

**TEXAS NATURAL RESOURCE CONSERVATION COMMISSION
TECHNICAL PEER REVIEW DOCUMENT**

<i>This Section to be Completed by Issue Initiator</i>	
TITLE OR ISSUE	
Division of responsibilities between TNRCC staff and well operators concerning Class I UIC financial assurance for plugging and abandonment of a well.	
DOCUMENT INITIATED BY (Name/Office/Phone Number)	DATE
Mark Cheesman - Merichem Company	1/10/97
ISSUE DESCRIPTION	
<p>The current state UIC regulations require operators of Class I injection wells to provide financial assurance for plugging and abandonment of the well (30 TAC §§331.141-147). In regard to the cited rules, UIC, Uranium & Radioactive Waste (UURW) Section staff calculate the basic closure costs for wells and provide this information to a permit applicant or permittee, and to the Financial Assurance Section. The UURW Section is also responsible for monitoring construction and plugging and abandonment (closure) of Class I wells. The Financial Assurance Section is responsible for review and approval of the content of an applicant's or operator's financial assurance submittals. Class I injection well inspectors provide a check of well financial assurance through review of documents at the well site as reflected by Section 3, Item 10 on the TNRCC Disposal Well Inspection Checklist. This item on the inspector's checklist asks whether the permittee currently has sufficient financial assurance to meet permit requirements, and requires indication of the amount of financial assurance required by permit. Successful implementation of financial assurance requirements for Class I injection wells depends on clear and consistent lines of communication within the TNRCC (which have not been uniform between programs), and clear understanding by inspectors and operators of each party's responsibilities during an inspection.</p>	
WHO'S AFFECTED?	
Class I well operators, Financial Assurance Section staff, and UIC Program staff involved in permitting, compliance monitoring, and inspection.	
<i>This Section to be Completed by Peer Review Team</i>	
FACTORS CONSIDERED	
<p>Responsibility for providing the Financial Assurance Section with copies of all injection well permit actions has not been clear within the TNRCC. The Commission's Chief Clerk provides copies of permit actions to the appropriate program areas that processed particular permit applications, and to additional organizational entities that vary by program.</p> <p>Not uniformly recognized until recently, is that the requirement for financial assurance to be in place is keyed to the time at which drilling of a well begins (30 TAC §331.142(a)). Consequently, responsibility for communication to the Financial Assurance Section that drilling has been initiated has not been clear. Also, dates upon which all requirements for plugging and abandonment (closure) and post-closure care for a well have been satisfied, must also be communicated to the Financial Assurance Section, to trigger release of financial assurance to the permittee .</p>	

TNRCC regional offices have generally not been copied on the operator's submittals for financial assurance or confirming responses made by the Financial Assurance Section. In addition, it has been pointed out by operators that responsibility for submitting financial assurance documentation many times lies with an operator's corporate headquarters, not at the facility itself. Therefore, attempting to verify financial assurance during a well inspection can be difficult and time consuming.

Inspections of Class I injection wells should focus on verifying proper operation and maintenance of Class I UIC wells. The intent of the financial assurance portion of a well inspection is to confirm that the Financial Assurance Section has approved the operator's submittal(s) as meeting all applicable rule requirements. The TNRCC's Financial Assurance Section is responsible for reviewing the content of each operator's financial assurance submission. In contrast, injection well inspectors have neither the responsibility nor are they expected to have the expertise to evaluate the content of financial assurance submittals.

The Financial Assurance Section's data base will not be up to date if the section is not informed of the dates of any permit actions (issuance, amendment, renewal, transfer, cancellation, or revocation), recalculation of required financial assurance amounts as performed by the UURW Section, dates of initiation of drilling, or dates of dates of satisfaction of all closure and post-closure care requirements. In such cases, wells could possibly be operating without required financial assurance. Injection well inspectors therefore provide a valuable function in field checking facilities for the Financial Assurance Section.

FINDING(S) AND RECOMMENDATION(S)

The UURW Section, the Financial Assurance Section, the Commission's Chief Clerk, and Class I well inspectors and operators each play essential roles in the implementation of financial assurance regulations for Class I injection wells. The following recommendations should be implemented to establish consistent communications and reduce burdens on both inspectors and operators:

1. The Chief Clerk should include the Financial Assurance Section in the list for distribution of copies of newly issued UIC permits, amendments, renewals, transfers, cancellations, or revocations.
2. The UURW Section should notify the Financial Assurance section by e-mail of (a) any new calculations of well closure costs, (b) the dates on which drilling of an injection well commences, and (c) the dates on which closure and post-closure care requirements have been satisfied.
3. The Financial Assurance Section should provide to the appropriate regional office a copy of any correspondence approving financial assurance submittals for injection wells. Such copies of financial assurance correspondence should be kept in the regional office's files.
4. Operators should maintain on site a copy of financial assurance correspondence sent to TNRCC and copies of any financial assurance correspondence received from TNRCC.
5. Inspectors will request to see the operator's financial assurance documentation only if the regional office has not received a copy of the confirming correspondence from the Financial Assurance Section. Any required review of the financial assurance documentation will be limited to verifying that the submission was made within one year of the date of the inspection and the documentation covers the Class I well(s) located at the facility being inspected. The TNRCC Disposal Well Inspection Checklist (Section 3, Item 10) should be modified accordingly.

COMMENTS

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REVIEW COMPLETED BY	NAMES	INITIALS	DATE
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<input checked="" type="checkbox"/> Technical Review Group <input checked="" type="checkbox"/> Section Technical Panel <input checked="" type="checkbox"/> Division Senior Technical Committee <input type="checkbox"/> Chief Engineer/Senior Technical Council	Ben Knape, UURW Charles Greene, UURW Hong Guo, UURW Jim Boswell, UURW Mike Hull, Region 1 Aron Athavaley, Region 12 Mark Cheesman, Merichem Steve Fotiades, DuPont James Clark, DuPont Linda Shirck, Financial Assurance Mamie Black, Chief Clerk	_____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____	_____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____
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Send copies to:

- Chief Engineer
- OP&RD
- Case File
- Issue Initiator
- Case Coordinator
- Other: ED, Deputy Directors, Deputy Directors
- Central Records