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April 7, 2020

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

Via email c/o Callie Farrar, Commission Secretary
Callie.Farrar@rrc.com and others on attached certificate of service

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 appreciate your care and concern for the men and women that work in the oil and gas industry and for opportunity to submit this comment on the above motion.

I manage a small company in Shackleford County, Texas that has been in business for over 75 years. Our company owns surface and mineral interests. We also own a small oil and gas operating company named Stasney Well Service, LLC.

Last year, one of our gas purchasers started charging us to take our natural gas; therefore, we curtailed production of those wells. This year, after Saudi decided to dump oil, daily spot prices in March went below \$20/barrel for WTI. Therefore, after the Comptroller takes his cut and the oil haulers take theirs, our realized price was around \$16/barrel not including property taxes! Our lifting and overhead costs are well above \$16/barrel; so, we curtailed production immediately. I explained it to my 12-year-old son this way: If a pizza costs you \$4 to make, but you can only sell it for \$2, how many pizzas are you going to make to sell? He immediately answered, "zero." Smart kid!

My point is that the market has already forced us to curtail and will force other Texas operators to do the same. No one has to tell us that. Also, even if Texas owned a controlling share of the world oil market (which it does not); and even if the RRC could control every oil valve in the state (which it cannot), no one can predict what level of production would yield the best price for Texas producers in any given month or year.

Further, as we have seen with local covid-virus ordinances, limiting sales by certain businesses turns into a political game of exceptions, exemptions, endless bickering and attempts by some to skirt the rules. In short, (1) the market forces curtailment; (2) the Texas RRC cannot predict or control optimal production via proration; (3) the Texas RRC cannot and should not attempt to enforce curtailment like a police state; and (4), curtailment was a bad idea and ran its course several years ago.

However, I do believe the RRC can take simple and reasonable measures to help oil and gas operators keep their head above water. Some of these include the following:

1. The RRC can eliminate waste of resources by eliminating or suspending the current rules regarding mandatory completion of drilled wells within 100 days and/or plugging a certain number of shut-in wells each year. While the RRC cannot fix the operators' obligations under lease provisions requiring production, the RRC can eliminate regulatory mandates that require production under the current "produce it or plug it" rules. This will not end the current worldwide over-supply issue, but it will give operators a chance to curtail as much production as possible without risking regulatory punishment by the RRC.

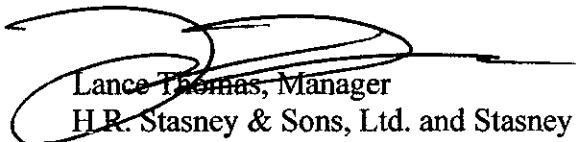
2. The RRC can prevent waste of capital and human resources by suspending H5 testing and/or plugging of shut-in water injection wells. Essentially there is no need to pressure test wells that passed the last test, are not in use and/or are not a problem.

3. The RRC can also extend the life of drilling and other permits for six months after the price of oil hits \$50/barrel. Again, relaxing regulatory requirements to drill and/or produce has the net effect of reducing unnecessary and/or wasteful expense and production.

4. The RRC can reduce or eliminate fees for the time period mentioned in #3.

I'm sure you and your staff can think of many other ways to help operators conserve resources and curtail production without proration.

Sincerely,



Lance Thomas, Manager
H.R. Stasney & Sons, Ltd. and Stasney Well Service, LLC.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following as indicated below on the 7th of April, 2020 via email.

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