Technical & Economic Questions About the Texans First Fuel Program

Below are the key questions Texans have asked about how the program works. These answers use realistic numbers, conservative expectations, and standard engineering and economic assumptions.

1. What is the exact volume of oil you expect revived wells to produce in the first 3 years, and what data is this based on?

The program avoids claiming exact statewide volumes. The pilot uses 25 to 50 wells with known production history and updated engineering tests. Actual field data from the pilot determines the program's long-term scale.

2. How will cost-share agreements be structured so landowners and operators voluntarily participate?

The state covers a defined portion of revival costs and receives 5 to 10 percent of production only from wells it helps revive. Landowners keep all mineral rights, operators keep full control, and participation is voluntary so the financial terms must work for them.

3. Who receives initial fuel credits, and what is the per-person cost?

The pilot includes 5,000 to 20,000 drivers in limited regions or capped enrollment. Credits are backed only by actual production, with a target value of 5 to 15 dollars per person per month.

4. What happens if revived wells produce less than expected?

Fuel credits scale down automatically. If output is lower, benefits remain smaller or go to fewer people. Environmental and plugging benefits remain.

5. How will the program remain solvent before oil-based repayments begin?

The Legislature approves a capped pilot budget. Only economically viable wells are included. Upfront costs are controlled and repayment begins once wells produce.

6. Which state agencies will run each part of the program?

Railroad Commission: engineering, safety, and well eligibility
TCEQ: environmental compliance and water disposal
Comptroller: financial flow and reimbursements
DPS: driver's license verification for fuel credits

7. Does the program require a constitutional amendment?

No. It can be implemented through statutory changes and appropriations.

8. How will operator liability be handled?

Operators retain full responsibility under Texas law. Bonds and orphan-well rules continue to apply. State cost-sharing does not transfer operational liability.

9. What environmental standards must wells meet before approval?

Wells must pass casing and cement integrity tests, methane leak detection, and verified saltwater disposal access. Wells failing these tests are excluded.

10. How will gas stations be reimbursed without creating a new tax?

Reimbursement uses a capped portion of existing severance and fuel tax revenue and the state's small share of revived production. Payments go through existing payment networks and Comptroller systems.

11. How is well viability determined?

Viability requires engineering review, environmental safety checks, and economic screening. Wells failing any stage are directed to plugging.

12. What average cost assumptions are used for workovers, recompletions, and plugging?

Ranges vary, but generally:
Workovers: tens of thousands of dollars
Recompletions: higher, depending on complexity
Plugging: tens of thousands of dollars, depending on depth

13. Do you expect refineries to join under a cost-plus model?

Cost-plus is a policy structure. Specific refinery participation would be discussed after legislative interest, region by region.

14. How will the program treat wells with high water-cut, collapsed casing, or poor pressure?

These wells are typically excluded. High water-cut may be acceptable only with cheap disposal. Collapsed casing or low pressure usually means plugging.

15. Will the program use secondary or tertiary recovery methods?

Not in the pilot. The initial phase uses single-well workovers. Advanced recovery methods may be considered later if the field data supports it.

16. What metrics determine pilot success?

Cost per revived well, production compared to projections, value delivered per public dollar, and environmental and safety results.

17. Will production and financial data be published?

Yes. Monthly or quarterly reports will be public.

18. How will fuel-credit fraud be prevented?

Credits are tied to driver's license verification, purchase tracking, and automated monitoring for unusual patterns. Credits cannot be transferred or resold.

19. What happens if an operator defaults on repayment?

Existing bonding and liability rules apply. The state may recover costs through those mechanisms. The well may move to plugging if no responsible operator remains.

20. What is the 10-year target and the trigger for expansion?

Expansion depends entirely on field data. The program grows only if revived wells consistently meet production and economic metrics.

21. Would the program continue without fuel credits if production is low?

Yes. Even without fuel credits, reviving viable wells and properly plugging others reduces environmental risk and long-term state costs.

22. What cost-per-gallon reduction do pilot drivers receive?

The expected benefit is 10 to 30 cents per gallon, depending on production.

23. How many wells will be in the pilot and what production level supports credits?

Twenty-five to fifty wells, producing a combined 1,000 to 2,000 barrels per month.

24. What percentage of wells will likely pass engineering tests?

Approximately 40 to 60 percent.

25. What is the expected repayment timeline per well?

Most wells should repay the state's cost-share in 18 to 36 months.

26. How will price volatility be handled?

Credits are based on actual output, not market swings. Benefits rise or fall with real production.

27. What is the administrative cost of running the pilot's IT system?

Estimated at 500,000 to 1.5 million dollars, using existing state systems.

28. Will operators be required to use Texas service providers?

No. Most will choose Texas-based providers because they dominate the market and are closest to the wells.

29. What is the pilot's cost-per-beneficiary, including administration?

Approximately 3 to 7 dollars per beneficiary per month.

30. How will disputes over metering and allocation be prevented?

Standardized metering, midstream verification, and existing Texas reporting protocols.

31. What happens if a revived well declines rapidly?

If a well drops below viability, fuel-credit levels decrease automatically and the well is reevaluated for continued production or plugging.

If Texans have more questions, I will answer them. The program must work in the real world, not just on paper.