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Fiscal Year
2026

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**OIL & GAS
MONITORING AND
ENFORCEMENT PLAN**

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R A I L R O A D C O M M I S S I O N O F T E X A S



Oil and Gas Monitoring and Enforcement Plan

For Fiscal Year 2026

By

Railroad Commission of Texas

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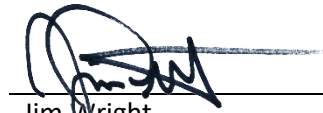
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In 2017, the Texas Legislature directed the Railroad Commission of Texas (the Commission) to develop an annual plan to assess the most effective use of its limited resources to ensure public safety and minimize damage to the environment (House Bill 1818, 85th Legislature, Regular Session, 2017). The Commission will continue to strive to strengthen its efforts and capabilities to track, measure, and analyze the effectiveness of its oil and gas monitoring and enforcement program.

The purpose of this Monitoring and Enforcement Plan is to define and communicate the Oil and Gas Division's strategic priorities for its monitoring and enforcement efforts. The Oil and Gas Division is organized into three Sections—Administrative Compliance, Technical Permitting, and Field Operations. The Field Operations section includes inspections and other on-site field activities conducted by the Commission. It is the primary focus of the Commission's monitoring and enforcement efforts, with the Administrative Compliance and Technical Permitting sections performing monitoring and enforcement activities specific to their delegated responsibilities.

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Mission

The Railroad Commission of Texas (“Commission” or “RRC”) serves the state with its stewardship of natural resources and the environment, concern for personal and community safety, and support of enhanced development and economic vitality for the benefit of Texans.

The Commission works to protect the environment and the public by ensuring that energy production, storage, and delivery minimize harmful effects on the state’s people, environment, and natural resources. An effective monitoring and enforcement program should result in widespread compliance with statewide rules and permit requirements. To address non-compliance, the Commission relies on enforcement strategies that use appropriate tools. These tools are effective, efficient, and transparent, and will reduce the occurrence of violations associated with energy production in Texas.

About the Railroad Commission

The Commission is the Texas state agency with primary regulatory jurisdiction over the oil, natural gas and geothermal energy exploration and production industries, geologic storage of carbon dioxide, and brine mining, as well as pipeline transporters, natural gas and hazardous liquid pipeline industry, natural gas utilities, the Liquefied Petroleum Gas (LPG)/Liquefied Natural Gas (LNG)/Compressed Natural Gas (CNG) industries, critical infrastructure, and coal and uranium surface mining operations. The Commission exists under the provisions of the Texas Constitution and exercises its statutory responsibilities under state and federal laws to regulate the state’s energy industries.

The Commission’s highest priorities are protecting the public, the environment, and the state’s natural resources through science-based rulemaking and effective enforcement of state and federal laws. The oil, gas, and geothermal energy industries are rapidly evolving in the development and use of technology, and the Commission regularly reviews and updates rules to ensure thorough, effective regulation of the industries. As a result of this comprehensive approach to rulemaking and enforcement, the Commission is widely recognized as a global leader in energy industry regulation.

Goals

The Commission's ability to extract and analyze inspection, compliance, and enforcement data continues to improve as data management systems are enhanced. These enhancements make inspection, compliance, and enforcement data and trends more readily available to the agency, the industry, and the public. The General Appropriations Act (SB1, 89th Regular Session, 2025) appropriated \$35,310,146 and 302.0 FTEs for the oil and gas monitoring and inspection strategy (C.1.1 Strategy in the General Appropriations Act) and \$117,075,868 and 220.0 FTEs for the oil and gas well plugging and remediation strategy (C.2.1 Strategy in the General Appropriations Act) for fiscal year 2026.

Goal 1: Accurately demonstrate the Commission's oil and gas monitoring and enforcement activities

Action Item 1: Effectively resolve violations using available enforcement mechanisms

The Commission has many enforcement mechanisms available that may be used individually or in combination, sequentially or simultaneously, as appropriate to achieve a timely, full, and fair resolution. In fiscal year 2024, there were 30,720 violations of statewide rules. Thirty-four percent of those violations were corrected within 90 days. In fiscal year 2026, the Commission anticipates 30,000 violations of statewide rules and that 30 percent of those violations will be corrected within 90 days. Generally, a district office will formally notify an operator of a violation in writing, specifying a deadline for compliance. Shortly after the deadline for compliance, an inspector will return to the location to verify compliance. If a violation remains, the Commission may provide the operator notice of the violation and at least 10 calendar days to achieve compliance or request a hearing issuing a "notice of intent to cancel the P-4."

This action is commonly described as "severing a lease" or "issuing a pipeline severance." In practice, a seal or severance is the most effective enforcement tool available to the Commission. Once the certificate of compliance is cancelled, the operator must cease operations on the lease and may not produce or sell any hydrocarbons. In fiscal year 2024, the Commission processed 868 District Office-based severances and 118,036 Austin-based Administrative Compliance severances, however; the number of severances in fiscal year 2024 is an anomaly reflecting COVID-era processes. The ten-year average is just under 63,000 Austin-based Administrative Compliance severances per year. This process is an early and effective response to pollution and safety related rule violations and often leads to prompt compliance. In fiscal year 2026, the Commission anticipates approximately 800 District Office-based severances along with approximately 100,000 Administrative Compliance -based severances; however, these projections reflect historical indicators of industry compliance with the Commission's pollution and safety related rules, rather than desired performance.

When an operator fails to initiate timely action to bring the lease or facility into compliance with Commission rules, those are referred to the Office of General Counsel, Legal Enforcement section. In fiscal year 2024, District Offices referred to the Legal Enforcement section 2,004 rule violations for action. The Commission anticipates there will be approximately 2,000 such referrals in fiscal year 2026.

Legal Enforcement’s process for adjudicating violations and assessing administrative penalties is detailed in Appendix B.

Action Item 2: Provide online access to oil and gas records (both contemporary and historical records)

The Commission has extensive oil and gas records on paper and microfilm that are digitized each year. The digital archive will soon contain more than 100 million records. These records serve as the main repository of precedent setting, historical documents that, when viewed in totality, shaped the oil and natural gas industry in Texas. The material covers the entire lifecycle of more than one million wells and 75,000 fields. Online access provides accurate and timely engineering and geoscientific data from both contemporary and historical oil and gas records without having to travel to Austin. It also allows staff to focus on more complex requests that require additional time to fulfill. Documents include hearing files, oil and gas production, well completion records, well status reports, and various types of permits. This effort increases efficiency and continues to ensure greater transparency and easier access to data and records, however; it can be very difficult—and in many cases impossible—to reconcile datasets for compliance and enforcement purposes when those datasets were not designed to facilitate comparisons or audits of datasets collected by other entities for their distinct mandates. In fiscal year 2024, the Commission digitized 14,583,195 records, while providing 11,636,415 reports from electronic data records. In fiscal year 2026, the Commission anticipates it will digitize an additional 12 million records, while providing 12 million reports from electronic data records.

Action Item 3: Establish a statewide task force to study and make recommendations related to preventing the theft of petroleum products in Texas

To implement SB 494, the Commission will appoint a task force as soon as practicable after September 1, 2025 to conduct a study and make recommendations related to preventing the theft of petroleum products in Texas. The report will include legislative and other recommendations to increase transparency, improve security, enhance consumer protections, prevent the theft of petroleum products, and address the long-term economic impact of the theft of petroleum products. The task force will also make recommendations related to outreach and prevention programs as well as training for law enforcement officers. The task force will include at least one representative from the oil and gas industry, at least one representative from an energy trade association, and representatives from local, state, and federal law enforcement agencies.

Goal 2: Strategically use the oil and gas monitoring and enforcement resources of the Commission to ensure public safety and protect the environment

Action Item 1: Inspect Well and Facility Population

The Commission’s District Offices conduct field inspections to check for compliance with RRC rules and permits. Field inspections typically occur without prior notice to operators. Written reports are filed on all inspections using the Commission’s Inspection, Compliance, and Enforcement (ICE) system. It provides field inspectors updated well and compliance information associated with each inspection site. The

public may access ICE data using the RRC OIL system available on the Commission's website [[Hyperlink to RRC OIL](#)]. RRC OIL offers a download option, or to search for specific inspections or violations by several criteria including operator, individual lease, API number, county, or RRC Oil and Gas District.

Commission staff inspect both the well and any facilities that are located on the lease. During an inspection, staff check for any violations and record their findings in the ICE system. Inspectors are encouraged to take photos of any violations and provide narrative descriptions of what was found during the inspection. RRC OIL provides a list of each rule that is checked for compliance by an inspector during a visual inspection. The rules are also listed in Table 2 found in the Data section of this report. Following an inspection, operators are contacted verbally or in writing when violations are noted. Back check inspections are scheduled to verify compliance. The Commission has performance targets to ensure all wells are inspected with regularity. For inland wells, the Commission will continue to focus its efforts on inspecting critical well operations, such as surface casing settings, mechanical integrity tests, and plugging, and target inspecting each well at least once every five years. For bay and offshore wells, the Commission targets inspecting each at least once every two years.

As of August 31, 2024, the Commission's schedule of wells contained 434,939 wells. The Commission anticipates that it will perform 425,000 inspections during fiscal year 2026. This number represents the total number of oil and gas well and facility inspections performed by District Office staff and documented by an inspection report. In fiscal year 2024, the Commission performed 461,350 inspections as efforts were focused on reducing the uninspected well population. The standard operating guidelines for an inspection may be found in Appendix C.

Action Item 2: Orphaned Well Plugging

The Commission seeks to protect the state's surface and subsurface water resources by ensuring that the highest priority orphaned wells are plugged. As oil fields across Texas age, the state's orphaned well population also ages. Aging wells are potentially more vulnerable and can require an emergency response. In fiscal year 2024, the Commission plugged 49 orphaned wells under emergency circumstances, with an average cost of nearly \$200,000 per well. The costs and number of emergency wells increased sharply in recent years, creating significant cost pressure for the state-managed plugging program. Recent inflationary pressure pushed the average cost to plug a well in fiscal year 2024 just over \$27,000 per well.

The Commission prioritizes wells based on an established system that ranks orphaned wells by assigning numerical values to factors in four categories: well completion, wellbore conditions, well location with respect to sensitive areas, and unique environmental, social, or economic concern [[Hyperlink to Well Prioritization Methodology](#)]. The Commission anticipates that it will plug 754 orphaned wells with state appropriated funds during fiscal year 2026. This number illustrates the level of well plugging activity conducted by the Commission to protect the environment; however, it does not address the complexity or cost of each well plugged. In fiscal year 2024, the Commission plug 1,012 orphaned wells with state appropriated funds.

Action Item 3: Engagement with affected communities associated with anthropogenic CO₂ injection wells for geologic storage (Class VI UIC Wells)

Educating the public about the state's Class VI program is a collaborative effort at the federal, state, and local levels. The Commission will implement a public participation process targeting affected communities, with activities including: hosting at least one informational meeting prior to the issuance of a draft Class VI permit, developing draft and final permit support materials and educational documents in languages that are appropriate for interested communities and providing interpretation services when requested, ensuring meaningful access for persons with disabilities, and directing communities to additional resources that may be of assistance to them through handouts and online information.

During the planning and development phase of a Class VI project, the Commission will encourage operators to initiate community engagement to appropriately incorporate input from the surrounding community prior to the eventual development and submittal of a Class VI permit application. Operators will be required to conduct engagement with key stakeholders such as state and local emergency response officials while developing the required Class VI project plans, such as the Emergency and Remedial Response Plan, to better understand community concerns and needs. By engaging with stakeholders over a project's lifecycle, the Commission anticipates increasing its network of community contacts, enhancing community knowledge of Class VI site selection, construction, and operations, facilitating understanding of risk and risk mitigation related to Class VI wells, and improving access to Class VI well data that includes site location, and operational records associated with the site selection process, as well as enhancing tools and technology to improve Class VI site assessments.

Oil and Gas Division Authority

Authority

The Texas Legislature created the Railroad Commission of Texas (Commission) and delegated to the Commission the jurisdiction and authority to oversee the State's oil and gas exploration and production industry. The authority of the Commission is derived from the Texas Constitution and State law. In some instances, the Commission is also responsible for the implementation of Federal regulatory programs (i.e., for certain underground injection programs). There is a hierarchy of authorities, any of which can be the basis of a need for monitoring or enforcement.

Statutes

Statutes are the policy of the State as articulated by the Legislature and signed into law by the Governor. Statutes provide the authority for, and may direct, a state agency to enact implementing rules that allow the agency to administer the statutes by creating rules and regulatory programs. Both statutes and rules are enforceable.

The Oil and Gas Division primarily relies on two statutes. The Texas Natural Resources Code¹, Title 3 (Oil and Gas) contains the statutory provisions that are applicable to most of the Commission's oil and gas

¹ See [Hyperlink to Texas Natural Resources Code , Title 3 \(Oil and Gas\)](#)

regulatory jurisdiction and responsibilities, including the prevention of waste of natural resources and the protection of human health and the environment.

The Texas Water Code² Chapter 27 (Injection Wells) provides the statutory framework for the underground injection programs in Texas, including those regulated by the Commission [Class II (oil and gas), Class III (solution brine mining), Class V (brine mineral mining and geothermal), and Class VI (geologic storage of carbon dioxide)]. The underground injection program derives its authority from the Federal Safe Drinking Water Act, which is implemented and enforced by the U.S. Environmental Protection Agency (USEPA), with provisions for delegation of primary enforcement responsibility (primacy) to the states. The Commission has primacy from USEPA to implement the Class II and parts of Class III and Class V injection programs, is currently seeking primacy for the Class VI injection program, and will be seeking primacy for the Class V brine mineral mining program injection program in the coming year.

In addition, the Texas Health and Safety Code, Chapter 401 (Radioactive Materials and Other Sources of Radiation) provides the statutory framework for the state regulatory programs to protect occupation and public health and safety and the environment from sources of radiation. Specifically, Section 401.415 provides the Commission with the authority to regulate, and issue permits and orders for the disposal of oil and gas naturally occurring radioactive material (NORM) waste and requires the Commission to coordinate radiation issues with the Texas Department of State Health Services and the Texas Commission on Environmental Quality (TCEQ).

Rules

The Commission adopts rules pursuant to the authority delegated to it by the Texas Legislature through specific statutes. Rules are adopted pursuant to a formal procedure that allows for public comment and input and requires an agency to respond to those comments and input. Rules are enforceable. The Oil and Gas Division is responsible for the implementation and enforcement of rules that are codified in 16 Texas Administrative Code³, Chapter 3 (Oil and Gas Division) and parts of Chapter 1 (Practice and Procedure), Chapter 4 (Environmental Protection), and Chapter 5 (Carbon Dioxide (CO₂)).

Final Orders

A Final Order is the Commission's final written disposition of a contested case, whether affirmative, negative, injunctive, or declaratory. The adjudicatory process that may lead to a Final Order is prescribed in 16 Texas Administrative Code Chapter 1⁴. The provisions of a Final Order are enforceable.

Special field rules that apply to certain exploration and production requirements and activities within a specific oil and gas field are issued by Final Order. In addition, some permits are issued by Final Order at the conclusion of a contested case hearing. Special field rules and permits issued by Final Orders are enforceable.

² See [Hyperlink to Texas Water Code Chapter 27 \(Injection Wells\)](#)

³ See [Hyperlink to 16 Texas Administrative Code, Chapter 3 \(Oil and Gas Division\)](#)

⁴ See [Hyperlink to 16 Texas Administrative Code Chapter 1](#)

Permits

Permits are individual authorizations issued by the Commission, typically as a matter delegated to Commission staff, to a person for the performance of a regulated activity or operation of a regulated facility. Permit conditions are enforceable.

Oil and Gas Division Organization and Resources

Section 81.01016 of the Texas Natural Resources Code requires the Commission to develop and implement policies that clearly separate the policy-making responsibilities of the Commission and the management responsibilities of the staff of the Commission. Section 81.011 and subsequent sections of the Texas Natural Resources Code require the Commission to employ a Chief Supervisor (Director) of the Oil and Gas Division and other staff as necessary to execute the laws relating to oil and gas.

Today, the Oil and Gas Division is organized into three Sections: Administrative Compliance, Technical Permitting, and Field Operations. Each Section is managed by an Assistant Director, and each Section is further organized to implement the Section's delegated responsibilities.

Administrative Compliance Section

The Administrative Compliance Section's primary responsibilities are to ensure that operating entities meet the requirements of Texas law necessary to participate in the oil and gas exploration and production industry, and to ensure that wells and hydrocarbon production are fully documented and compliant with statutory and regulatory requirements. The Administrative Compliance Section is in the Commission's Austin Headquarters and is organized into four operational units.

P-5 Financial Assurance Unit

Any organization that is performing operations within the jurisdiction of the Commission is required to maintain a current Form P-5, Organization Report (annual filing). The Organization Report must be filed initially and renewed annually. Along with the Organization Report the organization must provide any financial security (letter of credit, bond, or cash deposit) as required to cover their operations in Texas. The P-5 Financial Assurance Unit is responsible for processing Organization Reports, collecting financial security and enforcing Statewide Rule 15 for compliance relating to inactive wells. For questions or additional information regarding the P-5 Organization Report, financial security, or inactive wells email P5@rrc.texas.gov or call (512) 463-6772.

Drilling Permits Unit

Operators must have an approved Form W-1 (Application for Permit to Drill, Recomplete, or Re-Enter) to drill a new well, recomplete an existing wellbore, or to re-enter a plugged well. The Drilling Permits Unit handles the processing for Form W-1 in accordance with Statewide Rule 5, Statewide Rule 37, Statewide Rule 38, Statewide Rule 40, and Statewide Rule 86 to ensure the operator is in compliance prior to issuance of a Notice of Approval for the permit application. For questions or additional information contact the Drilling Permits Unit by email drillingpermits-info@rrc.texas.gov or phone (512) 463-6751.

Well Compliance Unit

The Well Compliance Unit handles audits of various forms for compliance with Statewide Rules and Field Rules. Completion reports (Forms G-1 and W-2) are processed within the unit assigning RRC lease identification numbers and adding wells to the Commissions Proration Schedule (Monthly listing of wells organized by field, purchaser, gatherer, and operator). The Well Compliance Unit ensures proper forms are filed throughout the life of the well until it is plugged. In addition, the unit ensures wells are produced in accordance with the allowable assignments. The Well Compliance Unit can be contacted by email prorationunit@rrc.texas.gov or phone (512) 463-6456.

Well Mapping and Production Audit Unit

The Public Geographic Information System (GIS) Viewer allows users to view the Commission's oil, gas, and pipeline data in a map view. The Well Mapping Unit inputs updates and well location adjustments to the GIS map. The unit also processes the Form W-3 (Plugging Record) and maintains wellbore data using the in-house operational systems. For questions or additional information contact the Well Mapping Unit by email RRC.Mapping@rrc.texas.gov or phone (512) 463-6726.

The Production Audit Unit is responsible for reviewing multiple Forms pertaining to production, transportation, and storage. These filings reflect natural resources produced and transported in Texas.

To ensure facilities and operators maintain compliance Form PR (Monthly Production Report), Form P-18 (Skim Oil/Condensate Report), and Form T-1 (Monthly Transport & Storage Report) must be submitted monthly. Questions can be emailed to ProductionReporting-Info@rrc.texas.gov or call (512) 463-6726.

Technical Permitting Section

The Technical Permitting Section performs various permitting and technical advisory and compliance roles. Its activities are technical in nature, so the section employs engineers and geoscientists and other professionals to oversee various permitting, environmental, and technical compliance matters relating to oil and gas exploration and production. The Technical Permitting Section is in the Commission's Austin Headquarters and organized into five operational units described below.

Geologic (Groundwater) Advisory Unit

The Geological Advisory Unit is responsible for determining the depth of fresh water for compliance with surface casing requirements, injection well requirements, and plugging requirements. The unit also administers the tax incentive for "high cost" gas, performs special geological projects and provides technical support to the Oil and Gas Division and other groundwater focused agencies. For questions or additional information email GAU@rrc.texas.gov or call (512) 463-2741.

Engineering Unit

The Engineering Unit reviews gas plant reporting, requests for rule exceptions, and special situations (downhole commingling, interval isolation). The unit provides completion support to the Commission's district offices, administers requirements for flaring and venting, and ensures technical compliance with horizontal and directional well construction and completion requirements.

The Engineering Unit's regulation of flaring and venting is associated with the Commission's statutory authority to prevent waste of natural resources, and so its regulatory program is oriented toward justifying, limiting, and measuring the need to flare or vent gas pursuant to the Natural Resource Code and Statewide Rule 32. It is important to note that the Commission does not have jurisdiction over air pollution and air quality. Authority for those issues—including air operating permits, enforcement, complaints, and corrective action—is delegated to the Texas Commission on Environmental Quality.

For questions or additional information email EngUnit@rrc.texas.gov or call (512) 463-1126.

Environmental Permits and Support Unit

The Commission requires any organization that handles, stores, transports, discharges, disposes, or recycles oil and gas waste to obtain an environmental permit. The Environmental Permits and Support Unit (EPS) reviews and processes permit applications for waste management units and facilities and waste hauler permit applications for the transportation of oil and gas waste. Technical staff review permit proposals, applications, and reports, provide regulatory guidance, assist with pilot projects, and perform site visits to ensure facilities are complying with the statewide rules and permits that have been established to protect public safety and natural resources.

Environmental Permits and Support Unit contact information:

Environmental Permits: email Enviro.Permits@rrc.texas.gov phone: (512) 463-3840

Domestic Wastewater: email domestic.wastewater@rrc.texas.gov

Waste Haulers: email whp@rrc.texas.gov phone (512) 463-7371

Injection Storage Permits and Support Unit

Underground Injection is a necessary part of oil and gas production in the United States. The Commission's Injection-Storage Permits and Support Unit regulates several types of injection wells under a federally approved Underground Injection Control (UIC) program, under the Safe Drinking Water Act. UIC regulations mandate the consideration of a variety of measures to ensure that injection activities will not endanger underground sources of drinking water.

The Injection Storage Permits and Support Unit is responsible for ensuring compliance with Statewide Rule 9, Statewide Rule 46, Statewide Rule 81, Statewide Rule 95, and Statewide Rule 97. The Injection Storage Permits and Support Unit monitors injection well activities with the intent to reduce seismicity using data collection, validation, and analysis to prepare compliance reports and recommendations. In addition, the unit reviews monitoring and testing reports for every injection/disposal well permit in the state whether the well is active or inactive. The data submitted is used for monitoring purposes to ensure that operators comply with the permit requirements. For questions or additional information email UIC@rrc.texas.gov or call (512) 463-7167.

Special Injection Permits Unit

The Commission recently created the Special Injection Permits Unit. This unit is responsible for administering the federally delegated underground injection control (UIC) programs for Class III (Brine Solution Mining), Class V (geothermal, in-situ combustion of coal and lignite, tar-based sands, and Brine

Mineral Mining), and Class VI (Geological Storage of Carbon Dioxide). The Commission has primary enforcement authority (primacy) from the U.S. Environmental Protection Agency (EPA) for the Class III Brine Solution Mining and the Class V UIC geothermal, and in situ combustion of coal and lignite and tar-based sands. The Commission has applied for primacy for the Class VI UIC program and plans to apply for the Class V UIC Brine Mineral Mining program.

Activities of this unit include maintaining a well inventory, reviewing permit applications and issuing permits for injection wells, performing inspections, and ensuring compliance with permit requirements. The UIC programs are designed to ensure the operators of injection wells properly site, operate, monitor, and close their wells in a manner that protects underground sources of drinking water (USDW's) from endangerment.

Field Operations Section

The Field Operations Section has three primary functions that are carried out by the Commission staff from the District Offices in Texas with the support of the Administrative Compliance and Technical Permitting Sections located at the Commission Headquarters in Austin.

- Monitoring and enforcement of industry operations in the field
- Management of the State Managed Well Plugging Program
- Implementing the Site Remediation Program

For additional questions or information, the Field Operations Section can be contacted by phone (512) 463-6830.

District Offices

Across Texas, the Commission has twelve districts that are assigned to one of the ten district offices which are divided into three regional areas as shown in Figure 1.

Inspectors

The Commission ensures all wells across Texas are inspected at least once every five years. There are 198 Field Inspectors in 10 district offices across the state that perform these inspections. Inspectors are responsible for conducting onsite inspections, monitoring compliance, and investigating complaints from third parties or the public or discrepancies discovered by technical staff in reports filed with the Commission. A program called Inspection Compliance and Enforcement (ICE) is used to document inspections electronically. The use of ICE was implemented in 2015 and allows inspectors to access current operator, facility, and compliance information, and to track well/lease inspections and violation history while in the field.

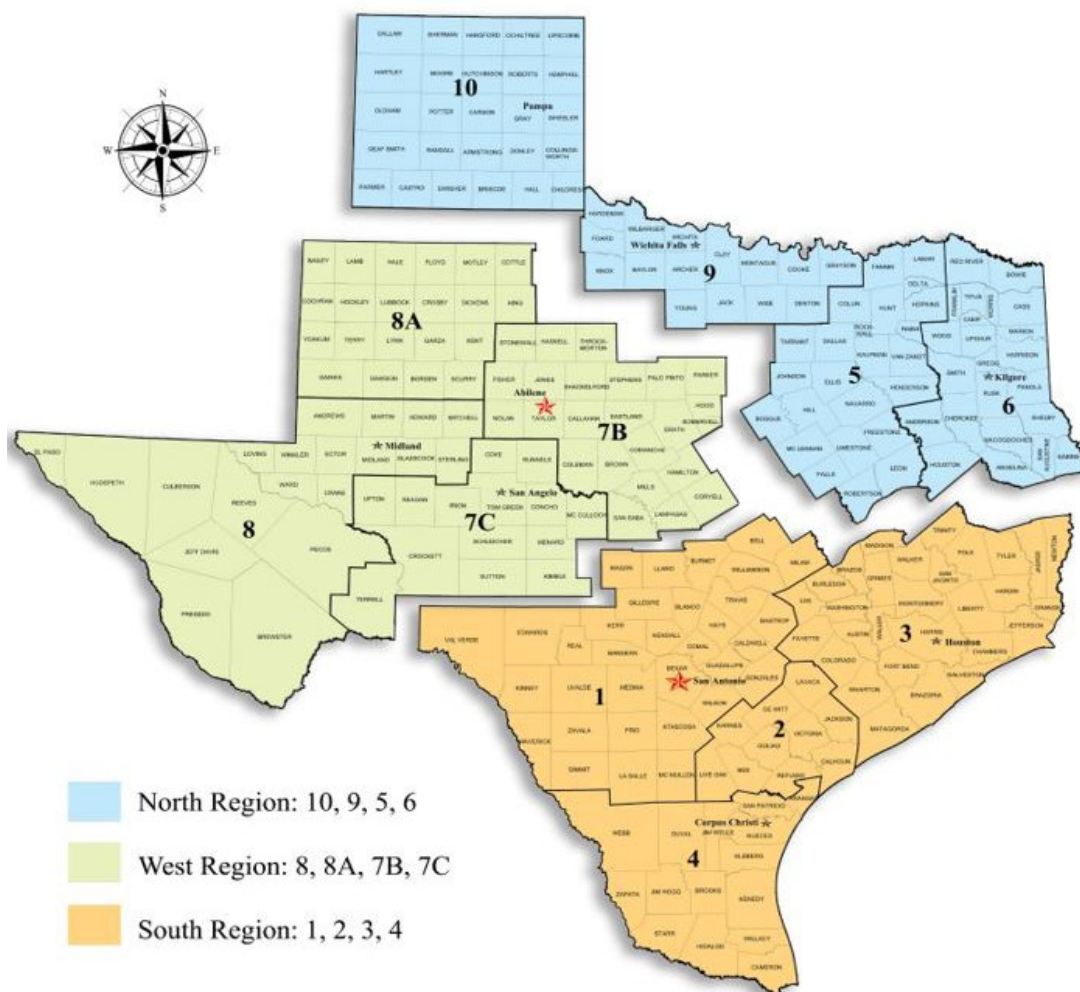
Technical Staff

Technical staff in the district offices review completed inspections, assist operators and the public with questions or concerns, issue correspondence to operators, track compliance, and make referrals to Legal Enforcement as needed.

Well Pluggers

The State Managed Well Plugging Program is a function that is carried out in the Field Operations Section by Well Pluggers. Duties performed by Well Pluggers include high risk well testing of orphaned wells, prioritizing, and overseeing contract plugging operations, and preparing plug procedures for plugging operations.

Figure 1: Map of District Offices and Regions



Site Remediation

The Site Remediation section utilizes the Oil & Gas Regulation and Cleanup (OGRC) funds in coordination with the Commissions district offices to clean up pollution of abandoned oil and gas sites. Site Remediation oversees responsible party cleanups (Operator Cleanup Program), and innocent landowner cleanups (Voluntary Cleanup Program). Additional responsibilities include working with district oilfield

Cleanup Coordinators in the assessment and remediation of properties that the redevelopment or reuse is hindered by the presence or potential presence of contamination. These types of properties are referred to as Brownfields (properties that are planned for development or reuse that contain or may contain a contaminant or pollutant).

For information about the State Managed Cleanup Program contact the Site Remediation Section of the Oil and Gas Division by phone: 512-463-6765 or email SR-SMCU@rrc.texas.gov

Cleanup Coordinators

Cleanup Coordinators perform site assessments for orphan well facilities, and other oil and gas sites. These wells and sites are tracked through The State Managed Cleanup Program (SMCU). The assessments detail what pollution threats exist at each site. Upon completion of the assessment a work plan is developed, and a work order is issued to complete the work.

Austin District Support and State Managed Plugging

The Austin District Support and State Managed Plugging unit oversees the State Managed Plugging Program and inactive wells (Form H-15). This unit provides technical assistance to the districts and industry and reviews and supports district enforcement actions.

Monitoring and Enforcement Overview

The requirement to develop the Oil and Gas Monitoring and Enforcement Plan was established in the period immediately following the 2017 Sunset Review process, in response to statutory language directing the Commission to develop this plan annually describing how the Commission's oil and gas monitoring and enforcement resources will be used strategically to ensure public safety and protect the environment. As such, this plan focuses on those activities occurring within the Commission's budget structure under Strategy 3.1.1: Oil and Gas Monitoring and Inspections, with some information related to 3.2.1: Oil and Gas Well Plugging and Remediation, as these activities represent the culmination of monitoring and enforcement efforts. This plan details how the Commission's oil and gas regulatory program makes strategic use of a variety of monitoring and enforcement tools supported by Texas statutes and Commission rules. These tools work in concert to incentivize compliance and ensure violations are promptly resolved. The Commission continues to strengthen related tracking and reporting systems, which should provide data that can more clearly demonstrate the effectiveness of the Commission's monitoring and enforcement activities.

Monitoring and Enforcement Model

The Commission monitors compliance through the review of various required filings and inspections. If the Commission discovers a violation of Commission permits, rules or orders, the Commission uses various enforcement tools to gain compliance. Some violations can be corrected quickly by an operator and can be resolved without legal enforcement. However, if the operator does not or cannot resolve the violation in a timely manner, or if the violation is deliberate and/or intentional, the Commission will pursue legal enforcement action.

Monitoring Activities

Comprehensive permitting and reporting requirements enable the Commission to track the compliance status of oil and gas operations.

Before a company can conduct any operations under the Commission's jurisdiction, a Form P-5 Organization Report providing basic information about the company and its principals must be filed. The information provided on Form P-5 is used by the Commission to identify and track the operations of the company within the state. In addition to the organization report the operator is required to provide financial assurance to ensure funds are available to plug wells or clean up pollution if the operator fails to comply with the Commission rules, permit conditions or orders. The organization report and associated financial assurance must be renewed annually.

Statewide Rules adopted by the Commission establish the conditions and guidelines for monitoring, testing, inspections, and routine report filings for the various permit types that the Commission issues.

Enforcement Activities

Improved safety and environmental protection are the Commission's preferred outcomes for any enforcement action. An effective component of the enforcement process is encouraging operators to take appropriate voluntary action, and future protective actions, after a violation has occurred. To promote compliance, the Commission uses a rule-based enforcement penalty guideline to evaluate and rank oil and gas violations. Enforcement activities are initiated by Commission personnel. Third parties may make complaints to the Commission, which will be investigated and may result in the initiation of an enforcement action.

Enforcement Path and Escalation

Enforcement activities are determined by the severity of the violation. Some violations can be corrected quickly by an operator and avoid being referred for legal enforcement. Technical staff within the compliance areas of the units located in the Austin office review the reported violations or complaints received to determine the enforcement path and escalation process that best fits the reported violation or complaint. Field Inspectors handle violations and complaints reported to District Offices with the assistance of the technical staff. Most violations identified during an inspection are resolved in the field without any kind of escalation process.

Notices of Violation

As a courtesy, a Notice of Violation is a written notice sent by U.S. Mail, or as an attachment to an email formally notifying an operator of most violation. This is generally the first step in the enforcement path. The notification will include the details of the violation, corrective action to be taken, and a specific time frame to complete the corrective action.

Seals/Severances

The action of cancelling a certificate of compliance (Form P-4) is commonly referred to as *severing a lease, issuing a pipeline severance, or sealing a well*. The designated operator of any well in the state must file a certificate of compliance. Filing a P-4 certifies that the lease is being operated in compliance

with Commission rules, permit conditions or orders. When a violation on the lease has been verified by the Commission the certificate of compliance can be canceled (See Tex. Nat. Res. Code Ann. §§ 91.701-91.707)⁵ depending on the severity of the violation or if the operator has failed to comply with the deadline issued in the Notice of Violation letter. Prior to canceling the certificate of compliance, the Commission must provide the operator with the notice of violation and must allow at least 10 calendar days to achieve compliance or request a hearing. Once the P-4 is cancelled, the operator must cease operations on the lease and may not produce or sell any hydrocarbons. As a result, the operator suffers an immediate revenue impact. The operator may not resume operations until the lease is returned to a compliance status and a reconnection fee of \$750 is paid.

Loss of Authority to Operate

The Commission can rescind an organization's authority to operate if the organization remains non-compliant with an outstanding order finding a violation, or if a person who holds a position of ownership or control in the organization has, within the preceding seven years, held a position of ownership or control in another organization that has an outstanding order finding a violation during the period of ownership or control.

Rejection of an organization report under the Commission's authority precludes an organization from conducting oil and gas operations within the State of Texas except as necessary to ensure public safety and protect the environment. The Commission tracks outstanding violations to ensure organizations and their officers are held accountable under this authority. See Tex. Nat. Res. Code Ann. § 91.114.

When an Enforcement Order has been issued and the operator has not complied with the order, the statute prohibits the Commission from accepting Organization Report (Form P-5) renewals, certain permit applications (including Drilling Permits, among others), requests for Certifications of Compliance and Transportation Authority (Form P-4) for any wells it may operate. The statute also applies to the individuals in control of the company: any other companies controlled by a tagged officer are similarly barred from filing with the Commission. The restrictions imposed by § 91.114 effectively bar that company (and those who control it) from continuing those activities beyond the current P-5 year as an "Active" organization report is required for a company to conduct operations subject to the Commission's jurisdiction.

Permit Actions

Commission rules authorize the agency to modify, suspend, or terminate a permit, including but not limited to, a drilling permit, injection, or disposal well permit, or a permit for a surface waste management facility based on violations of Commission rules, permits, or orders. Unless agreed to by the permit holder and authorized to be handled administratively, these actions will be taken through Commission order after notice and opportunity for hearing.

Enforcement Referral

If the enforcement actions of Field Operations, Administrative Compliance or Technical Permitting Sections fail to achieve compliance, or if the severity or willfulness of the violation warrants further

⁵ See [Hyperlink to Texas Natural Resources Code Chapter 91](#)

action, the violations may be referred to Legal Enforcement. Legal Enforcement's process for adjudicating violations and assessing administrative penalties is detailed in Appendix D.

Administrative Penalties

The Commission has statutory authority to assess administrative penalties for violations related to safety or the prevention or control of pollution under Tex. Nat. Res. Code Ann. §§ 81.0531-81.0533. The Commission may assess up to \$10,000 per day per violation that is not related to pipeline safety or up to \$200,000 per day per violation that is related to pipeline safety. The Commission may also assess penalties of \$1,000 per day for non-safety or pollution-related violations. In determining the amount of the penalty, the Commission considers relevant factors including the seriousness of the violation and the operator's history of compliance. The Railroad Commission's Statewide Rule 107⁶ provides guidelines for the assessment of penalties and enhancements for various types of violations.

Administrative Hearing

The Hearings Division manages Administrative Hearings on issues under the Commission's jurisdiction for oil and gas. If a hearing is requested or required, the involved parties present their evidence to an administrative law judge (ALJ). When there are unprotested matters, the Commission's ALJ's and technical examiners may issue reports and recommendations. For protested matters, written recommendations known as Proposals for Decisions (PFDs) may be issued. Final decisions on Hearings Division dockets occur when the Railroad Commissioners vote on final orders.

Stakeholder Engagement

The Commission continuously seeks ways to educate industry operators about its rules and processes to ensure operators remain in full compliance. New and expanded efforts for virtual training events are well received and allow the Commission to reach a broader audience. The Commission anticipates virtual training events and webinars will continue. In addition, in-person events for education and outreach typically include:

- Annual Regulatory Conference – held in Austin, generally in August each year with thousands of participants from across the oil and gas industry.
- Regulatory Forums – day-long, in-person regional conferences for industry in cities across the state such as Midland, Corpus Christi, Houston, and Fort Worth.
- Presentations at industry events – Commission staff members serve as guest speakers at events hosted by industry associations including conferences, seminars, and workshops.
- Presentations to local government officials, including emergency response officials – Commission staff serve as guest speakers at events hosted by local governments.
- User Guides – often developed as the Commission releases new RRC online resources. For example, the User Guide for the Groundwater Protection Determination (GW-1) can be found online at [Hyperlink to User Guide for the Groundwater Protection Determination](#).

⁶See [Hyperlink to 16 Texas Administrative Code 3.107](#)

- Webinars – Commission staff members host webinars on topics related to rule and process changes. For example, a series of four webinars were hosted by Environmental Permitting staff to instruct on rule changes and online filing options for waste haulers and recyclers.
- Instructional Videos – the Commission’s YouTube Channel features instructional videos related to specific RRC forms and processes. [Hyperlink to RRC’s YouTube Channel](#).
- Notice to Landowners—Efforts are made to notify landowners prior to state managed plugging operations that will occur on their property.

Stakeholder Participation Process

Texas Natural Resources Code Sec. 81.066(b) directs the Railroad Commission of Texas to seek input from stakeholders when developing the annual Oil and Gas Division Monitoring and Enforcement Plan.

For the FY 2026 plan, the Commission sought feedback from stakeholders prior to the drafting of the plan, hoping to gather feedback to aid in the development of action items that will address the totality of oil and gas monitoring and enforcement activities, inclusive of technical permit monitoring and administrative compliance enforcement.

The Commission developed a communications plan for seeking input from stakeholders and distributed an announcement in English and Spanish.

1. Posted the announcement on the Commission’s website at:
 - a. [Hyperlink to RRC Announcements](#)
 - b. [Hyperlink to RRC Oil and Gas Announcements](#)
 - c. [Hyperlink to RRC What’s New](#)
2. Emailed to the Commission’s Oil and Gas News subscription list.
3. Emailed to associations and legislative entities.
4. Posted on the Commission’s social media:
 - a. Facebook
 - b. Instagram
 - c. Twitter
 - d. LinkedIn
5. Published an article in the Commission’s RRC Energy News newsletter.

The Commission accepted feedback from stakeholders via survey, email, and U.S. mail from March 19 to April 16, 2024. The Commission received 7 comments via the preferred survey tool, 1 letter, 1,097 comments received at four separate RRC email addresses before the due date from 344 unique email addresses, with one comment made in Spanish.

Data

The Commission collects data that accurately shows the Commission's oil and gas monitoring and enforcement activities. This edition of the annual Oil and Gas Monitoring and Enforcement Plan includes data from fiscal year 2024, alongside comparative data from fiscal years 2023 and 2022 as shown in Table 1.

Table 1: Summary Enforcement Data for Fiscal Years 2022 through 2024

Measure	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Number of oil and gas well and facility inspections performed ⁷	359,278	424,952	461,852
Number of statewide rule violations	34,880	32,099	28,748
Number of violations for which the Commission imposed a penalty or took other enforcement action	34,880	32,099	28,748
Number of alleged oil and gas violations sent to Office of General Counsel Legal Enforcement	3,428	2,737	2,013
Number of major statewide rule violations*	16	48	3
Number of major violations for which the Commission imposed a penalty or took other enforcement action	16	48	3
Amount of final oil and gas enforcement penalties assessed	\$3,696,946	\$3,431,992	\$6,591,230

**Please see Appendix A: Definition of a Major Violation.*

RRC Online Inspection Lookup (OIL)

For current data the Commission offers an online tool called RRC Online Inspection Lookup (OIL) to access data entered in the Commissions electronic tracking system (ICE). Users can search for available statewide oil and gas inspections and enforcement information including notices of violation and intentions to sever leases and download data set files either statewide or by the Railroad Commission

⁷ Please note, this number should not be compared to the number of inspections from previous years as this number counts inspections at the well level, while numbers reported previously reported inspections at the lease level.

district office. Users may customize inspection and violation searches by a variety of criteria in real time. Data is updated nightly.

Data from inspections that are in progress or under review is not displayed. Data available through RRC OIL is from inspections dated August 2015 to the present. To request inspection and violation information before August 2015, contact open.records@rrc.texas.gov.

RRC OIL is found on the Commission's website at [Hyperlink to RRC Online Inspection Lookup](#).

A user guide is available on the Commission's website at [Hyperlink to RRC Oil User Guide](#).

Table 2: Fiscal Years 2022 through 2024 Number of Violations Per Rule by Subsection

Statewide Rule	Number of Violations Fiscal Year 2022	Number of Violations Fiscal Year 2023	Number of Violations Fiscal Year 2024
Hyperlink to Commission Access to Properties			
16 TAC § 3.2(a)	285	201	255
16 TAC § 3.2(b)	5	4	41
Hyperlink to Identification of Properties, Wells, and Tanks			
16 TAC § 3.3(1)	2,104	1,698	1,970
16 TAC § 3.3(2)	5,941	5,033	4,456
16 TAC § 3.3(3)	1,780	1,262	1,330
16 TAC § 3.3(4)	11	6	16
16 TAC § 3.3(5)	215	178	167
Hyperlink to Application to Drill, Deepen, Reenter, or Plug Back			
16 TAC § 3.5	14	16	14
16 TAC § 3.5(a)	1	0	2
16 TAC § 3.5(c)	3	3	1
Hyperlink to Water Protection			
16 TAC § 3.8	246	269	149
16 TAC § 3.8(b)	34	35	31
16 TAC § 3.8(d)(1)	8,546	8,318	7,251
16 TAC § 3.8(d)(2)	246	193	149
16 TAC § 3.8(d)(4)(H)(i)	205	230	129
16 TAC § 3.8(d)(4)(H)(i)(I)	60	43	53
16 TAC § 3.8(d)(4)(H)(i)(II)	12	11	10
16 TAC § 3.8(d)(4)(H)(i)(III)	253	255	193
16 TAC § 3.8(d)(4)(H)(i)(IV)	45	24	37
16 TAC § 3.8(d)(5)(B)	0	2	0
16 TAC § 3.8(f)(1)	0	5	2
16 TAC § 3.8(f)(1)(C)(ii)	1	10	1

Statewide Rule	Number of Violations Fiscal Year 2022	Number of Violations Fiscal Year 2023	Number of Violations Fiscal Year 2024
16 TAC § 3.8(f)(1)(C)(iii)	1	7	0
Hyperlink to Disposal Wells			
16 TAC § 3.9	284	250	303
16 TAC § 3.9(1)	31	32	22
16 TAC § 3.9(12)(C)(i)	50	66	43
16 TAC § 3.9(12)(C)(ii)	2	11	6
16 TAC § 3.9(9)(A)	4	1	3
16 TAC § 3.9(9)(B)	50	32	28
Hyperlink to Casing, Cementing, Drilling, and Completion Requirements			
16 TAC § 3.13(a)(6)(A)	2,890	3,097	2,283
16 TAC § 3.13(a)(6)(B)	3	1	4
16 TAC § 3.13(b)(1)(B)(i)	0	1	1
Hyperlink to Plugging			
16 TAC § 3.14(a)(3)	11	6	7
16 TAC § 3.14(b)(1)	14	14	24
16 TAC § 3.14(b)(2)	6,823	5,690	5,408
16 TAC § 3.14(d)(1)-(11)	22	36	43
16 TAC § 3.14(d)(12)	372	437	377
Hyperlink to Surface Equipment Removal Requirements and Inactive Wells			
16 TAC § 3.15(f)(2)(A)	36	53	29
16 TAC § 3.15(f)(2)(A)(i)	25	29	27
16 TAC § 3.15(f)(2)(A)(ii)	98	71	131
Hyperlink to Log and Completion or Plugging Report			
16 TAC § 3.16(b)	116	115	165
Hyperlink to Pressure on Bradenhead			
16 TAC § 3.17(a)	671	416	449
Hyperlink to Notification of Fire Breaks, Leaks, or Blow-outs			
16 TAC § 3.20(a)(1)	99	87	70
Hyperlink to Fire Prevention and Swabbing			
16 TAC § 3.21(j)	475	370	301
16 TAC § 3.21(k)	38	36	53

Statewide Rule	Number of Violations Fiscal Year 2022	Number of Violations Fiscal Year 2023	Number of Violations Fiscal Year 2024
16 TAC § 3.21(l)	2,196	1,671	870
Hyperlink to Protection of Birds			
16 TAC § 3.22(b)	352	343	325
Hyperlink to Separating Devices, Tanks and Surface Commingling of Oil			
16 TAC § 3.26(a)(2)	26	4	11
Hyperlink to Gas to Be Measured and Surface Commingling of Gas			
16 TAC § 3.27(a)	83	65	98
Hyperlink to Gas Well Gas and Casinghead Gas Shall Be Utilized for Legal Purposes			
16 TAC § 3.32(d)(2)	64	65	71
16 TAC § 3.32(h)	43	12	14
Hyperlink to Oil, Gas, or Geothermal Resource Operation in Hydrogen Sulfide Areas			
16 TAC § 3.36(c)(11)-(12)	3	0	0
16 TAC § 3.36(c)(13)	0	0	2
16 TAC § 3.36(c)(14)	3	0	1
16 TAC § 3.36(c)(5)(B)	196	118	173
16 TAC § 3.36(c)(6)(A)	19	10	22
16 TAC § 3.36(c)(6)(B)	20	10	19
16 TAC § 3.36(c)(6)(C)	7	4	5
16 TAC § 3.36(c)(8)	38	13	30
16 TAC § 3.36(c)(9)(A)	6	2	2
16 TAC § 3.36(c)(9)(Q)	1	0	1
16 TAC § 3.36(d)(1)(G)	195	372	685
16 TAC § 3.36(d)(2)	0	3	0
16 TAC § 3.36(d)(3)	2	0	0
Hyperlink to Fluid Injection into Productive Reservoirs			
16 TAC § 3.46	1,023	980	1,013
16 TAC § 3.46(a)	97	48	37
16 TAC § 3.46(g)(1)	1	1	1
16 TAC § 3.46(g)(2)	183	160	106
16 TAC § 3.46(j)	294	187	207

Statewide Rule	Number of Violations Fiscal Year 2022	Number of Violations Fiscal Year 2023	Number of Violations Fiscal Year 2024
Hyperlink to Reclaiming Tank Bottoms, Other Hydrocarbon Wastes, and Other Waste Materials			
16 TAC § 3.57(c)(1)	2	3	3
16 TAC § 3.57(d)	0	1	6
Hyperlink to Pipeline Connection; Cancellation of Certificate of Compliance; Severance			
16 TAC § 3.73(a)	0	1	2
16 TAC § 3.73(h)	14	19	12
16 TAC § 3.73(i)	274	343	394
Hyperlink to Brine Mining Injection Wells			
16 TAC § 3.81(b)(2)	1	1	0
Hyperlink to Cleanup of Soil Contaminated by a Crude Oil Spill			
16 TAC § 3.91(d)(1)	146	180	123
16 TAC § 3.91(e)(1)	5	3	2
Hyperlink to Underground Gas Storage			
16 TAC § 3.96(b)(1)	0	0	0
Hyperlink to Underground Storage of Gas in Salt Formations			
16 TAC § 3.97(b)(1)	0	0	0
Hyperlink to Standards for Management of Hazardous Oil and Gas Waste			
16 TAC § 3.98(d)	56	83	72
Hyperlink to False Applications, Reports, and Documents and Tampering with Gauges			
Tex. Nat Res Code § 91.143	23	6	3

Source: Railroad Commission Inspection, Compliance and Enforcement (ICE) System

A repeat major violation occurs when an individual oil or gas lease has more than one major violation within a fiscal year or other designated period. The definition of a major violation is described in Appendix A of this document—Definition of a Major Violation. Appendix A includes those rules found within Title 16 Texas Administrative Code, Chapter 3 that constitute a major violation; however, characterization of a violation as a major violation is not limited to a violation of the rules listed in Appendix A.

Appendix A: Definition of a Major Violation

In 2017, the *Sunset Commission Staff Report* Management Action 3.4 directed the Commission to systematically track major violations. To comply with this directive, the Commission developed the following definition of a major violation:

A major violation is a safety or pollution related violation that causes a significant impact to public safety and/or the environment; is accompanied by conditions that indicate a significant impact to public safety and/or the environment is imminent; or is the result of deliberate disregard of Commission rules and regulations related to public safety or environmental protection.

A violation of a rule listed below does not automatically constitute a major violation. A major violation may result in conditions that can cause a significant or imminent impact to public safety or the environment⁸.

- 16 Texas Administrative Code § 3.5(a)—Drilling or reentering a well without a permit. Statewide Rule 5(a)
- 16 Texas Administrative Code § 4.101(a)—Surface management of waste without a required permit or in violation of a permit that results in movement of waste or waste constituents that endangers surface or subsurface water or public health or safety.
- 16 Texas Administrative Code § 4.103(b)—An unauthorized discharge of oil or gas waste into a sensitive area, such as the presence of shallow groundwater or pathways for communication with deeper groundwater; proximity to surface water, including lakes, rivers, streams, dry or flowing creeks, irrigation canals, stock tanks, and wetlands; proximity to natural wildlife refuges or parks; or proximity to commercial or residential areas.
- 16 Texas Administrative Code § 3.9 or § 3.46—Injection at a pressure that exceeds the permitted injection pressure and may cause the movement of fluid outside the authorized injection zone, if such movement may have the potential for endangering an underground source of drinking water (USDW).
- 16 Texas Administrative Code § 3.9(1) or 3.46(a)—Operation of a disposal or fluid injection well without a permit.
- 16 Texas Administrative Code § 3.9(12)(c) or § 3.46(j)—Operation of a well that lacks mechanical integrity, which may allow the movement of fluid outside the authorized injection zone, if injection of such fluid may have the potential for endangering a USDW.
- 16 Texas Administrative Code § 3.13(a)(6)(B)(i)— Failure to install a blowout preventer system or control head and other connections to keep the well under control at all times as soon as surface casing is set.
- 16 Texas Administrative Code § 3.13(b)(1)(B)(i)— Failure to set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit of the Oil and Gas Division.
- 16 Texas Administrative Code § 3.14(b)(2)— Failure to properly plug a well.
- 16 Texas Administrative Code § 3.36(c)(9)—Conducting hydrogen sulfide operations without a written contingency plan.

⁸ See [Hyperlink to 16 Texas Administrative Code, Chapter 3 \(Oil and Gas Division\)](#)

Appendix B: Oil and Gas Division Enforcement Process

The Commission seeks consistent application of compliance and enforcement actions taken by all sections of the Oil and Gas Division when violations of Statewide Rules, Permits, or Orders are reported by inspectors, operators, or third parties.

Whenever violations of Commission Statewide Rules, Permits, or Orders are observed, the operator must be notified. The Notice of Violation will include the following elements:

1. Identification of the site where the violation exists, including the exact location with GPS coordinates.
2. A description of the violation with appropriate citation(s) (statute, rule, order, permit provision).
3. A brief description of the corrective action necessary to achieve compliance.
4. A deadline by which corrective action must be completed.

The operator is provided an opportunity to demonstrate compliance whenever possible, but if an operator does not make satisfactory progress toward actual conditions in the field necessary for full compliance, the next level of enforcement is initiated.

Types of Notifications

For each type of notification identified below, an inspection report will document the violation and how the operator is notified of the violation. Each violation is tracked and counted. The district office tracks this in the ICE system.

Verbal Notice

Verbal notice should be used for incidents where active pollution is discovered, and immediate attention is required for protection of public safety and/or the environment. If contact cannot be made with the responsible party for incidents where active pollution is discovered, Commission staff are directed to proceed with a state funded response.

Verbal notice can also be used for violations that are not classified as Major Violations on actively operated leases when the operator has a history of compliance and responsiveness to correcting previous violations. Each violation must be described in an inspection report with a comment that a verbal notice was provided, with the date and time the notice was provided, and to whom.

Speed Memos or Email Notifications

Speed memos or email notifications may be used for violations that are not classified as Major Violations on actively operated leases when the operator has a history of compliance and responsiveness to correcting previous violations. A speed memo is a multi-copy form that is left at the well, lease, or facility to notify an operator of a violation. Each violation must be clearly described in the inspection report with a comment that a speed memo was left on location or that the operator was notified of the violation by email.

Notice of Violation (NOV)

A Notice of Violation (NOV) is a letter sent through first class mail or email attachment. The NOV is the initial notice an operator receives if a verbal notice, speed memo, or email notification is not used. If a violation of SWR 14(b)(2) (plugging of an inactive well) is involved, the 15-day 14(b)(2) letter will also be sent at the same time as the NOV is sent. The issuance of a NOV is not a prerequisite for sending a Notice of Intent (NOI) (see below).

Notice of Intent to Cancel the P-4 (NOI)

A Notice of Intent is a certified letter that lists each Commission violation that gives the operator at least ten (10) days to achieve compliance or to request a hearing prior to the cancellation of a P-4 and/or the placing of seals on a well or associated surface equipment related to the well. By statute, the operator is provided with notice of the facts or conduct alleged to justify the cancellation.

The NOI may be used in lieu of the NOV in cases where the operator has a history of non-compliance or in other appropriate circumstances. If an emergency situation exists or a P-4 has not been filed with the Commission, a physical seal may be placed on a well, along with any associated surface equipment related to the well, prior to issuance of a certified letter.

Notice of Penalty Action (NOPA)

The Notice of Penalty Action (NOPA) is a letter from the District Office addressed to the Assistant Director of Field Operations recommending administrative penalty enforcement action against an operator for violation(s) of Commission Rules, Permits, or Orders of the Commission. The P-4 operator of the lease, facility, and/or well that is the subject of the recommendation is copied with the letter.

Compliance Follow Up

Regardless of the type of notification used, the operator is advised of a deadline by which compliance must be achieved.

For Major Violations, the operator will be provided with a deadline appropriate to the circumstance for corrective action, up to 10 days; the operator may be given up to 30 days to correct other violations. Additional time may be granted for good cause (weather delays, personnel shortages, etc.) provided the extended compliance deadline does not result in increased risk to public safety or the environment.

Follow-up (back-check) inspections are scheduled to correspond with the compliance deadline date to confirm that the lease, facility, or well is in compliance. During the back-check, the site is inspected to determine if the required corrective action has occurred.

If an operator fails to substantially comply with a verbal, speed memo, or email notification or a NOV, a NOI is issued unless additional time has been granted for good cause. A P-4 severance/seal order should be issued in a timely manner for the lease/well if the violation(s) have not been corrected by the deadline date set forth in the NOI.

Administrative Penalty Referral

A recommendation of an administrative penalty enforcement action will be considered by the District and Austin offices for operators that fail to comply with the time allowed in the written NOV or NOI. Leases that have been severed more than ninety (90) days should be referred for administrative penalty enforcement action.

If an operator fails to respond to a written NOV for a well with an approved 14(b)(2) plugging extension, staff should cancel 14(b)(2) plugging extensions and initiate a plug-hearing recommendation.

If compliance is achieved after a referral was submitted a decision will be made on a case-by-case basis as to whether to proceed with a referral to the Office of General Counsel—Legal Enforcement Section. The NOPA letter recommending enforcement action after compliance is achieved should say this referral is for the extended violation of Commission rules and request penalties for time out of compliance.

Automatic Referral

Automatic referral for administrative penalties will be considered for any deliberate or intentional violation. Table 3 lists examples of violations that should be considered for automatic referral. This list is not all inclusive and violations should be evaluated to determine if automatic referrals are warranted.

Table 3: Examples of violations considered for automatic referral

Statewide Rule	Rule Summary
16 TAC 3.5(a)	Drilling without a permit
16 TAC 4.101(a)	Pollution of surface or subsurface water
16 TAC Chapter 4.103(b)	Large volume spills, minimal effort from the operator to clean the spill, intentional unauthorized disposal of oil and gas waste, intentional discharges, cutting pit walls, intentionally breached firewalls, draining tanks, landfarming without a permit, violation of any provision of a permit under which a commercial waste management facility or a reclamation plant is an operated.
16 TAC 4.193(a)	Waste hauling without a permit
16 TAC 3.3.9(9)(A) and 3.46(j)(1)	Inadequately set packer in the production string
16 TAC 3.9(12)(B) and 3.46(j)(2)	Rigged MIT tests
16 TAC 3.9(12)(C) and 46(j)	H-5 violations that have been out of compliance for an extended period
16 TAC 3.13(a)(6)(B)(i)	Drilling below surface casing without installing a blowout preventer
16 TAC 3.13(b)(1)(B)	Failure to protect UQW
16 TAC 3.13(b)(1)(C)	Failure to notify District Office when cement does not circulate

Statewide Rule	Rule Summary
16 TAC 3.13(b)(1)(H)	Failure to obtain exception for an alternative casing program
16 TAC 3.14(a)(2) and 3.14(a)(3)	Plugging without approved procedure (W-3A) and failure to notify district office before commencing plugging
16 TAC 3.14(d)(1-11)	Failure to follow approved plugging procedure
16 TAC 3.16(b)	Failure to file completion reports in a timely manner
16 TAC 3.20(a)(1)	Failure to provide notice of fire, leak, or spill
16 TAC 3.36(c)(14)	Failure to report H2S incident and any other SWR 36 violation that results in injury or death.
16 TAC 3.36(d)(1)(G)	Failure to file H-9 30 days before commencing drilling
16 TAC 3.46(a)	Injection without a permit
16 TAC 3.73(i)	Producing while under Pipeline Severance or Seal Order
16 TAC 3.82(c)	Unauthorized construction or operation of a brine production project.
16 TAC 3.82(j)	Unauthorized injection into a Class V spent brine return injection well
16 TAC 5.202(a)	Unauthorized construction or operation of a Class VI carbon dioxide injection well

Appendix C: Standard Operating Guidelines for Inspection Priorities

Purpose

The purpose of the Job Priorities for Field Inspectors guideline is to provide guidance to district offices management and field inspectors to help them plan and conduct their daily work activities in support of established Commission goals and performance standards and to emphasize that the Commission's primary focus is the protection of the public, the environment, and the State's natural resources.

General Guidance

The Job Priorities for Field Inspectors guideline is used to determine which activities take priority over others for field inspection purposes. This guideline does not require that an activity of higher risk always be performed over one with a lower risk. Factors such as timing of an activity, location of inspectors relative to the activity, and overall industry activity in an area all impact our ability to perform inspections. Jobs that require immediate response are incidents listed under "Known Compliance Issues" and jurisdictional complaints (referenced in Appendix E).

Risk Factors

Table 4: Risk Factor Priority Order

Risk Factor (In Priority Order)	Impact	Possibility
Known Compliance Issues (Complaints, incidents, emergencies, etc.)	High	High
Length of time since last inspection (Target at least once every five years)	High/Medium	High
Proximity to Public or Sensitive Areas	High	Medium
Compliance History	Medium	High
Major Safety/Pollution Prevention Activities (Notices of well plugging, MIT, surface casing, etc.)	Medium	Medium
Area Knowledge/Unique District Office Concerns	Low	Medium
Routine/General Inspection Needs	Low	Low

Known Compliance Issues

Some known compliance issues include blowouts, spills and/or releases that impact or pose an imminent threat to sensitive areas. Other types of issues that trigger immediate inspection responses are emergency incidents that pose a threat to the health or safety of the public, and accidents involving injury or death resulting from a possible violation of Commission rules. All pollution or safety related complaints are required to be investigated within 24 hours. Responses will generally require continuous surveillance until the situation is brought under control.

Length of Time Since Last Inspection

The Commission targets inspecting each well at least once every five years (Commission performance measure Outcome 3.1.2 found on page 42 of the [\[Hyperlink to\] Commission's Strategic Plan for the Fiscal Years 2025 to 2029](#)).

Proximity to Public or Sensitive Areas

Includes safety and pollution prevention activities and lease/facility inspections near sensitive areas as defined by 16 Texas Administrative Code §3.91(a)(2).

Compliance History

Includes inspections of lease facilities where violations of Commission Statewide Rules have been discovered and documented.

Major Safety/Pollution Prevention Activities (Non-Sensitive Areas)

Includes safety and pollution prevention activities and lease/facility inspections in non-sensitive areas.

Area Knowledge/Unique District Office Concerns

Includes inspections of leases/facilities where local knowledge of operations and/or conditions are of concern to the inspector or district office. Concerns in this category are unique and determined at a local level.

Routine/General Inspections

Facilities in non-sensitive areas, oil theft, audits, and production testing receive routine and general inspections.

Appendix D: Office of General Counsel Legal Enforcement Process

Governing Rules

The Commission has adopted rules of practice pursuant to the Administrative Procedure Act's requirements. *See* Tex. Gov't Code § 2001.004. The Commission's General Rules of Practice and Procedure are found in Texas Administrative Code, Title 16, Part 1, Chapter 1. These rules govern the service of process, notice of hearings, default judgments, and motions for rehearing in Legal Enforcement's contested cases. The Commission's rules for the Oil and Gas Division are found in Texas Administrative Code, Title 16, Part 1, Chapter 3. These rules (Statewide Rules) govern oil and gas operations within the State.

Attorney Evaluation

Incoming referrals from the district offices and various other sections of the Oil and Gas Division are assigned to an enforcement attorney. The assigned attorney evaluates the legal sufficiency of the alleged violations based on evidentiary support. The attorney proceeds with an enforcement action when evidentiary support exists. Questionable evidentiary support requires the attorney to contact the district or referring section to inquire about the existence of additional evidence or to formulate an alternative legal theory. Referrals with insufficient evidence are administratively closed.

Settlement Negotiations

Legal Enforcement seeks to achieve compliance and assess appropriate administrative penalties for proven violations. Legal Enforcement achieves these goals either through settlement, or a hearing. Based on the severity of the violation and/or the operator's history of prior violations, Legal Enforcement may initiate the process with reasonable attempts to settle the matter through voluntary compliance and reduced administrative penalties. If the operator chooses to voluntarily bring the violation into compliance, the frequency, severity, and intent of the violation weighs heavily in the settlement determinations. The penalty guidelines provide a flexible structure for most—but not all—violations. *See* 16 Texas Administrative Code § 3.107. The Commission is authorized to assess administrative penalties up to \$10,000 per day per violation. *See* Tex. Nat. Res. Code § 81.0531(b). Legal Enforcement consults with the regulatory division to determine its penalty recommendation. Operators that comply with the settlement provisions enter an Agreed Order with Legal Enforcement that is submitted for the Commission's approval.

Default Judgments

If initial settlement attempts are unsuccessful, or if the facts do not warrant settlement negotiations, Legal Enforcement files a complaint and serves the operator with the complaint and a notice of opportunity for hearing. If the operator fails to answer the complaint or requests a hearing and fails to appear, Legal Enforcement seeks a default order.

A final default order (Default Order) includes findings of facts, conclusions of law, and the recommended penalty and compliance terms. The Enforcement Master Default Order summarizes each Default Order and is submitted at Conference for Commission approval and signature. The Order is appealable to the district court if an operator files a motion for rehearing with the Commission within 25 days of the

Default Order being signed and that motion is denied either expressly or by operation of law. If the operator fails to file a motion for rehearing within this time, the Default Order is final and not appealable to the district courts. If the operator files a motion for rehearing within the required time and the Commission grants the motion for rehearing, the Order is vacated, and the case is referred back to Legal Enforcement and the above-described settlement and hearings process repeats.

Hearings in Protested Cases

If no settlement is reached, the case proceeds to hearing before an Administrative Law Judge (ALJ) and a Technical Examiner (TE). This process begins with Legal Enforcement serving the operator a notice of hearing and complaint via certified mail. After the hearing, at which the operator appears, the ALJ and TE prepare a proposal for decision (PFD) for the Commissioners to consider at a Commissioners' Conference duly posted with the Secretary of State.

The PFD is the ALJ's and TE's recommendation to the Commission regarding how the case should be decided based on applicable law and technical analysis of the facts presented at hearing. The PFD includes findings of fact and conclusions of law to support the recommended decision. If Legal Enforcement prevails, the PFD will include a penalty recommendation and compliance terms. The PFD is circulated to the parties to allow time for exceptions and replies to be filed in accordance with the Commission's General Rules of Practice and Procedure prior to presentation to the Commission. The PFD and any exceptions and replies filed are provided to the Commission prior to Conference. At a regularly noticed Conference, the ALJ and TE will present the PFD to the Commissioners and answer any legal or technical questions regarding the PFD's recommendations and points raised in the exceptions and replies. Operators have an opportunity to request oral argument before the Commissioners.

The Commissioners then vote whether to accept, reject, or modify the PFD. Only two Commissioners must agree to determine the outcome. The PFD's recommendation—and any modifications adopted by the Commissioners—are included in a final order (Final Order) signed by the Commissioners. The above-described procedure for motions for rehearing and appeals to the district court regarding Default Orders also applies to Final Orders. If the Commission grants a motion for rehearing, the case is referred to the Hearings Division and the above-described hearing process repeats consistent with any instructions contained in the order granting the rehearing.

Following every Commissioners' Conference in which administrative penalties are assessed and approved, the Commission compiles and publicly distributes information on enforcement actions. This information includes the total amount of penalties assessed, and internet links to master default orders, master agreed orders, and an index for protested enforcement actions detailing the amount of each fine assessed to each non-compliant operator.

Collections

Once the order becomes final, if the operator fails to timely comply with the order's terms, Legal Enforcement may refer the order to the Office of the Attorney General (OAG). The OAG may file suit in Travis County District Court seeking payment of administrative penalties per the terms of the order. The

OAG may also seek civil penalties, attorneys' fees, court costs, and interest. Legal Enforcement assists the OAG in trial preparation, hearings, and appeals.

A warrant hold may also be placed on the delinquent operator through the Texas Comptroller of Public Accounts. The warrant hold will direct state funds due to an operator to the Commission to reduce or pay off the debt. The operator will be notified prior to the placement of a warrant hold.

The Commission may also refer debts to an independent debt collection agency. Additional expenses are assessed to offset the portion of the collection retained by the debt collection agency.

If an operator fails to achieve compliance, Legal Enforcement works with the OAG or the debt collection agency to secure reimbursement of Oil and Gas Regulation and Cleanup Fund expenditures to plug abandoned wells and/or remediate pollution. Once the Oil and Gas Division calculates the final cost for remediation, Legal Enforcement forwards the matter to the OAG's Bankruptcy and Collections Division or the debt collection agency. Alternatively, the reimbursement may be included in a Legal Enforcement complaint and become part of an order before the matter is referred for collection. Occasionally, the OAG deems the operator judgment proof and determines that administrative penalties and reimbursement cannot be collected. Cases returned from the OAG may be referred to the debt collection agency.

Appendix E: Public Complaint Procedures

Introduction

Field Operations typically receives between 500 and 600 complaints each year. These complaints may originate from operators, mineral owners, surface owners, government agencies or public citizens. Anyone can file a complaint with the Commission. Complaints may involve pollution, safety, plugging, surface equipment, lease expiration, water wells and many other issues. Some complaints involve matters that are outside the jurisdiction of the Commission, while others involve violation of Commission Statewide Rules (SWR). With standard operating guidelines, Field Operations seeks to provide consistent direction to the District Offices and Austin staff to properly handle complaints.

The Commission immediately investigates public complaints involving an imminent threat to public health and safety, or the environment. Other pollution-related complaints are investigated within 24 hours. Complaints not involving pollution are investigated within 72 hours.

Table 5: Fiscal year 2024 formal complaints by the Commission's Oil and Gas Division Field Operations

Measure	Fiscal Year 2024
Number of oil and gas complaints received	556
Number of oil and gas complaints resolved	491

**The number of complaints received and resolved are not equal in a fiscal year as a complaint is not always resolved in the same fiscal year it is received.*

The complainant receives written updates on the progress of the investigation and any related enforcement action. The complainant is also notified when the complaint is closed. A complaint is closed when the District Office determines whether the well or other facility is operating in compliance with the rules, or any violations have been corrected.

Types of Complaints

The Commission receives many different types of complaints. Not all complaints received are within the Commission's jurisdiction. The Commission has jurisdiction over activities associated with the exploration, development, or production of oil or gas or geothermal resources, including storage, handling, reclamation, gathering, transportation, or distribution of crude oil or natural gas by pipeline, prior to the refining of such oil or prior to the use of such gas in any manufacturing process or as a residential or industrial fuel. For a more detailed description of the jurisdiction of the Commission, see SWR 30, Texas Natural Resources Code, Title 3 and the Texas Water Code, Chapter 26. Some complaints may be due to the complainant's lack of understanding of oil and gas operations or may be made with malicious intent. However, all complaints are considered valid and pursued until a resolution is achieved.

Common Complaints

Some of the more common types of complaints received are listed below. These types of complaints may be selected on the ICE system when recording an initial complaint. These types of complaints are usually under the jurisdiction of the Commission, but there are exceptions: Abandoned Equipment, Breakout, H2S, Inactive Well, Disposal/Injection Well, Leak/Spill (Active), Pits, Pollution, Production, Seismic, Signs,

Venting/Flaring, Water Well, and Wellhead Control. The following examples of complaints are usually not under the Commission's jurisdiction, (non-jurisdictional), with some exceptions.

1. Contracts, leases, operating agreements, mineral deeds, royalty payments—complaints associated with these items are under the jurisdiction of the civil legal system and complainants should be referred to their legal representative.
2. Dust, noise, odors, and air contaminants, traffic—complaints of this nature may be under the jurisdiction of the TCEQ in the case of air quality or local authorities including law enforcement. Although the Commission does not regulate odors, it does regulate crude oil spills and releases of hydrogen sulfide, which may cause odors.
3. Water well contamination—The Commission has jurisdiction over contamination of ground water if the source of the contamination is an activity under the jurisdiction of the Commission.
4. Lease roads, gates, fences, livestock, crops—Operators must provide access to oil and gas facilities which includes roads.

Special Complaints

Some complaints are unique and require the District Office to utilize a certain procedure to resolve the complaint.

Expired Lease - Mineral or surface owners may file a complaint alleging an operator's lease has expired. The complainant may want inactive wells to be plugged, and surface equipment removed. The mineral owner may want to lease the minerals to another entity. In cases where the complainant alleges that an operator, who has a well with a plugging extension under 16 Texas Administrative Code § 3.15, does not have a valid lease, the complainant should be advised to send a copy of the lease agreement along with a letter identifying the lease, (lease name, district, lease number, field, etc.) and stating their reason for believing that the operator does not have a valid lease to:

Railroad Commission of Texas
Hearings Division
P. O. Box 12967
Austin, Texas 78711-2967
Phone: 512-463-6848 or 512-463-6924

The Hearings Division will request the operator to provide a "good faith claim" as provided for in Statewide Rule 15 and work to determine if a good faith claim is valid. If the operator does not respond or does not sufficiently document that a valid lease exists, the 14(b)(2) plugging exception will be cancelled, and the matter will be referred to the appropriate district office for compliance.

False Filing of a Form W-3C - To renew an Organization Report (Form P-5) each year, an operator must receive an extension to plugging under SWR 14(b)(2) on an inactive well. Part of this process involves completing and signing a Form W-3C in which the operator represents that: 1) the electricity has been disconnected; 2) the tanks and flowlines have been purged; or 3) the surface equipment has been removed. A complainant may find from the Commission's website that an operator has shown that the

surface equipment has been removed when the surface equipment is still on location. The District Office should confirm, from the Commission's website or mainframe, that the operator checked box C on Form W-3C representing that the surface equipment has been removed. If confirmation is made, the lease should be inspected, and pictures of any surface equipment should be included with the inspection report. In addition to the information from Form W-3C and the inspection report demonstrating the operator falsely filed the Form W-3C, the District Office will send a notice of violation (NOV) to the operator with a copy to the complainant, then refer an enforcement case to Austin. Field Operations will notify the P-5 Department and procure copies of the signed Forms W-3C to include in the enforcement package. In addition to the enforcement case for false filing, the P-5 Department may refuse to renew the operator's P-5 since it was approved under false pretense.

Complaints Involving Elected Officials and Other Agencies - The District Office may receive a complaint directly from a commissioner, a state legislator, state official, or other state agency. When this happens, the District Office should follow normal complaint procedure and should immediately notify the Regional Director or the Assistant Director of Field Operations. Normal complaint procedures will be followed unless the Regional Director or the Assistant Director of Field Operations provides situation-specific direction.

Receiving Complaints

Complaints may be made to the District Office, Field Operations or any other sections or divisions in the Austin office, including the Commissioners' offices. A complaint may be made by telephone, e-mail, fax, letter, or in person. A complaint may be a formal complaint requiring a certain process or an informal complaint that requires action but does not follow the prescribed process for formal complaints. When a formal complaint is filed, it should either be received by the appropriate District Office or referred to the appropriate District Office.

District Offices are required to investigate every complaint within 24-72 hours unless other arrangements are made with the complainant. Pollution or safety-related complaints must be investigated within 24 hours.

Each complaint is considered important, and the Commission treats each complainant with courtesy. Each District Director appoints a Complaint Coordinator who is responsible for monitoring the progress of each complaint to ensure action is being taken within the district and that a formal complaint is not being inadvertently neglected.

When a complaint is made directly to the District Office, or referred to the District Office from Austin, the first step is to determine if any part of the complaint is within the Commission's jurisdiction. If part of the complaint is jurisdictional, a determination must be made as to whether the complaint constitutes an emergency. In the case of a jurisdictional emergency, the District Office should attempt to contact the operator, immediately send an inspector to investigate the complaint and contact the District Director to determine if well plugging or pollution abatement funds should be expended. Complaints involving safety or pollution should be given top priority and expedient action. The ICE system is used to dispatch an inspector. It will also be used to generate an inspection ID and to generate a complaint ID after the complaint is initially assessed. If the District Office staff member receiving the complaint determines that

part of the complaint is non-jurisdictional, the staff member should advise the complainant that the Commission cannot address that part of the complaint since it does not have jurisdiction. The staff member may refer the complainant to another entity such as the Sheriff's Department, TCEQ, or another resource.

Next Step

If the complaint is jurisdictional and a formal complaint is filed, the District Office should assign a complaint number and enter the formal complaint information into the ICE system including the following information:

1. The date the complaint is received;
2. The name of the party making the complaint;
3. The contact information of the party making the complaint, (address, city state, phone number, fax number and e-mail address);
4. The nature of the alleged violations constituting the complaint;
5. The specific location of the complaint;
6. Whether the reported incident constitutes an emergency; and
7. A determination if the complaint is a formal complaint or informal complaint.

A notification for an inspection will then be submitted through ICE. The assigned inspector should contact the complainant and invite them to participate in the inspection provided their presence would not constitute trespassing or require the use of personal protective equipment. Except for anonymous complaints—those when the person making a complaint declines to provide any identifying information, all complaints require a contact. Generally, an inspection is required, unless it is clear the matter is non-jurisdictional in nature, can be resolved by records research, or referred to either another section within the Oil and Gas Division, or another division within the Commission.

1. Jurisdictional complaints involving matters that pose an immediate or imminent threat to public health and safety, or the environment **must be inspected immediately**. In these cases, appropriate notification should be given to Field Operations management and staff according to the Emergency Incident Report (Red Border) protocol.
2. Minor pollution incidents (minor leak, no active source and non-sensitive area) and those alleged without identification of an active source should be inspected within twenty-four (24) hours.
3. Non-pollution complaints must be inspected within seventy-two (72) hours.

In all cases, except emergencies, arrangements can be made with the complainant to schedule inspections at times other than those specified here.

1. After the initial inspection the following action should be taken: If no violations are found, the District Office should send a Complaint Letter to the complainant stating that an inspection was conducted, in accordance with Commission procedure, and the operator was found to be in compliance with Commission rules. The complainant should be advised that

no further action will be taken by the Commission regarding the complaint. The complaint should then be closed.

2. Following the inspection, the District Office staff members should write a brief complaint letter, including all information received from the complainant, violations found during the inspection and the initial action taken. The complaint letter should be mailed to the complainant and filed under the assigned complaint number.
3. Resolution of jurisdictional informal complaints, those that are generally made without identifying complainant details, should also be diligently pursued. The District Office staff member taking the informal complaint should receive the same information from the complainant as a formal complaint, however, informal complaints do not need to be recorded in the ICE system or be assigned a complaint number. Most informal complaints will start with a notification for an inspection.
4. If a violation is found during the initial inspection, the District Office should send a Notice of Violation (NOV), in accordance with the SOG titled Violation Enforcement. In cases that are not emergencies or automatic referrals to Legal Enforcement, the operator is given a specified time in the NOV to bring the lease into compliance. A backcheck should be performed in accordance with the date shown in the NOV to the operator and in the complaint letter to the complainant.
5. If the lease is still in violation following the backcheck, a Notice of Intent to Sever (oil lease) or Seal (gas lease) should be sent through certified mail allowing an additional period to bring the lease into compliance. If the lease is not in compliance by the time allowed in the NOI, the lease is severed, and a status report is issued to the complainant listing the remaining violations.
6. When the lease is severed, the district should immediately refer an enforcement case to Austin. If the operator has made significant ongoing progress resolving the violations, an extension for enforcement action may be granted at the discretion of the District Director. If an extension to enforcement action is granted by the District Director, a status report should be sent to the operator and complainant advising them of the progress, the extension, and the date the extension will expire. If the case is further delayed, the District Office should send the complainant a progress report at least every thirty days. When a case is referred to Legal Enforcement, the District Office should notify the complainant, in writing, that the District Office is transferring responsibility of the complaint to the Office of General Counsel-Legal Enforcement section in Austin and that the complaint will be closed in the District Office. The Operator and complainant should be advised that any further questions or correspondence related to the complaint should be directed to:

Railroad Commission of Texas
Office of General Counsel—Legal Enforcement Section
P. O. Box 12967
Austin, Texas 78711-2967

7. The district should then close the complaint.

8. If the operator resolved the violations and brought the lease into compliance following the NOV or the NOI, the District Office staff member should send a letter to the complainant advising them that the lease is compliant, and the complaint is being closed. The District Office should include the letter in the complaint file and close the complaint.

Closure of Complaints

Each District should close a complaint when the complaint has been successfully brought into compliance, referred to another group (no active pollution), or is found to be unsubstantiated or non-jurisdictional. Once a complaint has been resolved, the Technical Staff in the District will no longer handle the complaint and will not reuse the complaint number unless a final statement is made.

Closure of Complaints Referred to Enforcement

A complaint can be closed provided there is no active pollution occurring and a referral has been sent to Legal Enforcement, or when compliance has been achieved after a referral has been made where there was active pollution. Note: The request for Enforcement Action made to Austin Field Operations is not considered a referral until it has been reviewed and handed over to Legal Enforcement and a docket number assigned.

1. When closing complaint files, which have Legal Enforcement actions pending, it is imperative the operators do not get the impression that pending penalty actions are being dropped. To prevent this impression, the closing report should state that the closing of this complaint file does not alter or suspend any Legal Enforcement action that is currently pending, or other similarly worded statements.
2. The operator and complainant should be made aware in the closing letter that any further questions or correspondence related to this complaint should be directed to:

Railroad Commission of Texas
Office of General Counsel—Legal Enforcement Section
P. O. Box 12967
Austin, Texas 78711-2967

Closure of Complaints Referred to Site Remediation

When it becomes apparent that a complaint will become an Oilfield Cleanup Site candidate and will require further investigation/action by the Site Remediation Group, the District Oilfield Clean-up Coordinator (DOCC) will become part of the complaint process. The following describes two ways these complaints may be handled:

1. No active pollution is occurring at a site: These complaints can be closed. The closing statement in the Status Report will inform the complainant and operator that the complaint file is being referred to the Site Remediation Group for further evaluation and action. It should state that any future inquiries be addressed to the DOCC, who should be named in the correspondence.

2. Active Pollution: When active pollution is occurring at a site that is being referred to Site Remediation, the complaint must remain open, and the Complaint Coordinator/Technical Staff will continue to write the Status Report. A report of all inspection activity performed by the DOCC will be placed in the complaint file to document the activity that has been initiated and the status of the project in the Site Remediation Group. The Complaint Coordinator/Technical Staff will consult with the DOCC in the preparation of the status report update.

Closure of Complaints Referred to State-Managed Plugging

Complaints can be closed and referred to State-Managed Plugging (SMP) when there is no active pollution occurring, there is no current active operator available to bring the well into compliance with the plugging requirements, or the well is not being referred to Legal Enforcement. The complaint should be closed, and a statement made in the closing report that the file is being referred to State-Managed Plugging for evaluation and prioritization. It should be further stated that the well(s) will be eligible for plugging consideration in accordance with the established priority system and budgetary constraints. Any questions concerning the matter should be addressed to the District State-Managed Plugging Coordinator (give name) at (give phone number). When the wells are plugged by SMP or removed from their control, a complaint update letter should be initiated giving the actual plugging date or reason for removal from SMP oversight. If the complaint involves SMP, the complainant and the District Office Lead State Plugger should be sent copies of the complaint letter and status updates. The Regional Director and Assistant Director of Field Operations should only be sent the status update if requested.

Appendix F: Well Plugging Prioritization Methodology

The Commission uses a priority methodology to rank wells for plugging to ensure that those wells posing the greatest threat to public safety and the environment are plugged first. The priority system includes four factors relating to the threat a wellbore poses to public safety and the environment:

1. Well Completion;
2. Wellbore Conditions;
3. Well Location with respect to sensitive areas; and
4. Unique Environmental, Safety, or Economic Concern.

Table 6 lists the factors used in the well plugging prioritization system. The sum of all factors provides a total weight, which determines a well's plugging priority. Wells receive a priority of 1, 2H, 2, 3, or 4, where 1 is the highest priority. The priority system assigns leaking wells the highest priority (an automatic priority 1) and assigns an automatic priority 2 if the well fails a fluid level test.

Table 6: Well Plugging Priority System

	FACTOR	Weight
1.	Well Completion	
A.	Unknown (no well records)	15
B.	No surface casing or set above base of deepest usable quality water	10
C.	Additional casing string not adequately cemented to isolate usable quality water	5
D.	Injection or Disposal Well	10
E.	Well penetrates salt/corrosive water bearing formation or abnormally pressured formation	5
F.	Well in H2S Field	5
G.	Age: Well drilled \geq 25 years ago	5
	Total: (40 points max)	
2.	Wellbore Conditions	
A.	Well is pressured up at the surface (tubing or prod casing)	10
B.	Bradenhead pressure exists *	5
	Auto 2H if UQW not protected and fluid at BH is not UQW	
C.	Measured fluid level	
D.	Fluid level at or above the base of deepest usable quality water.	50
E.	Fluid level less than 250' below base of deepest usable quality water (NA if 2D applies)	15
F.	MIT Failure	5
G.	H-15 (MIT) never performed or test > 5 years old (NA if F applies)	3
H.	Inadequate wellhead control/integrity	5
	Total: (75 points max)	
3.	Well location with respect to sensitive areas:	
A.	H2S well with Public area ROE** Automatic Priority 2H	
B.	In Marine Environment	10
C.	Within 100' of river, lake, creek, or domestic use fresh water well (NA if B applies)	5
D.	Between 100' and 1/4 mile of river, lake, creek, or domestic use fresh water well (NA if C	3
E.	Located within agricultural area.	2
F.	Well located in known sensitive wildlife area.	3
G.	Well located within city or town site limits.	10
	Total (20 points max)	

4.	Unique environmental, Safety, or Economic Concern	
A.	Adjacent to active water flood or disposal well at or above completion interval.	5
B.	Logistics (poor roads, encroaching public, etc.)	5
C.	Well contains junk.	5
D.	P-5 Delinquent > 5 years	5
E.	Other (attach explanation)	1-20
	Total: (20 points max)	

Total Weight

Priority 1 = Leaking Well [based upon definition]
Priority 2H = Higher Risk well [based on definition and/or total weight of 75+]
Priority 2 = Total Weight of 50-75
Priority 3 = Total Weight of 25-49
Priority 4 = Total Weight < 25

*BH pressure is sustained.

**2H if public areas could be impacted based on 16 Texas Administrative Code §3.36 [Statewide Rule 36] definition.

Undetected/continuous leak possible.

Table 7 shows the number of wells plugged by priority during fiscal year 2023 and between fiscal years 1992 and 2023. The Table includes wells plugged with both OGRC and federal funding sources. In September 2001, the Commission implemented the High Risk Well Testing Program, established by SB 310 (77th Legislature, 2001) and began concentrating its well plugging efforts on priority 1 and 2 wells.

Table 7: Number of wells plugged by priority.

	Fiscal Year 2024	Fiscal Years 1992–2024
Priority 1	49	3,699
Priority 2H	681	8,370
Priority 2	198	13,021
Priority 3	327	10,407
Priority 4	1	4,066
Priority 5*	0	1,651
Total	1256	41,214

* The Commission eliminated the Priority 5 category fiscal year 2001. Priority 5 was removed and replaced with priority 2H to give further granularity to the higher priority wells.