PERMIAN BASIN
PETROLEUM ASSOCIATION

November 20, 2026

Rules Coordinator
Railroad Commission of Texas
Post Office Box 12967
Austin, Texas 78711-2967

Submitted Electronically

RE: Amend §§3.15 and 3.58 re: Senate Bill 1150 (89th Legislative Session, 2025)

Rules Coordinator,

Thank you for the opportunity to provide comments on the amend Railroad Commission of Texas ("RRC" or "the Commission") Rules 3.15 and 3.58 pursuant to the passage of Senate Bill 1150 (89th Regular Session) on behalf of the Permian Basin Petroleum Association.

We write to you today in support of the adoption of the proposed rules, with suggestions and requests for clarity, in order to ensure compliance as the Commission intends.

The Permian Basin Petroleum Association (PBPA) represents the oil and gas operators that call the Permian basin of West Texas and Southeast New Mexico home. As you know, this industry is committed to expanding American energy dominance and ensuring that America and our allies benefit from the abundant and affordable energy that is produced in the largest oil and gas basin in the free world.

With that said, PBPA firmly supports the intended goal of the Texas Legislature and the Commission in this proposal which clearly seeks to either plug inactive wells of a certain age or move them toward activity in order to ensure these do not become future liabilities for Texans as orphaned wells.

Our membership recognizes that the current inventory of inactive wells, as well as the concern that that growth could exacerbate orphan well growth, are issues that should be resolved for the benefit of Texans.

Our members also agree that the industry in this state has long benefited from a diversity of operators whose business models all focus on preventing waste and generating revenue for the state,

royalty owners and all Texans who benefit from robust oil and gas industry. We believe firmly that those members who can clearly demonstrate their success in moving inactive land wells into activity is one that should be recognized as a positive effort to prevent waste and protect Texas' natural resources.

Before we provide specific comments to the rule, our seek clarity about how all of the new reporting will actively function. For example, there are new annual filings, including: the "annual operator report," reporting of fluid and pressure testing, new filings for non-operators, and of course filings for compliance plans and others.

We would very much appreciate the Commission sharing with us the intent of how these filings can all be done most efficiently

In 3.15, our members have no comments and we appreciate the Commission clearly demonstrating operators may apply for, and the Commission may approve four different types of extensions, including a Commission order granting extension, a financial hardship process that warrants approval of 15/25 extensions, a compliance plan that identifies the operators efforts to plug or restore the 15/25 wells to active operation by September 1, 2042, and a performance bond equal to full cost calculation of plugging.

Our members do have general questions in the provisions of 3.58 regarding how the Commission anticipates operators will be able to amend these options over time to ensure compliance and would appreciate the Commissions guidance on this. Would an operator be able to amend these individual efforts annually through their updated reports or plans? If not, how should an operator reflect the changes to its inventory of plugged, sold, purchased, or inactive wells to the Commission? Also has the Commission considered in what manner they anticipate requesting that this data be provided?

For the options that include the Commission order, will the request be required to be submitted by September 1st, or is the order required to be approved by September 1st?

Further, our members would appreciate guidance from the Commission on how this annual reporting would work in concert with P-5 filings and other well-plugging abeyances.

Another important guidance would be what does will the Commission consider qualifying activity versus inactivity. It has been noted by some of our operators that after acquisition and review, some assets are productive and active, and want to ensure they are able to clarify that with the Commission. Would that best be done through an amended production report upon acquisition? Does the Commission have other suggestions on how to demonstrate activity on perhaps previous, and erroneous, reports of inactivity?

Also on reporting, does the Commission anticipate the first filings for each of the four options for compliance beginning on September 1, 2027? Or is that the date from which the operator will be required to begin filing,? Would that report include the calendar year or from September to September of the subsequent year?

Regarding the provisions of an operator providing the nonoperator information, our membership would appreciate more clarity on what would constitute good faith efforts as they work to provide information that is both reliable and readily available.

Our members also greatly appreciate the Commission considering the provisions related to financial hardship and would like clarity on whether the information in the applications would be protected as confidential. We also request that the Commission further define the information that is helpful in determining hardship, and also clarifying that operators have the opportunity to provide any other information they feel demonstrates this financial challenge.

The proposed rule does include provisions related to those wells focused on enhanced oil recovery (EOR). Can the Commission offer guidance on whether EOR project wells would be excluded?

Additionally, as the Commission has in other cases included a provision to authorize the Oil and Gas Director in certain circumstances to consider a good cause exception for exigent circumstances, we would ask that the Commission consider including this option to address unique issues related to a well plugging becoming more complex because of a unforeseen issue, or a delay in compliance that was not anticipated by an operator. We would expect this should be narrow and the burden is on the operator to demonstrate this circumstance clearly and should not be a routine function.

It is also worth noting that on page 17, line 20, section (C) references the "potential" hazards are reasons the Commission would deny an application for extension, we believe the language should be that the "inactive well poses hazards" rather than simply the "potential." For a number of reasons an inactive well could be a potential hazard, but not an actual hazard, and this clarifies that there is real risk, not simply the potential for risk.

On page 20, beginning on line 5, the inclusion of the word "annually", in section (3) seems to be placed confusingly and should be removed given that the preceding section 2 outlines the approvals required to test, and the provisions added on the same page in section (6) seem to establish its reporting to the Commission.

We greatly appreciate the effort of the Commissioners and RRC staff to implement this rule, which is very important to our collective memberships. Again, we share the mission of implanting these statutoryprovisions in order to reduce the inventory of inactive wells in Texas, as well as working to ensure that these are plugged or brought back into activity.

Thank you for the opportunity to represent our members questions and thoughts on this rulemaking both in person and through these written comments. We look forward to continuing to work with our members and the Commission to ensure a rule that focuses on compliance and further reducing the inactive well population. Please feel free to reach out if we may be of further assistance.

Regards,



Ben Shepperd
President
Permian Basin Petroleum Association