

October 15, 2024

Rules Coordinator
Office of General Counsel
Railroad Commission of Texas

Submitted electronically to rulescoordinator@rrc.texas.gov

The Texas Oil & Gas Association (TXOGA) submits the following comments regarding Texas Railroad Commission's proposed changes to §3.70 and various rules in Chapter 8.

TXOGA is a statewide trade association representing every facet of the Texas oil and gas industry including small independents and major producers. Collectively, the membership of TXOGA produces approximately 90 percent of Texas' crude oil and natural gas and operates the vast majority of the state's refineries and pipelines. In fiscal year 2023, the Texas oil and natural gas industry supported over 480,000 direct jobs and paid \$26.3 billion in state and local taxes and state royalties, funding our state's schools, roads and first responders.

Chapter 8 Comments

16 TAC 8.1(a) Applicability

Class 1 location is not included in the 8.1(a)(1)(B) applicability definition. Given PHMSA regulations (49 CFR 192.8) which associate Type C facilities only with Class 1 locations (rural gathering), and the Commission's intent is to apply these requirements to certain natural gas production pipelines in populated areas, Type C seems to be mistakenly included in 8.1(a)(1)(B) and should be removed.

First Point of Measurement

8.1(a)(1)(B) is applicable to production pipelines "beginning after the first point of measurement"; page 7, lines 19-20. 4.

- Unconventional asset development often utilizes large central tank batteries (CTB), which increase efficiencies and minimize land use when developing these resources. With longer laterals, multiple royalty/mineral owners, and surface commingling, measurement for production allocation and well performance can be very complex. Measurement may be located on the on-well pad or at an intermediate testing facility before production moves to a central tank battery or other aggregating location for final processing.
- We recommend that the first point of measurement be clarified in the preamble as a measurement which occurs after final processing, before transportation to third party sales. Measurement utilizing allocation meters, multi-phase flow meters, bulk separation/test meters, and well performance surveillance meters, associated with

production operations and prior to final separation/processing at a CTB should be exempt from this section.

10-Year Interval ILI Requirement §8.101(b)(2)

- In Figure 2: 16 TAC §8.101(b)(2) it is recommended that the title “Liquid Pipelines” be changed to “Liquid Pipelines Subject to 49 CFR Part 195 Requirements.” The Texas Railroad Commission generally requires that interstate, rural, *non-regulated* systems be permitted. Non-regulated systems that are permitted should not also be subject to Pipeline Integrity Assessment and Management Plans in 16 TAC §8.101. This is stated in proposed rule language and for consistency should also be clearly referenced in the title of Figure 2.

Financial Impact (Page 5, lines 14-19)

- Ms. Weidman has determined that for each year of the first five years that the amendments will be in effect, there will be no additional economic costs for persons required to comply as a result of the Commission adoption of the proposed amendments. Persons required to comply with the PHMSA requirements must do so regardless of whether the requirements are adopted in Commission rules. Therefore, the proposed amendments to Commission rules do not create economic costs for persons required to comply.
- This is correct when looking strictly at PHMSA applicability to gathering only. However, the RRC has proposed extending these regulations to certain production flowlines and facilities upstream of gathering.
- We request that the Commission determine if there is a financial impact related to the amendments associated with regulation of production flowlines from the first point of measurement to the beginning of onshore gathering lines as defined in 49 CFR 192.5.

SWR 3.70 Comments

- **In the preamble**, we are assuming that the RRC estimates of 39,500 miles applies to Type C gathering lines as recently defined by PHMSA.
- **16 TAC 3.70(i)(1)(A) Fees.** It appears that Group A fees only apply to transmission and gathering pipelines as defined by PHMSA and does not include production pipelines as defined in 8.1(a)(1)(B). Therefore, these fees should not apply to production flowlines.
- **16 TAC 3.70(r)(1) permitting deadlines.** 3.70(r) applies a proposed permitting deadline to “all gas gathering pipelines” and not production lines.
 - This proposed timeline to amend existing gas gathering pipeline permits beginning December 9, 2024, and file the amendments on the Commission’s online permitting system by March 2025 will be challenging.
 - We request that the deadline for filing the amendments on the Commission’s online permitting system be extended to December 31, 2025 to meet revised reporting requirements.

Thank you for the opportunity to provide comments. If you have any questions, please reach out to Tulsi Oberbeck at toberbeck@txoga.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tulsi Oberbeck', with a stylized, cursive script.

Tulsi Oberbeck
Vice President of Government and Regulatory Affairs
Texas Oil and Gas Association