November 19, 2026

Railroad Commission of Texas
Office of General Counsel
Attn: Rules Coordinator
P.O. Drawer 12967
Austin, Texas 78711-2967

RE: Public Comments on Proposed Amendments to 16 TAC §§ 3.15 and 3.58 – Implementation of Senate Bill 1150 (89th Texas Legislature, Regular Session, 2025)

Dear Commissioners and Rulemaking Staff:

On behalf of the Texas & Southwestern Cattle Raisers Association (TSCRA), we appreciate the opportunity to submit comments regarding the Railroad Commission of Texas' (Commission) proposed amendments to 16 Texas Administrative Code §§ 3.15 and 3.58 implementing Senate Bill 1150. TSCRA recognizes the importance of responsible oil and gas development to the Texas economy and appreciates the Commission's continued efforts to address the growing challenges associated with inactive and orphaned oil and gas wells.

TSCRA is a 149-year-old trade association and the oldest and largest livestock association in Texas. TSCRA represents approximately 28,000 individuals and businesses as members that contribute to the production of beef and the stewardship of natural resources in Texas and the Southwest.

TSCRA has longstanding adopted policy supporting stronger accountability for inactive wells, including holding responsible parties accountable for timely plugging, establishing adequate financial assurance throughout the life of a well, strengthening enforcement of plugging and bonding requirements, and ensuring that state funds designated for plugging are used for their intended purpose.

With these principles in mind, TSCRA offers the following recommendations for the Commission's consideration as it finalizes the proposed amendments.

1. Strengthen Financial Accountability and Oversight of Well Transfers

One of TSCRA's primary concerns is the continued transfer of inactive wells between operators or working interest owners, particularly when wells ultimately become the responsibility of entities that lack the financial resources or willingness to fulfill their plugging obligations. This practice can leave landowners with deteriorating well sites and place the financial burden of plugging on the State of Texas.

TSCRA supports the proposed amendments to §3.58 addressing the transfer of inactive wells and the certification of compliance by transferring and receiving operators. However, we encourage the Commission to ensure that these requirements provide meaningful oversight rather than relying solely on certifications of compliance and good faith.

Specifically, TSCRA requests that the Commission consider requiring sufficient documentation to evaluate the receiving operator's financial and operational capacity to fulfill the obligations associated with an inactive well. Where authorized by law, the Commission should also consider relevant ownership interests, affiliated entities, and the responsibilities of parties beyond the designated operator of record.

TSCRA's adopted policy supports holding operators and working interest owners in the chain of title accountable for timely plugging obligations, or establishing financial assurance that remains in place throughout the life of each well. We recognize that the Commission must operate within its statutory authority, but encourage it to use that authority to prevent transfers that result in plugging liabilities being shifted to landowners and taxpayers.

2. Ensure Plugging Extensions Include Meaningful Accountability

TSCRA recognizes that certain inactive wells may have legitimate potential to return to production and that plugging extensions can provide operators with reasonable flexibility under appropriate circumstances. However, extensions should not become a means of indefinitely postponing plugging obligations.

The proposed amendments to §3.15 establish several circumstances under which operators may qualify for extensions, including prior success returning inactive wells to production, financial hardship, compliance plans, and individual performance bonds.

TSCRA encourages the Commission to establish clear and consistent criteria for evaluating these requests, particularly when an operator seeks an extension based on financial hardship or prior operational performance.

Financial hardship alone should not relieve an operator of the responsibility to maintain a well safely or demonstrate a credible path toward eventual plugging. Likewise, an operator's history of returning certain wells to production should be considered alongside its overall compliance record and the number and condition of other inactive wells under its responsibility.

We encourage the Commission to require documented compliance plans with measurable milestones, defined deadlines, and appropriate oversight. Operators receiving extensions should demonstrate continued compliance with applicable well-integrity, maintenance, and financial assurance requirements.

These safeguards would help ensure that extensions serve their intended purpose without allowing additional plugging liabilities to accumulate indefinitely.

3. Require Adequate and Enforceable Financial Assurance

Adequate bonding and financial assurance are central to TSCRA's adopted policy on inactive well plugging. When operators fail to fulfill their obligations, the costs of plugging and addressing associated hazards can ultimately fall on the state, while landowners continue to bear the consequences of wells remaining on their property.

TSCRA supports the provision of SB 1150 allowing an operator to obtain a plugging extension through an individual performance bond covering the calculated full cost of plugging an inactive well and remaining in effect for the life of the well.

We encourage the Commission to ensure that plugging-cost calculations accurately reflect the conditions and anticipated expenses associated with individual wells, including factors such as well depth, age, condition, location, and other circumstances that may affect the cost of plugging.

Additionally, TSCRA encourages periodic review of financial assurance to account for changes in plugging costs or well conditions. Where necessary, operators should be required to provide additional assurance to maintain adequate coverage.

Financial assurance should represent a meaningful commitment to fulfilling plugging obligations rather than simply satisfying an administrative requirement. The ultimate objective should be to ensure that sufficient resources are available when plugging becomes necessary, reducing the likelihood that these obligations will be transferred to the state.

4. Provide Consistent Enforcement and Protect Surface Owners

For many TSCRA members, inactive wells are not simply entries in a regulatory database. They are physical structures located on working ranches and agricultural lands, sometimes remaining in place for decades after production has ceased.

These wells can present risks to groundwater resources, livestock, equipment, and the safety of individuals working on the property. In some circumstances, abandoned equipment and deteriorating well sites can also interfere with normal agricultural operations and land management.

TSCRA supports more rigorous enforcement of existing plugging and bonding requirements and encourages the Commission to ensure that the final rules include clear consequences for operators who fail to comply with approved extension conditions, maintain required financial assurance, or meet established plugging deadlines.

We also encourage the Commission to clarify how the proposed amendments will operate alongside other applicable inactive-well requirements, including those established by House Bill 2663. Operators should have clear expectations regarding their obligations, and the implementation of SB 1150 should not inadvertently weaken existing requirements.

Further, TSCRA encourages the Commission to consider the impacts of inactive wells on affected surface owners when evaluating compliance and enforcement priorities. Wells presenting documented risks to groundwater, livestock, agricultural operations, or public safety should receive appropriate consideration when determining whether continued extensions are warranted.

5. Improve Transparency and Prioritize Long-Term Reduction of Inactive and Orphaned Wells

TSCRA recognizes the Commission's ongoing efforts to plug orphaned wells and appreciates the importance of continued state investment in these activities. Our adopted policy supports the full appropriation of funds designated by the Texas Legislature for plugging inactive oil and gas wells.

However, addressing the existing inventory of orphaned wells must be accompanied by measures that prevent additional wells from becoming the responsibility of the state.

TSCRA encourages the Commission to maintain transparent and accessible information regarding inactive-well inventories, plugging extensions, operator compliance, and the financial assurances associated with these wells. Providing affected landowners with accessible information regarding the status of wells on their property would also improve transparency and help them better understand potential risks and regulatory obligations.

We further encourage the Commission to evaluate the effectiveness of its inactive-well program by considering not only the number of wells plugged annually, but also whether the overall inventory of inactive and orphaned wells is declining over time.

A sustainable approach must address existing plugging liabilities while strengthening the regulatory framework to prevent future liabilities from accumulating.

Conclusion

TSCRA appreciates the Commission's work to implement SB 1150 and recognizes the importance of providing a regulatory framework that supports responsible oil and gas development while protecting private property rights and the state's natural resources.

Our members understand the important role oil and gas production plays in Texas. However, landowners should not be left to manage the long-term consequences of inactive wells when those legally responsible for the wells fail to fulfill their obligations.

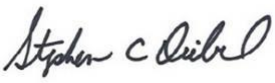
TSCRA respectfully encourages the Commission to strengthen the proposed amendments where appropriate to ensure that plugging obligations remain with responsible parties, financial assurances are adequate, extensions are subject to meaningful oversight, and transfers do not create additional orphaned-well liabilities.

Ultimately, the success of these rules should be measured by their ability to reduce the number of inactive and orphaned wells, prevent future abandonment, and protect Texas landowners, groundwater resources, and taxpayers.

Thank you for your consideration of these comments and for the Commission's continued work on this important issue.

If you have any questions regarding these comments or TSCRA's position, please contact Peyton Schumann at pschumann@tscra.org or (325) 864-8802.

Sincerely,



Stephen Diebel, TSCRA President