



April 8, 2020

VIA EMAIL RRCconference@rrc.texas.gov

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

c/o Callie Farrar, Commission Secretary
Callie.Farrar@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 Commissioners:

On behalf of WPX Energy, Inc. ("WPX"), I would like to thank you for the opportunity to provide written comments on the motion referenced above and offer these as our official position in this matter before the Texas Railroad Commission ("RRC"). As you may know, WPX is an exploration and production company with substantial operations in the Delaware portion of the Permian Basin of Texas and New Mexico as well as operations in the Williston Basin of North Dakota. Our Texas operations represent a substantial portion of our daily production and as such these proceedings are of great interest to our company.

WPX is keenly interested in the outcome of these proceedings and it is our position that enacting a proration regime at this juncture is premature and unwarranted. Such action would represent an unnecessary infringement upon the market forces which are reshaping the supply-demand balance in global markets and are working to correct the current imbalance.

The conditions we are experiencing today represent the early stages of this most recent downward revision in oil market fundamentals. US producers have already begun to make the necessary adjustments to their capital spending and production efforts to correct for this period of oversupply and we fully expect that these conditions will continue to correct themselves as we move forward. WPX, along with a number of this country's large producers, have announced such cuts and curtailments to public markets and are in the process of rapidly shifting efforts to meet this current challenge just as we have many times in the past. These efforts have yet to fully impact



the market conditions that we see today, but we believe their impact will register soon. We further believe that efforts by the RRC to intervene have the potential to distort natural market forces and may prevent prices from moving back up to natural level once market fundamentals come back into balance.

WPX also understands that these current market conditions are suboptimal and represent a serious threat to the overall economic health of Texas and beyond. It is not lost on us that the conditions that we now face are not entirely of our own creation. Foreign governments are actively exacerbating current oversupply conditions with anti-competitive behavior in an attempt to win market share. It is critical that that our governmental regulatory authorities not heed their calls to adopt the same type of anti-competitive regimes as a condition of securing their promise to reign in their market manipulation. To do so now would mean that the solution to all such future actions on their part would be predicated on similar responses and would compromise American energy security.

American producers have responded to current conditions based upon free-market principles and maintaining these principles will ensure we weather this and subsequent storms. We encourage you to reject efforts to establish a proration regime in Texas and preserve a market-based system.

Respectfully,

A handwritten signature in black ink, appearing to read "Richard E. Muncrief". The signature is fluid and cursive, with a prominent initial "R" and "M".

Richard E. Muncrief
Chairman & CEO
WPX Energy, Inc.