Chairman Barry T. Smitherman
Commissioner David Porter
Commissioner Christi Craddick

Dear Commissioners:

RE: Informal comments 16 TAC §3.9, relating to Disposal Wells; §3.36, relating to Oil, Gas, or Geothermal Resource Operation in Hydrogen Sulfide Areas; and §3.46, relating to Fluid Injection into Productive Reservoirs

The Alliance appreciates the opportunity to make informal comments on the proposed injection rules, 9, 36, and 46. We also applaud the agency's effort to include the oil and gas industry early in the rule making process.

As a general comment, please note that we believe there is a significant difference between commercial disposal wells, lease disposal wells and enhanced oil recovery (EOR) project wells. While all must be engineered to protect fresh water and be confined to the lawfully permitted zone, the differences include daily operations, facility foot print, injection volumes, depths, engineering, and injection pressures. There are also key matters that do not fall directly under RRC jurisdiction, but are valid concerns of our O&G industry, such as traffic, noise, dust, road repair, etc.

Therefore, while expanding rules for permitting and operating requirements may be appropriate for commercial wells, they are not as applicable to the low volume, low pressure lease disposal wells that are common in the oil patch, especially in small, independent stripper operations. Nor are they identically applicable to many EOR projects which also are differ in daily operations and design.

Again, thank you for the opportunity to comment, and additional areas of interest are listed below.

1. Lease development activities and EOR projects frequently include long range plans, including technical, legal, lease acquisition and financial concerns that may require extended time to complete, with permitting only a part of the overall process. Therefore, we recommend a 5 year permit "shelf life" for these types of injection wells. We concur that commercial injection permits could have an earlier expiration date. The Commission is considering that all disposal/injection well applications file a drilling permit for attachment of an API Number to the disposal/injection permit approval. A possible problem that we see with this requirement is that the drilling permit is only good for a two year term which would not coincide with the disposal/injection permit "shelf life". If a permit were to expire, an entirely new API number would be assigned when the well is re-permitted, which would not coincide with the previously issued disposal/injection well permit.

2. Established EOR projects should be exempt from extended notification requirements exceeding the current 1/2 mile radius AOR. New drills or well conversions are common in EOR projects, and previous notices should suffice for additional activities that are part of the development process.

To notify all lessees of record for tracts that have no designated operator and all owners of record of unleased mineral interests within a ½ mile radius of the proposed disposal/injection well could be a significant project both in time and expense required. In some areas of Texas where tracts have been broken down into tiny parcels with numerous mineral interests under each tract, it is possible that there could be an overwhelming amount of parties to identify for notification purposes. As we go forward in time, this burden is only going to increase with mineral interests being assigned down to future generations. We feel that this proposed requirement is more than excessive and in most cases would be simply cost prohibitive.

Under current SWR 9 and 46 requirements, operators with wells permitted and/or on the oil/gas proration schedules are notified within a ½ mile radius which can be accomplished by utilizing the Commission's GIS System on their website. We suggest that if this notice requirement is to be adopted, then it should only apply to immediate offset/adjacent tracts to the disposal/injection well drillsite tract and off lease facility tract, if so applicable. For very large tracts on which a disposal/injection well is to be located, this notice requirement should only be applicable to those parties within a ½ mile radius of the wellbore surface location.

Notice requirements should also not apply to those parties which are adjacent to the outside drillsite tract perimeter lease lines, if they are over ½ mile removed from the wellbore surface location. We are suggesting that this notice requirement, if adopted, would ONLY apply to commercial and not private disposal/injection well applications. Again, we are of the opinion that notice should only be required for the drillsite tract and offset adjacent surface owners for commercial disposal/injection well applications.

We feel that notice to the lessees of record and mineral interests is excessive, not warranted and should not be required for any type of disposal/injection well application. For private disposal/injection wells we feel that the current notification requirements under SWR 9 and 46 have and will continue to be effective. This is further supported with the suggested proposed notice form under SWR 9 and 46 which will be attached to the copy of the mailed Form W-14 / Form H-1 and H-1A applications to those required parties.

To require notice to all lessees of record for tracts that have no designated operator and all owners of record of unleased mineral interests within a ½ mile radius for proposed private disposal/injection wells would be unnecessary and could result in waste of hydrocarbon recovery. There are waterflood operations and private injection operations that have been in effect for numerous years and to amend these

type applications with new wells added or any type of material change requiring this proposed notification requirement would be an unnecessary and costly burden on the applicant.

When you consider legal notice requirements for other unrelated oil & gas entities, usually a newspaper notice in the county or city of general circulation is all that is necessary. This newspaper publication requirement has already been in place for years for applicable disposal/injection well permits.

We disagree with the rule proposal that directly applies virtually to all of the SWR 9 and 46 proposals, and more specifically the EOR wells. These types of wells and operations are very different from commercial disposal wells and much more similar to lease disposal wells.

3. If this mineral interest notification is to be adopted in SWR 9 and 46 then lease disposal/injection wells of limited volumes should be exempt from the extended notice requirements because they have much less of an impact on subsurface pressures. We recommend a threshold of 5,000 bbls of fluid disposal/injection per day as a threshold that would trigger additional notice requirements, if this additional ½ mile mineral interest identification requirement is adopted.

4. The Commission should establish by rule a permitting time frame and deadline for the RRC GAU regarding its determinations of USDW and UQW so permittee's can plan accordingly. In addition, the rule should include the ability for operators to request expedited determinations, similar to drilling permits, for these portions of the permits.

5. If a person will not sign a certified mail notice and it is returned unsigned, notice by regular mail should suffice the proper notice requirements if the notice has not been returned to the sender as non-deliverable. If the certified receipts are not signed then notification in the newspaper in the county of general circulation should be adequate for notification purposes. However, dual notice requirements by mail is duplicative. Certified mail for all applications should suffice notification requirements.

6. Requiring operators to log the entire well bore, including porosity logs, for disposal/injection wells is burdensome and unnecessary in many parts of the state where subsurface control from previous drilling exists. This requirement should be eliminated, or only apply to commercial injection wells. Please note that EOR projects are usually located in areas where production is established with significant well control already available. Lease disposal wells are typically in the same types of established areas. They are not wildcats. If specific areas need additional information to grant a permit, the Commission should make that part of the permitting process on a case by case basis, if at all.

Based on current fresh water protection requirements, one could assume that by running these logs the information will only show shallower and not deeper bases for freshwater protection. The current log reviews being utilized for these recommendations is already below the surface casing shoes based on the logs available. This of course would not be applicable to areas in which no subsurface log information is available.

7. We concur with the recommendations for the transfer of commercial disposal/injection well permits with written approval being required by the District Director. We also concur that this recommended change of operator approval not be required on private disposal/injection wells.

8. We question whether a GWCD can have standing in a hearing authorized by RRC rule, or if it requires a statutory change. We ask for additional agency analysis on this subject.

9. We recommend lease disposal/injection wells be defined with parameters that include one operator of the well and the lease that the produced water is from the lease or local operations of the operator, and the well is not commercial. These lease disposal wells would then be exempt from the ½ mile extended notice requirements of the proposed rule, as well as the orphaned well and active well AOR requirements. Limited volume lease disposal/injection wells pose much less risk than commercial wells.

New definitions are being suggested for commercial disposal/injection wells for existing permits that for example are piping water across lease lines and are considered private wells under the current rules. We are suggesting that the proposed SWR 9 and 46 state in the rules that these wells will not have to amend their applications to commercial status. This will alleviate any proper private/commercial status questions in the future.

A lease tract that is no less than 5 acres should be more than adequate to separate the disposal/injection operations from offsetting properties and provide sufficient acreage to conduct operations.

10. We concur with the recommendation to eliminate TCAM credit and reporting.

11. We concur with the applicability of SWR 11 and 12 for all disposal/injection wells.

12. We concur with the additional requirements for liners, sewage, and waste haulers, and note that by recommending these additional regulatory requirements, the RRC is recognizing the uniqueness of commercial wells and associated facilities, as opposed to EOR projects and lease production activities. This uniqueness should be applied throughout the proposed rule.

13. We concur with the MIT notice and testing requirements.

14. Currently, with commercial disposal/injection wells, if you amend the permit and the well has short surface casing compared to the current GAU recommended base of the usable quality water, it is an automatic denial. We strongly suggest that this proposed short surface casing requirement not be applicable to private disposal/injection wells. With the (Water Board Letters) GAU recommendations continuously getting deeper through the years, due to stricter ground water protection requirements, there are going to be a substantial number of current previously permitted disposal/injection wells with short surface casing setting depths. If this proposed rule is also applicable to private disposal/injection wells, amending these applications for volume, pressure, etc. with an automatic denial will result in the loss of countless disposal/injection well permits. This will also cause waste to recoverable hydrocarbons which are now being produced under these private disposal/injection well projects.

15. We recommend that certain language be placed in the rule that if wells were previously plugged in accordance with their waterboard recommendations, which were issued at the time the wells were plugged and abandoned, that the ¼ mile radius review for these wells will still be considered to be properly plugged, even though the current GAU recommendations are now deeper.

The new rules are proposing that all wells within the ¼ mile radius be identified to make sure that cement exists behind pipe, with the top of cement set in accordance with the proposed rule, above the applied for disposal/injection interval. Under the proposed rule this will also apply to all plugged wells, regarding not only their cement plug setting depth placements inside of these wellbores but now also to their top of cement behind pipe. We are asking the Commission under this proposed rule, if any wells within the ¼ mile radius are identified that do not have sufficient cement behind pipe above the requested disposal/injection interval, will this be grounds for automatic denial for these disposal/injection applications? There are thousands of old wells that do not have this cement information available due to the older Commission forms previously not requiring this information on their completion reports. Hole sizes were also not previously required on these older well completion filings. If logs are not available then this drill bit size information will also not be available to calculate top of cement behind pipe. How is the Commission going to handle these type disposal/injection applications with insufficient cementing data available? What will be the different alternatives available for securement of permit approval in these situations, if any? Will this requirement also affect amended disposal/injection applications where this ¼ mile radius review is required and the cement information is simply not available due to the age of these wells? We feel that this requirement is going to impact a countless number of disposal/injection wells that are currently permitted along with new wells in waterflood and secondary recovery, etc. projects.

Are the Form W-14 (Non-Productive) applications going to be handled differently than the Form H-1/Form H-1A (Productive) applications under this proposed top of cement condition requirement? If so, we suggest that the Commission set forth guidelines between these two type of permits and also give guidance as to what different alternatives will be available when these problem wells are encountered within the ¼ mile radius concerning their top of cement behind pipe.

Again, we thank you for the opportunity to comment and appreciate your consideration.

Bill Stevens, Government Affairs Consultant
Texas Alliance of Energy Producers
823 Congress Avenue, Suite 1010
Austin, TX 78701
512-656-2209

cc: Brian Miller, Chairman, Alliance RRC Committee
Townes Pressler, Chairman, Texas Alliance of Energy Producers
Alex Mills, President, Texas Alliance of Energy Producers
Milton Rister, Executive Director, RRC
Gil Bujano, Director, RRC Oil and Gas Division
Leslie Savage, Chief Geologist, RRC Oil and Gas Division