

COMMITTEE REPORTS

REGULATORY PRACTICES COMMITTEE

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TEXAS

Texas Railroad Commission:

- **RRC Field Trip:** The first week of August, PBPA's RPC hosted an RRC manager's field trip, hosted by PBPA and sponsored by several PBPA member companies. This was hugely successful. PBPA hosted approximately 15 RRC managers from the Austin and west Texas district offices for a field trip to a drilling rig, water recycling facility, and new "super battery". Thanks to Pioneer, Endeavor, and XTO for their field facility tours, and thanks to those participating for making this successful. Stephen, Christine, and Michael did a wonderful job representing the industry and making the Commission staff feel good about interacting with industry experts.

As an example of why this was needed: The Commission's Drilling Permit manager is a mid-career technical person with a good reputation for working with industry. He's managed the drilling permit functions for about a year. Amazingly, this tour was the first time he'd ever set foot on a drilling location.

With industry support, the RPC hopes to do this on a regular basis to help RRC staff grow in their knowledge and to help build stronger relationships.

- **SWR 8 Water Protection Revisions:** The Rule 8 revisions are now proceeding. This will change the water protection rule, Statewide Rule 8, into subchapter 4 with up to 10 separate sections. This promises to be a big change, and PBPA's RPC is working closely with the other Trades to monitor and comment.

A draft for informal comment will be released soon, as soon as late September or early October.

Special kudos to PBPA's Michael Lozano for heading this effort on the behalf of PBPA and the multi-trade group.

- **Seismic Update:** The various OLRP members continue to meet with Commission staff. A virtual meeting was held with each SRA membership in July. Commission staff are worried about an increase in seismic activity with increasing injection volumes especially in the Delaware Basin.
- **Injection and Disposal Permitting:** In February the Commission issued a NTO regarding new permit conditions for SWDs in the Permian Basin. This notice remains in effect. Additionally, Commission staff has indicated they want to revise the injection and disposal rules to incorporate the newly implemented data requirements (from the NTO), among other things. We now understand the Commissioners want to hold off any rule amendments currently. As part of the effort to avoid opening Rules 9 and 46 for revision, the RPC requested input from operators on possible alternatives to physical BHP real time equipment, and the willingness to provide more granular injection pressure and volume data.
 - For instance, would industry support permit requirements to obtain a real, stabilized bottom hole pressure using calibrated gauge equipment at the surface by recording shut-in pressures, with a short stabilization period. Calculating BHP with a known SIWHP, depth, and known fluid density is relatively simple, inexpensive, and a standard procedure would provide the RRC with data needed.

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- o Would industry support reporting pressure and volume monthly, with data recorded daily? This is currently required in the seismic response areas, but the data would help understand seismic processes basin-wide.

This work is ongoing.

Texas Commission on Environmental Quality

- Air Quality Monitoring: Goldsmith exceedances for H₂S are continuing. Be aware that aerial surveys are periodically being conducted in this area. Membership is reminded of this regularly.

NEW MEXICO

Legislative

- New Mexico Governor Luan Grisham has announced plans to introduce legislation in the upcoming 30 day session in January to amend the Oil and Gas Act. The Administration has invited both industry and the NGO's to meet every other week beginning Friday, September 8th, to go over the proposed changes and gain consensus. The proposed amendments will include banning all freshwater use by industry by 2030, codifying the regulations that require 98% gas capture by 2026 establishing 1,500' setbacks for oil and gas wells and facilities from sensitive locations (schools, homes, hospitals, etc.) and allow the OCD to increase that distance by rule, establish new financial assurance requirements for active wells/leases to \$750,000 and double the requirement for inactive wells, increase fees for permits to align with neighboring states, redirect civil penalties to the reclamation fund and require the OCD to use these funds only for reclamation projects, and allow the OCD the authority to scrutinize well/lease transfers so that property transfers could be denied due to an operator's financial capacity or prior compliance history. OCD Director Fuge has informed these are starting points and there is some room for negotiations on each point. PBPA and associated trades are participating with OCD to work through these and try and minimize the negative impact to our operations. Expect final proposed language before the end of the year.

Oil Conservation Division

- The NMOCC held a hearing on July 13 concerning the WildEarth Guardian proposed rulemaking to address Perfluoroalkyl and Polyfluoroalkyl substances, so-called "forever chemicals", used in the oil and gas industry. The hearing had the sole purpose of whether to hold a public hearing on the proposed rule. PBPA is working with associated trades on this issue and supported a hearing to be held in the first quarter of 2024. This will allow for proper stakeholder engagement and education. At the July hearing, the NMOCC set a hearing date for the week of February 26, 2024.
- The potash Joint Industry Technical Committee has requested a hearing to amend Order R-111-P. This proposed amendment will add anti-collision measures, modify well casing and cementing requirements, provide additional notification requirements to potash operators, and provide for subsidence monitoring. A hearing date of November 20th has been set.

State Land Office:

- The SLO held its annual royalty reporting training for industry on held July 26th and 27th.
- The SLO announced a new report that will allow the public to look up a well and bring up the corresponding lease. This effort brings together both SLO and OCD data.

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Federal

BLM:

- The BLM has issued a notice memo to operators in Eddy County with specific notification instructions for BLM-required events. This notice requires notice of spud, casing/cementing and other rig activities to be reported via email and is specific to Eddy County federal wells only.
- The PBPA has filed comments with the BLM on their proposed new “Public Lands Rule”. The announcement stated, “The proposed rule would build on the historic investments in public lands and waters, restoration and resilience, and clean energy deployment provided by President Biden’s Bipartisan Infrastructure Law and Inflation Reduction Act.” PBPA joined with the Western Energy Alliance in hiring counsel to review and help provide legal comments on the proposed rule.

Environmental Protection Agency

- With the EPA announcing they will not issue new ozone regulations until after the election, it is cautiously hoped that EPA Region 6 Administrator Dr. Earthea Nance will not push for the discretionary determination of Permian Basin Non-Attainment for Ozone at this time.
- EPA has released its proposed update of GHG Reporting Regulations and Implementation of the IRA Methane Tax. PBPA is re-gathering our GHGRP working group to review this proposal and work on official comments. Once this proposal gets officially published in the Federal Register, we’ll have 60 days to provide comments. This will affect reporting under GHGRP as well as implementation of the IRA’s “methane fee.” Once finalized, the methane fee, which will start at \$900 per metric ton of methane and increase to \$1,500 within two years, will impact a wide range of petroleum and natural gas facilities. The methane fee will be calculated based on how GHGs are reported under GHGRP.