



JONES DAY  
**COMMENTARY**

## TEXAS RAILROAD COMMISSION UPDATES RULES FOR CONSTRUCTION OF OIL AND GAS WELLS

Last week, the Texas Railroad Commission (“TRC”) adopted changes to its rules governing the construction of oil and gas wells. The new standards, which have come to be known as the “Well Integrity Rule,” will provide clearer and more definitive construction guidelines for casing, cementing, drilling, well control, and completions. Operators will be responsible for compliance with the amendments.

These amendments mark the first substantial changes to the TRC’s construction guidelines since the 1970s and are designed to address public safety and environmental concerns, especially those regarding potential contamination to groundwater. The amendments are set to take effect on January 1, 2014 for all wells drilled on or after that date.

One of the most significant changes requires operators to pressure-test the casing of new wells undergoing hydraulic fracturing treatment in accordance

with a mandated formula to determine the appropriate test pressure (maximum test pressure need not exceed 1,500 psi) and to notify the TRC of any failed tests. Operators will also be required to monitor annular space between casings and must suspend fracturing if measurements indicate that there might be a down-hole casing leak in the well.

Other highlights include:

- In order to avoid damage to surface or intermediate casing strings, operators must verify the mechanical integrity of those casings for wells in which the drilling time exceeds 360 hours.
- Surface casing to a depth of more than 3,500 feet will require TRC approval before setting.
- New testing and monitoring requirements will be put in place for “minimum separation wells.”

- Operators must pump quantities of cement sufficient to isolate and control potential flow zones, zones with corrosive formation fluids, and annular gas migration.
- Minimum cement sheath must be at least  $\frac{3}{4}$  of an inch thick around the surface casing and at least  $\frac{1}{2}$  of an inch around subsequent casing strings.
- Requirements for well control and blowout preventers have been updated, and there is now a distinction between equipment used for well control on inland, bay, and offshore wells.

While some commentators estimate that compliance with the amended rules could increase drilling, casing, and cementing costs up to \$200,000–\$250,000 per well, the TRC contends that there will be a price increase only if a well requires intermediate casing strings, and that there are cheaper ways to contain zones of corrosive fluid. Moreover, the TRC points out that the amendments are specifically targeted to address safety risks for which the benefit to the public warrants the cost to drillers of complying with the updated rules.

## LAWYER CONTACTS

For further information, please contact your principal Firm representative or one of the lawyers listed below. General email messages may be sent using our “Contact Us” form, which can be found at [www.jonesday.com](http://www.jonesday.com).

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