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**To:** [Travis McCormick](#); [Jeremy Hagen](#); [Bill Black](#); [Jason Modglin](#); [Jared Craighead](#); [Bryan Preston](#); [Wei Wang](#); [Alex Schoch](#); [Danny Sorrells](#)  
**Cc:** [Kellie Martinec](#)  
**Subject:** FW: Comments for Hearing-Pioneer Natural Resources and Parsley Energy petition for restricted allowables  
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**From:** Mark Stanger <mark@banner-resources.com>  
**Sent:** Wednesday, April 8, 2020 1:57 PM  
**To:** RRC Conference <RRCConference@rrc.texas.gov>  
**Cc:** Callie Farrar <callie.farrar@rrc.texas.gov>  
**Subject:** Comments for Hearing-Pioneer Natural Resources and Parsley Energy petition for restricted allowables

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To: Texas Railroad Commission

Thank you for giving me the opportunity to voice my thoughts and opinions during this Texas Railroad Commission (TRCC) hearing. This is a very difficult time for very many Americans and Texans. The impact of demand destruction in the energy market is having devastating financial impacts on producing companies, mineral owners, service companies, other businesses that rely on the energy industry, employees, families and unrelated government agencies that depend on tax revenues from oil and gas. I believe that government action should be taken to address and correct many of the inequities and damage that is being done as a result of the covid19 outbreak and the government intervention on commerce in Texas and the United States to address the spread of the virus.

I am a believer in free enterprise and markets. However, this current environment is not a free market. Governmental orders have restricted travel, commerce and issued sheltering in place orders that affect many people in Texas, the United States and abroad. These actions have had huge impacts on the energy market. Governmental action should be taken to address the consequential outcomes of those orders.

The result of these actions began as a collapse in product prices due to the reduction in fuel use from restricted air traffic, automobile use, and transportation in general. This financial impact of price reduction has been partially mitigated through hedging by many companies. However it still leaves many parties vulnerable to the impacts of these artificially imposed demand reductions and the subsequent collapse in prices. In addition to price collapse, market demand reduction has more recently resulted in cancellation of product purchase contracts by the downstream purchasers. If

this environment is left unchecked it can and most likely will lead to discriminatory supply purchases by downstream companies that control the market. For example, integrated oil companies who control the downstream market and also own production can be in a position to advantage their companies relative to other companies that are seeking to sell their products. And now it is being reported that foreign companies, such as Aramco are seeking to increase imports to US markets which will further damage our domestic producers ability sell products.

Because of these issues, I support Pioneer Natural Resources and Parsley Energy's petition for the TRRC to impose market based reduced allowables on a lease basis. I believe the TRRC should seek to do its part to help restore balance in the marketplace that other government orders have disrupted. The TRRC has the ability and jurisdiction to do this and has done it in the past. Reduced allowables should help mitigate discriminatory purchase practices by sharing the burden of this reduced market across all producers in a non-discriminatory manner. I also believe that the RRC should seek to ensure that product purchasers are opening markets and making purchases from producers on a non-discriminatory basis as well.

Although it is probably not within the jurisdiction of the TRRC, I believe that some governmental action should be taken during this artificial demand restriction period to protect domestic producer's ability to access domestic markets. This can be accomplished by imposing import restrictions on foreign crude. For many years there were restrictions on US producer's ability to export oil in order to protect the domestic fuel market. This was only lifted when the US production level was increased to a point that US supply exceeded the needs of the domestic fuel market. I believe that similar restrictions should be put on imports to protect domestic producer's access to domestic markets just as the opposite was imposed on producers to protect downstream fuel markets.

The energy industry is critical to the economic stability of the state of Texas and the United States of America. I believe that Texas being the largest producer of oil in the United States, should lead this country in fighting the consequential results that this virus outbreak has imposed on the energy industry and the oil market in particular. Thank you to the TRRC for its continued leadership and courage to protect all interested parties in the energy business and ensure that the energy industry is here to serve the state of Texas and the United States of America.

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