



August 10, 2022

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

Attention: Rules Coordinator

Dear Madam or Sir:

I am glad you are accepting comments on the new Rule 16 Texas Administrative Code 3.77 relating to Weather Emergency Preparedness Standards. Winter Storm "Uri" in February 2021 had a devastating effect for all of Texas. Senate Bill 3 of the 87th Texas Legislature attempted to solve the electrical interruptions and prevent a reoccurrence of that disaster.

Our company is small, we only operate 92 wells and have three employees. We do not have in house counsel to research and digest all of the rules and regulations resulting from Senate Bill 3. But I have downloaded, printed and read it in its entirety. Your staff certainly has, but have you read Senate Bill 3?

According to the EIA Report, published May 15, 2022, electricity in Texas was generated in 2021 by multiple sources in percentages as follows:

Natural Gas	50%
Wind	20%
Coal	18%
Nuclear	8%
Solar & Hydroelectric	4%

I have read Senate Bill 3 multiple times and I cannot find where our Legislature addresses the other half of sources of electricity generation. They tasked the Texas Railroad Commission with making requirements for operators of gas wells. I cannot find where any effort has been made to address the other 50% of our power generation.

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Since I read it, I will quote Senate Bill 3, Section 5 “(a) the commission by rule shall require the operator of a gas well to implement measures to prepare the well to operate during a weather emergency.” There is no mention of oil wells producing casinghead gas. There is no requirement for all of the divisions, departments, rules and forms the Railroad Commission has produced.

The new 16 TAC 3.66 is a result of a government staff gone wild. As I stated earlier, we only have three employees and as such as are considered a “micro-business”. In rule 3.66, on Page 9 it states “Further alternatives for small or micro-businesses were rejected because Senate Bill 3 specified the facilities that are required to implement weather emergency preparation measures and does not exempt small or micro-businesses.” WHAT? Where does Senate Bill 3 specify facilities? It says “operator of a gas well”, and “gas pipeline facility operators.” I found in the penalties section that all of my wells fall in the maximum of \$3,000 per day per violation if it continues for more than five days. What a relief, only \$3,000 per day!

I have researched each of the Commissioner’s backgrounds and find that not a single one of them has ever operated an oil or gas well. There is a statement on Chairman Christian’s biography in the RRC website that “he was a multi-term member of the Energy Resources Committee and accumulated a strong record of standing for free markets and against burdensome regulations.”

I have been an independent operator in the Permian Basin for 42 years and have never seen anything as burdensome as the rules and requirements emanating from a simple sentence from the Legislature.

The Form CI-D is a spreadsheet that if printed on legal paper is 13 pages wide. Very little in that required form pertains to actual wells; most of it pertains to gas plants and pipelines. Commissioner Craddick’s biography on the RRC website states “she has fought against Washington’s one-size-fits-all environmental policies that would kill jobs and stifle energy production growth.” Well, the CI-D is a truly a huge one-size-fits-all solution to a simple Legislative sentence.

And, in the latest installment, the CI-D is requiring an EOP (Emergency Operations Plan). The baseline set of guidelines might seem appropriate for Chevron, Exxon or Conoco with multiple offices and large organizations. Our staff of three can easily communicate without all of this.

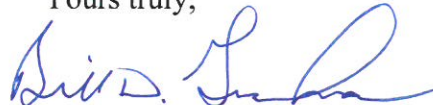
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Since none the Commissioners have ever operated an oil or gas well, and I doubt many RRC employees have either, you need to know the facts on conditions in the oil field. WATER FREEZES! Every oil or gas well we operate produces some water along with the hydrocarbons. A steel flowline on the ground at temperatures below 30 degrees will freeze the water in it. And this freezing water will create a plug in the flowline rendering production impossible.

I have a perfect example of this problem. A well we have in Pecos County had a flowline freeze during bitter cold weather in December, 2021. The flowline burst and liquids leaked out onto the ground. The RRC field inspector sent us a notice of this leak even though we were already aware of it. We resolved the problem, remediated the soil and had the well producing again. In early January, 2022 we received notification from the RRC requiring registration of our Critical Gas Supply Wells. This well was one that met that criteria. We made an effort to continue producing in spite of freezing temperatures. On January 26, 2022, the high temperature was 27 and the low was 23. The water in the flowline froze and the stuffing box at the wellhead leaked fluid onto the ground. The RRC field inspector found the spill before we could repair the soil and sent us another notice. The Midland RRC office considered this a failure to resolve the first incident and severed our lease. I have been operating for 42 years and have never had a producing well shut in. With that unnecessary action, we could not produce that well until the location was re-inspected a month later. YOU SHUT IN MY CRITICAL SUPPLY WELL!

We have diligently worked to comply with all of the forms required under these new regulations. Since the water in our flowlines will freeze and could cause environmental damage, our EOP is to shut in everything during freezing temperatures.

Yours truly,



Bill D. Graham
President

BDG/jrb