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Energy News



From the Field Photo
Texas Panhandle Sunset
Photo from Randy Milligan



Contents

- P. **3** Operators Report Critical Natural Gas Infrastructure to RRC

- P. **4** Relief in Sight Following Approval of Financing Order for Winter 2021 Gas Costs

- P. **5** RRC Makes Flaring/Venting Application Information Available Online

- P. **6** RRC’s Groundwater Advisory Unit Plays Key Role in Protecting State’s Drinking Water Sources

- P. **9** Commissioners’ Corner

Upcoming Events

RRC Open Meeting March 8, 2022

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[VIEW OPEN MEETING WEBCASTS ▶](#)

Operators Report Critical Natural Gas Infrastructure to RRC

The RRC has taken another step in its ongoing implementation of Senate Bill 3 with operators now designating key critical natural gas infrastructure.

In November, RRC established rules for filing critical infrastructure designation forms (Form CI-D) and filing forms for exceptions (Form CI-X as authorized in legislation.

For the inaugural filings in January, 438 companies filed Form CI-D designating at least 38,471 assets as critical. Assets include, but are not limited to, gas wells and oil wells that produce gas, gas processing plants, underground natural gas storage facilities, natural gas pipelines and saltwater disposal facilities.

Forty-one companies also filed Form CI-X for 726 assets. Some companies filed both Form CI-D and Form CI-X depending on their assets.

The final number on filings could change as Commission staff continues their reviews.

Form CI-D filers who need electricity to operate also submit their critical infrastructure information to electric utilities to help ensure that electric companies do not inadvertently cut the power off to the state's critical gas infrastructure during a load shed event.

RRC staff will send out notices to companies who did not file forms with the agency. If confirmed that these companies have critical gas facilities as defined in rules, the RRC will

assess the maximum amount of penalty, \$10,000 per day for each violation, as allowed in statute.

“We are encouraged by the number of operators who have filed forms to designate their facilities as critical. This helps ensure natural gas supply during weather emergencies,” said Wei Wang, RRC Executive Director. “RRC staff will conduct thorough reviews on the accuracy of the forms that have been filed, especially on those applications for an exception. Staff will carefully examine the evidence provided by the applicants to determine eligibility as well as the adequacy of the evidence itself. Applications for an exception that do not meet rule requirements, whether it is for lack of objective evidence or basis for eligibility, will be denied.”

Some oil and gas operators, such as those with only low, non-critical production volume wells that did not meet critical gas supplier definition, are not eligible for critical designation or required to file forms.

Critical infrastructure filings are also being utilized in developing the state's Electricity Supply Chain Map, which the RRC and other state agencies are developing. That map is expected to be produced this spring, well ahead of a Sept. 1, 2022, legislative deadline. The RRC will adopt weatherization rules within six months of the map as specified in legislation.

RELIEF IN SIGHT FOLLOWING APPROVAL OF FINANCING ORDER FOR WINTER 2021 GAS COSTS



Millions of natural gas utility customers in Texas will avoid massive increases on their billing statements thanks to approval of a financing order by RRC's commissioners on Feb. 8

The action will benefit more than 4 million residential and 260,000 commercial customers who need to pay for the extraordinary high cost of natural gas from Winter Storm Uri. Natural gas utilities are authorized by law to pass through the cost of gas each month, without markup, which customers see as a monthly line item in their bills.

In fact, it is illegal in Texas for natural gas utilities to profit from the sale of natural gas. The pass-through system works best when natural gas prices are stable and affordable, as they typically are, but Winter Storm Uri created a situation that required change.

The financing order allows natural gas utilities to spread the high cost of gas incurred during last year's winter storm across multiple monthly bills rather than having customers face a large spike in one bill. This order is not a windfall for natural gas utilities and is for the benefit of Texas consumers.

Customer rate-relief bonds will be issued for Atmos Energy, CenterPoint, Texas Gas Service and five smaller Texas gas utilities to spread out charges for customers over an extended period time.

"Today's action by the Railroad Commission is not a bailout for natural gas utilities; it is simply a process created by bipartisan legislation to protect Texas consumers," said RRC Chairman Wayne Christian. "With or without this action,

these companies are lawfully able to pass along their expenses to ratepayers. This process simply allows the cost of high-cost gas during Winter Storm Uri to be reimbursed over time instead of in one massive bill."

"Protecting natural gas customers in Texas has been a priority for myself and this agency since Winter Storm Uri," said RRC Commissioner Christi Craddick. "The unprecedented circumstances surrounding that winter weather event required swift action, and I am proud to deliver that relief today. Thank you to RRC staff and the Texas Public Financing Authority for your hard work on this important matter."

"Today's order is critical for gas customers and provides a reasonable solution to spread the costs incurred during Winter Storm Uri," said RRC Commissioner Jim Wright. "The Texas Legislature correctly understood that if this was not addressed, residential customers, including the least fortunate among us, would be hit with a one-time charge that could cause serious harm to their family finances. I am proud of the work of the Legislature, the Railroad Commission and the Texas Public Finance Authority to address this issue and find a solution that benefits all gas utility customers."

The financing order is authorized by House Bill 1520 which was passed on a bipartisan basis by the Legislature last year. The bonds are for approximately \$3.4 billion of extraordinary gas costs from last year's winter storm.

The Texas Public Finance Authority will issue the customer rate-relief bonds within six months. Bond proceeds will be used to reimburse participating gas utilities for their gas costs.

RRC MAKES FLARING/VENTING APPLICATION INFORMATION AVAILABLE ONLINE



New Database Improves Transparency

RRC has once again improved access to its information with the launching of a new online database of flaring and venting applications earlier this month.

The Flare/Vent Exceptions Query, which is updated every night, makes available all applications for exception to Statewide Rule 32 (SWR 32) that were filed electronically with the agency from May 2, 2021, to present.

SWR 32 specifies exempt and authorized flaring in which an operator can flare, including for safety reasons, without going through the application process to obtain an exception to the rule. Any other flaring request would go through the application for exception to the rule and reviewed.

The RRC launched a new form, Form R-32, Application for Exception to Statewide Rule 32, for operators to apply for an exception to SWR 32. The new form provides specific guidance on when an exception

to flare would be permissible, under which circumstances and for how long.

The online version of the form launched in May 2021, providing the necessary data to populate the query.

“The query shows our commitment to making the RRC an open book,” said Wei Wang, RRC Executive Director. “Flaring has been a much-discussed topic, and we want our information to be publicly accessible as we continue to work to reduce flaring in Texas. The latest data show that in November less than 0.2 percent of natural gas produced was flared, which was a record low. The amount of gas flared has been on a steady decline from 2.7 percent since June 2019. All the rest was gas captured and used for beneficial purposes.”

The flaring query has several fields for which a user could search including operator name, county, and exception status. All search results have an Actions button for more information on the applications.

[READ THE SWR 32 QUERY USER GUIDE](#)



RRC's Groundwater Advisory Unit Plays Key Role in Protecting State's Drinking Water Sources

Keeping track of what's what in Texas state agencies can take up a lot of time given how large Texas is and the millions and millions of residents served.

Take the Railroad Commission's Groundwater Advisory Unit, which joined the agency in 2011 and plays a crucial role in understanding the state's geology and protecting underground sources of freshwater.

Its functions began as part of the Texas State Board of Water Engineers, which was formed in 1913 as a result of House Bill 37 with "the broad mission of conserving state waters 'in the greatest practicable measure for the public welfare,'" according to the Texas State Library and Archive Commission.

The TSBWE changed its name to the Texas Water Commission in 1962. Then, what is now known as RRC's Groundwater Advisory Unit bounced around as the Texas Legislature sought to find where it fit best: from the Texas Water Development Board, the Texas Department of Water Resources, back to the Texas Water Commission, the Texas Natural Resource Conservation Commission, the Texas Commission on Environmental Quality and finally to the RRC.

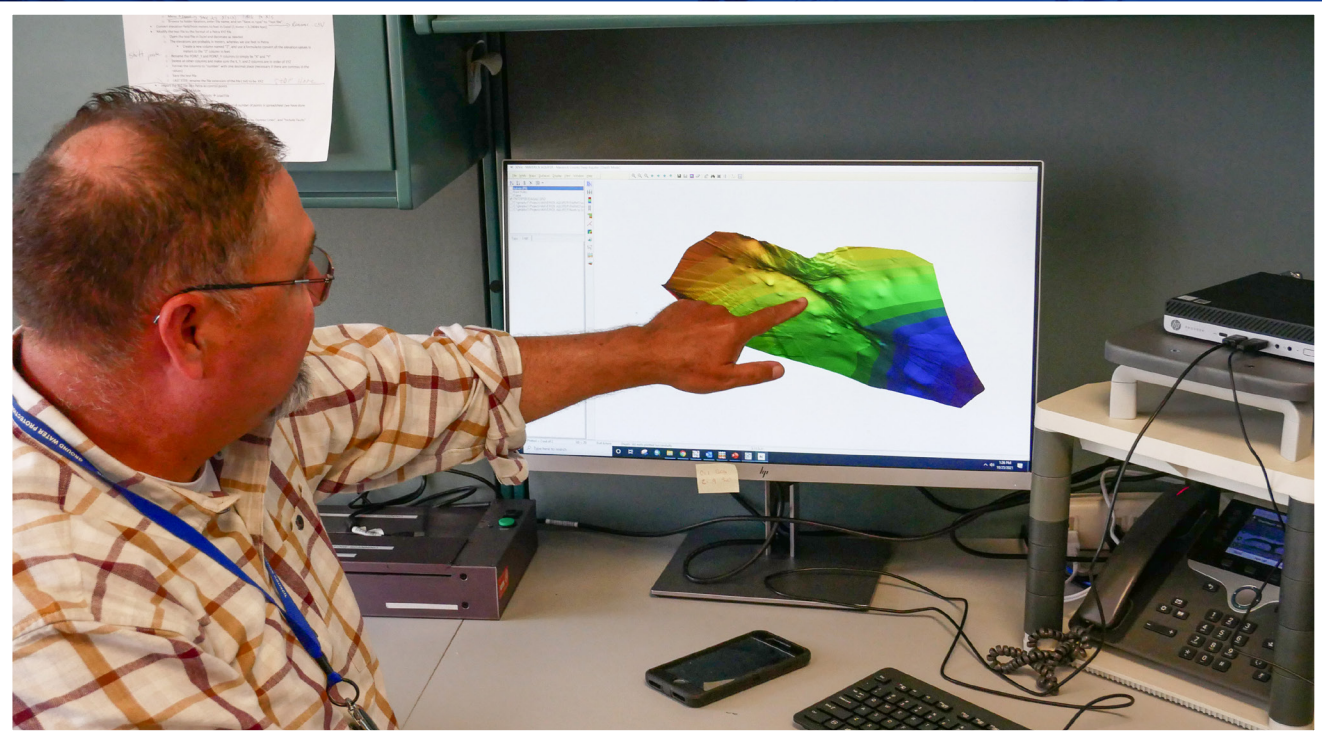
While the Railroad Commission is very much a regulatory agency that handles energy issues, such as oil and gas, surface mining of coal and uranium, pipeline safety and other related issues, the RRC must also have expertise in geology in order to effectively manage the production of energy resources from the ground.

The RRC started requiring that operators provide groundwater protection determination letters in 1950, which at that time had to be obtained from the Texas State Board of Water Engineers. This led to the formal creation of the Surface Casing Team at the TSBWE in 1955, which became the GAU.

RRC's requirement for groundwater determination letters, often called water board letters, would later be codified into law by the Legislature.

Today, operators request the groundwater determination letters from RRC's GAU by submitting a Form GW-1. The letters, which are good for five years, determine where casing and cement needs to go for any wells drilled within the area described in the document.

"Most gas and oil wells, about 90 percent, penetrate a major or minor aquifer," said James Harcourt, P.G., Manager of the Groundwater



Advisory Unit. “A majority of the water used in state, about 60 percent, comes from groundwater. If we don’t engineer oil and gas wells properly, much of the water our state uses could be at risk.”

Instead of relying on individual operators to make their own groundwater determinations, which is the case in some states, having RRC complete the task ensures consistency in approach, allows for a bigger picture view of the geology and speeds up the process by not having the agency trying figure out the approach of each operator. Any requests for groundwater determination letters are usually completed in fewer than two days, depending on the complexity.

The GAU also takes other information into account for operators, such as zones used by Class I hazardous waste injection wells that are permitted by the Texas Commission on Environmental Quality or salt dome structures, which are technically challenging. In addition to freshwater, the GAU verifies the suitability of geologic zones for Class II injection and storage of oil and gas byproducts.

Part of the secret of its success is the sheer volume of geological information that the GAU has collected over the 109 years since the board of water engineers was formed. When an oil and gas well operator needs a new groundwater determination letter, it typically provides the GAU with applicable geophysical data that has been collected.

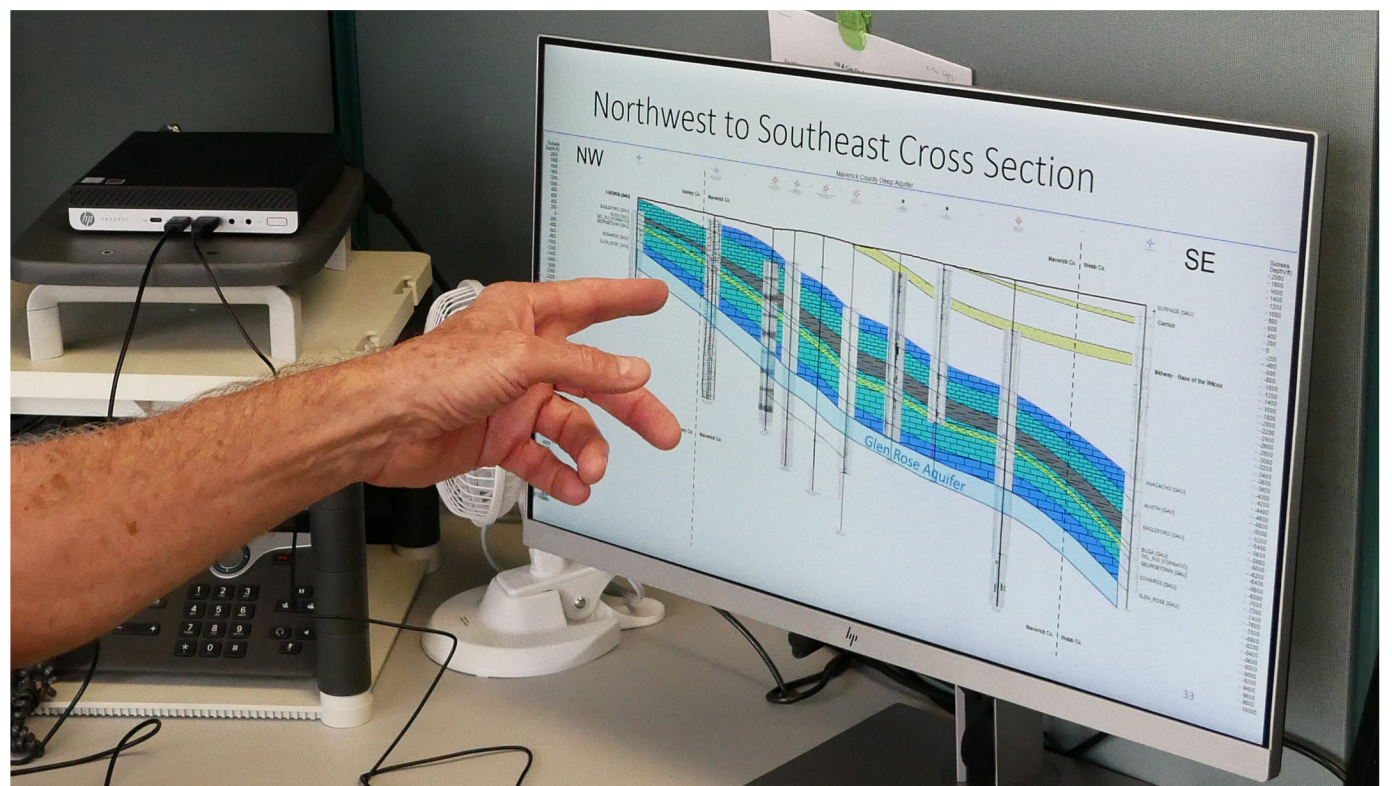
Information is added to GAU’s library, much of which is available for the public to research. Also, some data that the GAU receives is proprietary by request of the operator and is kept confidential for a period of three years for land-based wells and five years for offshore.

Much of the GAU’s information is available online via the [Surface Casing Estimator](#), which the RRC and the University of Texas at Austin’s Bureau of Economic Geology maintain.

Royce Massey, GIT, lead technical GIS project manager for the GAU, has been working to improve those online records by digitizing older GAU records and rescanning documents that were previously scanned at lower resolutions.

continued...

RRC's Groundwater: *continued*



RRC is part of a greater network of agencies that conduct geological work, including the Texas Water Development Board, the Bureau of Economic Geology, Texas Commission on Environmental Quality and the United States Geologic Service. Information is shared, as needed, between the agencies to improve geological understanding connected to what that agency is doing.

Key geologic staff of the respective agencies meet regularly to update one another on new and ongoing projects, technology, tools and techniques. These types of meetings are encouraged by the Legislature and called groundwater coordination meetings intended for both information exchange and to promote efficiency in the allocation of state resources.

In 2021, the GAU identified and mapped then **Maverick Basin Aquifer** in the Glen Rose Formation in a semi-arid area along the

U.S.-Mexico border, which is an unusually deep freshwater aquifer more than a mile under the surface in some places. That information was shared with the TWDB, which officially designates aquifers and conducts statewide water planning and facilitates funding for water works projects.

The GAU also helps with geological investigations, such as with RRC's seismic response areas. The unit will also play a role in the future if RRC is granted primacy by the federal government to permit the underground storage of carbon dioxide.

Cristian Astorga, P.G., GAU's lead technical geologist, has been working to provide RRC's Underground Injection Control Program with detailed geological maps of the seismic response areas with every well plotted.

"The underground is really dynamic," Astorga said. "Every time we get new information, we add a piece to the puzzle. It gives us a better understanding of what the underground looks like."



Chairman Christian

COMMISSIONERS' CORNER



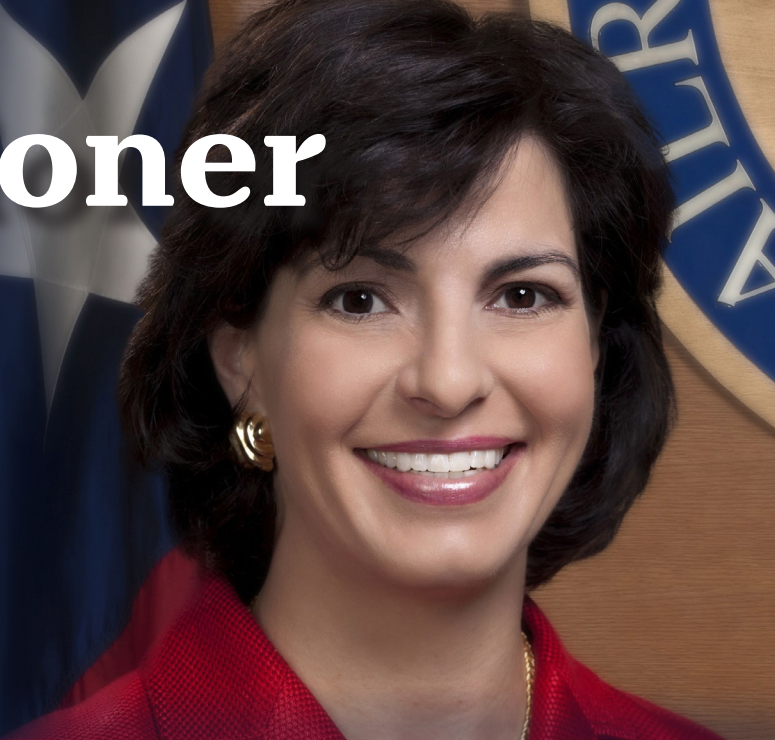
Chairman Christian's letter to the editor was recently featured in the *Amarillo Globe-News*: "From gasoline to groceries, inflation is soaring under the leftist leadership in Washington. I remain committed to fighting for Texans to ensure we have access to cheap and reliable energy for generations to come."

[READ THE CHAIRMAN'S LETTER](#)



Commissioner Craddick

COMMISSIONERS' CORNER



In February, Commissioner Craddick spent time at the State Operations Center (SOC) helping to ensure the flow of energy in Texas during Winter Storm Landon. Thanks to collaboration with other state agencies, implementation of SB 3 provisions, and industry leadership, natural gas supply was reliable and continued to flow to homes across the state. Based on RRC inspections, operators have implemented a variety of weatherization tools to prepare for cold weather events, and those efforts paid off as Texas came out of the winter storm with a surplus of available energy. Commissioner Craddick appreciates the efforts of state agency staff, legislative personnel, and industry partners who have worked together for the past year to ensure that Texas is prepared for future weather events.

Additionally, Commissioner Craddick spent time in Midland visiting with the oil and gas industry at the Water in Energy Conference hosted by UTPB. She was honored to provide the keynote presentation and looks forward to working with industry to provide innovative solutions to produced water reuse and recycling in this state.





Commissioner Wright

COMMISSIONERS' CORNER

Earlier this month, Commissioner Wright penned an op-ed for the *Dallas Morning News* entitled “Oil, Water, Earthquakes, and Opportunities” in which he explained how water produced during the extraction of oil and gas is contributing to an increase in seismic activity in the Permian Basin and why now is the time to develop economical and environmentally friendly solutions to recycle this resource.

[READ THE COMMISSIONER'S OP-ED](#)



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 ▶](#)