



Monday, October 14, 2024

Railroad Commission of Texas
P.O. Box 12967
Austin, Texas 78711-2967

Re: Proposed Modifications to §3.8 and other rules in Chapter 3, and new and amended rules in Chapter 4

Chairman and Commissioners,

The Panhandle Producers and Royalty Owners Association (PPROA) appreciates the opportunity to submit comments on draft amendments to §3.8 and other rules in Chapter 3, and new and amended rules in Chapter 4. We know the Railroad Commissioners and staff have put in a lot of hard work throughout this process, and we really appreciate the agency taking into account the concerns of small, independent oil and gas businesses in the latest version of the rule posted for formal comments.

The Biden Administration has been relentless in its fight to phase out the domestic production of oil and gas in the United States, imposing burdensome regulations, introducing a methane tax, and halting new drilling permits on federal lands. Ironically, if they are successful, the end result won't be to eliminate emissions, but to export them to dirtier producers overseas.

We were pleased to see that the latest version of these rules reflects a more balanced approach in Texas. It's telling that anti-oil and gas special interest groups, like "Commission Shift" and "Don't Waste Texas," are now flooding the process with form-letter objections. If they genuinely cared about the environment, they'd support these changes, which strike a thoughtful balance between energy production and environmental protection. Instead, their opposition reveals that it's not true environmental progress they are after, but the outright destruction of the oil and gas industry. '

Our comments on this rule will be more productive. While the latest version represents significant progress, there are still a few concerns and areas for improvement, outlined in the bullets below:

Commercial Facility: The definition of "Commercial Facility" should be clarified to prevent operators with subsidiary companies from inadvertently being categorized under this term. The current language may unintentionally encompass affiliated entities, which could create regulatory complications.

Contact Stormwater: The definition of "Contact Stormwater" is overly broad and could require operators to manage water in permitted areas that do not contain oil and gas waste. The definition should be clarified to ensure only stormwater with a genuine risk of contact with oil and gas waste is included.

Groundwater: The current definition is too broad and could inadvertently include produced water or other oil and gas waste, making it overly restrictive for pit siting. The definition should be narrowed to focus on subsurface water in aquifers or zones covered by existing Groundwater Advisory Letters, excluding oil and gas waste to avoid regulatory complications.

Public Area: "Public road" should be removed from the definition, as the existing H2S rule already addresses concerns related to public safety. Including public roads is overly broad and could unnecessarily restrict the siting of operations under this rule.

Compliance Approach: The current draft may shift the burden to operators to demonstrate that existing pits are not causing pollution, rather than focusing on compliance when a pollution issue is identified. This approach departs from the traditional practice, where action is only required if there is an allegation or confirmed pollution event. We encourage the RRC to adopt the language suggested by the Texas Alliance of Energy Producers for §4.113(c)(1).

Total Dissolved Solids (TDS): The current draft limits fresh makeup water pits to storing water with a maximum of 3,000 mg/l TDS, with no provision for higher TDS levels. Given efforts to promote the use of brackish water over fresh water, the rule should either introduce a new pit category for water exceeding 3,000 mg/l TDS or revise the definition to allow broader use while maintaining appropriate standards.

PPROA has represented the interests of the producers and royalty owners of Railroad Commission (RRC) District 10, the Texas Panhandle, and the State as a whole for the last ninety-four years. Our membership includes over 500 members, many of whom are small operators that cannot afford their own personal representation in Austin and Washington D.C.

The vast majority of oil and gas wells in the Panhandle and in Texas are marginal wells. In fact, approximately 70% of all the active oil and gas wells in Texas are marginal wells — producing less than 10 barrels of oil per day and less than 250 MCF of gas per day. While individually these wells might not seem like much, collectively the production adds up and provides an important contribution to our state's energy portfolio.

For decades, the oil and gas industry has successfully worked hand-in-hand with the RRC to protect the environment and our groundwater while ensuring regulations in Texas were not overburdensome on our thriving energy sector. As a result, Texas is the largest producer of oil and natural gas in the nation.

Thank you for accepting our comments. We hope you take our concerns into consideration - operational flexibility is necessary for innovation and will ensure we can continue to protect the environment and produce energy for the state, nation, and world. If you have any questions, please contact our Government Affairs Representative, Travis McCormick.

Sincerely,

Richard Beyea
Chairman
Panhandle Producers & Royalty Owners Association