



NOVEMBER 2021

Energy News



From the Field Photo
Early Sunrise - McMullen County
Photo by Roger Herschap



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Upcoming Events

RRC Open Meeting

December 7, 2021

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Commissioners Provide Relief for Customers of Natural Gas Utilities Impacted by Winter Storm Uri

RRC's commissioners took another step toward providing massive relief for many of the state's natural gas customers.

As required by House Bill 1520, which was passed in response to the extraordinary high cost of gas caused by Winter Storm Uri, RRC's commissioners on Nov. 10 passed the Regulatory Asset Determination Order, which sets the maximum amount of storm expenses that companies can request to pay off with customer rate-relief bonds.

“Without the process established by the bill, extraordinarily high natural gas costs from the storm would have had an immediate impact on people's bills, potentially crushing family budgets and possibly much worse,” said Mark Evarts, Director of RRC Gas Services.

During the winter storm, the supply of natural gas was squeezed while demand skyrocketed. As a result, gas utility local distribution companies (LDCs) incurred high natural gas costs while continuing to provide the necessary gas to customers using the precious resource to heat homes and business.

LDCs are authorized to directly pass-through gas costs, without a markup, to customers. The Legislature recognized that natural gas utility customers could see a dramatic increase in their monthly bills without the securitization of those costs and passed HB 1520.

Securitization of these gas costs will allow customers to gradually pay for the gas costs over an extended period instead of paying much higher amounts over a shorter period, reducing the impact of the recovery of these costs to customers.

HB 1520 directed the RRC and the Texas Public Finance Authority to work together to issue customer rate-relief bonds. Gas utilities that chose to apply for the bonds are provided a low-cost source of financing to fulfill outstanding obligations to natural gas suppliers.

Eight gas utilities ultimately pursued customer bond relief applications via the RRC, including Atmos Energy, Bluebonnet, CenterPoint, Corix, EPCOR, SiEnergy, TGS and UniGas.

During RRC's hearing process on the applications, six groups engaged in the merged cases on behalf of consumers, including Railroad Commission staff, the Coalition of Texas Municipalities, Texas Cities Alliance, Steering Committee of Cities, the City of Houston and the City of El Paso.

A settlement resolving all issues was jointly filed with the RRC on Nov. 1.

The Regulatory Asset Determination Order approved by commissioners was consistent with the settlement. The total regulatory asset amount for the companies was approximately \$3.4 billion.

Well Plugging on Padre Island National Seashore Earns RRC National Environmental Award



From left, RRC Executive Director Wei Wang, RRC Chairman and IOGCC Vice Chairman Wayne Christian, RRC Assistant Executive Director and Oil and Gas Division Director Danny Sorrells and RRC Assistant Director for Field Operations Clay Woodul with the IOGCC Award.

The Railroad Commission and its partners were recognized by the Interstate Oil and Gas Compact Commission (IOGCC) on Nov. 8 with that organization's Chair's Environmental Partnership Award.

The IOGCC is an international organization, including oil and gas regulators from 38 states and eight Canadian provinces.

IOGCC presented RRC with the award during its annual conference in Santa Fe, N.M.

The award recognizes the plugging of 11 orphaned wells in the Padre Island National Seashore on the barrier island close to Corpus

Christi. The project occurred from January to April 2021 and helped preserve sensitive ecological systems for both wildlife and all the visitors who enjoy visiting the park every year.

Environmental Partnership is one of IOGCC's Chair's Stewardship Award categories for "innovative projects led by non-industry organizations with the cooperation and participation of industry."

RRC's State Managed Plugging Program oversaw the effort and worked with the National Park Service, AAA Well Services and E-Tech Environmental and Safety Services to plug 10 former gas wells and an associated



Padre Island well plugging, Spring 2021

water well. Funding for the work, which also included the removal of five well pads and two tank batteries, came from the RESTORE Council.

“Because of the great collaboration between Railroad Commission experts, the National Park Service and funding from the RESTORE Act, this project was accomplished quickly and efficiently,” said Wei Wang, RRC Executive Director. “The National Seashore is one of the State’s great natural treasures. I am proud we were able to do our part to help protect it for all Texans and the future generation.”

To protect the integrity of the dunes at the National Seashore, the plugging company built a mat road to allow the trucks to safely cross the dunes and get to the remote wells. Trucks carrying equipment traveled the beach road each day, providing access for crews to complete their work while protecting public safety and the environment.



Mile Deep Freshwater Aquifer Identified by RRC on U.S.-Mexico Border



A deep aquifer identified and mapped by Railroad Commission geologists could be a key future source of freshwater in the Eagle Pass area, a semiarid region of the U.S.-Mexico border.

The Maverick Basin Aquifer, RRC's working name, has been located in the Glen Rose Formation, which is more than a mile under the surface in some places. Maverick, Dimmit, and Zavala Counties have deeper water, and Kinney and Uvalde Counties are somewhat shallower. So far, the aquifer is known to be at least 3,000 square miles in area and averages about 1,000 feet thick in most places.

The aquifer's recharge zone geologically is via karsts in the hills 50 miles west of the Rio Grande in Mexico and has no connection with the river.

A driller of a would-be oil well is working with the RRC to obtain permission to convert it to a drinking water well, which is what prompted research by RRC's Groundwater Advisory Unit (GAU).



“It’s because of oil and gas exploration that we found this aquifer, said James Harcourt, Manager of the GAU. “The aquifer likely holds sustainable quantities of drinking water. It almost never happens that you have pristine water quality at these depths in these volumes.”

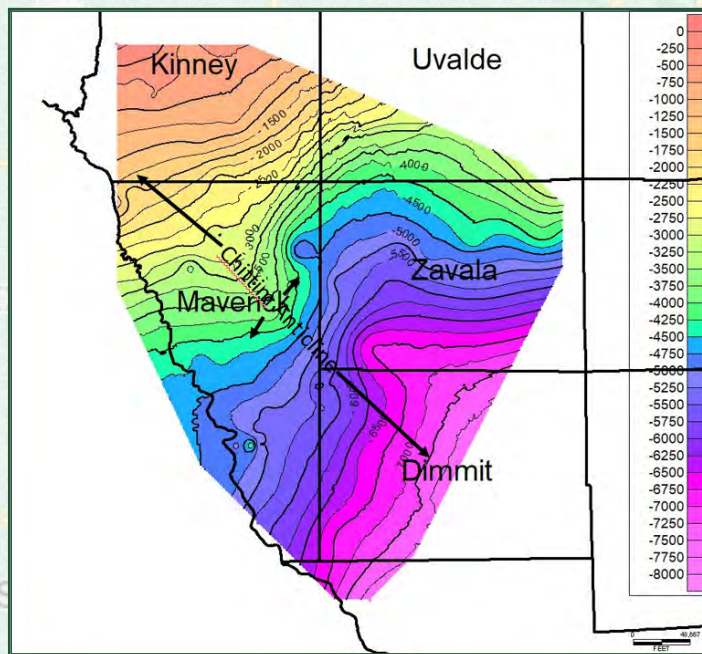
RRC’s GAU, which is more than 100 years old, reviews data from operators, academics, government agencies, and groundwater conservation districts and other sources to ensure that oil field activities and well designs are protective of fresh water. The GAU issues groundwater identification reports which must be reviewed by RRC field staff and operators before underground oil and gas engineering operations could be approved.

Data from testing the Maverick Basin Aquifer during GAU research showed future water wells could be capable of sustainably producing thousands of gallons of freshwater per day from an individual well with some wells exhibiting artesian flow.

The RRC has had the water tested by a San Antonio laboratory, and tests show it meets or exceeds federal and state drinking water standards. Most water occurring so deep under the surface of the earth is extremely salty or has other constituents, so this find, initially reported by the driller, is quite unusual.

The GAU is sharing this new water find with the Texas Water Development Board, which oversees the state’s water planning and water availability; the Board will do further research of its own.

Maverick Basin Aquifer



RRC Adding Emergency Management Position

Will Play Key Role in Weather Emergencies, Disasters

With the Legislature this spring assigning additional duties to the Railroad Commission to manage critical natural gas infrastructure, the agency is also adding an Emergency Management Program coordinator to assist with that effort.

House Bill 3648 and Senate Bill 3, once fully implemented, will have the RRC working more closely with the Public Utility Commission of Texas to ensure that electrical generators have a reliable supply of natural gas during weather emergencies. The legislation also resulted in the creation of RRC's Critical Infrastructure Division and the formalization of the Texas Energy Reliability Council.

The Emergency Management Program coordinator will help the RRC better prepare for large-scale emergencies and be the agency's focal point when the governor orders the State Operations Center (SOC), which is managed Texas Division of Emergency Management, to be staffed.

State agencies send representatives to the SOC for such emergencies as hurricanes, wildfires and winter storms. In the past, the RRC has used key personnel from its Gas Services Department and Oil and Gas Division.



The State Operations Center (SOC) bunker during activation in 2018 for Hurricane Florence.



RRC's assigned desktop at the SOC bunker.

The new Emergency Management Program coordinator, who will play a key role in public safety and homeland security issues at the agency, will work closely with RRC's safety officer and will be assisted by other RRC staff when the SOC is activated.

"This person is going to be the dedicated person," said Erika Gutierrez, the RRC Safety Officer. "The rest of the team will be the backup."

She notes that when the SOC is activated for extended periods, RRC employees will be spending 12-hour shifts there.

"State agencies come together and coordinate their resources for the citizens of the state," Gutierrez said.

That might mean that the RRC provides drones that its inspectors use or its mapping expertise. By having representatives from the various state agencies together, it allows that agency to respond quicker to something that may be within its jurisdiction, such as a leaking oil well for the RRC.

During Winter Storm Uri some oil and gas wells needed assistance to get back into operations, such as the clearing of roads so workers had access to sites or to get power back on, so equipment could run and deliver necessary resources to Texans. The Texas Department of Transportation helped with the roads, the Public Utility Commission helped with electrical providers, and TDEM helped with power generators.

It's a statewide effort, and coordination is the key.



SOC Captain Larry Elliott representing the RRC during a 12-hour shift at the bunker.

RRC Building New Critical Infrastructure Division, Hires Director

New Division Will Be Key to Continuing Supply of Natural Gas in Emergencies



Ted Wooten

of experience in the oil and gas industry. He was previously the operations vice president for an independent energy company. He was president of the 2,000-person oil service company Archer and has held various positions at PetroAlpha Energy, Arkoma Products, Kinder Morgan, and Saxon Oil Co.

The Railroad Commission is moving rapidly to build a new Critical Infrastructure Division in response to recent legislation that gave the agency new responsibilities related to critical infrastructure needed for electric generation.

Senate Bill 3 has the agency developing statewide rules related to continuing production and delivery of natural gas during weather emergencies. In order to provide the RRC with the necessary resources, the Legislature authorized the agency to add up to 130 FTEs in its Fiscal Year 2022 and 2023 budgets or about 15% more employees than the agency's current count of more than 840.

The Critical Infrastructure Division's first director is Ted Wooten, who had been the Chief Engineer for RRC's Oil and Gas Division.

Wooten will be filling key positions, such as regional director positions, to help him manage the division and hire field inspectors.

Wooten has more than 20 years

The RRC Needs You

If you are interested in being part of RRC's new Critical Infrastructure Division or have other needed skills, including numerous positions for modernizing computing systems, [check our openings via CAPPs](#).

Joining Wooten as the new division's engineer is Ivan Salas, who also has more 20 years of experience in the oil and gas industry.

He worked for Equinor (Formerly Statoil) in the Bakken as the lead engineer for operations and production, Anadarko Petroleum as the staff facilities engineer and El Paso Corp. as an engineer.

While this important division builds up its staff, the RRC has utilized existing resources and staff to work proactively with operators in preparation for the upcoming winter season before legislative deadlines for full implementation take effect beginning next year.



Ivan Salas

RRC Building New Critical Infrastructure Division - continued

RRC inspectors are conducting site visits to check on winter preparedness of natural gas infrastructure, including equipment on natural gas leases, transmission lines, storage facilities and natural gas processing stations. More than 1,000 site visits have occurred so far. [View the related press release.](#)



RRC leaders visit an underground gas storage and pipeline serving the Dallas/Fort Worth Metroplex. RRC has completed more than 1,000 site visits checking on the winter preparedness of natural gas infrastructure



RRC Accepting Public Comments on Proposed Changes to Curtailment Standards

RRC is accepting public comment on proposed amendments to a section of Texas Administrative Code relating to curtailment of natural gas.

The proposed rules update curtailment priorities and programs contained in Oil and Gas Docket, Gas Utilities Division No. 20-62,505, commonly known as Order 489. The proposed curtailment priorities are in effect during a curtailment event to provide for the protection of natural gas human needs customers and electric generation customers.

To view the proposed rules and submit comments online by Jan. 7, 2022, visit the RRC website at <https://www.rrc.texas.gov/general-counsel/rules/proposed-rules/> under “Chapter 7. Gas Services.”

[*VIEW PROPOSED RULES*](#)

Chairman Christian

COMMISSIONERS' CORNER



At the November meeting of the Interstate Oil and Gas Compact Commission (IOGCC), Chairman Christian passed a resolution opposing the Biden Administration's effort to overregulate the oil and gas industry. The resolution strongly recommends the President and Congress not to adopt legislation harmful to the oil and gas industry.

"Texas is the number one oil and gas producer in the nation, and these anti -oil and -gas policies would kill jobs, stifle economic growth, and make America more reliant on foreign nations to provide reliable energy. With inflation on the rise, we need more economic certainty not less; we need more oil and gas production, not more clean energy fantasies," said Commissioner Christian.

IOGCC also recognized the Texas Railroad Commission and our partners with the Chair's Environmental Partnership Award. As Chairman, Commissioner Christian is proud of all the hard work done by RRC employees across the state and this award rightly recognizes the plugging of 11 orphaned wells in the Padre Island National Seashore on the barrier island close to Corpus Christi.



IOGCC recognized the Texas Railroad Commission and our partners with the Chair's Environmental Partnership Award.

ICYMI, Chairman Christian authored an op-ed discussing the Biden administration's efforts to increase taxes and regulations on the oil and gas industry as well as the impact of rising inflation. You can read more here: <https://www.rrc.texas.gov/news/110921-christian-op-ed/>.

Additionally, the EPA is currently engaging in rulemaking to create new regulations on methane. As Chairman, Commissioner Christian is concerned about the negative impact these new regulations could have on the oil and gas industry in Texas. You can read more here: <https://www.rrc.texas.gov/news/110321-christian-methane-rule/>.

Commissioner Craddick

COMMISSIONERS' CORNER



In November, Commissioner Craddick was pleased to spend time with local leaders and business groups across the state. During a trip to Baytown, an industrial and refinery hub for this state, Craddick discussed the state of play and industry development with Mayor Brandon Capetillo. Later in the month, Craddick had the opportunity to discuss explosive growth and infrastructure needs with CRH Americas, an aggregate and concrete business in Waco. Craddick was also appreciative of Waco Mayor Dillon Meek's time after spending time discussing the booming population in Central Texas.

While in Austin, Commissioner Craddick has continued to focus on the important work being done by the Railroad Commission to effectively and appropriately implement SB 3 and HB 1520. Craddick was pleased to protect Texas natural gas consumers at open conference by approving the securitization language agreed to by industry, municipal groups, and stakeholders. This language will protect rate payers from receiving sky-high bills and allow companies to continue to provide natural gas to their customers.





Commissioner Wright

COMMISSIONERS' CORNER

In November, Commissioner Wright spoke at the U.S. Mexico Natural Gas Forum in San Antonio, where he discussed the importance of our trading relationship and how additional pipeline infrastructure can benefit both the State of Texas & our southern neighbors.

In his speech, Commissioner Wright noted that the Gulf Coast added over 3.6 billion cubic feet of new natural gas pipeline capacity in the third quarter of 2021. This additional pipeline capacity is good news for the industry and for the state of Texas.

“As production and exploration increase, it is vital that we have the infrastructure in place to get our product to market and this additional capacity will play an important role in transporting Texas natural gas to growing U.S. export markets such as Mexico and LNG export facilities along the Gulf Coast. In the future, this additional capacity could allow Mexico to not only import U.S. gas for its own domestic needs but allow for expansion of West Coast LNG export facilities to serve markets in Asia and around the world.”



Oil & Gas Production Statistics

View monthly production totals of crude oil, condensate and total oil; and of gas well gas, casinghead gas, and total natural gas.

[VIEW CURRENT PRODUCTION STATISTICS ▶](#)

Enforcement Actions

The Commission has primary oversight and enforcement of the state's oil and gas industry and intrastate pipeline safety. View RRC's Latest Enforcement Actions here.

[VIEW LATEST ENFORCEMENT ACTIONS ▶](#)

Public GIS Viewer

The Public GIS Viewer allows users to view oil, gas and pipeline data in a map view.

[LAUNCH THE PUBLIC GIS VIEWER ▶](#)