

**From:** [RRC Conference](#)  
**To:** [Kellie Martinec](#)  
**Subject:** FW: Pro-rationing  
**Date:** Friday, April 10, 2020 1:22:09 PM

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**From:** john@jcbcompanies.com <john@jcbcompanies.com>  
**Sent:** Thursday, April 9, 2020 1:57 PM  
**To:** RRC Conference <RRCConference@rrc.texas.gov>  
**Subject:** Pro-rationing

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RE Docket No OG-20=0003167

As a long-time oil and gas producer, I request the opportunity to submit this statement for your consideration and withhold a request to testify at this time

Commissioners, I am sending this message to respond the letter sent to you by the Texas Royalty Council in which they speak against the re-starting of statewide pro-rationing by the RRC.

First, no industry person with an understanding the historical actions of the RRC in response to changing industry conditions would seriously consider some flat percentage with an exemption for various companies due to their individual size. Such an idea has no basis in history and is obviously unworkable and contrary to the mandate of the RRC to promote fair trade and justice.

Obviously, the required solution is the re-start of the statewide allowable-pro-rationing system that served all the citizens of Texas (and the nation) so well for so long.

Each well in Texas ALREADY HAS AN ALLOWABLE. The RRC has never stopped collecting periodic production capability tests. Using the allowables ALREADY IN PLACE, the RRC can, and must, simply set the monthly percentage of each individual well's allowable that that particular well can produce. Thus, each INDIVIDUAL WELL contributes it's own fair share to the reduction required, regardless of who owns the well.

The Royalty Council mentions the "livelihoods" of 600,00 royalty owners in the state while failing to state that the vast majority of these mineral owners use their royalty payments for only a small part of their livelihood. In fact, under the allowable system, only the largest producing wells will see any effect at all. In the case of a new well producing at very high levels, the reduction of royalty

payments, while proportionate and substantial, will still allow for large royalty payments each and every month. I attended college with funds my grandparents received from pro-rated wells. Those royalties were a substantial addition to my grandparents income.

The Council mentions “modern leases” as though recent lease were written in a different language than the leases of the past. The primary difference in modern leases from those of the past is that the leases now usually contain much higher acreage bonus provisions, much higher royalty percentages, and restrictions that are much more favorable to the royalty owner than in the past. None of those provisions would suddenly cease to exist with prorationing. Further, the Council mentions “continuous drilling provisions”. These same provisions have been a part of leases for decades. One large lease that comes to mind that contained the continuous drilling provision was done for the King Ranch many decades ago.

Finally, I ask that the RRC remember their mandate, which is to prevent waste of the natural resources of this state for the benefit of ALL citizens, be they royalty owners, producers, or housewives in a suburb. The RRC has allowed physical waste in the form of unrestricted flaring and economic waste by allowing overproduction. Both of these problems have already contributed to pollution, loss of reserves in place, and wild swings in the economic activity in the state that has been proven to work a detriment to all the citizens.

As a royalty owner, Oil & Gas Producer, and, most importantly, a citizen I request that you accept your responsibility and re-impose pro-rationing immediately

John Bozeman Perryton Texas

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