

# STAFF REPORTS

## TEXAS GOVERNMENT AFFAIRS

Michael Lozano, PBPA

PBPA's Texas Legislative Committee worked diligently this quarter, and for the bulk of the last year and a half, to organize comments and engage directly with RRC Commissioners and staff to work through the implementation of measures related to the passage of Senate Bill 3. As you all know, Senate Bill 3 was the Texas Legislature's response to Winter Storm Uri from 2021 and the belief that the state needed to take aggressive efforts to shore of the natural gas and electricity supply chain from electric generating units to processing facilities, transport systems, and oil and natural gas leases.

While it has been a difficult job for the industry to advocate in this newly critical infrastructure space, PBPA has greatly benefited from the most robust engagement on a comment gathering and rulemaking process. A broad coalition of engaged operators has recognized how important their feedback and engagement has been and has actively worked to clarify a bevy of issues in the proposed weatherization rulemakings at the Commission.

The Commission late last year adopted Rule 3.65 and this year worked to adopt Rule 3.66. At the behest of many of our members, and given the opportunity to operate and recognize the unintended consequences of Rule 3.65 over the last year, a significant effort was launched to amend Rule 3.65 to ensure it would raise the thresholds to avoid implicating small production streams with large regulatory burdens. In particular, our members worked aggressively through PBPA to have the Commission propose a raising in CID thresholds from 15 mcf/day for natural gas wells and 50 mcf/d for oil leases to 250 mcf/d for natural gas wells and 500 mcf/d for oil leases. Additionally, because of our efforts, the Commission is also prepared to amend Rule 3.65 to clarify the circumstances that will exempt assets from being deemed critical, including those facilities that utilize more energy than the natural gas they would produce.

In addition to those efforts, the PBPA comments organized partially through the Texas Legislative Committee, but in collaboration with the PBPA Regulatory Practices Committee and PBPA Electrical Coalition, have led to radical changes from the proposed Rule 3.66 resulting in a much improved rule for operators. None of this would have been possible without the frequent communication our members have had internally at PBPA.

During Q3 2022, PBPA staff and our members have also been monitoring and preparing for interim committee hearings heading into the 88th Legislative Session which will begin in January 2023. These include joint House Energy and State Affairs hearings as well as upcoming House Energy and Environmental Regulation hearings hosted in Midland and Odessa in October. In addition to those hearings, we are also monitoring efforts related to the Sunset Advisory Commission which is currently reviewing the Texas Commission on Environmental Quality and the Public Utilities Commission.

Again, we are so appreciative of the work of those engaging on Texas Legislative issues and look forward to continuing our work and preparation for the upcoming legislative session.