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HSE and Regulatory Supervisor

September 11, 2013

Ms. Leslie Savage
Railroad Commission of Texas
Oil and Gas Division
1701 N. Congress
P. O. Box 12967
Austin, TX 78711

Dear Ms. Savage,

Re: Comments on Proposed Statewide Rules 9, 36 and 46

Statewide Rule 9

Page 1 Line 25 – The definition of "Commercial Disposal Well" needs to be reviewed and clarified. There are many disposal wells that are area or field specific whereby one operator provides a disposal service for multiple other operators in the same area or field to assist in not forcing every operator to have their own SWD. These are not for profit type disposals, and are therefore, not commercial. The definition as stated could easily be construed to include these type disposals. The definition in the prior rule has worked well and should not be changed.

Page 2 Line 3 – The definition of "Orphaned Well" needs to be reviewed. As discussed in the Midland seminar, there are many cases where an operator's organization report (P-5) is delayed due to some issue with the paperwork or bonding. By this definition, the operator's wells would be considered as orphaned. Clearly, that is not the intent of this rule. This definition has significant meaning in the proposed rule and should clearly show an operator is defunct and out of business for wells to be considered as orphaned.

Page 3 Lines 25 - 30 – In the Permian Basin, geologic separation between usable quality water and underground sources of drinking water is not an issue as we have a massive salt and anhydrite formation that provides ample separation. However, do all areas in the state have similar separation? Perhaps an exception should be available to operators whereby historic proof of adequate separation should be acceptable as an exception to definitive footages identified in the rule.

Page 4 Line 30 – It is understood the desire for a drilling permit number, and therefore an API Number, to assist in tracking of a disposal permit. But drilling permits expire in 2 years. The time required to prepare and file the disposal permit plus the actual time to process and approve a disposal permit could easily be 6 months. An operator is not going to drill a disposal well until the disposal permit has been received. Therefore, the drilling permit is only good for 1 ½ years. Perhaps the disposal permit could be processed and withheld until such time as the drilling permit has been secured.

Page 5 Lines 3 – 7 – To require an open hole log to be run on surface hole and intermediate hole to provide data to the Groundwater Advisory Unit is unreasonable. In the Wolfberry, most operators don't run open hole logs on more than 1 or 2 wells per section, and then they are only run over the potentially productive interval of the wellbore. Open hole logging tools for such large hole sizes are not readily available. There are potential issues with mud programs and the stability of the hole. As was stated in the Midland seminar, there are not many open hole logging units available in the Permian Basin, and increased costs for this equipment and drilling delays are inevitable. Industry has estimated to open hole log the surface hole to 1,700' and the intermediate hole to 5,000' would add an additional \$30,000 to a well, and that is if the open hole logging unit is available. If an operator is having to wait on an open hole logging unit, rig time plus rental equipment sitting idle on location could easily add an additional \$30,000 per day. This cost is simply not acceptable. If we must provide logs, cased hole logs are more than adequate for the data that is needed, and operators run cased hole logs on all wells.

Page 5 Lines 8 – 9 – Specifying these 4 logs is not reasonable. Most operators in the Wolfberry don't run a spontaneous potential log. It just doesn't provide any useable data across our intervals of interest.

Page 5 Lines 10 – 14 – An exception to the open hole logging requirement is important should we still be required to run these logs. My question is who will actually be granting the exception, someone in Austin or the District Director? Can an exception request be for an area versus well by well? How much time does that person have to review and respond to an exception request? We drill Wolfberry wells in 10 – 12 days. It is not reasonable for an operator to have to halt his drilling program and pay for rig standby time waiting on exception requests to be answered. Whoever addresses these exception requests will be inundated with such requests.

Page 5 Line 34, Page 6 Line 1 – “not adequately cased and/or cemented” and “improperly plugged” are not defined terms. These terms are used throughout the rules and need clarification.

Page 7 Lines 10 – 14 – Notice has always been provided under two criteria: certified mail and publication in a newspaper of general circulation in the county. There is no reason to add a mailing by regular United States Postal Service mail. An affected party could still simply claim they did not get notice whether they received it or not as no one has proof of delivery or attempted delivery.

Page 10 Line 1 – The 30 day requirement needs to be increased to 60 days. Newspaper publications many times take over 30 days to get back from publishers.

Page 14 Lines 27 – 29 – For a permit to be denied simply because there is an orphaned well is arbitrary. The intent of the rule is to protect usable quality water and underground sources of drinking water. An orphaned well may very well meet the requirements to do such, and a permit should still be granted. Plugging liability should not be forced onto operators who are not legally responsible for the orphaned wells. Orphaned wells are the responsibility of the Railroad Commission.

Page 20 Lines 1 – 10 – See the comments above concerning open hole logs, type of logs and the exception process.

Page 23 Line 32 – A well that has been repaired and passes its mechanical integrity test should be allowed to be put back into service immediately. The director or his delegate should not have to approve the results of the test and then communicate back to an operator his decision. This will cause unnecessary delays in commencing operations. If this is allowed to stand as written, a very short time period to approve or disapprove the MIT much be written into the rule.

Page 24 Line 1 – 3 – Due to the very high volume of fluids injected into commercial disposal wells, regardless of wellbore construction, we believe the mechanical integrity should be tested annually as is currently required.

Statewide Rule 36

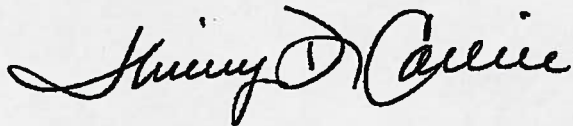
No comments on SWR 36.

Statewide Rule 46

Statewide Rules 9 and 46 are very similar in the existing proposals. Our comments on SWR 46 are basically the same as in SWR 9.

Thank you for your work on these proposed rules. We appreciate your review and consideration of the comments we have provided and would be happy to address any questions you have concerning any of our comments.

Yours truly,

A handwritten signature in cursive script that reads "Jimmy D. Carile". The signature is written in black ink and is positioned above the typed name and title.

Jimmy D. Carile
HSE and Regulatory Supervisor