

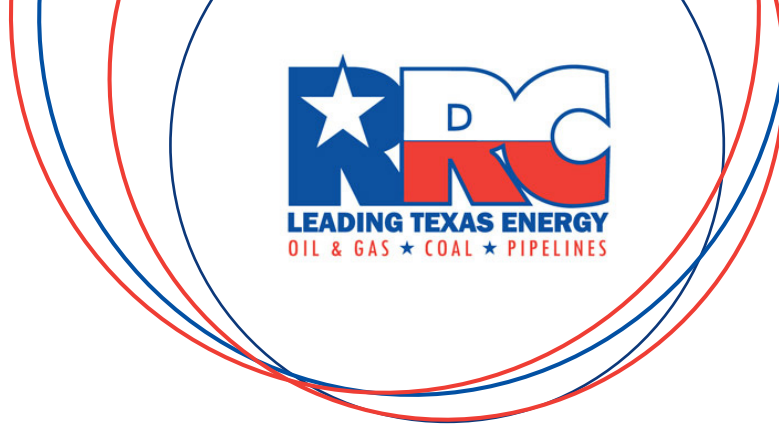


FEBRUARY 2023

Energy. News



From the Field Photo
SMP IIIJA Palo Pinto County
Photo from Doug Allmand



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Upcoming Events

RRC Open Meeting March 28, 2023

[VIEW OPEN MEETING WEBCASTS ▶](#)



RRC Takes Additional Steps to Gather Valuable Data for Seismicity Response

In the fall of 2021, the RRC embarked on an important mission to mitigate earthquakes in West Texas to protect residents and the environment.

The RRC's seismicity response included creating seismic response areas (SRAs) where injection of produced water in saltwater disposal wells has been restricted to help reduce earthquakes in the region.

Another important aspect of the response has been gathering and monitoring seismicity data through state and operator monitoring networks. The more information we can track, the better.

The latest advancement in RRC's seismicity response has to do with getting additional data. New disposal wells that are drilled in West Texas will be required to have bottom hole pressure monitoring gauges to collect important information such as injection pressures, fluid density and injection volumes. The permit requirement applies to all new deep disposal wells in the Permian Basin, and all new shallow disposal wells in the Permian Basin that are within an SRA.

This will allow gathering of more data that can be utilized by the RRC, operators and researchers to further help mitigate earthquakes. Because of the importance of the data, operators of existing wells are encouraged (but not required) to report the type of data that new permits would report; many operators of disposal wells in seismically active areas are already reporting this information.

[READ THE NEW PERMIT REQUIREMENT NOTICE TO OPERATORS](#)

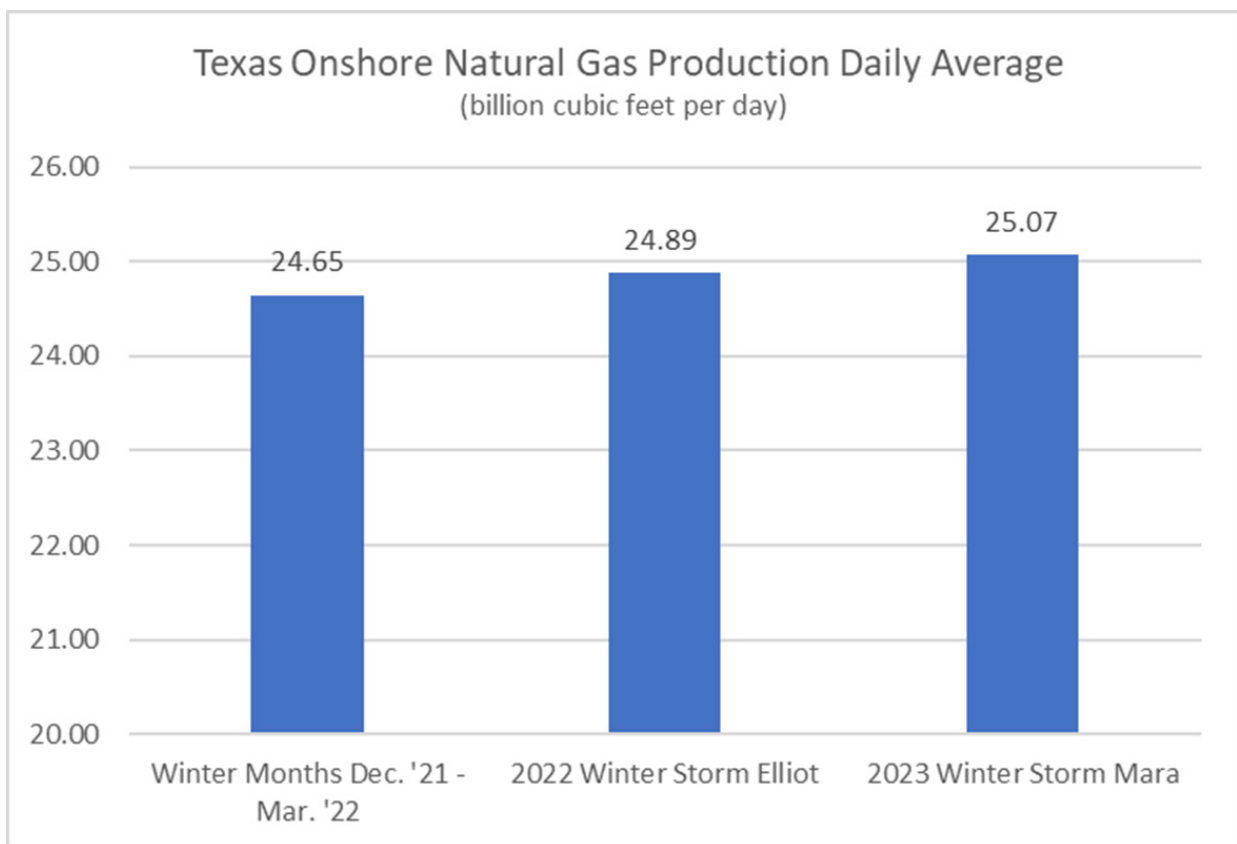
Numbers Show How Texas Gas Supply Held Strong Yet Again During Wintry Weather

Thanks to inspections and round-the-clock contact with operators, the RRC once again helped ensure there was ample natural gas supply needed to heat homes and keep lights on for millions of Texans.

Winter Storm Mara swept through Midland, the Dallas-Fort Worth area, and into San Antonio, covering several gas production

basins in the state in late January/early February. The key elements of gas supply – production, pipeline transportation and underground storage – all performed up to par during the arctic blast.

Texas' daily onshore gas production, for example, averaged more than 25 billion cubic feet (Bcf) per day from January 31 to



Data Source: S&P Global



February 2. As shown in the chart, that exceeded the daily average seen during Winter Storm Elliott in late December, and the daily production gas production of all last winter.

The state's underground storage facilities had an estimated 392.4 billion cubic feet (Bcf) of natural gas as of January 2023. In addition, pipeline operators packed the pipeline system with natural gas ahead of the storm.

All told, there was more than enough gas to meet the demand during Mara. According to data from S&P Global

natural gas demand for residential and commercial heating peaked at 4.23 Bcf and demand for electricity generation peaked at an estimated 6.46 Bcf for power generation, both on January 31.

The natural gas supply chain's performance was similar during Mara as it was during Winter Storm Elliott in December 2022. However, the Commission's work is not limited to ensuring ample gas supply during the winter. Given Texas' intense summers, the RRC will keep working to ensure gas supply is available for electricity generation during the peak summer demand.





Proposed Guidance May Hinder RRC's Success in Plugging Orphaned Wells Using Federal Funds

Because of a concern that Texas may not be able to maximize federal grants, the RRC has filed comments on draft guidance issued by the U.S. Department of the Interior (DOI) for utilizing formula grants to plug orphaned oil and gas wells.

Several aspects of DOI's draft guidance have caused concern for the RRC because it could hinder the state's efforts to use as much funding as possible for important work that protects residents and the environment.

Among the concerns is the fact that the DOI may end up changing formula funding calculations for states, which could mean Texas could get less than the approximately \$318 million that was originally due to the state.

The guidance also has program requirements for states that go beyond the scope of the federal legislation that authorized the well plugging funds. These requirements are burdensome and sometimes unrealistic to implement, which will inevitably hamper the momentum of the state's plugging efforts resulting in less wells being plugged than could be.

The agency has already been utilizing a \$25 million initial grant from the DOI, and was [the first state in the nation to begin utilizing federal funds to plug orphaned wells](#), when work began in October 2022. More than 280 wells have already been plugged with those funds.

Adding unnecessary requirements to the next phase of federal funding, the formula grants, could slow the state's ability to plug as many orphaned oil and gas wells as possible.

"As Chairman of the Railroad Commission, I believe it is crucial for this agency to thoroughly assess all strings attached to federal money. When dealing with the federal government, we always read the fine print," said RRC Chairman Christi Craddick. "The Commission is responsible for ensuring health and safety standards for all Texans while overseeing responsible stewardship of our state's abundant natural resources. The Department of Interior's draft guidelines are extremely concerning and our comments reflect our commitment to prioritizing Texas. Money intended for well plugging efforts should be used for just that – not bureaucratic red tape. Advancing the Biden



administration's political agenda at the expense of Texans is unacceptable, and this agency will continue to push back on all unreasonable regulations put forth by the federal government."

"President Biden's Interior Department needs to stop playing politics with taxpayer dollars and allow Texas and other oil and gas states to get to work plugging more wells and producing much-needed reliable energy," said RRC Commissioner Wayne Christian. "Texas is not only the national leader in producing oil and natural gas, but is also a leader in plugging abandoned wells, protecting groundwater, and reducing flaring. Taxpayer dollars should ALWAYS be used with the utmost care—Biden's Interior Department needs to walk back their overreaching guidance which only adds onerous regulations making abandoned well plugging more costly and less timely."

"Taxpayer dollars – regardless of their origin – should always be used efficiently and effectively to achieve the desired result," said RRC Commissioner Jim Wright. "Based on the draft guidance issued by the DOI, it would seem that plugging as many orphan wells as possible is low on the Department's priority list. The words "innovation" and "federal government" rarely appear in the same sentence. Instead of handcuffing states with top-down, bureaucratic red tape and unrealistic requirements that increase plugging costs, the DOI should seek to empower states like Texas by providing them with the flexibility to achieve our shared mission of reducing the orphan well population."

[READ RRC'S COMMENTS SENT TO DOI](#)

Texas Files Comments on Federal Rules That Could Stifle State's Vital Oil and Gas Industry



The Railroad Commission of Texas joined the Texas Commission on Environmental Quality in filing comments in February on the Environment Protection Agency's (EPA) [proposed supplemental rule](#) to regulate methane and greenhouse gas emissions in the oil and gas industry.

In the comments, the state expresses concerns that the proposed rule exceeds EPA's statutory authority under the Clean Air Act and will significantly limit domestic energy supply. At a time of energy fluctuations due to international conflict, the United States cannot afford to clamp down on its most important oil and gas producing state.

Texas also commented that the proposal also lays out unrealistic assumptions and artificially high metrics to estimate the climate benefits of the rule, whereas in practice, the rule would place an unjustifiable burden on states and the energy industry for little real benefit to the global climate.

In addition, the RRC is concerned that EPA did not provide sufficient time for affected stakeholders to review and comment on the extreme breadth of its proposal. The proposed rule was published immediately before the holiday season, on December 6, 2022, amidst several other significant regulatory proposals. Despite receiving numerous requests to extend the comment period, EPA declined to provide additional time.

"The EPA's overreaching methane rules and unrealistic timeline are yet another example of the Biden administration's attempt to shut down the oil and gas industry in Texas," said RRC Chairman Christi Craddick. "I stand with my fellow Railroad Commissioners and partners at the Texas Commission on Environmental Quality in opposition to this attack on the industry that provides so much to our state."



“President Biden’s EPA continues its relentless fight to shut down oil and gas. The EPA’s proposed rule on methane will make reliable energy scarcer and more expensive at a time when we desperately need more of it,” said RRC Commissioner Wayne Christian. “From killing the Keystone XL pipeline project, to freezing federal leasing, to supporting ESG, to implementing onerous regulations, Biden is why energy is so expensive. An unburdened and unleashed Texas oil and gas industry is the path to energy security. We only need the administration to get out of the way! If the EPA moves forward, it’s imperative that Texas and other states challenge them in the court and those rules get thrown out.”

“The EPA methane rule is yet another example of the Biden Administration saying one thing and doing another,” said RRC Commissioner Jim Wright. “In his State of the Union remarks, President Biden placed special emphasis on the need to increase domestic manufacturing, lower utility bills, and create American jobs. Unfortunately, the EPA’s methane rule will have the opposite effect. Not only does this rule threaten Texas energy production, it does so by disproportionately impacting small and medium producers who live and work in their community, buy supplies, hire locally, and are important contributors to their local economies.”

READ THE JOINT COMMENTS FROM RRC AND TCEQ

Chairman Craddick

COMMISSIONERS' CORNER



In January, Chairman Christi Craddick spent time at the Texas Capitol speaking with legislators on the importance of a fully-funded Railroad Commission. One of the most important tasks that the legislature undertakes each session is writing the state's budget for the subsequent biennium. During that process, the Railroad Commission must explain how it is utilizing its current budget, and explain the need for future funding in order to continue carrying out the mission of the agency. The legislature provided the agency with a strong base budget, but Chairman Craddick has spent the month emphasizing the need for several outstanding items. By meeting with and testifying before members of both the House Appropriations Committee and the Senate Finance Committee, Chairman Craddick is able to explain these needs in detail and, hopefully, secure the funding that is vital to this agency.



Commissioner Christian

COMMISSIONERS' CORNER



Podcast

Commissioner Christian continues to release new episodes of his podcast, “Wayne’s World: Energizing Texas”. Episode #5 features an interview with the Chairman of the Senate Committee on Natural Resources – Senator Brian Birdwell. In this interview, they discuss Sen. Birdwell’s session priorities and chairmanship, Texas’ “combat power” in fighting against Biden’s federal overreach, and his leadership to slow the expansion of ESG.

[Check out the podcast here](#)

Media Activity

Commissioner Christian also released the following statement regarding news of Russia’s plans to cut oil production by about 5% next month, the equivalent of 500,000 barrels per day:

“As President Biden doubles down on his anti-oil and gas agenda, our enemies overseas smell blood in the water and are using their production as leverage against the West. We have the natural resources, the technology, and the manpower to be energy independent. We just need the federal government to get out of the way. Mr. President – I commit to you today that if you stop your war against domestic oil and gas production, Texas can make up this 500,000-barrel difference and more.”

[You can read the statement here.](#)



In the Community

Commissioner Christian visited with numerous elected officials at the Texas Capitol. He briefed Texas Legislators about the importance of oil and gas to the state and how hard we'll have to fight to defend it against the radical environmentalists who want to shut it down.

He also was invited by Senator Charles Perry to speak before the Lubbock Chamber of Commerce during their annual trip to the Texas Capitol.

"Lubbock and the High Plains are essential in providing the food, fuel, and fiber we require every day to survive and thrive as a state. It was great to spend a few minutes talking to them about the Railroad Commission and our role in regulating and supporting our thriving oil & gas industry."







Commissioner Wright

COMMISSIONERS' CORNER

In February, Commissioner Wright met with representatives from several South Texas cities and counties where he discussed the strategic importance of South Texas and how the regional economy and local workforce benefit from the investments made by the oil and gas industry.

“South Texas serves as a gateway for the energy industry to get Texas oil and gas to customers across the globe,” said Commissioner Wright. “Whether through the Port of Corpus Christi or through trade with our Mexican neighbors, the region’s importance cannot be underestimated when it comes to American energy independence.”



Commissioner Wright pictured with representatives of Bee County (top), Mayor Victor Trevino and officials from the City of Laredo (bottom left), and McAllen Mayor Javier Villalobos (bottom right).



Oil & Gas Production Statistics

View monthly production totals of crude oil, condensate and total oil; and of gas well gas, casinghead gas, and total natural gas.

[VIEW CURRENT PRODUCTION STATISTICS ▶](#)

Enforcement Actions

The Commission has primary oversight and enforcement of the state's oil and gas industry and intrastate pipeline safety. View RRC's Latest Enforcement Actions [here](#).

[VIEW LATEST ENFORCEMENT ACTIONS ▶](#)

Public GIS Viewer

The Public GIS Viewer allows users to view oil, gas and pipeline data in a map view.

[LAUNCH THE PUBLIC GIS VIEWER ▶](#)