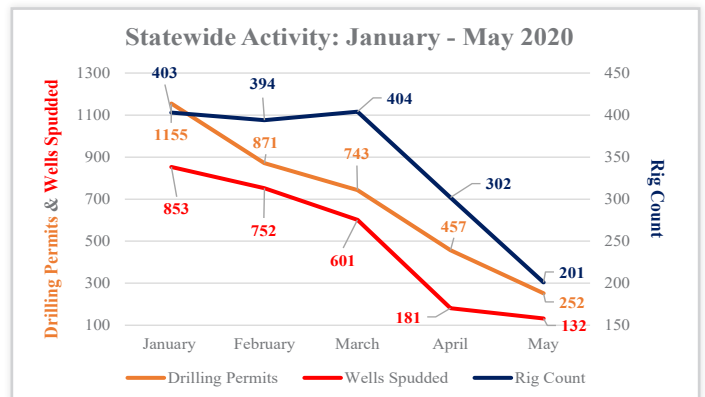


Our mission is to serve Texas by our stewardship of natural resources and the environment, our concern for personal and community safety, and our support of enhanced development and economic vitality for the benefit of Texans.

Update: COVID-19 Impact on Texas' Energy Sector

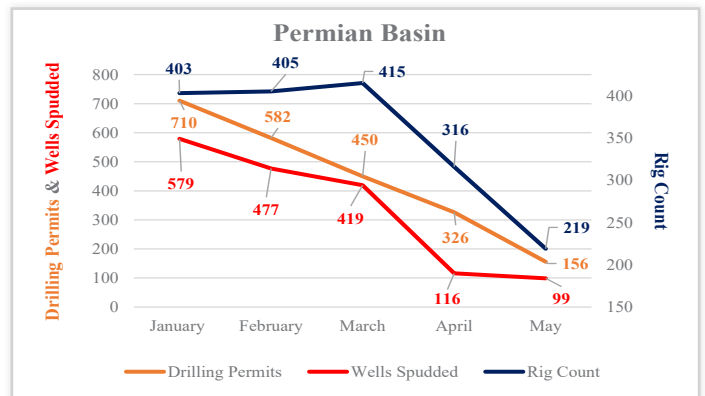
Statewide Update

Between January and May 2020 Texas experienced a substantial decline in oil and gas production activity. Shocks within the energy commodities market, including the oil demand collapse associated with the COVID-19 pandemic, prompted energy producers to scale back drilling operations between January and May. The number of active drilling rigs in Texas, as reported by Baker Hughes, fell by one half, as the number of drilling permits issued by the RRC declined by nearly 80%. During this time the number of wells spudded in Texas (the process of drilling a new oil or gas well) fell from a high of 853 in January to a low of 132 in May.



Permian Basin Update

The Permian Basin is Texas' most prolific energy basin. Between January and May the total number of drilling rigs in the Permian (including Texas and New Mexico) fell from 403 to 219 – nearly 45% -- according to Baker Hughes' rig count. Drilling permits issued by RRC dropped by nearly 80%. The number of wells spudded in the RRC districts that include the Permian Basin fell from 579 to 99 new drilling projects in May, a decline of over 80%.



Eagle Ford Shale Update

The Eagle Ford Shale is Texas' second-most prolific energy basin. Between January and May the number of drilling rigs in the basin fell by over 50%, while the number of drilling permits issued by RRC declined by over 85%. The number of wells spudded in the RRC districts that include the Eagle Ford fell by 98%, from a high of 173 wells spudded in January to a low of 4 wells spudded in May.

