

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

NOTICE TO OPERATORS

**Inactive Well Requirements (HB2259 and HB3134)
Enforcement against Organization Report Renewal Begins**

In 2009, the 81st Texas Legislature enacted House Bill 2259 (HB2259) establishing new requirements for oil and gas operators related to inactive land wells and associated surface equipment. HB 2259 mandated certain cleanup activities based on how long a well has been inactive, additional steps related to approval of plugging extensions, and required that those actions be taken in order to complete renewal of an operator's Organization Report with the Railroad Commission.

In 2011, the 82nd Texas Legislature enacted House Bill 3134 (HB3134) to address certain process issues related to HB2259. HB3134 provided that an operator who has complied with all organization report renewal requirements except for those associated with HB2259 will be granted a 90-day extension to their active organization status in order to complete the work needed to comply with HB2259. HB3134 also provided that if the Commission determines that an operator has not achieved compliance by the end of that 90-day period, the operator may request a hearing on the matter, and that the operator will pay a fee to cover the hearing costs if the operator chooses to request such a hearing.

Information related to HB2259 and HB3134 has been included in Organization Report renewal packets and published on the Commission's website beginning in October, 2010, and updated as changes have occurred. **Enforcement of the inactive well requirements was delayed pending Commission adoption of rules to implement the HB3134 provisions. Those rules were adopted at a public meeting on June 12, 2012.**

Beginning with Organization Reports expiring June 30, 2012, the Commission will enforce the requirements of HB2259/HB3134 against Organization Report (P-5) renewal. (Renewal information for these operators was sent to them in April, 2012.) As Organization Report renewals due June 30, 2012, and later come due:

- 1) Once all organization report renewal requirements have been met except for those associated with the operator's inactive wells under HB2259, a notice will be sent to the operator advising them that they have an additional 90-days from the expiration of their previous organization report to bring all remaining inactive wells into compliance with these requirements. The operator's previous organization report will be extended to allow normal operations during this 90-day period.
- 2) If the commission determines compliance has not been met after 90 days, a second notice will be sent to the operator advising them of that determination and informing them that their organization report renewal will be denied. The operator may request a hearing on that determination; a request for a hearing must be received within 30 days of the date the second notice was mailed, and must include a \$4,500 non-refundable hearing fee. The operator's previous organization report will be further extended to allow normal operations during this 30-day period. If a hearing is requested and the hearing fee paid, then the previous organization report will extend through the hearing process until a final Commission determination has been reached.

Additional information related to HB2259/HB3134 is published on the Commission's website at <http://www.rrc.state.tx.us/compliance/hb2259/>, and was included with your organization report renewal information.