Subject: Comments on Proposed Amendments to 16 TAC §§3.15 and 3.58 (SB 1150)

Rules Coordinator,

JDL Operating, LLC appreciates the opportunity to comment on the proposed amendments implementing SB 1150. JDL Operating is a member of the Texas Alliance of Energy Producers, and we support the comments the Alliance has submitted on this rulemaking.

SB 1150 recognizes that an inactive well does not have only two futures; plug or produce. The statute allows an operator to commit to bringing an inactive well into production or into operation as an injection well or disposal well. We ask that the final rules give full effect to that choice.

Existing wellbores are often the best candidates for saltwater disposal, waterflood and other enhanced recovery projects, pressure monitoring and other oilfield uses. In many cases, returning a well to service as an injector in a waterflood creates more value, and recovers more oil, than bringing it back as a marginal producer. Operators frequently keep wells inactive while they design these projects, obtain permits, or wait for the right point in a field's development. Plugging those wells early would waste the investment already made in them and the remaining oil and gas they could help recover. It would also mean drilling new wells later to do the same job.

For that reason, we support the Alliance's recommendation that operators receive credit toward the restoration-history extension for a well that is plugged or brought back into any type of oilfield service, just as they would for a well returned to production.

We also support the Alliance's recommendations on compliance plans. Operators should be able to designate a well as "evaluate" until the first annual report, and should be able to change a well from restore to plug, or the reverse, after testing without it being treated as a deviation, as long as the annual count is met. Problems with a single well should lead to denial of that well only, not the entire compliance plan, and the hazard ground for denial should be limited to an imminent threat that the operator has not addressed after notice.

These are targeted changes that fit within the Commission's proposed framework. They would encourage operators to put sound wellbores to productive use while still addressing long-term inactive wells by September 1, 2042.

Thank you for your consideration.



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