

September 4, 2020

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

RE: Application for Exception to Statewide Rule 32

Dear Rules Coordinator:

The Blue Ribbon Task Force and the Texas Methane & Flaring Coalition (Coalition) would like to jointly submit comments regarding the Application for Exception to Statewide Rule 32 (SWR 32) Proposed Form Amendments. The Blue Ribbon Task Force members are key participants in the Coalition; thus, we are filing our comments jointly and, for brevity, will simply refer to the Coalition throughout these comments.

The Coalition was formally established in December 2019 and includes seven trade associations and more than 45 Texas operators. The Coalition was formed voluntarily to assess the issues of methane emissions and flaring and develop industry-led solutions.

The Coalition is committed to routinely evaluating the latest statistics on flaring and methane emissions in Texas. The Coalition is working collaboratively to ensure the development of our state's natural resources, while improving environmental performance. The Coalition is identifying and promoting operational and environmental recommended practices to minimize flaring and methane emissions.

The Coalition is dedicated to developing solutions because we recognize the leadership role expected of the oil and natural gas industry in Texas. The industry anchors our economy by creating high-paying jobs and generating revenues unmatched by other industries in our state. Oil and natural gas contribute greatly to products and materials that we use every day, like medicines, computers, life-saving devices, plastics, and much more.

The Coalition commends the Railroad Commission (RRC or Commission) on the changes made to the Application for Exception to SWR 32. We recognize the importance of developing a more stringent framework for granting exceptions to SWR 32, enhancing reporting requirements, and providing more data to create opportunities for further analysis by the Commission and build upon best practices that many operators have already incorporated. We appreciate the thoughtful and pragmatic approach and the opportunity to comment on this proposal.



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Comments on the Proposed Amendments

Section 3, Question 4, “Is this oil and/or gas property connected to a gas gathering or transmission system? If yes, provide Pipeline Permit Number for connected system.”

The Coalition recommends that the Commission remove the requirement to provide the Pipeline Permit Number or make this information optional. When trying to use the RRC system to obtain this information, our experience was that, with so many T-4s in the system, an operator is likely to identify the wrong Pipeline Permit Number. An incorrect identification could lead the operator or the Commission to draw incorrect conclusions.

Section 3A, Question 2, “Gas Type (Check one).”

The Coalition recommends an operator have the option to check both boxes, since an event may include both oil wells and gas wells.

Section 3, Item 2(e), regarding multiple properties, and Section 5, Options 5 and 6(a-f) regarding necessity for release.

Section 3, Item 2(e), allows for one filing under multiple properties when there is a third party gathering/compression/plant shut down as described by 3.32(h)(8). The form requires a list of RRC property IDs and provides for a single application fee as allowed by 3.32(h)(8). This scenario is not limited to shut-ins caused by third-party issues. It is very common to have multiple properties go to flare at commingle points for operator system upsets and maintenance. Section 3A would still be required for each Lease ID, which would provide the Commission with the flare or vent data for each lease.

The Coalition recommends that the RRC allow filing a request for multiple properties with a single fee for all release scenarios listed under Section 5, (Necessity for release) options 5 and 6(a)-(f). This could be accomplished by eliminating the parenthetical phrase under Section 3, Item 2(e).

Instructions, Section 3, second paragraph:

The Coalition recommends this be reworded to reflect proposed changes in Section 3 related to multiple properties. In addition, the last sentence of this instruction conflicts with the instructions related to multiple properties.

Section 5, Options 6 a. regarding insufficient gas gathering:

The requirement to support this request with Documentation #6 seems to indicate this is applicable to situations where a well is not tied into a gathering line, as compared to a curtailment event where a well may be bumped out of a line for a limited period of time due to high pressure. The Coalition is concerned with the level of documentation that may be required and the time given to file the documentation, particularly for short-term events.

The Coalition recommends either one of the following options:

- Require that Documentation #6 be required for renewals only, or
- Only require Documentation #1 as stated in Section 2: General

Section 5A

The Coalition notes that the “Documentation Requirement 10” and the explanation of the supplemental information that is explained is duplicative. Recommend keeping Section 5A and removing Documentation Requirement 10.

Section 7 General Comment on Documentation:

In subparts 1, 5, 6, 7, 9 and 10, a possible revision would be to ask operator to “explain the conditions or the situation and provide documentation as necessary” vs. “provide documentation”. Whether actual documentation or a narrative explanation is required, certain aspects of that information may be in the custody of a third-party gathering, transmission, or midstream service provider and deemed by that entity to be confidential business information. The Coalition recommends Section 7 be modified to include language clarifying that operators are not required to submit documentation or otherwise describe information that is held by and considered confidential by such third parties.

Section 7, Item 2 regarding production data:

The Coalition recommends that gas data be provided and characterized as “estimated” or “preliminary” because the volumes are unlikely to match end-of-month reported production after corrections and balancing are completed for the monthly report. Reporting the volumes as estimated or preliminary eliminates this concern.