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Texas Oilfield Relief Initiative Unveiled by Railroad Commissioner Christi Craddick

New regulatory initiative seeks to improve agency efficiencies and reduce administrative burden on the oil and gas industry while ensuring the Railroad Commission continues to protect the public and environment

Austin, Texas – Today, during an open conference at the Texas Railroad Commission, Commissioner Christi Craddick announced the details of her Texas Oilfield Relief Initiative program. This initiative will improve efficiencies at the state agency that regulates all oil and gas development in the state of Texas. Commissioner Craddick’s initiative also will reduce unnecessary regulatory burden for Texas oil and gas operators, who are working to sustain business operations during the current downturn for the energy sector. The initiative represents a long-term effort to streamline operations at the Railroad Commission, and is expected to save tens of millions of dollars for oil and gas operators.

“This initiative is an extension of our commitment to best serve Texas with innovative regulatory practices, yet calls for a more thorough review in a time of industry slow-down when we should find ways to save time and money for the state and those doing business at the agency,” commented Commissioner Craddick.

“TIPRO applauds Commissioner Craddick’s leadership in developing an initiative that will provide necessary and timely improvements to the efficiency of Railroad Commission procedures and practices,” said Ed Longanecker, president of the Texas Independent Producers and Royalty Owners Association (TIPRO). “These reforms will provide much needed relief to operators across the state as we continue to confront depressed commodity prices.”

Specifically, the Railroad Commission’s Texas Oilfield Relief Initiative includes the following items for implementation:

- Identify agency reports and filings that can be reduced or eliminated, saving operating costs without impacting public or environmental safety.
 - Amend Statewide Rule (SWR) 28 to modify gas well deliverability reporting requirements.
 - Reduce the need for G-10 (Gas Well Status Report) filings except for surface commingled production.
- Allow a calculated well shut-in pressure to be provided when filing Form G-10 for gas wells to reduce regulatory administrative burden.
- Amend production requirements for marginal and stripper wells to reduce regulatory administrative burdens.
 - Revise “Active Oil Well” definition from ten barrels of oil (BO) per month for 3 consecutive months to five BO per month for 3 consecutive months or any reported production in each month for a consecutive 12 month period (SWR 15).
 - Revise “Active Gas Well” definition from 100 mcfg per month to 50 mcfg per month or any reported production in each month for a consecutive 12 month period (SWR 15).

- Implement a revised internal inspection priority system so Commission inspectors prioritize drilling rig inspections and hydraulic fracture treatments in sensitive areas like cities or wetlands without affecting other inspections.
- The agency's new on-line completion program calculates the depth of cement behind casing (cement tops) using washout factors that have been used by the Commission for decades. A review of these washout factors should be conducted to determine whether different washout factors should be used in certain areas of the state to calculate cement tops. This will expedite the process of verifying compliance with these rules for both operators and the agency without compromising well integrity.
- The Groundwater Advisory Unit (GAU) will identify counties or portions of counties in which the usable quality water protection depth is constant. Those areas will be eligible for area-wide recommendations for meeting surface casing requirements, streamlining regulatory requirements for industry.
- Issue guidance for implementation of the Texas Environmental, Health & Safety Audit Privilege Act, permitting operators of new property to identify and remedy violations resulting previous to their ownership. This ensures compliance without punishing an operator not responsible for the cause of the violation.
- Conduct an extensive review of all Railroad Commission forms required for application and reporting purposes and determine whether data collected is currently used or no longer necessary. Eliminate forms no longer useful to the Commission's regulatory functions to reduce regulatory administrative burden on staff and industry.
- Simplify the complete duplication of a drilling permit application with a sworn statement of no changes to the original application. The operator would then pay the fee for reissuance of the permit, speeding up the review process and reducing regulatory administrative burden for both the agency and industry.

On Tuesday, the Railroad Commission moved forward with several of the initiatives including approving the publication of amendments to Statewide Rule 3.15, addressing the definition of inactive wells, and also approved the publication of the Texas Environmental, Health & Safety Audit Privilege Act to aid with the transferal of assets from owners. Several other recommendations are expected to be taken up at upcoming Railroad Commission open meetings. Railroad Commission Executive Director Kimberly Corley mentioned she hopes to finalize and implement all of the initiative recommendations by January 1, 2017.

For more information on the Texas Oilfield Relief Initiative, please visit the Railroad Commission website at www.rrc.texas.gov.

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About TIPRO

The Texas Independent Producers & Royalty Owners Association (TIPRO) is a trade association representing the interests of over 3,000 independent oil and natural gas producers and royalty owners throughout Texas. As one of the nation's largest statewide associations representing both independent producers and royalty owners, members include small businesses, the largest, publicly-traded independent producers, and mineral owners, estates, and trusts. Members of TIPRO are responsible for producing more than 85 percent of the natural gas and 70 percent of the oil within Texas, and own mineral interests in millions of acres across the state.