

EUGENE L. AMES, JR.
P. O. BOX 160168
SAN ANTONIO, TEXAS 78280

April 6, 2020

Via Email

Docket Services
Hearings Division
Railroad Commission of Texas
1701 North Congress Avenue
Austin, Texas 78711
Hearingsdivision.efile@rrc.texas.gov

Re: **Oil & Gas Docket No. OG-20-00003167**; To Consider the Motion for Commission Called Hearing on the Verified Complaint of Pioneer Natural Resources U.S.A. Inc. (665748) and Parsley Energy Inc. (642652) to Determine Reasonable Market Demand for Oil in the State of Texas

Dear Chairman Christian, Commissioner Craddick, and Commissioner Sitton:

I write this letter to respectfully urge the Railroad Commission to exercise its authority to prorate oil production for the month of May to meet reasonable market demand.

The Texas oil industry has been an engine for economic growth and a pillar of national security in the United States. Last year, the industry employed 361,000 Texans, 40% of all oil and gas jobs in the United States. Additionally, Texas produces over five million of barrels of oil per day, providing a reliable and efficient source of energy that has made the United States secure in its energy supply.

Today, the Texas oil industry faces an unprecedented challenge, two unexpected, massive and opposite shocks. The first, the outbreak of the global COVID-19 pandemic, which has decimated global oil demand, and, the second, a production dispute between Saudi Arabia and Russia, which has resulted in a massive surge in the supply of oil. Now the global market is being flooded with surplus oil, which threatens to overwhelm global storage facilities, and lead to oil prices of less than \$10 per barrel. The Texas oil industry is gravely threatened and faces widespread collapse.

In this environment, the Texas oil industry looks to the Railroad Commission to provide the policy and regulatory leadership to help stabilize current conditions. The Railroad Commission has been entrusted by the people of Texas to conserve the state's natural resources through the prevention of waste. The Texas Natural Resources Code specifically includes production above reasonable market demand as waste and instructs the Railroad Commission to issue an order or rule to eliminate this waste. It is clear that with the global upsurge in production and the collapse in demand, production now exceeds reasonable market demand. It is precisely at this time of

global crisis that the Railroad Commission must take leadership to show its commitment to the prevention of waste and to fulfill its duties to the people of Texas.

I respectfully urge the Railroad Commission to issue a temporary proration order reducing production throughout Texas by 20%. I believe this limited action will provide the regulatory response that Texas oil producers need now. A temporary proration order from the Railroad Commission is a necessary step to combat current global conditions, which do not reflect a rational, free market. In order to protect the economic strength and security of Texas and the United States, the Railroad Commission must utilize its statutory authority to provide needed stability to the oil industry, related industries, and their employees.

I am a Petroleum Geologist and Independent Wildcatter, and owner of Venus Oil Company, formerly an Operator and Non-Operating owner of interests in more than one thousand oil and gas wells. I am also a Past Chairman of both the Texas Oil and Gas Association and the Independent Petroleum Association of America, although the opinions and recommendations expressed in this letter are solely my personal opinions and recommendations which should not be construed as representing the opinions or recommendations of either of said Trade Associations.

Respectfully submitted,

A handwritten signature in black ink that reads "Eugene L. Ames, Jr." with a stylized flourish at the end.

Eugene L. Ames, Jr.
Independent Wildcatter
Former Chairman, Independent Petroleum Association of America
Former Chairman, Texas Oil and Gas Association

ELA, Jr./dak

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via email on the 6th day of April, 2020.

Chairman Wayne Christian
Commissioner Ryan Sitton
Commissioner Christi Craddick
Railroad Commission of Texas
1701 North Congress Avenue
Austin, Texas 78711

c/o Callie Farrar, Commission Secretary
Callie.Farrar@rrc.texas.gov

Alex Schoch
General Counsel
Railroad Commission of Texas
1701 North Congress Avenue
Austin, Texas 78711
Alex.Schoch@rrc.texas.gov

Scott Sheffield
Pioneer Natural Res. USA, Inc.
777 Hidden Ridge
Irving, TX 75038
Scott.Sheffield@pxd.com

Matt Gallagher
Parsley Energy Operations, LLC
303 Colorado Ste 3000
Austin, TX 78701
mgallagher@parsleyenergy.com

Brian Sullivan
Kelli Kenney
Lee Banse
MCELROY, SULLIVAN, MILLER & WEBER, L.P.
P.O. Box 12127
Austin, Texas 78711
bsullivan@msmtx.com
kkenney@msmtx.com
lbanse@msmtx.com

Mark Hanna
Doug Dashiell
Davin McGinnis
SCOTT DOUGLASS & MCCONNICO LLP
303 Colorado Street, Suite 2400
Austin, TX 78701
mhanna@scottdoug.com
ddashiell@scottdoug.com
dmcginnis@scottdoug.com



EUGENE L. AMES, JR.
P. O. BOX 160618
SAN ANTONIO, TX 78280