

Momentum Operating Co., Inc. & Michael J. Parsons Comments on Rule 8
Proposal on Authorized Pits
10/09/2023

- Momentum Operating Co., Inc. and myself personally, as well as the all producers of oil and gas in the state of Texas share a common goal with the Texas Railroad Commission to prevent water contamination. ***This shared goal appears to have been successful over the past 40 years of oil production in the state of Texas, under the current Rule 8 for temporary drilling, completion and workover pits.***
- There are many ways to prevent water contamination in Texas regarding temporary drilling, completion and workover pits with very little risk. My concerns are in regard to the Proposed Rule 8 concerning the specific sections on authorized pits (Division 3 – Operations Authorized by Rule 4.111 through 4.115).
- Regulations should recognize the difference between long-term and temporary pits and the potential for groundwater contamination by either group.
- ***Meaningful regulations should begin with recognizing an existing problem and finding a proper solution.*** In the case of temporary drilling, completion and workover pits, there would have to be the clear existence of water contamination that has occurred from temporary pits. To my knowledge, there has not been any problem in the state of Texas with water contamination by these type of temporary pits if utilize under the rules as written by the Texas Railroad Commission.
- Since there is not an existing problem with water contamination, ***the proposed Rule 8 changes seem to address the perception of a problem. An assessment of risk versus cost must be undertaken.*** To determine the risk associated with temporary drilling, completion and workover pits, water contamination potential must be quantified.
- Citing the TCEQ’s GIS Groundwater Contamination website, ***water contamination has not occurred from temporary drilling, completion, and workover pits during the 40 years that the original Rule 8 has been in effect in Texas.***
- ***The Texas Railroad Commission attested to this in a 2014 NPR State-Impact article entitled “Are Drilling Waste Pits a Threat to Texas Groundwater?”*** Because of the lack of historical groundwater contamination after the drilling of tens of thousands of wells over decades in the state, it appears that there is no risk associated with these temporary pits.

- The primary reason for this is due to small volumes of fluids associated with the temporary pits over a brief period of time and the adherence of the current Rule 8 for temporary pits. In addition the resulting ***caliche layers in much of West Texas create a natural barrier which helps to protect the water table if one even exist.*** In most areas of West Texas there is not any underground water table. The natural barrier of caliche was discussed in the article “Water Properties of Caliche” by J.T. Hennessy, et al, for the publication *Journal of Range Management* – November 1983.
- It has been well documented that the risk of water contamination in West Texas mainly occurs from long-term exposure to large fluid volumes, typically via irrigation wells with a pathway down the wellbore annulus, surface casing leaks in oilfield wellbores, or underground storage tanks with leaks that result in the release of large volumes of fluids over extended periods of time, ***allowing direct communication to the water table.***
- The Proposed changes to the Rule 8 pit rules draft references Federal guidelines (40 CFR 279 & 280) regarding permanent underground storage tanks (UST). These do not directly apply to temporary underground pits. However, the proposed ***Rule 8 equates temporary pits to UST’s, which is not based upon any scientific evidence and with no risk assessment conducted.***
- ***The Proposed changes to the Rule 8 pit rules are a very high cost proposal to a perceived problem that has been proven to have no risk and therefore no solution is warranted.*** Momentum Operating Co., Inc. conducts operations in the State of New Mexico. The high-cost regulatory New Mexico Pit Rule, mirrors the proposed Rule 8 in Texas. The New Mexico pit rule has resulted in Operators using ***Closed Loop Systems*** exclusively and hauling cuttings to commercial disposal facilities.
- The use of this system in New Mexico adds an additional 25% to 30% cost for a drilling project. ***This additional cost has greatly decreased development by independent operators because of the unfavorable economics.*** An additional consideration with Closed Loop Systems is the limited availability of equipment. Because the proposed Rule 8 results in a major change in operations within the state, there will be an increase in demand for cuttings control equipment, haul trucks, roll-off bins, fluids storage tanks, commercial waste disposal facilities, environmental services and lab resources. This will increase costs for all of these services and could result in project delays due to availability.
- Lastly, with regard to Closed Loop Systems, ***the increased costs to drill and complete wells will be devastating to conventional project economics at a time when Federal regulations on GHG (OOOa, b and c), the Methane Tax, and the ESA will be devastating to Texas operators.*** As experienced by Momentum Operating Co., Inc. in New Mexico, overregulation causes a decrease in development of oilfield properties by independent operators. ***This will have a dramatic negative effect on revenues to the***

state of Texas through decreased severance and ad valorem taxes, as well as the need for more regulatory staff.

- ***Any mandated and unwarranted cost imposed on an operator that is unrecoverable will ultimately reduce the capital outlays and result in a reduction of drilling and completion by independents and by the very fact severance tax, property tax, and sales tax revenues to the state of Texas.*** This flies in the face of the very fact that the primary purpose that the Texas Railroad Commission became the regulator of the oil and gas industry in Texas was mandated by the State to oversee the production of the East Texas Field..... ***“To Prevent Waste of Natural Resources”*** The Proposed Rule 8 as drafted, will incur waste of oil and gas reserves with no evidence that the Proposed Rule 8 rules address any waste of any Natural Resources.
- ***If it is not broken, then why fix it. There has been no historical evidence of groundwater contamination from temporary drilling, completion and workover pits.*** Because of this historical evidence, the Rule 8 guidelines as currently written should be re-affirmed. ***The original Rule 8 guidelines for temporary pits have proven over a 40 year period to be effective in preventing groundwater contamination. Otherwise, modifications to the rule would have occurred during that time if there were cases of groundwater contamination.***
- Since exposure time and volume, along with hydrostatic head, are the problem with long-term UST's, quickly dewatering and drying temporary pits is effective. There is too little volume in the pits over a short period of time to be a material threat to the water table. The cuttings bed has very little pore volume to pose a groundwater contamination problem. ***As outlined in contemporary literature on Ogallala recharge, the arid conditions and annual rainfall in West Texas (which is less than the evaporation rate) means that the fluid migration which could lead to water contamination is not occurring.***

Recommendations

- ***Based a proven track record over the last 40 years, the current Rule 8 guidelines in Chapter 3.8 on temporary drilling, completion and workover pits should remain as currently written. The RRC Districts may modify the pit rules in the event that there is a clear, demonstrable risk to the water table.***

- ***Pit registration for temporary drilling, completion and workover pits should be eliminated. Pit registration again mimics 40 CFR 280 and should not apply to temporary pits unless there is a clear, demonstrable risk. Pit registration can easily lead to litigation, additional cost to operations, and reduced production. Ultimately oil and gas reserves were wasted. This was clearly demonstrated In New Mexico.***

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