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Kellie Martinec, Rules Coordinator
Railroad Commission of Texas
Office of General Counsel
P.O. Drawer 12967
Austin, TX 78711-2967

Via email rulescoordinator@rrc.texas.gov

Re: Comments on Proposed SWR 65 Revisions

Dear Ms. Martinec:

I appreciate the opportunity to comment on this proposed rulemaking. While I do not personally operate oil and gas wells, I assist many clients in their compliance activities concerning Railroad Commission rules and regulations.

Based on the experiences of operators I assist with compliance issues, I make the following suggestions and comments:

- 65(a)(1)— "energy emergency" as defined in the proposed rule is reasonable and provides the operator with additional information for determining when an event is a true emergency. I support the changes in this section.
- 65(b)(1)(A) and (B)—the proposed changes to the thresholds defining a critical gas supplier are justified. I completely support the changes from 15 mcfd to 250 mcfd for gas wells, and from 50 mcfd to 500 mcfd for oil leases. As you no doubt have been told, designating under the current rule such small volumes make all volumes "critical" which has the effect of making nothing truly critical. This change makes sense for the operator and for the people of Texas.
- 65(c)—Removal of the supply chain map requirements to be designated as critical is a reasonable revision.
- 65(e)(1) and (2)—Critical designation exemption. This revision provides positive examples of when a facility should be exempted via the CI-X filing. This is a good start. However, the mandatory denial of an exception based solely on the presence of a facility on the supply chain map is not good policy.

  There are many instances of wells which truly fit the criteria for exemption but were denied this past year. These denials were not justified, and when seeking answers regarding the denial the

applicant was told simply “read the rule.” As a specific example, a well was denied CI-X approval for no reason after the applicant clearly made the case for a low-volume stripper gas well (less than 20 mcfd) selling minimal volumes to a midstream selling to the spot market. Expecting an operator in this case to request a hearing, with the associated costs, is tantamount to asking the well to be plugged and abandoned. I suggest that further examples of valid exemptions be provided as a matter of rule, not interpretation. Determining valid exemptions via the hearings process is inefficient, costly, time-consuming. These requests should be administratively reviewed by staff with technical expertise.

- While not a specific rule amendment issue, the Commission needs to review the data and format requirements for the CI-D and CI-X filings is not reasonable. Specifically, requiring these uploaded spreadsheets in an arcane, “pipe-delimited” format that requires a user to modify Windows settings on their personal computer to produce, is not reasonable. Other issues with the spreadsheet that should be addressed include rejection due to dropping the leading zero in a lease number, requesting street addresses for oil and gas wells, and the spreadsheet changing ESI ID numbers to scientific notation format.

The most important part of these revisions is that these changes will encourage marginal well production. These rule modifications make it more certain that operators will not decide unilaterally to shut in production when weather emergencies may require every well to contribute to the gas supply. The Commission’s quick revision of this rule should be acknowledged for recognizing this fact.

If you have any questions, please feel free to contact me at 432-894-1857 or via email, mark@permianregulatory.com . Thank you for your consideration of these comments.

Sincerely,

R. Mark Henkhaus, PE
Permian Regulatory Solutions, PLLC