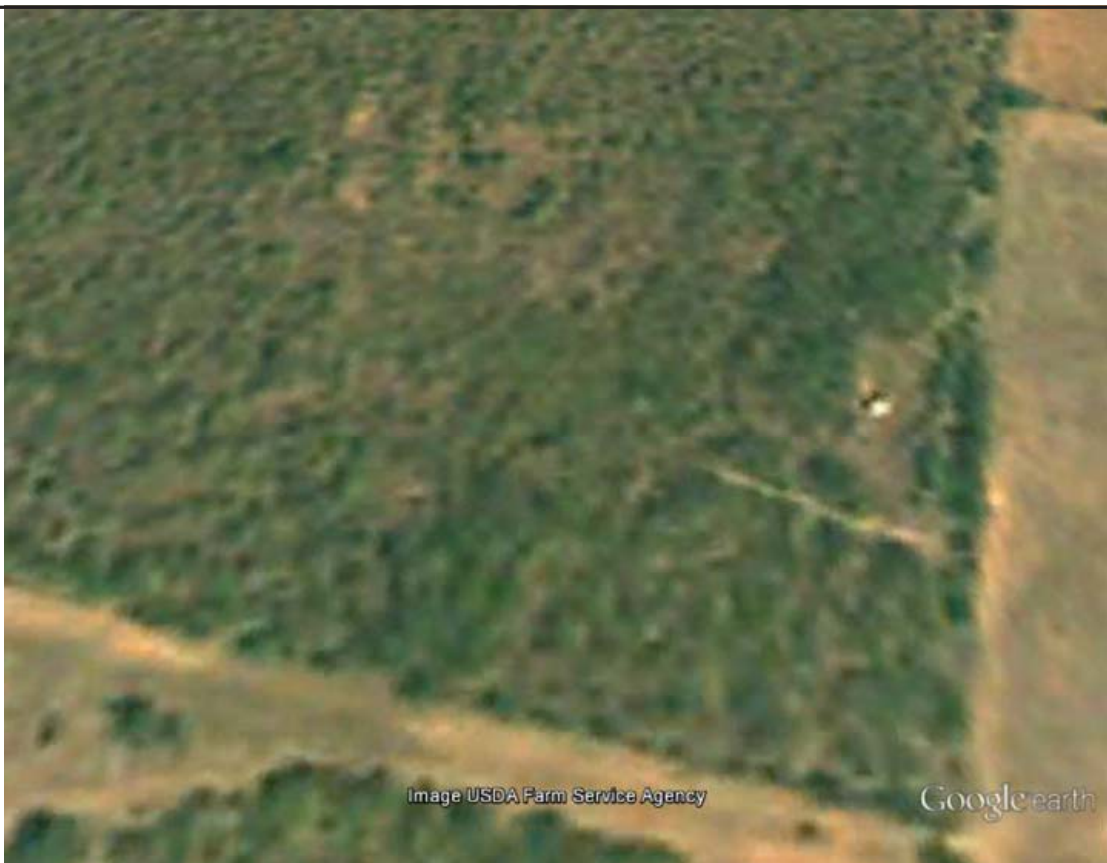
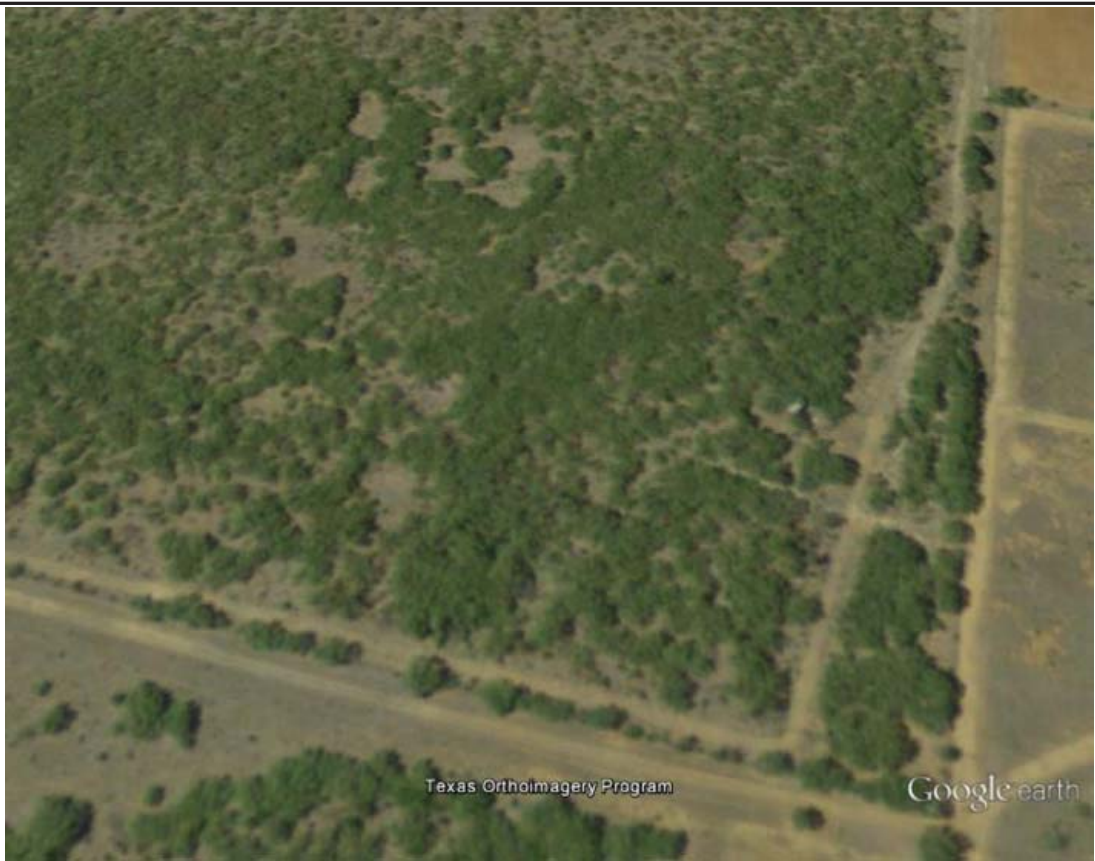


Image USDA Farm Service Agency

Google earth







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

Plugging Requirements

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

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