Dry Creek
Environmental, LLC

FROM PUNISHMENT TO PARTNERSHIP

A Smarter Path for Plugging Inactive Wells in Texas

www.drycreekenvironmental.com

About Us

Dry Creek Environmental, LLC exists to restore land, protect communities, and reduce environmental harm by accelerating the safe plugging and abandonment of inactive oil and gas wells. We work to ease the burden on taxpayers, revitalize neglected areas, and redefine environmental responsibility across America's aging oilfields.

Executive Summary

Texas is home to hundreds of thousands of inactive and marginal oil and gas wells, many of which are slowly leaking methane or posing risks to groundwater. While these wells may no longer generate meaningful production revenue, they represent a looming environmental and financial liability.

As a longtime oil and gas operator and service provider in Texas, I've seen this problem up close. I've also seen how conventional regulation, while well-intentioned, can backfire, forcing small operators out of business and leaving even more wells orphaned on the state's books.

This paper offers a new approach: combining carbon market incentives, private stewardship, and practical regulatory reform to reduce methane emissions, protect water, and plug wells without burdening taxpayers or over-penalizing struggling operators. These market-based models depend on sustained demand from carbon credit buyers committed to funding measurable, U.S.-based climate impact.

Let's move from punishment and abandonment to incentives and responsible transition.

The Problem

- Inactive and marginal wells often generate little or no revenue, yet the wells remain unplugged, often for decades.
- Many are leaking methane, a greenhouse gas 80+ times more potent than CO_2 over 20 years.
- The Railroad Commission of Texas (RRC) lacks the funding to plug all orphaned wells, let alone prevent more from being added to inventory.
- Operators facing stricter regulation may exit the industry, surrendering wells to the state rather than absorbing the cost of plugging.

The result is a growing environmental burden that neither operators nor the state can afford to carry alone.

The Regulatory Dilemma

Texas regulators face a tough balancing act:

If too lenient...	If too strict...
Environmental risks go unchecked	Operators walk away
Methane continues to leak	Orphan well burden increases
Public trust declines	Jobs and production decline in rural areas

The current system lacks a **middle ground** - a pathway for operators to exit responsibly, for wells to be plugged cost-effectively, and for emissions to be reduced quickly and measurably.

A Smarter Path Forward

To bridge the gap between regulatory pressure and environmental need, the industry and regulators can embrace flexible, market-driven pathways that use private capital, carbon finance, and environmental incentives to accelerate responsible well plugging.

1. **Voluntary Well Transfers to Responsible Parties**

   Operators with low or non-producing wells should have a clear legal and regulatory path to voluntarily transfer those wells to qualified third parties that assume plugging obligations. These parties can finance the work using:

   - Revenues from verified carbon credits generated by quantified methane reductions;
   - Value recovered through equipment and salvage rights;
   - Partnerships with impact investors and philanthropic capital focused on climate outcomes.

   This creates an off-ramp for operators who cannot economically justify plugging, while ensuring wells are safely remediated.

2. **Plugging Incentives in Exchange for Environmental Attributes**

   Market solutions also allow operators to retain ownership and meet environmental objectives by:

   - Receiving subsidies, cost-sharing, or technical support from environmental credit buyers;
   - Transferring the methane reduction or carbon credit rights to those financiers;
   - Accelerating plugging timelines to create earlier climate and public health benefits.

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A Smarter Path Forward

These incentive structures align economic realities with environmental needs and can be applied at scale with minimal taxpayer involvement.

The viability of both voluntary transfers and incentive-based plugging depends entirely on demand from the voluntary carbon market. Credit buyers, from corporations seeking climate impact to ESG funds and philanthropic backers, are essential to funding these solutions. Without this demand, there is no financial engine to support early remediation, and the opportunity to plug thousands of wells cost-effectively would be lost.

This dual-path framework empowers both operators looking to exit and those looking to stay compliant without overwhelming the state or penalizing good actors.

Benefits

- **Fewer Orphaned Wells**
  Operators aren't forced to abandon because they have practical exit or support options.
- **Lower Methane Emissions**
  Wells are plugged years or decades earlier than they would be otherwise.
- **No Cost to Taxpayers**
  Plugging is funded privately through credit sales and salvage value.
- **Job Creation & Rural Economic Activity**
  Plugging crews, equipment recyclers, and environmental monitors are all part of the solution.

Policy Recommendations

- **Recognizing Verified Carbon Credit Plugging as Compliance**
  Allow credit-financed plugging to count toward regulatory goals, but only when the plugging is truly ***additional***, meaning it occurs beyond what would have happened under existing business-as-usual conditions. This ensures integrity in the carbon market and maximizes real-world environmental benefit.
- **Facilitating Voluntary Well Transfers**
  Streamline the legal and regulatory framework for transferring inactive wells to responsible third parties for near-term plugging.
- **Adopting Risk-Based Well Tiering**
  Prioritize regulation based on environmental risk rather than one-size-fits-all idle well timelines.

Conclusion

We're at a crossroads. Inactive and marginal wells are either going to become tomorrow's taxpayer problem or today's environmental opportunity.

With the right mix of **market mechanisms, regulatory support, and industry innovation**, we can solve this problem without vilifying operators or overwhelming the Railroad Commission.

Let's move away from punishment and abandonment and towards incentives and responsible transition and leave the land, air, and water better than we found them.

About the Author

Jon B. "Brett" Bennett is an oil and gas operator and service provider based in Texas and a proponent of market-based approaches to environmental remediation in the energy sector.

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