



CHRIS D. PADDIE
TEXAS HOUSE OF REPRESENTATIVES
DISTRICT 9

April 13, 2020

The Honorable Wayne Christian
The Honorable Christi Craddick
The Honorable Ryan Sitton
Railroad Commission of Texas
PO Box 12967
Austin, Texas 78711

Via Interagency Mail and Electronic Mail

RE: Docket No OG-20-0003167 IN RE: MOTION FOR COMMISSION CALLED HEARING ON THE VERIFIED COMPLAINT OF PIONEER NATURAL RESOURCES U.S.A. INC. (OPERATOR NO. 665748) AND PARSLEY ENERGY INC. (OPERATOR NO. 642652) TO DETERMINE REASONABLE MARKET DEMAND FOR OIL IN THE STATE OF TEXAS

Dear Chairman Christian and Commissioners Craddick and Sitton:

Thank you for considering my comments in the course of making your determination in the above referenced matter. As Chairman of the House Energy Resources Committee, I have been following this matter with great interest and I have significant concerns.

Texas has led the shale revolution, which has significantly strengthened the energy security of the United States. This resurgence in the energy industry has been largely based off of market innovation and efficiency. The Texas energy industry has become the envy of other states and, in fact, the world. One important part of the industry growth and innovation has been the fair and predictable regulation provided by the Commission.

In just my short time in the Legislature, we have seen the industry soar through oil prices over \$100/bbl and tighten its collective belt and become more efficient through prices under \$30/bbl. Through these price swings, the industry has been able to count on the Commission to continue to provide steady regulations, not react to the price swings which have become the

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historical norm for the global energy industry. The industry has time and time again responded to market conditions to adapt. We have already seen those changes in the current environment, with producers small and large announcing reductions in capitol expenditures, which we all know will ultimately lead to reduced production in the near future.

It is also important to acknowledge that while Texas has turned the United States in to a leading energy producer, there are several other nations that are also large energy producers; many with total control over their respective companies. Without a global, enforceable agreement, any market share taken away from Texas producers would be absorbed by producers in other states and countries.

It is my fear that heavy-handed governmental action will only produce long-term harm to the Texas energy industry. I would instead encourage you to continue to provide the market the opportunity to correct itself as it has, time and time again.

Respectfully,

A handwritten signature in black ink, appearing to read "Chris Paddie". The signature is fluid and cursive, with the first name "Chris" written in a larger, more prominent script than the last name "Paddie".

Chris Paddie
Chairman,
House Energy Resources Committee