

**Subject:** FW: Oil curtailments  
**Date:** Wednesday, April 8, 2020 11:48:44 AM

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**From:** Wayne Christian <[wayne.christian@rrc.texas.gov](mailto:wayne.christian@rrc.texas.gov)>  
**Sent:** Wednesday, April 8, 2020 9:34 AM  
**To:** RRC Conference <[RRCConference@rrc.texas.gov](mailto:RRCConference@rrc.texas.gov)>  
**Subject:** FW: Oil curtailments

**From:** Charles Cusack <[ccusack@recoilresources.com](mailto:ccusack@recoilresources.com)>  
**Sent:** Wednesday, April 8, 2020 9:33 AM  
**To:** Wayne Christian <[wayne.christian@rrc.texas.gov](mailto:wayne.christian@rrc.texas.gov)>; Christi Craddick <[Christi.Craddick@rrc.texas.gov](mailto:Christi.Craddick@rrc.texas.gov)>; Ryan Sitton <[ryan.sitton@rrc.texas.gov](mailto:ryan.sitton@rrc.texas.gov)>; Wei Wang <[Wei.Wang@rrc.texas.gov](mailto:Wei.Wang@rrc.texas.gov)>  
**Subject:** Oil curtailments

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Wayne, Christi, Ryan, and Wei,

I hope that you all are doing ok in these difficult times. I'm CEO of a small Eagle Ford producer named Recoil Resources. I am contacting you to voice my concerns about any forced curtailments. I strongly believe that if implemented that there should be an exemption for companies below a certain size. A production cut (revenue cut) would be devastating to our survival. We produce about 5000 BOPD. That amount would be the minimum amount to exempt and using 10,000 BOPD would cover most of the smaller companies.

Most smaller companies such as Recoil are in "survival mode" until prices recover. We have curtailed all capital spending and are focused on maintaining production, paying bills, and servicing our bank loans. The big hammer will be when our banks do their redetermination for our PDP reserves that are the collateral for the loans. Each well will need to be producing to determine the remaining reserves and value for that well. If you go with limiting the oil production from a well or a unit, then we'd probably be ok as we flow our wells on a managed choke (I can't imagine why anyone would aggressively flowback to accelerate production at these prices).

On a side note, I think that the low oil prices combined with the increased transportation costs being set by pipeline companies will effectively force curtailments as a lot of wells will not be economic to produce.

One area where you all can slow down production would be to critically look at new drilling permits. I can't imagine why anyone continues to drill in this environment unless it is a drilling obligation that they cannot renegotiate or a minimum volume commitment they have.

Thank you for your consideration,

Charles



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