

April 8, 2020

Filed via e-mail to: RRCconference@rrc.texas.gov

Chairman Wayne Christian
Commissioner Christi Craddick
Commissioner Ryan Sitton
Railroad Commission of Texas
1701 North Congress Avenue
Austin, Texas 78701

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:

The Texas Natural Resources Code places a clear duty on the Commission to prevent physical and economic waste. There is no question that the Commission has the resources and the staff to successfully and efficiently implement whatever order the Commission finds necessary to prevent waste.

Much of the conversation to date regarding the need for a proration order has focused on the order as a mechanism to prevent economic waste. Certainly, the prevention of economic waste is a critical goal and clearly part of the Commission's statutory responsibility, but the Commission's focus must also be on the prevention of physical waste. The current environment will cause physical waste, as operators who cannot find a market and cannot store and transport their oil must prematurely abandon projects, wasting available oil.

This process has already begun. Operators have been told to shut-in production due to lack of transportation and storage capacity. Without a Commission order, this process will not be well considered, as operators will respond to short-term pressures and will not consider long-term development, leading to physical waste. A Commission order would provide the structure for operators to consider long-term development and life after the present crisis in order to minimize physical waste.

The Commission is the preeminent oil and gas regulatory agency in the United States and must take leadership in this uncertain time. A proration order will best position the Texas oil and gas industry to emerge from the current crisis in a position to continue to grow and supply the world's energy needs.

Respectfully submitted,

/s/ David Porter

The Honorable Commissioner David Porter