

COMMITTEE REPORTS

REGULATORY PRACTICES COMMITTEE

Mark Henkhaus, Apache Corporation

The Permian Basin Petroleum Association's Regulatory Practices Committee, RPC meets on the third Tuesday of each month. The meetings are open to RPC members only, and topics will range from local issues such as city or county regulations to federal actions which impact our business. The RPC coordinates with and receives updates from the PBPA HSE Committee and SHOC Committee and from PBPA staff. This coordination and the updates are to ensure that the vital information the other committees are working on are shared with the RPC while not duplicating the other committee efforts.

TEXAS

Rulemaking:

- The Railroad Commission recently replaced and revised Statewide Rules 25, 26, and 27 (relating to commingling and oil and gas measurement). These revisions were supported by the RPC, and make commingling simpler to permit and in some cases eliminates the permit requirements. Conforming to these changes, the Commission revised the P-17 application and adopted the P-17A for cases which don't need commingling permits now.
- The Commission released a spreadsheet version of its acreage designation form, P-16. This was in conjunction with revising the form and instructions. Since then, staff has been requesting that any acreage reallocation be filed multiple times for each lease affected, rather than the previous procedure which let the current filing substitute for all leases affected. This issue will continue to be worked on.
- Finally, the PBPA RPC, again working with the other trades, continues to work the Statewide Rule 40 issues. A joint trades meeting was held in June with Commission staff to re-initiate dialogue on the rule changes industry has supported.
- The Commission recently launched its new Online Inspection Lookup (or "OIL") database of inspections and violations. The OIL database is publicly accessible and contains a large volume of inspection and violation data. There are inaccuracies and out of date information on this database, and conversations have been started with Commission management to reduce the errors or make the information current. Use of this inaccurate data by organizations opposing our industry are of primary concern.
- The RPC, working in partnership with TXOGA's RPC, has been addressing members' concerns about the RRC's injection and disposal well permitting process. An open dialogue with the Commission staff has been ongoing and staff seems receptive to issues regarding UIC permitting.
- The RPC has been interested in the process the Commission seems to be adopting to deal with seismic issues in association with SWD wells. This seems to be particularly an issue in the Delaware Basin and in areas with San Andres disposal.
- SB 533, signed by Governor, effective Sept 1, 2019. The bill modifies the state tax code to suspend severance tax payments for returning wells if they have not produced oil or natural gas for more than one month in the previous two years or more.

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REGULATORY PRACTICES COMMITTEE CONTINUED

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NEW MEXICO

Rulemaking:

- EMNRD Secretary Propst announced Adrienne Sandoval as new OCD Director.
- The Oil Conservation Division revised its rules regarding financial assurance, Rules 19.15.2, 19.15.8, and 19.15.25. The bonding amounts for most operators increased somewhat, from a former cap of \$50,000 to a new maximum of \$250,000. This puts New Mexico in line with Texas and PBPA did not strongly oppose this rule change.
- A part of HB546, signed by the governor, authorizes the Division to levy administrative penalties for certain environmental violations. This will require rulemaking. SB533 authorizes the Division to charge application fees for permits and certain filings. Fees started being collected July 1, 2019. Industry generally supported this as a means to increase funding for personnel and IT for the Division.

FEDERAL GOVERNMENT

- The EPA, in association with the NM Air Quality Board, did inspections in SENM for emissions compliance, specifically Quad-Oa issues. PBPA commented on the EPA's Quad Oa emission standard proposals. The inspections were based on aerial surveys taken by a contractor.
- EPA launched a new website for oil and gas compliance information. This is an effort to make compliance information easier to obtain on both the state and federal levels.
- At each RPC meeting, Stephen Robertson updates the RPC on PBPA's ESA efforts and changes in the status of ESAs in our area. These updates include the lesser prairie chicken, dune sagebrush lizard, and the Texas hornshell mussel.