

COMMITTEE REPORTS

REGULATORY PRACTICES COMMITTEE

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TEXAS

Texas Railroad Commission:

- **New SWR 66, Winterization:**
 - On August 30 the Commission adopted new SWR 66, winterization. PBPA participated in the rulemaking and commenting on the proposed rule.
 - The new rule requires critical gas facilities on the state's Electricity Supply Chain Map to weatherize, based on facility-specific factors, to ensure sustained operation during a weather emergency; correct known issues that caused weather-related forced stoppages occurred before Dec. 1, 2022; and contact the RRC if they sustain a weather-related forced stoppage during a weather emergency.
 - Types of critical facilities include natural gas wells and oil leases that contain natural gas wells, saltwater disposal wells, gas processing plants, all intrastate underground natural gas facilities, and gas pipelines that directly serve electricity generation on the electricity supply chain map. Fines for administrative violations could reach up to \$1 million. Operators who intentionally disregard the weatherization rule will not get away with paying a low penalty. The penalty structure in the rule places a stiff enforcement action for those who do not properly prepare their facilities for weather emergencies.
- **Revising SWR 65, Critical Infrastructure**
 - The RRC has proposed amending SWR 65 relating to Critical Designation of Natural Gas Infrastructure. The amendments are proposed to simplify the rule language and the process for designating certain natural gas facilities and entities critical during energy emergencies.
 - PBPA has been involved in these discussions and strongly supports amending the rule to change the thresholds for critical designation from 15 mdef gas/50 mcfd oil lease to 250 mcfd gas/500 mcfd oil lease minimum. Other changes are being proposed, that make the rule easier to interpret and the designation of critical infrastructure clearer.
 - Comments are being accepted through October 7, and the RPC is urging members to comment in favor of these changes.
- **SWR 8 Water Protection Revisions**
 - There is a concerted effort by the commission to revise SWR 8. This started this spring but has developed into more of an official effort over the last month. These revisions relate to current practices and updates in technology. Many of the former rule definitions are proposed to change, and there is potential for a negative impact on operations in the Permian Basin.
 - As initially proposed, the Commission would do away with SWR 8 and incorporate the rule into a new Chapter 4, Subchapter A, with the Rule 8 provisions spreads among 10 new divisions under Subchapter A.
 - PBPA's RPC, and the other trade orgs, are in dialogue with Commission staff during the drafting phase of the amendment process. We will keep members updated, and will call on RPC participants to help comment and participate on behalf of PBPA. This rule change will be critical and will need to be followed closely.
- **SWR 32, Flaring**
 - RRC Technical head Paul Dubois has held an initial meeting with invited participants to discuss changes to SWR 32, including a special provision that would authorize certain flaring at high-volume, consolidated production facilities. At this time, it is not known if such changes will require rule modification or can be authorized by policy. Dubois also notes Commission staff is aware of some efficiency and practicability concerns with the current administrative program for issuing exceptions to Statewide Rule 32, so hopefully some rational adjustments will be made.

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- **Seismic Update:**
 - Earthquake rate increasing with over 40 M3.5+ events so far in 2022 compared to 40 in all of 2021.
 - North Reeves-Culberson SRA area has had 11 M4.0+ events thus far in 2022, including two M4.5 events recently.
 - Gardendale SRA – no M3.0+ events since December 2022.
 - Stanton SRA and Knott area – seismicity continues to increase with more events recorded YTD in 2022 than all of 2020 & 2021 combined.
 - S. New Mexico now with six seismic response areas
 - Stanton SRA OLRP approved by TRRC May 2022 and currently actively working
 - Knott area operators meeting to discuss operational response action to increasing seismicity.
 - New Mexico – operator led response, data acquisition and pressure testing on-going near County Line response area.

Texas Commission on Environmental Quality

- **Air Quality Monitoring**
 - Air Quality Monitoring: PBPA continues receiving frequent notices from TCEQ about H₂S and SO₂ exceedances and different Midland and Ector monitoring stations. This information is sent to the RPC and ESH committee members. EPA has contracted helicopter monitoring in the area earlier this summer.

NEW MEXICO

Oil Conservation Division

- OCD has stated they are working on an updated UIC rule (SWD's) addressing seismicity in New Mexico. Expect this rule by the end of 2022.
- Comments from Director Sandoval regarding the Waste Rule indicate that they feel the industry data is not correct, since the majority of reports show 99+% of gas is being reported as being compliant with the rule, after industry insisted that getting to 98% would be virtually impossible. Her comments are that industry needs to compare C-115 with C-115B filings to make sure they are correct.

State Land Office

- The cultural property rule (archaeology) will be issued in September 2022.
- SLO continues to review operator's bonding to be certain all have the minimums on file.
- Environmental compliance will be a major emphasis going forward to be certain all remediation/reclamation efforts are done to SLO minimum standards.

Environment Department

- Ozone Precursor Rule: The rule became effective August 5th. See rule here. The new rules set requirements for oil and gas operators to calculate emission rates and reduce the emission requirements by a percentage each year. There are 16 different categories with various timetables to gain compliance. First compliance date is January 1, 2023.

Federal

Department of the Interior - Bureau of Land Management

- WildEarth Guardians and Centers for Biological Diversity have filed another lawsuit against BLM citing over 3,500 APDs that were approved in New Mexico and Wyoming in 2021 and 2022. Their claim deals with NEPA issues as follows: 1. BLM failed to consult with FWS on GHG emissions and the effect on T&E species. 2. BLM violated FLPMA by failing to take action on undue degradation to public lands. 3. BLM failed to take a hard look at cumulative GHG emission and climate impacts. 4. BLM failed to take a look at environmental justice under NEPA.

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- BLM Santa Fe confirmed on June 28th that the leasing rule dealing with royalty rates, fees, terms, etc. will be issued in 2023. The latest lease sale listed federal leases at a 3/16th royalty rate.
- The Carlsbad Resource Management Plan started prior to the Trump Administration is now expected to be issued in July of 2024. This document will provide surface use requirements for all BLM lands in the Carlsbad Resource Area.
- BLM has confirmed the promulgation of both a Waste Prevention Rule dealing with venting and flaring issues and an Oil and Gas Measurement Rule that are scheduled to be issued in 2023.

Environmental Protection Agency

- As you have seen in the local media, the EPA has announced a discretionary non-attainment declaration for the Permian Basin. This is based on unknown data, as the EPA has not released any basis for this discretionary action yet.
- A series of helicopter flyovers began in the Permian Basin by EPA the week of August 11. EPA wants to identify emitters of large amounts of methane and excessive emissions of VOCs. EPA will use infrared cameras to detect hydrocarbon emissions, and technicians will record time, GPS location and other information about the source to use to initiate enforcement actions and take corrective action.