

Kellie Martinec

From: Ryan Paylor <RPaylor@tipro.org>
Sent: Monday, December 9, 2019 9:53 AM
To: Rules Coordinator
Cc: Ed Longanecker
Subject: TIPRO Comments Re: Amendments to §3.40 – Multiple Assignment of Acreage of Pooled Development and Proration Units
Attachments: SWR 40 TIPRO Comments.pdf

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Dear Coordinator:

The Texas Independent Producers and Royalty Owners Association (TIPRO) is one of the largest oil and natural gas trade associations in Texas. Our nearly 3,000 members include the largest producers of oil and gas in the state, as well as hundreds of small to midsized independent operators and royalty owners. Collectively, TIPRO members produce 90 percent of the oil and natural gas in Texas and own mineral interests in millions of acres across the state.

TIPRO appreciates the opportunity to provide formal comments regarding the proposed amendments to Statewide Rule 40 related to the Assignment of Acreage to Pooled Development and Proration Units. While TIPRO generally supports the proposed amendments and applauds the Commission's leadership and hard work on these important changes, attached are some concerns with the formal proposal that we would like to highlight.

If you have any questions, please do not hesitate to contact either myself or TIPRO's President, Ed Longanecker, at 512-477-4452.

Thank you,

Ryan Paylor
Director of State Government Affairs
Texas Independent Producers & Royalty Owners Association
919 Congress Ave., Suite 1000
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Texas Independent Producers and Royalty Owners Association

919 Congress, Suite 1000, Austin, Texas 78701, (512) 477-4452, fax (512) 476-8070

December 9, 2019

Rules Coordinator
Railroad Commission of Texas
Office of General Counsel
P.O. Drawer 12967
Austin, TX 78711-2967

Re: Amendments to §3.40 – Multiple Assignment of Acreage of Pooled Development and Proration Units

Dear Coordinator:

The Texas Independent Producers and Royalty Owners Association (TIPRO) is one of the largest oil and natural gas trade associations in Texas. Our nearly 3,000 members include the largest producers of oil and gas in the state, as well as hundreds of small to midsized independent operators and royalty owners. Collectively, TIPRO members produce 90 percent of the oil and natural gas in Texas and own mineral interests in millions of acres across the state.

TIPRO appreciates the opportunity to provide formal comments regarding the proposed amendments to Statewide Rule 40 related to the Assignment of Acreage to Pooled Development and Proration Units. While TIPRO generally supports the proposed amendments and applauds the Commission's leadership and hard work on these important changes, below are some concerns with the formal proposal that we would like to highlight.

3.40(e)(2)(B) – Page 9

Requiring the applicant to notice operators of wells within one-half mile radius of the proposed wellbore between the first and last take points is an excessive and unnecessary burden on the applicant. Creating a new class of notice when operators are only noticed for exceptions under the current rule, the Commission is generating the potential for undue protest from other operators. If this section is meant to provide a courtesy notice to operators, we suggest a clarification that the notice does not provide a venue for protest at the Commission.

3.40(e)(2)(F) – Page 10

While we understand that the revised rule would supersede field rules that allow assignment of acreage to more than one well in UFT fields in affect at the time of the adoption of amended language, operators should be able to continue to utilize special field rules or an order granted by the Commission beyond the effective date of the amendments in certain circumstances. The two-year prohibition on further field rule changes or exceptions after the amended rule goes into effect eliminates an operator's ability to apply for exceptions through the hearings process under extenuating circumstances. The Commissioners should be able to continue to determine needed changes and the timeline for those changes on a case by case basis. We suggest that the Commission consider eliminating the moratorium on special field rules from the proposal.

3.40(e)(3) – Page 10

Requiring that an operator “shall provide non-confidential information supporting its right to drill” aims to administratively resolve a protest rather than allowing an operator to exercise their right to a hearing. Operators should have the right to refuse to disclose information with the expectation that they will then have to go to a hearing to resolve a protest. Changing “shall” to “may” would allow operators to make the decision as to whether or not to utilize the hearings process. We also suggest that the requirements for non-confidential information be clarified, as it is not clear what kind of documentation is sufficient to prove a right to drill.

Overall, TIPRO welcomes the changes in the proposal. The amendments will ensure operators are able to fully develop our state’s precious mineral resources. We appreciate the opportunity to submit this input and any consideration you may give to the concerns we have raised.

If you have any questions, please do not hesitate to contact either myself or TIPRO’s Director of Government Affairs, Ryan Paylor, at 512-477-4452. Thank you.

Sincerely,

A handwritten signature in black ink that reads "Edwin Longanecker". The signature is written in a cursive style with a large, prominent initial "E".

Ed Longanecker
President
TIPRO
512-477-4452
elonganecker@tipro.org