



*EOG Resources, Inc.
1111 Bagby
Sky Lobby 2
Houston, Texas 77002*

*P.O. Box 4362
Houston, Texas 77210-4362*

April 7, 2020

VIA EMAIL

Chairman Wayne Christian
Commissioner Christi Craddick
Commissioner Ryan Sitton
Railroad Commission of Texas
1701 North Congress Avenue
Austin, Texas 78711
RRCconference@rrc.texas.gov

Re: Motion for Commission Called Hearing on the Verified Complaint of Pioneer Natural Resources U.S.A. Inc. and Parsley Energy Inc. to Determine Reasonable Market Demand for Oil in the State of Texas.

Dear Chairman Christian, Commissioner Craddick, and Commissioner Sitton:

EOG Resources, Inc. (“EOG”) appreciates the opportunity to file written comments in this important proceeding and urges the Commission not to impose unilateral, government-mandated oil prorationing in Texas. EOG is the second-largest oil producer in Texas, and has approximately 1,900 employees across the state.

The global oil industry is experiencing an unprecedented market imbalance as a predatory price war launched by Russia and Saudi Arabia has increased supply and driven down prices at the same time that the COVID-19 pandemic is driving down demand. The threat to Texas and the rest of the country—in the form of lost jobs and reduced revenues that fund schools, roads, and other social services—is real and requires swift action. However, unilateral prorationing of Texas oil production by the Texas Railroad Commission is not the answer.

Unilateral production limits by the Texas Railroad Commission will not affect production from other areas of the U.S., including production from other states, including North Dakota, Louisiana, New Mexico and Oklahoma. The unchecked production from these states, and the rest of the nation, would disadvantage curtailed Texas producers. While the stated goal is to help rebalance the broader market, prorationing by the Texas Railroad Commission would merely disadvantage Texas independent producers with little to no chance of meaningfully impacting global commodity markets.

Instead, we urge the Commission to continue to encourage the federal government to implement measures, such as trade remedies, that address supply and demand issues globally and across the entire country, not just in one state.

The oil and gas industry is already responding to the extreme supply and demand imbalance as evidenced by a falling rig count and lower production forecasts. Prorating by the Texas Railroad Commission would not address the broader macroeconomic issues and any remedies are best left to a consistent, federal level response to this crisis in our industry. It has been nearly half a century since the Texas Railroad Commission last implemented prorating. As Chairman Christian recently stated, today's Commission has neither the staff nor the tools and procedures to design, implement, and enforce a fair and efficient prorating program on short notice.

EOG applauds the Texas Railroad Commission for recognizing the seriousness of the situation that confronts the entire Texas oil industry and appreciates the Commission's decision to solicit comments from industry participants. EOG opposes any calls for prorating of oil production in Texas. We believe it would not offer any practical solution to address the current market conditions. Instead, we urge the Commission to continue working with the federal government toward a broad, international solution and continue to support an industry very vital to our great state.

Sincerely,



William R. Thomas
EOG Resources, Inc.
Chairman & CEO