

Captive Agency

Part I:
Conflict of interest policies at the
Railroad Commission of Texas
need reform.

by Andrew Wheat, Texans for Public Justice
Virginia Palacios, Commission Shift

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The authors are grateful to Ralph Bussard of Texans for Public Justice for simplifying--and adding value to--Texas Ethics Commission data on personal and campaign finances.

Commission Shift is reforming oil and gas oversight by building public support to hold the Railroad Commission of Texas accountable to its mission in a shifting energy landscape.



Reforming oil and gas oversight in Texas

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Executive Summary

The Railroad Commission of Texas (RRC) is a 130-year-old state agency that oversees oil and gas development, coal and uranium mining, and natural gas utility service among other functions. Its mission is to serve Texas through stewardship of natural resources and the environment, concern for personal and community safety, and support of enhanced development and economic vitality for the benefit of Texans. Too often, the commission has focused on accelerated oil and gas development at the expense of safety, economic vitality, natural resources and the environment.

Agency policies that let sitting commissioners profit from the industry that they oversee, however, may exacerbate this inadequate oversight. In this report, Commission Shift and Texans for Public Justice explore Railroad Commission policies that undermine balanced governance of oil and gas development.

This analysis explains how current policies impair the ability of the Railroad Commission to fulfill its mission. As part of a series examining each of the three railroad commissioners, this analysis provides examples of cases in which lax enforcement of recusal rules allowed Railroad Commission Chair Christi Craddick to participate in cases involving significant campaign contributors and companies in which she had personal financial stakes.

The following common-sense solutions would help the agency achieve its mission, renew confidence in the Texas electoral process, and bolster public trust in an agency that oversees one of Texas' most important industries.

- 1. Demonstrate no financial interest:** Before serving, commissioners should be required to divest from the industries they regulate. As in Oklahoma, commissioners overseeing the oil and gas industry should divest from those interests to safeguard the public trust.¹
- 2. Limit campaign contributions:** RRC candidate fundraising should be limited to the 18-month period preceding that election. Parties with upcoming contested case hearings should not be allowed to contribute to commission campaigns. Contributions should be limited to \$5,000 per election cycle. Recusals should be triggered if a commissioner received more than \$1,000 from a company in the candidate's last election cycle.
- 3. Improve financial disclosure:** Texas should increase the upper range value of financial disclosures for RRC candidates and commissioners to match congressional disclosure requirements. In Texas, the current maximum disclosure option is "\$44,630 or more." Financial disclosure forms also should specify whether certain reported incomes come from interest, dividends, royalties or rents.
- 4. Strengthen recusal standards:** Commissioners should recuse themselves from cases involving companies with which they have personal equity, income, business or if the company donated more than \$1,000 to their campaign in the last election cycle. The state legislature should clarify and better enforce conflict of interest policies.
- 5. Use a neutral forum for contested cases:** The commission should conduct independent hearings through the State Office of Administrative Hearings for contested enforcement cases and gas utility cases. Currently, Railroad Commissioners approve administrative law judges' hiring and compensation, which may encourage administrative law judges to favor parties that have financial ties to commissioners.

6. Reduce bias in legislative accountability: Legislators who are family members of commissioners or executive directors should be required to recuse themselves from decisions involving the agency and should not be allowed to sit on committees that oversee the agency.

Railroad Commission Chair Christi Craddick and her two colleagues oversee the state's oil and gas industry after getting elected in statewide campaigns overwhelmingly funded by the oil and gas interests that they regulate. Commissioners are allowed to take campaign contributions throughout their six-year terms. By contrast, state legislative and judicial candidates can only accept campaign contributions during defined election periods.²

Craddick maintains stakes in oil and gas entities that do business with her agency. One limitation in the personal financial disclosures filed by state officials include the fact that their largest asset and liability category is "\$44,630 or more."³ With such caveats in mind, Craddick's disclosure covering 2020 suggests a net worth of at least \$8 million to more than \$19.5 million (officials report these values in ranges). Craddick's oil and gas assets are worth between \$1.5 million to more than \$1.9 million. Some of those oil and gas assets are owned by family companies in which Craddick has at least a 5% interest. During 2020 she held 18 oil and gas stocks and sold off 28 more, not including mutual fund transactions. That same year she owned mineral interests in more than 140 properties.

The Railroad Commission requires commissioners to recuse themselves from a measure, proposal, or decision in which they have a "personal or private interest." Craddick recused herself from only two matters from 2015 through 2020—neither of which appeared to involve personal financial interests or campaign contributions. This report looks at four cases in which Craddick's personal finances seemed to intertwine with her official duties without prompting her to recuse herself.

Craddick's personal and political finances also are entangled with those of her father. State Rep. Tom Craddick of Midland is Texas' longest serving lawmaker, first elected in 1969 and who served as Speaker of the House from 2003 to 2009. Since 2009, Rep. Craddick has served on the House Energy Resources Committee, which oversees the Railroad Commission. Between Christi Craddick's 1995 University of Texas at Austin School of Law graduation and her 2012 commission election, her father's political committees paid her more than \$1 million, even as he personally donated more than \$600,000 to her first commission campaign. The up to \$680,000 in lobby income that Christi Craddick reported in that time period also is difficult to disassociate from her father's political involvements.

Finally, a couple of Commissioner Craddick's transactions in Austin's real estate market are noteworthy. After oil prices crashed in 2020, Craddick bought an Austin home that was never listed on the Multiple Listing Service. She bought that house from an oil and gas executive whose company declared bankruptcy the same month that he sold his home to her. Meanwhile, as Austin home markets skyrocketed in recent years, Austin's local tax district agreed to cut its tax appraisal of Craddick's homestead by 23% from 2019 to 2021.

The current ethics policy framework does not clearly define the term "personal or private interest" which the railroad commission's recusal policy hinges on. Moreover, the policy must be enforced "on the petition of the attorney general," making it potentially difficult to enforce. Several policy reforms are needed to prevent real or apparent ethical breaches, improve transparency, and regain public trust. Many of the reforms proposed in this report have been employed at different agencies in Texas, in different states, or at the federal level (see Appendix III).

Four case studies illustrate Craddick's participation in agency matters in which she had financial in-

terests, potentially undermining the RRC's reputation and mission.

- 1. Groundwater contamination:** Craddick cast a deciding vote not to fine a pipeline company for a leak despite owning between \$17,520 and \$35,874 in the company's stock and receiving \$22,500 in campaign contributions from the company.
- 2. Discriminatory rates:** Craddick did not recuse herself from a case in which a pipeline company was accused of charging gas producers discriminatorily high rates. Craddick owned shares in companies on both sides of the dispute, which all funded her campaign. She also held royalty interests tied to the case.
- 3. Non-odorized gas:** RRC staff recommended penalizing a pipeline company \$529,000 for failing for more than a year to add scent to gas in a transmission line passing through populated areas for safety purposes. The commission dismissed the case, which involved serious proposed penalties, without explanation. Commissioner Craddick reported receiving income of up to \$24,999 from the pipeline company the same year. The type of income (i.e. interest, dividends, royalties, or rents) is not defined in the personal financial statement form.
- 4. Surface water contamination:** An eight-year case involving the alleged contamination of a pond resulted in delayed soil cleanup without ongoing testing and monitoring. Commissioners sided with the well operator, holding a pipeline company responsible for soil remediation without penalizing the pipeline company for its noncompliance with agency requests to monitor the site. Commissioners Craddick and Wayne Christian held stock for years in the company operating the well. Craddick reported buying shares in the pipeline company the year the case was decided. Commissioners Christian and Craddick collected \$31,000 in campaign contributions from the companies.

I. Introduction

Despite its name, the Railroad Commission of Texas oversees oil and gas development, coal and uranium mining, and pipeline safety, among other functions unrelated to trains or railroads. The three elected railroad commissioners' statewide campaigns typically cost more than \$1.5 million each. With no limits on how much money political committees and individuals can contribute,⁴ the oil and gas interests that the commissioners oversee supply from 60 to 70% of those funds. By comparison, that industry supplies 21% of Governor Greg Abbott's campaign funds.⁵ There is no requirement that commissioners recuse themselves from matters affecting oil and gas interests that contributed tens of thousands of dollars to their campaigns. These factors create the conditions for a "captured regulatory agency," meaning that the industry oversees the agency rather than the other way around.

Texas state candidates and officials file annual personal financial disclosures with the Texas Ethics Commission that report investments, debts, real estate and business interests. As designed by lawmakers, these disclosures are broad—yet selectively shallow. A chief defect is that for years state officials reported monetary values in ranges that maxed out at "\$25,000 or more."⁶ A state senator descended from the founders of Exxon's precursor demonstrated the absurdity of such disclosures when he ran for Congress in 2018. In Van Taylor's congressional financial disclosure, his "\$25,000 or more" in early Exxon stock skyrocketed to a federal valuation ranging from \$5 million to \$25 million.^{7,8} Starting with disclosures covering 2020, the state increased the maximum asset category to "\$44,630 or more," still well below full disclosure.

Flawed as they are, Texas financial disclosures permit crude calculations of an official's income and net worth. They also provide a means to screen potential conflicts between an official's oversight authority and their business investments. This report is part of a series looking into industry financial ties among each of the three railroad commissioners. This analysis focuses on Railroad Commissioner Christi Craddick's business income, net worth, and potential conflicts based on the state personal financial disclosure that she filed covering calendar years 2019 and 2020. Future reports in this series will present a similar analysis for the other two sitting commissioners.

Require the commission to adopt a recusal policy rule, including a requirement to provide a written reason for any recusal.	Partially adopted
Prohibit a commissioner from accepting contributions from a party with a contested case before the commission.	Not adopted
Limit campaign contributions to commissioners or commission candidates to the 18 months preceding their election, rather than throughout the full six-year term.	Not adopted
Require the commission to assign contested case hearings to the State Office of Administrative Hearings to reduce conflicts and <i>ex parte</i> communications between the commissioners and administrative law judges they employ.	Not adopted

The Texas Sunset Advisory Commission—which typically reviews state agencies every 12 years to determine if they need to be reformed or abolished—has flagged problems with regulatory capture and conflicts of interest at the Railroad Commission that remain unaddressed. The Sunset Commission subjected the Railroad Commission to three such reviews between 2010 and 2017 after the first two failed to yield substantive legislative reforms.⁹ Sunset Commission staff variously recommended the following:

Texas state laws and rules governing the potential conflicts posed by the commissioners' personal finances promise more than they deliver (see Appendix II). The Railroad Commission says that it relies on administrative code language that says that a "Commissioner with a personal or private interest in a measure, proposal or decision pending before the Commission shall publicly disclose the fact to the Commission in an open meeting" and "may not vote or otherwise participate in the decision."¹⁰ The Texas Government Code references the state constitution for the meaning of a "personal or private interest,"¹¹ but the constitution provides no clear definition.¹² In fact, the Texas Ethics Commission's Advisory Opinions interpreting the Texas Government Code in specific situations have remarked "we find no cases or opinions, however, that interpret the phrase for purposes of that constitutional provision."¹³

The Advisory Opinions refer to Braden's 1977 analysis of the Texas Constitution, where the author comments "Section 22 is unenforceable as presently worded and should be deleted."¹⁴ Subsequent updates to the Texas Government Code indicate that violators are "subject to removal from office" but a suit must be brought "on the petition of the attorney general," creating a potentially high threshold for enforcement.

A Closer Look at Commissioner Craddick's Finances

The unaddressed recommendations from the Sunset Commission over the years continue to present problematic ties between commissioners and the industries they regulate. Commissioner Craddick—with diverse interests in numerous energy companies—has rarely recused herself from votes, and her recusals don't seem to have been related to her financial interests. Moreover, there is no recusal policy related to campaign contributions.¹⁵

Responding to an open-records request, the Railroad Commission reported that Commissioner Craddick recused herself from just two commission votes from January 2015 through April 2021. In 2016 Craddick's colleagues granted Van Operating an exception to agency well-spacing regulations (Rule 37) over the objections of Midville Energy,¹⁶ which operates a neighboring well in Shackelford County.¹⁷ After participating in the commission's discussion of the case, Craddick abstained from the vote without explanation. Her personal financial disclosures did not list interests in Albany-based Van Operating or Midland-based Midville Energy. A Van Operating executive contributed \$5,000 to her campaign later that year.¹⁸

Commissioner Craddick's Recusals, Jan. 2015 Through April 2021

Date	Citation	Party	Issue
1/12/16	O&G 0286341	Van Operating, Midville Energy	Well-spacing rules (Rule 37)
11/7/17	Agenda item 283	Railroad Commission	Termination of agency director

Source: Railroad Commission of Texas

Another recusal came after Craddick unilaterally gave then-agency Executive Director Kimberley Corley an ultimatum to resign or be fired in September 2017.¹⁹ Craddick's sole explanation of this action was a statement that said that "the agency needed to move in a different direction."²⁰ The Houston Chronicle reported that Craddick purged Corley because she was unhappy with her efforts to tackle a major agency failure: leaving hundreds of thousands of wells uninspected for five years or more.²¹

Then-Commissioner Ryan Sitton, responded by stating that “this isn’t a dictatorship.”²² Sitton asked the state Attorney General to weigh in on if just one commissioner has the authority to issue such a job ultimatum and appoint an interim replacement. Ironically, in this case, the Office of Attorney General responded that such a request must come from the agency’s then-chair, Craddick, or from its newly installed executive director. In a subsequent meeting, Sitton proposed that the commissioners request an Attorney General opinion on how to comply with the Open Meetings Act in hiring and firing matters.²³ Commissioner Wayne Christian said Sitton’s letter was “too political,” while Craddick said that it mischaracterized facts and should be discussed in a private executive session. Christian then opposed Sitton’s motion, while Craddick abstained, causing the motion to fail.

This report examines how the agency’s existing ethics rules apply to the oil and gas holdings of Commissioner Craddick as she conducts agency business. It provides four case studies that examine the intersections of Craddick’s public and private business. It also suggests reforms to redress loopholes and boost public confidence in the agency.

Financial Disclosure

Commissioner Craddick’s personal financial statement (PFS) suggests that she owns oil and gas holdings that present potential conflicts in her commission work. An important caveat in estimating Craddick’s net worth is that she owns some assets jointly with her brother and parents. The full values of certain Craddick family assets are reported here because Commissioner Craddick was not required to itemize her shares of them. Nonetheless, this report may undervalue Craddick’s total assets and income due to other limitations. One factor is that some of the values that she reported fell into the unlimited, maximum range of “\$44,650 or more.” This study also does not present the values of 31 bond holdings that Craddick held in 2020.²⁴

2020 Craddick Balance Sheet at a Glance

Date	Everything		Oil & Gas Related	
	Min. Value	Max. Value	Min. Value	Max. Value
424 stocks held	\$2,230,016	\$13,342,555	\$101,656	\$539,991
3 real properties	\$3,809,074	\$3,809,074	\$0	\$0
11 mutual funds held	\$697,839	>\$1,224,657	\$0	\$0
20 personal mineral interests	\$174,862	\$174,862	\$174,862	\$174,862
*123 family business mineral interests	\$1,206,685	\$1,206,685	\$1,206,685	\$1,206,685
3 business assets	\$133,890	>\$133,890	\$44,630	>\$44,630
4 business liabilities	(\$4)	(\$35,720)	(\$1)	(\$8,930)
TOTALS	\$8,252,362	>\$19,856,003	\$1,527,832	>\$1,957,238

**These mineral interests are owned by family companies that Craddick owns at least a 5% interest in.*

Notes: Data is based on 2020 PFS and valuation data, except for mineral interests that were valued based on 2019 tax assessments. ‘Business assets’ exclude Craddick Lake Properties assets listed in ‘real properties.’

Source: Texas Ethics Commission, Google Finance.

With these limits in mind, Craddick’s net worth ranged from \$8.2 million to over \$19.8 million. She has an interest in \$1.4 million worth of minerals. Craddick owns some of those mineral interests outright in her own name. Others are owned by family companies that she owns at least 5% of (see the “Mineral Interests” section). Craddick’s personal and family business assets tied to the oil and gas industry that she regulates were worth from \$1.5 million to more than \$1.9 million. This included 18 oil and gas stocks that she held during 2020.

Craddick’s reported 2020 annual income ranged from an aggregate loss of almost \$1.8 million to a maximum gain exceeding \$3.5 million. The main cause of Craddick’s losses was that she reported selling off more than half of the 980 stocks that she owned in 2020—with 43% of them sold at a loss. In a bad year for the oil and gas industry, Craddick sold 28 oil and gas stocks—82% of them at a loss.

She also reported nine sources of income from either interest, dividends, royalties or rents that totaled at least \$285,642 in 2020. Oil and gas interests accounted for six of these income sources, paying her at least \$151,752. Her earnings from four of those energy companies were reported at the maximum amount of “\$44,650 or more” (Colgate Operating, Kinder Morgan, and her family’s Quarry, LLC and Craddick Partners). This report examines Craddick’s oil and gas holdings in more detail (the appendices cover her non-energy investments and the ethics policies of some of the Railroad Commission’s peer agencies). Several case studies also explore instances when Craddick’s oil and gas interests have intersected with her agency business.

2020 Craddick Incomes at a Glance

Date Category	EVERYTHING		OIL & GAS RELATED	
	Min. Value	Max. Value	Min. Value	Max. Value
557 stocks sold	(\$2,125,027)	\$2,848,432	(\$205,385)	\$44,627
9 Incomes*	\$285,642	>\$330,270	\$151,752	>\$196,380
1 state salary	\$140,937	\$140,937	\$0	\$0
1 sold business gain	\$1	\$8,930	\$1	\$8,930
16 mutual funds sold	(\$98,222)	\$62,503	(\$58,580)	(\$8,932)
16 bonds sold	\$8	\$71,440	\$0	\$0
2 trust incomes ²⁵	\$2	\$17,860	\$0	\$0
TOTALS	(\$1,796,659)	>\$3,480,372	(\$112,212)	>\$241,005

*From interest, dividends, royalties or rents.
Source: Texas Ethics Commission, Google Finance.

Christi Craddick owns stakes in the oil and gas industry that she regulates with her two fellow commissioners, reporting mineral interests, equity interests and income from oil and gas. These stakes pose potential conflicts when Commissioner Craddick participates in agency rulings that broadly affect the energy industry as a whole or that affect specific oil and gas companies in which she has personal interests.

When oil prices cratered in early 2020, for example, the railroad commissioners rejected a proposal to shore up prices through regulatory production restrictions known as “prorating.” Instead, on May 5, 2020, they issued a one-year waiver on numerous rules and fees.²⁶ The affected rules govern the drilling, casing, cementing, completion and plugging of wells statewide (Rules 13 and 14) and authorized reduced enforcement penalties on oil and gas companies that break agency rules—including rules to protect water quality. As discussed below, this regulatory relief affects companies in which Craddick owns stock and affects wells that service mineral interests owned by Craddick and her family. The accompanying case studies discuss how Commissioner Craddick directly participated in agency decisions involving companies with which she is financially intertwined.

Business Interests

Commissioner Craddick reported that she owned “beneficial interests” in 13 businesses in 2020,²⁷ including the five energy businesses shown below. She reported that she manages two family businesses that control significant mineral interests (discussed later). Craddick is the general partner of Craddick Partners and the managing member of Quarry, LLC. She appears to own at least 50% of Quarry and 5% of Craddick Partners.²⁸

Commissioner Craddick also disclosed interests in three pipeline companies that process, transport and market oil and gas: DCP Midstream, Energy Transfer Partners, and Enterprise Product Partners. Craddick, who only had to report the values of the business interests that she sold, previously reported that she liquidated her stakes in Magellan Midstream Partners in 2019.²⁹ Pipeline companies appear regularly before the commission for permits and other cases. Case studies in this report explore specific commission cases involving pipeline companies in which Craddick reported having personal financial interests.

*2020 Beneficial Interests in Energy Businesses
(Craddick reported nothing for fields left blank)*

Business	Income	Assets	Shares	Shares Sold Gain/Loss	Craddick’s Title
Craddick Partners, Ltd	>\$44,630				General Partner
Quarry, LLC	>\$44,630	>\$44,630			Managing Member
DCP Midstream			\$500-999		
Energy Transfer Partners					
Enterprise Products Partners			\$100-499	<\$8,930	

Source: Texas Ethics Commission.

Case Study: Groundwater contamination

Craddick reported owning from 500 to 999 shares of Denver-based pipeline company DCP Midstream going back at least until 2015. Her personal DCP shares were worth between \$17,520 and \$35,874 on April 10, 2018,³⁰ when she cast a decisive vote to let DCP evade a proposed \$10,000 fine for a pipeline that leaked gas liquid condensate in Fayette County east of Austin.³¹

DCP's underground gas line on Buckeye Ranch may have started leaking the estimated 1,700 gallons of gas liquid as early as 2013, according to a 2018 Austin American-Statesman expose,³² which did not mention Craddick's stockholdings. The landowners had reported dying mesquite trees and unusual odors to DCP. The company found and repaired a leak in April 2014 but failed to report the spill to the Railroad Commission for months despite rules requiring immediate reporting.³³ The agency learned of the spill in late July from the Fayette County Emergency Management Coordinator after a truck driver hauling contaminated soil from the site happened to ask firefighters for directions.

DCP argued that it fully remediated the site, that an underlying layer of clay would protect the groundwater, and that the carcinogen benzene found in the groundwater must be from old wells in the area. The company rebuffed agency requests to install groundwater-monitoring equipment onsite, forcing the agency to spend state funds. According to the case's administrative law judge, Clayton Hoover "The preponderance of the evidence presented shows there is groundwater pollution in the immediate area of the spill," Hoover told the commissioners.³⁴ "DCP has not brought the violation into compliance by the installation of additional monitoring wells and there is a lack of good faith." Hoover recommended that the commissioners fine DCP \$10,000.³⁵

Instead, Commissioners Craddick and Wayne Christian's votes prevailed over Commissioner Ryan Sitton's, shielding the \$6 billion company from the proposed fine.³⁶ Making no mention of her personal stakes in the company, Craddick expressed concerns about the groundwater and DCP's lack of reporting but called the staff recommendation an "overreach." "In my opinion," she said, "it's DCP's right to question whether they need to drill all those wells and continue testing." Sitton countered "I disagree that it's overreach to ask them to get more data, especially if they didn't notify us about the spill." He pointed out that the groundwater benzene levels were five times the permissible level.

Apart from the up to \$35,874 in DCP Midstream stock that Craddick owned, the Statesman reported that over the preceding eight years DCP and its attorneys contributed \$46,500 to the campaigns of the three commissioners, led by \$22,500 to Craddick.³⁷

Mineral Interests

Like her father, Christi Craddick has mineral interests in oil and gas properties across the state. Underground “mineral interests” can be severed and sold independently of a property’s surface rights. Mineral interest owners and “royalty owners” are the more passive parties to an oil and gas well, while “working interest owners,” or “operators,” have the bigger job of developing and producing the oil and gas. When working interest owners produce minerals, they pay a royalty to the mineral interest owner, typically 12.5 to 25% of the value of produced minerals.

State personal financial statements only require Craddick to report property interests held in her own name or those of a spouse or dependent child. She reported that she owned a single mineral interest “lot” in six different counties in 2019, as seen in the accompanying example for Webb County. Yet local tax appraisal records indicate that Christi Craddick actually owned 20 mineral interests in those counties in 2019, with tax-appraisal values totaling \$174,862. The same tax records indicate that eight oil and gas operating companies that do considerable business before Craddick’s Railroad Commission operate wells in those six counties that service Craddick’s mineral interests. It’s unclear why Commissioner Craddick did not disclose these mineral interests as several separate properties in each county.

2019 Mineral Interests in Craddick’s Name

County	2019 Tax Appraisal	Well Operator
Andrews	\$72	Mercury Operating
Andrews	\$58	Mercury Operating
Dimmit	\$2,949	Chesapeake
Dimmit	\$1,022	Chesapeake
Dimmit	\$2,249	Chesapeake
Dimmit	\$2,962	Chesapeake
Midland	\$890	*Parsley Energy
Reeves	\$38,335	Flat Creek Resources
Reeves	\$3,317	*Pitts Energy
Scurry	\$59,529	Kinder Morgan
Scurry	\$59,529	Kinder Morgan
Webb	\$50	*Lewis Petro Properties
Webb	\$20	Lewis Petro Properties
Webb	\$30	Lewis Petro Properties
Webb	\$1,600	Lewis Petro Properties
Webb	\$1,850	Lewis Petro Properties
Webb	\$180	Middleton Oil Co.
Webb	\$110	Middleton Oil Co.
Webb	\$60	Middleton Oil Co.
Webb	\$50	Middleton Oil Co.
TOTAL	\$174,862	

**Owns less than 100% share of this interest*

Craddick reported one 2019 mineral interest “lot” in Webb County, although she owns nine mineral properties in the county.

2 STREET ADDRESS <input checked="" type="checkbox"/> NOT AVAILABLE <input type="checkbox"/> CHECK IF FILER'S HOME ADDRESS	STREET ADDRESS, INCLUDING CITY, COUNTY, AND STATE
3 DESCRIPTION <input checked="" type="checkbox"/> LOTS <input type="checkbox"/> ACRES	NUMBER OF LOTS OR ACRES AND NAME OF COUNTY WHERE LOCATED 1.00000 lots WEBB COUNTY
4 NAMES OF PERSONS RETAINING AN INTEREST <input checked="" type="checkbox"/> NOT APPLICABLE (SEVERED MINERAL INTEREST)	

Source: Texas Ethics Commission.

This fuller picture still understates Craddick’s mineral interests. State rules do not require her to disclose the mineral properties owned by two family companies in which she is involved: Craddick Partners and Quarry, LLC. Craddick is the general partner of Craddick Partners and appears to own a minimum of 5% of it. She owns at least 50% of Quarry, where she is the managing member, and this level of ownership required her to report business assets owned by the company.³⁸ Craddick reported that Quarry owns royalties worth “\$44,630 or more.” Additionally, she reported that each of these family companies paid her maximum 2020 incomes of “\$44,630 or more.”

Spot checking tax records for five major oil-producing counties other than the six where Craddick reported mineral interests, researchers found additional mineral interests owned by the Craddick companies in Glasscock and Ward Counties. Together, the two Craddick companies owned at least 123 mineral properties in 2019 assessed at more than \$1.2 million. Commissioner Craddick was not required to disclose what her personal share of these family assets are and she did not voluntarily do so.

2019 Craddick Mineral Interests by Owner

Owner	Value	Properties
Craddick Partners	\$874,268	103
Christi Craddick	\$174,862	20
Quarry, LLC	\$332,416	20
TOTALS	\$1,381,546	143

Source: Local tax records.

2019 Craddick Mineral Interests by County

County	Value	Properties
Reeves	\$754,862	66
Glasscock	\$357,510	18
Scurry	\$119,058	2
Midland	\$73,700	9
Webb	\$30,050	27
Dimmit	\$26,510	12
Andrews	\$11,846	5
Ward	\$8,010	4
TOTALS	\$1,381,546	143

Source: Local tax records.

For almost half of the mineral interest properties discussed here, Commissioner Craddick or one of her family companies owned 100% of the interest in question, according to local tax districts. They owned fractional interests—often a tiny share—of the other mineral properties. Local tax records also list the well operating companies that pay royalties to owners of mineral rights. Mineral rights owners and the operators of associated wells each have stakes in the well’s output, which means that Commissioner Craddick has some shared interests with a host of operating companies that do an enormous amount of business with her agency. She has faced criticism for participating in agency decisions affecting the wells that service her own mineral rights.

During Craddick’s 2018 reelection campaign, the Austin American-Statesman and KXAN reported that she and her colleagues approved a Parsley Energy request to flare off gas at its Reagan County

Craddick 2019 Mineral Interests by Operator Listed in Tax Records

Operator	Value	Count	2019 Income	2020 Income
Oxy USA/Occidental	\$726,749	64		
Hunt Oil Co	\$280,040	1		
Kinder Morgan	\$119,058	2	\$25,000-?	\$17,860-\$44,630
Diamondback E&P	\$47,140	8		
Flat Creek Resources	\$38,335	1	\$5,000-\$9,999	\$1-\$8,30
Endeavor Energy	\$28,680	2		
Lewis Petro Properties	\$27,040	15	\$500-\$4,999	
Chesapeake	\$26,510	12	\$500-\$4,999	\$1-\$8,930
Parsley Energy	\$24,980	4	\$500-\$4,999	
Crownquest Operating	\$17,870	2		
Blackbeard Operating	\$15,080	4		
Primexx Operating	\$9,049	3		
ICA Energy	\$3,610	2		
Pitts Energy	\$3,317	1	\$500-\$4,999	
Goodnight Midstream	\$3,300	1		
Luxe Operating	\$3,212	1		
Middleton Oil Co.	\$3,010	12		
Apache Corp.	\$2,170	1		
Encana Oil & Gas	\$900	2		
Throne Petroleum	\$705	1		
Primero Operating	\$641	1		
Mercury Operating	\$130	2		
Sabre Operating	\$20	1		
TOTAL	\$1,381,546	143	\$32,000 - >\$54,995	\$17,863 - \$62,490

*Incomes from “interest, dividends, royalties or rents.”
Sources: Local tax records, Texas Ethics Commission.*

wells.³⁹ Although the agency has the authority to stop this practice, which is known to be a key source of greenhouse gases and harmful air pollution,^{40,41} it routinely lets producers strip out the more-valuable oil and burn off accompanying gas. What made the Parsley case newsworthy was that Commissioner Craddick had interests in the minerals that the Parsley wells produced, and she did not disclose those ties in voting to grant that flaring exception.

Craddick's defense was that her mineral interests are not the working-interest energy "investments associated with costs related to the exploration, drilling and production." This defense does not dispel the fact that Craddick receives an income from her mineral interests. A mineral rights attorney told the *Statesman* that flaring can benefit mineral interest owners by expediting the extraction of oil that pays royalties to the mineral owners. KXAN reported that Craddick voted on 320 matters involving companies that pay royalties to herself and her family.

A couple of operators servicing Craddick wells stand out. Units of Houston-based Occidental Petroleum operate close to half of all the Craddick-related wells discussed here. The Craddick family's share of these Oxy wells is worth more than \$700,000—or more than half of the value of all the Craddick-related mineral interests presented here. Houston pipeline giant Kinder Morgan operates just two Craddick properties, which Commissioner Craddick owns in her own name. Valued at \$119,058, those two properties account for 9% of the value of the Craddick mineral interests above—and 68% of the values of the properties held in her own name. Oxy and Kinder Morgan both surfaced in KXAN's investigation. It found that Craddick supported 2015 drilling-rule changes for Oxy's Reeves County wells, which serviced more than two dozen Craddick Partners mineral interests. Commissioner Craddick also approved tax breaks for Kinder Morgan's Saroc lease in Scurry County in 2017, when Kinder Morgan paid her royalties for her personal interests in that lease.

Case Study: Discriminatory rates

Craddick’s participation in a recent case highlights the need for commissioners to divest from the industry they oversee, enforced recusal policies, and campaign contribution limits. Despite several layers of personal interest in opposing companies with a case before the commission, Commissioner Craddick did not recuse herself. She owned shares in two opposing companies in the case and received tens of thousands of dollars in campaign contributions while the case was open, receiving some of those contributions outside of her campaign season. While public transparency of financial interests allows the public to assess such cases, a simpler policy would require commissioners to divest from the industry that they oversee, as is the case with the Oklahoma Corporation Commission.

A unit of China’s CNOOC, Ltd. state energy company filed a Railroad Commission complaint in 2017. It argued that a pipeline tied to Tulsa-based Williams Companies, Inc. wrongly demanded discriminatorily high rates to transport gas from CNOOC’s Eagle Ford shale wells in South Texas. After filing for bankruptcy in 2018, Dallas-based EXCO Resources joined in, echoing CNOOC’s claims.⁴²

The dispute stems from a 2012 deal in which Williams agreed to spend \$1.6 billion to expand a pipeline to primarily service 2,000 wells operated by Chesapeake Operating, its “anchor shipper.”⁴³ In return, Chesapeake committed to paying elevated gas-transport rates to help cover Williams’ investment (a gas-flaring study found that Chesapeake Operating flared more Eagle Ford gas than any other company in 2013: 6.7 billion cubic feet).⁴⁴ CNOOC owned a 33% interest in the Chesapeake wells, while EXCO bought 130 of the Chesapeake wells in 2013. Trouble started when CNOOC and EXCO later sought to transport gas from those wells on their own. Williams demanded that they pay the elevated Chesapeake rate—more than double what it charged other customers on that line. While not a formal party to this case, Chesapeake has interests in it. Under the 2012 deal, whenever Williams offers a new customer on the pipeline a lower rate than what Chesapeake pays, Chesapeake’s financial obligations to Williams diminish.

Craddick reported owning Williams Companies stock worth up to \$10,005 at the end of 2020; she sold additional shares of that company that same year at a loss of up to \$8,930.⁴⁵ Meanwhile, she reported owning CNOOC shares worth up to \$715 at year’s end and sold additional CNOOC shares that year at a gain of up to \$8,930. (Before her stock sales, when this case was alive at the end of 2019, Craddick owned CNOOC and Williams shares worth a total of up to \$28,336.)

Craddick’s 2020 Personal Stakes in the CNOOC v. Williams Case

Company	Her Interest	Min. Value	Max. Value
Chesapeake Operating	Income	\$1	\$8,930
CNOOC, Ltd.	1-99 shares held	\$7	\$715
CNOOC, Ltd.	1-99 shares sold	\$1	\$8,930
Williams Companies, Inc	100-499 shares held	\$2,005	\$10,005
Williams Companies, Inc.	500-999 shares sold	(\$8,930)	(\$1)
	TOTALS	(\$6,916)	\$28,579

Note: The filer must report stock they, their spouse, or a dependent child held, acquired, or sold in the calendar year. Stock valuations from 2020 year-end close.

Source: Texas Ethics Commission; Google Finance, Yahoo Finance.

Craddick also reported that she received up to \$8,930 in 2020 income from Chesapeake. Her 2020 disclosure hints at the likely source of that income. Namely, she reported owning a single lot of severed mineral interests in six different counties—including Dimmit County. The gas-gathering pipelines at the center of this case span seven counties including Dimmit. Dimmit Central Appraisal District records reveal that Craddick owned 12 severed mineral interests there for years, either directly or through her interests in two family companies.⁴⁶ The tax agency’s legal descriptions of those mineral properties tie them to Briscoe Ranch-area wells operated by Chesapeake Operating.

Craddick’s 2019 Mineral Property Interests in Dimmit County’s Briscoe Ranch Area Operated by Chesapeake Operating

Owner	Appraisal	Properties
Christi L. Craddick	\$9,182	4
Quarry, LLC	\$8,946	4
Craddick Partners Ltd	\$8,382	4
TOTAL	\$26,510	12

Source: Dimmit Central Appraisal District.

As this pipeline dispute developed, the four most-recent railroad commissioners collected \$57,000 in campaign contributions from key players (Craddick’s portion was \$24,750). The PAC of Chesapeake, which was not a formal party to the dispute, gave \$45,000 to the four commissioners. Williams Companies PAC contributed \$8,500, while staff attorneys for CNOOC and EXCO contributed a total of \$3,500.

A Railroad Commission administrative law judge urged the commissioners on February 11, 2020 to rule for CNOOC and EXCO because, “Williams unreasonably and unlawfully discriminated against them by processing their requests for service in a different manner than requests from other customers.”⁴⁷ The judge proposed that the commissioners remedy the problem by “equalizing the unequal treatment.” At a commission meeting on February 11, 2020, Craddick did not disclose any ties to the case or recuse herself, nor was she required to.⁴⁸ Instead, she offered a successful motion to punt the case to allow more study time. On March 4, 2020, the commissioners unanimously backed a Craddick resolution to return the case to staff to better determine if CNOOC and EXCO more closely resemble Chesapeake or the other gas customers enjoying lower rates.⁴⁹ Given the initial staff recommendation backing CNOOC and EXCO, the commission’s Craddick-led intervention favored Williams Companies.

Craddick reported owning significant stakes in opposing parties in *CNOOC v. Williams* and key players in that case contributed \$24,750 to her campaign in recent years. Craddick’s disclosure and local tax records suggest that Chesapeake has long paid annual royalties to Commissioner Craddick personally and to her family’s businesses. The Craddicks own \$26,510 worth of mineral interests in Dimmit County serviced by Chesapeake wells. Those wells appear to be part of the cluster of Chesapeake wells that spawned the pipeline at the heart of this case. Without recusing herself or disclosing these financial ties, Craddick offered motions to delay a decision and return this case to staff for further deliberations.

*Railroad Commission Actions and Contributions
Tied to CNOOC v. Williams*

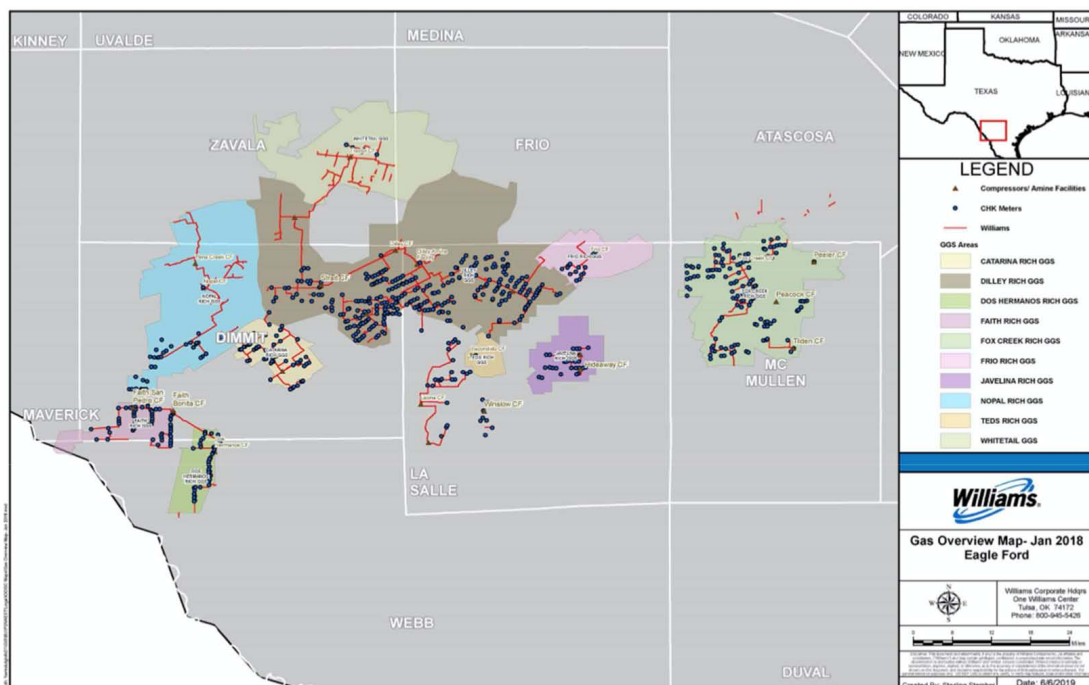
Date	Amount	Contributor (Employer) or Case Action	Recipient
2/3/16	\$2,500	Chesapeake Energy for Texans PAC	Sitton
2/22/16	\$2,500	Chesapeake Energy for Texans PAC	Craddick
6/6/16	\$10,000	Chesapeake Energy for Texans PAC	Christian
10/11/16	\$2,500	Williams Companies, Inc. PAC	Craddick
12/5/16	\$2,500	Chesapeake Energy for Texans PAC	Craddick
12/6/16	\$2,500	Chesapeake Energy for Texans PAC	Sitton
2/22/17		CNOOC complaint against Williams	
12/21/17	\$5,000	Chesapeake Energy for Texans PAC	Craddick
12/21/17	\$5,000	Chesapeake Energy for Texans PAC	Craddick
1/15/18		EXCO files for bankruptcy	
2/13/18	\$5,000	Chesapeake Energy for Texans PAC	Christian
3/6/18	\$500	Sean Johnson (OOGC America)*	Sitton
4/5/18	\$1,000	Sean Johnson (OOGC America)*	Craddick
4/11/18	\$500	Sean Johnson (OOGC America)*	Christian
6/8/18	\$5,000	Williams Companies, Inc. PAC	Craddick
9/24/18	\$500	Sean Johnson (OOGC America)*	Craddick
10/4/18		EXCO joins CNOOC complaint	
10/12/18	\$5,000	Chesapeake Energy for Texans PAC	Sitton
7/10/19	\$500	Sean Johnson (CNOOC Energy, USA)	Craddick
2/11/20		RRC staff backs CNOOC-EXCO complaint	
3/4/20		Commissioners remand <i>CNOOC v. Williams</i>	
3/26/20	\$250	William Boeing (EXCO Resources)	Craddick
9/4/20	\$5,000	Chesapeake Energy for Texans PAC	Wright
10/7/20	\$250	William Boeing (EXCO Resources)	Wright
12/12/20	\$1,000	Williams Companies, Inc. PAC	Wright
TOTAL	\$57,000		

*OOGC America is an arm of CNOOC.

During the 2020 election, Chesapeake Operating and EXCO also did business with a company owned by then-candidate railroad commissioner Jim Wright. With the *CNOOC v. Williams* case pending 11 days before the November 2020 election, Chesapeake paid Wright's EEES Energy Solutions to transport a load of its waste in La Salle County to a Blackhorn Environmental Services dump near Orange Grove.⁵⁰ In the narrow window between Wright's November election and his January swearing in, EXCO paid commissioner-elect Wright's EEES to transport 11 loads of waste to the Blackhorn dump from the Briscoe Ranch area of La Salle and Zavala Counties serviced by the Mockingbird pipeline.^{51, 52}

Although two Wright companies had been using the Blackhorn site since mid 2019, EXCO first hired Wright to drop its waste there right after his election—when it had a pending case likely to go before him. Note that neither the Railroad Commission nor state personal financial disclosures require Wright to disclose his oil and gas waste clients, much less what they pay his companies. Nor does the Railroad Commission require Commissioner Wright to recuse himself from cases involving even his largest clients. These Wright waste company clients only came to light through the quarterly waste reports that Blackhorn files with the Railroad Commission.

In an August 2021 open meeting,⁵³ Commissioner Christian rejected the administrative law judge's findings of fact and conclusions of law in the proposed order, which was the same as the prior order.⁵⁴ Christian proposed an alternative order denying and dismissing CNOOC's discrimination claims against Williams.⁵⁵ Without recusals, the commissioners unanimously approved Christian's alternative order at their open meeting on September 14, 2021.⁵⁶



The 'Mockingbird' gas-gathering pipeline at center of the CNOOC v. Williams case.

Energy Incomes

Craddick reported receiving income from six oil and gas companies in 2020 worth totals ranging from \$151,752 to more than \$200,000. In addition, she reported maximum incomes of \$44,630 or more from her family's Quarry, LLC and Craddick Partners, Ltd. She also reported income of up to \$44,630 from pipeline giant Kinder Morgan and up to \$8,930 apiece from Chesapeake Operating and Flat Creek Resources.

Christi Craddick's Energy Income from Interest, Dividends, Royalties or Rents, 2019 and 2020

Source	2019 Min. Value	2019 Max Value	2020 Min. Value	2020 Max Value	Likely Source
Chesapeake Operating	\$500	\$4,999	\$1	\$8,930	Energy royalties
*Craddick Partners, Ltd	\$25,000	>\$25,000	\$44,630	>\$44,630	Energy royalties
Colgate Operating, LLC			\$44,630	>\$44,630	?
Flat Creek Resources, LLC	\$5,000	\$9,999	\$1	\$8,930	Energy royalties
Kinder Morgan Production	\$25,000	>\$25,000	\$17,860	>\$44,630	Energy royalties
Lewis Petro Properties	\$500	\$4,999			Energy royalties
Lewis Resource Mgmt	\$5,000	\$9,999			Energy royalties
Parsley Energy Operations	\$500	\$4,999			Energy royalties
Pitts Energy Co.	\$500	\$4,999			Energy royalties
Plains All American	\$500	\$4,999			?
*Quarry, LLC	\$10,000	\$24,999	\$44,630	>\$44,630	Energy royalties
TOTALS	\$72,500	>\$119,992	\$151,752	>\$196,380	

** Per the Personal Financial Statement form, Craddick owned at least 5% of this family business.
Source: Texas Ethics Commission.*

State disclosures do not require filers to specify if they derived the income in question from interest, dividends, royalties or rents. Most of Craddick's income sources can be inferred based on if she reported stock holdings in a corresponding energy company (dividends) or if it operates some of her mineral interests (royalties). This method does not readily explain her incomes from Colgate Operating and Plains All American Pipeline. Financial disclosures should specify the sources of these incomes.

Case Study: Non-odorized gas

Commissioner Craddick's financial ties to pipeline giant Kinder Morgan go back several years. In 2015, for example, she reported that the company paid her annual income of from \$10,000 to \$24,999, presumably for production royalties on some of her mineral interests. She also held from 500-999 shares of Kinder Morgan stock worth up to \$1,477 when the markets closed out 2015.

At the start of that year the Railroad Commission's pipeline safety division referred a Kinder Morgan case to the agency's legal enforcement lawyers. Odorless natural gas kills people as a result of explosive fires and silent asphyxiations. In the 1880s a clever German added a rotten-egg-smelling chemical to gas to warn people of leaks.⁵⁷ Unfortunately, Texas didn't embrace the idea until after a horrific 1937 gas explosion killed more than 295 students and teachers at New London's high school in East Texas.⁵⁸



*Remains of New London's school after 1937 gas explosion killed almost 300 people.
Image source: Photo Archives cited in Texas Co-op Power Jan. 2017.*

Fast forward to 2013 and 2014, when Railroad Commission inspectors found non-odorized gas flowing through a Kinder Morgan pipeline.⁵⁹ Exacerbating the violation, more than half of that line traversed more heavily populated "Class 3" areas around Laredo, Texas⁶⁰ and agency staff noted that the company had a history of this problem. In January 2015 they referred that violation to enforcement staff, recommending that Kinder Morgan pay a \$1,000 fine for each of the 529 days it was out of compliance—for a total penalty of \$529,000.

It would have been interesting to see how Commissioner Craddick handled the case—if it ever reached her. Kinder Morgan informed the agency in May 2015 that all the alleged violations had been corrected. An email from Railroad Commission pipeline safety employee Carrie Ebbinghaus noted on August 26, 2015 that a “decision was made to keep the alleged violation and dismiss this docket.” Responding to a formal request for further information about the resolution of Gas Utility Docket 10419 and enforcement case 10802, the Railroad Commission provided a few documents, adding that the agency had no more information beyond “the docket information on the website.” The agency did clarify, however, that “since the docket was dismissed, there were no penalties.” Kinder Morgan’s recommended \$529,000 fine vanished with the case’s dismissal.

With limited data it is impossible to know whether Craddick’s financial relationship with Kinder Morgan played a role in the decision to dismiss the case before it came before the commissioners for a decision. Craddick most recently reported that Kinder Morgan paid her from \$17,860 to \$44,630 in 2020 income from interest, dividends, royalties, or rents. A simple policy requiring railroad commissioners to divest from the industries they regulate before taking office would bolster public trust in commissioner decisions.

Additionally, the Sunset Advisory Commission, a legislative body that reviews and assesses state agencies every 12 years, previously pointed out that the RRC’s in-house hearings division creates a conflict of interest. The Sunset Advisory Commission recommended transferring contested gas utility cases to the State Office of Administrative Hearings (SOAH) to ensure a neutral and independent forum.⁶¹

Using judges, hearing examiners, and personnel who are all directly employed by the RRC makes contested cases highly susceptible to bias. All these RRC employees have incentives to please their employers, the commissioners, who approve staff salaries and hiring decisions while at the same time accepting campaign contributions from interested parties. Additionally, the Sunset Advisory Commission observed in 2017 that the RRC had not explicitly addressed *ex parte* communications between railroad commissioners and Hearings Division staff. “The perception that agency personnel are communicating about a case when other parties are not present can erode the claim that the hearings process and the in-house judge’s decision are independent and fair,” it wrote. Though it does not resolve all potential biases, the RRC adopted a rule on *ex parte* communications by August 2017.⁶²

Energy Stocks

Craddick reported that she as an individual owned shares in 980 stocks during 2020, excluding her mutual funds. Exhibiting remarkable volatility, she sold more than half of those holdings during the year. Of the 423 stocks she held onto, 18 were invested in the oil and gas industry that she oversees. Those energy stocks were collectively valued between \$101,656 and \$539,991 when markets closed at the end of 2020.

Craddick Energy Stocks Held at Close of 2019 and 2020

Oil & Gas Stock Held	Shares	2019 Min. Close Value	2019 Max. Close Value	Shares	2020 Min. Close Value	2020 Max. Close Value
Centerpoint Energy				100 - 499	\$2,164	\$10,798
Chevron Corp.	1 - 99	\$121	\$11,930	1 - 99	\$84	\$8,361
CNOOC, Ltd.	1 - 99	\$167	\$16,500	1 - 99	\$7	\$715
ConocoPhillips	1 - 99	\$65	\$6,438	1 - 99	\$40	\$3,959
DCP Midstream, LP	500 - 999	\$12,245	\$24,466	500 - 999	\$9,260	\$18,501
Dominion Energy, Inc.	1 - 99	\$83	\$8,199	1 - 99	\$75	\$7,445
Duke Energy Corp				1 - 99	\$92	\$9,064
Enel Societa Per Azioni				100 - 499	\$75,109	\$374,794
Engie Brasil Energia				100 - 499	\$834	\$4,162
ENN Energy Holdings	1 - 99	\$44	\$4,328	1 - 99	\$59	\$5,829
Enterprise Prod. Prtnrs	100 - 499	\$2,816	\$14,052			
EOG Resources, Inc.	1 - 99	\$84	\$8,292	1 - 99	\$51	\$5,000
Exxon Mobil	100 - 499	\$6,978	\$34,820	100 - 499	\$4,122	\$20,569
Galp Energia, Sa	100 - 499	\$836	\$4,172	100 - 499	\$525	\$2,620
Gazprom	100 - 499	\$822	\$4,102			
Hess Corp				1 - 99	\$53	\$5,226
Kinder Morgan, Inc.	100 - 499	\$2,117	\$10,564			
Lukoil	1 - 99	\$99	\$9,772	1 - 99	\$68	\$6,768
Phillips 66	100 - 499	\$11,141	\$55,594	100 - 499	\$6,994	\$34,900
Pioneer Nat'l Res	1 - 99	\$151	\$14,986	1 - 99	\$114	\$11,275
Royal Dutch Shell (A)	1 - 99	\$2,235	\$221,265			
Royal Dutch Shell (B)	1 - 99	\$2,240	\$221,711			
Schlumberger, Ltd.	1 - 99	\$40	\$3,980			
SPDR Energy Select	100 - 499	\$6,004	\$29,960			
Targa Resources Corp	1 - 99	\$41	\$4,042			
Williams Co's, Inc.	100 - 499	\$2,372	\$11,836	100 - 499	\$2,005	\$10,005
TOTALS		\$50,699	\$721,009		\$101,656	\$539,991

Source: Texas Ethics Commission, Google Finance.

Craddick also sold 28 oil and gas stocks in 2020. She sold five energy stocks at a gain, while selling 23 others at a loss. The net impact of these energy stock sales ranged from an overall loss of \$200,390 to a gain of \$44,627.

Craddick's Gains and Losses on 2019 and 2020 Oil & Gas Stock Sales

Oil and Gas Stock Sold	2019 Shares	2019 Sale Value Range	2020 Shares	2020 Sale Value Range
CenterPoint Energy			1 – 99	\$1 - \$8,930
Chevron Corp.	1 – 99	\$500 - \$4,999	100-499	(\$8,930) - (\$1)
Cimarex Energy Co.	1 – 99	(\$4,999) – (\$500)		
CNOOC Ltd			1 – 99	(\$8,930) - (\$1)
Concho Resources, Inc.	1 – 99	(\$4,999) – (\$500)	1 – 99	(\$8,930) - (\$1)
ConocoPhillips	1 – 99	(\$4,999) – (\$500)	1 – 99	(\$8,930) - (\$1)
Dominion Energy, Inc.	1 – 99	\$500 - \$4,999	1 – 99	\$1 - \$8,930
Duke Energy Corp.			1 – 99	\$1 - \$8,930
EngieAmerican			100-499	(\$8,930) - (\$1)
ENN Energy Holdings Ltd.	1 – 99	\$500 - \$4,999	1 – 99	\$1 - \$8,930
Enterprise Products Partners	1 – 99	\$500 - \$4,999	100-499	\$1 - \$8,930
EOG Resources, Inc.	1 – 99	(\$4,999) – (\$500)	1 – 99	(\$8,930) - (\$1)
Equinor Asa			100-499	(\$8,930) - (\$1)
*First Trust Utilities Alphadex			1,100 - 1,497	(\$26,790) – (\$3)
Galp Energia, SA	1 – 99	\$500 - \$4,999	100-499	(\$8,930) - (\$1)
Gazprom	1 – 99	\$500 - \$4,999	100-499	(\$8,930) - (\$1)
Helix Energy Solutions Group	100 - 499	(\$4,999) – (\$500)		
Kinder Morgan			100 - 499	(\$8,930) - (\$1)
Lukoil PJSC			1 – 99	(\$8,930) - (\$1)
Magellan Midstream Partners	1 – 99	(\$4,999) – (\$500)		
Marathon Petroleum Corp			1 – 99	(\$8,930) - (\$1)
Matador Resources Co.	100 - 499	(\$4,999) – (\$500)		
MRC Global, Inc.	100 - 499	(\$4,999) – (\$500)		
Pioneer Natural Resources Co	1 – 99	(\$4,999) – (\$500)	1 – 99	(\$8,930) - (\$1)
Propetro Holding Corp.	1 – 99	(\$4,999) – (\$500)		
Repsol, SA	100 - 499	(\$4,999) – (\$500)		
Royal Dutch Shell (A shares)	1 – 99	(\$4,999) – (\$500)	1 – 99	(\$8,930) - (\$1)
Royal Dutch Shell (B shares)	1 – 99	(\$4,999) – (\$500)	100 - 499	(\$8,930) - (\$1)
Schlumberger, Ltd.	1 – 99	(\$4,999) – (\$500)	1 – 99	(\$8,930) - (\$1)
SPDR Energy Select Sector			100 - 499	(\$8,930) - (\$1)
Targa Resources Corp.			1 – 99	(\$8,930) - (\$1)
Technipfmc, Plc	1 – 99	(\$4,999) – (\$500)		
Total, SA	1 – 99	\$500 - \$4,999	1 – 99	(\$8,930) - (\$1)
Williams Co's			500-999	(\$8,930) - (\$1)
	TOTALS	(\$71,485) to \$27,493		(\$200,390) to \$44,627

**Note: She sold these holdings in three batches.*

Source: Texas Ethics Commission.

In 2020 Craddick also reported holding up to \$3,728 worth of the planet's largest coal mining company: China Shenhua Energy Co. She sold off part of her Shenhua shares that year for a gain of up to \$8,930.

Craddick reported holdings in 11 mutual funds worth from \$700,000 to more than \$1.2 million at the end of 2020. She also sold 16 mutual funds that year, half at a gain and half at a loss, with a net impact ranging from a \$98,222 loss to a \$62,503 gain. The Cohen & Steers MLP & Energy Opportunity Fund was her only fund concentrated in the energy sector. She sold all those shares at a loss of up to \$53,580. Before turning to Craddick's non-energy investments, it's important to review the outsized role that her father played in both her personal and political finances and to explore another case study.

Case Study: Surface water contamination

The railroad commissioners issued a 2019 decision in an eight-year pollution case that highlights shortcomings of the oil and gas industry and of its oversight agency.⁶³ Fishing with his son on his one-acre pond in Wise County on October 8, 2011, Mike Smith noticed "a strong odor that smelled like diesel." When he dug into a wet spot onshore, the hole filled with yellow liquid. Smith notified Burlington Resources Oil and Gas, the ConocoPhillips unit that operated wells on Smith's land.⁶⁴ Burlington referred the matter to Targa Midstream Services, which owned the pipelines gathering gas from those wells. Neither company reported the problem to the Railroad Commission, as required.⁶⁵ The next day, Smith and a Targa representative collected samples of material that looked and smelled like hydrocarbons. Smith later testified that Targa's representative pointed out a sheen glistening on his pond that day. Targa soon discovered—and repaired—a corroded hole in its pipeline less than 150 feet from the polluted area. Targa told Smith that the leak did not endanger his pond or fish. By agency standards this qualified as a "major violation"⁶⁶ because it involved "an unauthorized discharge of oil or gas waste into a sensitive area," due to its "proximity to surface water."⁶⁷

An environmental consultant that Smith eventually hired first notified the Railroad Commission about the problem seven months after its discovery.⁶⁸ Smith filed a Railroad Commission complaint to compel cleanup.⁶⁹ Armed with dueling water and soil samples, the companies, the agency and the landowner spent more than seven years arguing over whether a cleanup was needed and who should pay for it. The agency found that Conoco's Burlington Resources could be held responsible as the site's "operator of record." But its investigations pointed to Targa's pipeline leak as the probable cause. Denying responsibility, Targa refused to cooperate, forcing the agency to expend state funds evaluating the damage. Commission site remediation manager Peter Pope testified at a 2017 hearing that it was "unusual" for a company to refuse an agency request to do an "assessment and remediation."⁷⁰ "In this case, no one performed the necessary responsive actions and instead engaged in a dispute over who caused the contamination, which has lasted, so far, over seven years," wrote the case's administrative law judge and technical examiner.⁷¹ "This is inconsistent with the regulatory mandate requiring immediate action."

Targa acquiesced to a soil cleanup only after the commissioners indicated at a May 22, 2018 meeting that they would hold it responsible. That cleanup satisfied the commissioners, who in May of 2019 rejected landowner Smith's demands for more testing and monitoring.⁷² The commissioners did not penalize any responsible party for failing to report the contamination or for refusing to cooperate with regulators (a pending Targa lawsuit is asking a state judge to rule that it was not responsible).⁷³

To put this in context, two commissioners reported financial ties to the energy companies involved. In their personal financial disclosures, Commissioners Wayne Christian and Christi Craddick each reported that they had sold holdings of up to 99 shares of ConocoPhillips stock in 2019 that amounted

to a loss of from \$500 to \$4,999 apiece.⁷⁴ Disclosure filings indicate that Christian had held Conoco stock for years, as the case dragged on. It's unclear if he sold his holdings before or after he and his colleagues signed the final motion to deny a case rehearing on August 6, 2019.⁷⁵ Craddick appears to have both bought and sold her Conoco shares during calendar 2019; it is unclear how those dates align with the closure of the drawn-out case.⁷⁶ Craddick also reported owning up to 99 shares of Targa Resources Corp. stock, which were worth up to \$4,042 at the close of 2019. Craddick did not report owning Targa stock in 2018, suggesting that she bought it in 2019.⁷⁷ It is not clear why she might have bought stock in a company at a time when it refused to cooperate with her own remediation staff.

Commissioners' 2019 Stock Holdings in Wise County Pond Case

Company	Who?	Shares	Min. Value	Max. Value	Min. Sale Gain/Loss	Max. Sale Gain/Loss
ConocoPhillips	Christian	1-99	\$65	\$6,435	-\$500	-\$4,999
ConocoPhillips	Craddick	1-99	\$65	\$6,435	-\$500	-\$4,999
Targa Resources	Craddick	1-99	\$41	\$4,042	NA	NA
	TOTALS	3 - 297	\$171	\$16,912		

*Stock valuations are 2019 year-end closing prices.
Source: Texas Ethics Commission; Google Finance.*

Nor were these the commissioners' only financial ties to the case. Commissioners Christian and Craddick collected \$31,000 in contributions from Conoco and Targa PACs and executives from 2015 through 2020. Although then-Commissioner Ryan Sitton didn't take money from those companies, successor Jim Wright took \$24,250 from Conoco and Targa sources in 2020 alone.

Conoco and Targa Campaign Contributions to Christian and Craddick, 2015 through 2020

Date	Amount	Contributor	Recipient
12/12/20	\$3,500	Targa Resources Corp. PAC	Craddick
12/10/20	\$3,500	Targa Resources Corp. PAC	Christian
12/12/19	\$1,000	Tom Sellers (Conoco Gov. Relations)	Craddick
6/27/19	\$500	Tom Sellers (Conoco Gov. Relations)	Christian
12/6/18	\$5,000	Targa Resources Corp. PAC	Craddick
12/5/18	\$5,000	Targa Resources Corp. PAC	Christian
2/15/18	\$5,000	ConocoPhillips PAC	Craddick
10/17/16	\$5,000	ConocoPhillips PAC	Christian
3/29/16	\$2,500	ConocoPhillips PAC	Christian
	\$31,000	TOTAL	

Sources: Texas Ethics Commission and Texans for Public Justice.

Legislative Accountability

Christi Craddick was born in 1970, a year and a half after her father first won the Texas House seat that made him the longest-serving legislator in Texas today. His considerable influence as a state legislator, his seat on the House Energy Resources Committee,⁷⁸ and his first-degree relationship to a sitting railroad commissioner raises questions about the Railroad Commission’s legislative accountability.

Rep. Tom Craddick has represented oil-rich Midland in the House while doing sales for Mustang Mud, Inc. Mustang supplies oil and gas rigs with drilling fluids to cool drill bits, remove debris, and exclude other fluids from the bore hole. Christi Craddick graduated from the University of Texas at Austin School of Law in 1995,⁷⁹ when her father chaired the powerful Ways and Means Committee. That same year she reported that 21 diverse corporate clients put her on retainer as a lobbyist. Most paid her up to \$10,000 apiece—for a maximum total of \$205,000 (Texas lobbyists report income in ranges, such as \$0 - \$10,000).⁸⁰ In subsequent years, Craddick reported fewer but better-paying clients concentrated in the energy industry.

*Christi Craddick Lobby Clients
1995 through 2009*

Clients	Min. Value of Contracts	Max. Value of Contracts	Year(s)
First 21 clients in 1995	\$10,000	\$205,000	1995
Cap Rock Energy Co.	\$30,000	\$75,000	1999-2001
Panda Energy International	\$30,000	\$75,000	1999-2001
TX Coal. for Competit. Elec.	\$30,000	\$75,000	1996-1999
Alliance for Retail Markets	\$25,000	\$50,000	2002
TX Independent Energy	\$20,000	\$50,000	2001-2002
TX Mid-Cont. Oil & Gas Assn.	\$25,000	\$50,000	1996
Albers & Co.	\$10,000	\$25,000	1997
Duddlesten Ventures	\$10,000	\$25,000	1997
Scythian, Ltd.	\$10,000	\$25,000	2009
TX Oil & Gas Assn.	\$10,000	\$25,000	1997
TOTALS	\$210,000	\$655,000	

Source: Texas Ethics Commission.

Days after Rep. Craddick’s committee passed a 1997 bill granting tax breaks to a project of Houston hotel developer Wayne Duddlesten, that developer hired Christi Craddick to further promote the legislation.⁸¹ When the Texas Mid-Continental Oil and Gas Association hired the younger Craddick to make it harder for cities to recover pipeline franchise fees in 1997, Rep. Craddick co-authored the bill and passed it out of his committee. Christi Craddick said she discussed the bill with her father but didn’t ask for his vote. “If people are hiring her because she’s my daughter,” Rep. Craddick told the Austin American-Statesman, “they’ve made a mistake, there’s been a communication breakdown.”⁸² It is noteworthy that the following year his daughter incorporated her business as “Direct Contacts, Inc.”⁸³ One clear direct contact was her father—the powerful chair of the House Ways and Means Committee.⁸⁴

Apart from oil and gas interests, Christi Craddick lobbied for electricity-sector clients with stakes in the 1999 bill that deregulated most Texas electricity markets. That deregulation allowed municipal electric utilities and rural electric co-ops to maintain their local monopolies but forced every private utility—but one—to compete in a deregulated market. With Christi Craddick lobbying for Midland-based Cap Rock Energy, Rep. Craddick amended a bill to make Cap Rock the state’s only electric co-op that was allowed to convert to an investor-owned utility while maintaining its local market monopoly.⁸⁵ Cap Rock documents bragged, “No one gave us any chance of pulling this off, and we feel we did the impossible.”⁸⁶

With assists from Rep. Craddick, U.S. House Majority Leader Tom DeLay made a controversial push to elect a new Texas House Republican majority in 2002, thereby allowing the GOP to control Texas redistricting.⁸⁷ One of the new majority’s first acts in 2003 was to elect Tom Craddick to a six-year stint as House Speaker. Christi Craddick then left the lobby to oversee the new Speaker’s political committee and his leadership PAC: Stars Over Texas.. Rep. Craddick’s campaign and Stars Over Texas, raised almost \$12.3 million from 2003 to 2011, when Christi launched her first Railroad Commission campaign.⁸⁸ Tom Craddick’s political committees paid 9% of that money—\$1,094,356 over eight years—to Christi Craddick and her company, Direct Contacts, Inc.⁸⁹

Political payments tied to her father did not stop there. Christi Craddick defeated six other Railroad Commission candidates in 2012. In her closest election, she beat one of her father’s legislative lieutenants, Rep. Warren Chisum, by 9 percentage points in a primary runoff.⁹⁰ She raised \$2.8 million. Her father was her top donor, personally chipping in \$615,937—22% of her total campaign funds.⁹¹ Including her father’s contribution, a total of 55% of Christi Craddick’s 2012 war chest came from the oil and gas industry that she was elected to regulate. In recent years contributions from the oil and gas sector have represented 69 cents of every dollar she raised.

It has been said that Tom Craddick is a businessman first and a legislator second,⁹² with major plays in real estate and energy investments. Texas Ethics Commission records show that from her 1995 law school graduation to her 2012 Railroad Commission election, Christi Craddick’s received personal and political funds linked to her father that were worth from \$1.9 million to \$2.4 million. Most of that money—up to \$1.7 million—benefitted her personally, not her campaign. Christi Craddick’s recent personal financial statement offers insights into what she did with some of those funds.

Christi Craddick Income Related to Father, Tom Craddick, 1995 to 2012

Source	Min. Value	Max. Value
Tom Craddick political committees	\$1,094,356	\$1,094,356
Texas lobby contracts	\$210,000	\$655,000
Tom Craddick personal campaign contributions	\$615,937	\$615,937
TOTALS	\$1,920,293	\$2,365,293

Source: Texas Ethics Commission.

Conclusion and Proposed Reforms

Commissioner Craddick is a second-generation state politician with what appear to be exceptionally close financial and political ties to the oil and gas industry that she regulates. Her father is a former Texas House Speaker from Midland and the state's longest-serving legislator, who played a key role in launching Commissioner Craddick's political career. Commissioner Craddick's personal financial ties to the industry that she regulates suggest ways to improve ethics, transparency, and accountability at the Railroad Commission of Texas.

Eligibility to serve

Ethics reform proposals often spur complaints about the excessive burdens that they impose on candidates or officials. This can be countered with the simplicity of the law that governs the energy regulators who sit on the Oklahoma Corporation Commission.⁹³ They are required to divest of any agency-regulated oil and gas business to safeguard the public trust. Like railroad commissioners, Oklahoma has three commissioners elected to six-year staggered terms. Unlike their Texas counterparts, Oklahoma candidates are subject to campaign contribution limits (\$2,800 for individuals and \$5,000 for PACs). We endorse Oklahoma's approach, which is simpler and cleaner than conceivable alternatives. The more complicated reforms below are provided only in case Texas lawmakers prefer a more complicated system—with more loopholes.

Campaign contributions

The best way to end the conflicts posed by commissioners raising unlimited amounts of campaign contributions from the industry that they regulate would be to shift to gubernatorial appointments with senate confirmation, requiring specific competencies for the positions as the lawmakers mandated for members of the Electric Reliability Council of Texas following devastating power outages in February 2021.⁹⁴ Short of that, lawmakers should limit RRC candidate fundraising to an 18-month period toward the end of each commissioner's six-year term, impose \$5,000 limits on commission contributions and require commissioners to recuse themselves from a decision if they received at least \$1,000 from parties to a dispute since their last election cycle (January 1, 2017 in Craddick's current case). Parties tied to pending commission cases should be banned from contributing to commissioners and commission candidates.

Financial Disclosure

A simple, far-reaching reform would modernize the state's personal financial disclosures by updating the maximum category of reported incomes, assets and liabilities to a level well beyond "\$44,650 or more." The easiest way would copy the Congressional disclosure form.⁹⁵ Its largest income category, \$5 million, is 100 times Texas's maximum. Its largest asset category is 1,000 times bigger than the Texas one, flagging assets worth more than \$50 million. Texas financial disclosures should reflect the wealth of the state that leads U.S. oil production.

Another common-sense disclosure reform for the nation's No. 1 oil state is to require filers to specify if a reported income comes from interest, dividends, royalties or rents. For mineral interests, this should include details on the number and percentage of interests held, their locations and values, and any associated well or facility operators. Commissioners and commission candidates also should have to report any business transaction of \$5,000 or more that they or an associated company have with an individual, company, or industry that the RRC oversees.

Finally, the agendas published in advance of commission meetings should transparently provide details about any personal financial, campaign-funding, or other business ties that commissioners

have to any parties with matters on that agenda. These details should quantify the precise details of a commissioner's potential conflict. If publishing these details makes such financial ties less attractive to commissioners, so much the better.

Recusal

The Railroad Commission needs to clarify existing rules for when commissioners need to disclose business relationships and recuse themselves. The state legislature should define "personal or private interest" and improve the enforceability of the Texas Government Code's conflict of interest policies.

The state should better enforce recusal from cases involving a company in which commissioners hold equity, income, or business ties. A new requirement could require recusal if a company that donated more than \$1,000 to the commissioners' campaign in the last election cycle.

Contested cases

Transferring the agency's case hearings and gas-utility rate cases to the State Office of Administrative Hearings and the Public Utility Commission, respectively, also would better insulate the process from commissioners' personal and political finances. Past Sunset Reviews have pointed out potential conflicts between the railroad commissioners and their in-house administrative law judges and hearing staff. "The connection between the employee status of hearings officers and railroad commissioners is quite direct—railroad commissioners are currently approving each hiring decision and staff pay raise because of the agency's tight budget," a Sunset Review found. "As elected officials, railroad commissioners receive campaign contributions from the industry that they regulate, raising inevitable concerns about the potential influence on decision making."⁹⁶ While a 2017 rule resolved some concerns over agency *ex parte* communications, transferring contested cases to the State Office of Administrative Hearings and Public Utility Commission would further reduce such case communications between agency staff and hearings examiners when all parties are not present.

Legislative Accountability

The Texas Government Code requires legislators to disclose when they are introducing, sponsoring, or voting on a bill on a subject area in which a lobbyist is the legislator's spouse or first degree relative.⁹⁷ This statute, however, does not cover situations where a legislator is related to an agency head that the legislator has jurisdiction over. Nor does it require recusal. Mere disclosure of a relationship does not prevent a legislator and agency head with a close familial relationship from exercising disproportionate influence over an agency.

The Texas Government Code should be modified to require legislators (e.g. Representative Tom Craddick) to recuse themselves from decisions involving an agency while their first-degree relative heads the agency (e.g. Commissioner Christi Craddick). And the legislator should not be allowed to sit on a legislative committee, which oversees that agency.

The current ethics policy framework for railroad commissioners appears to permit commissioners to act in their private interest and creates incentives for agency staff to promote decisions in the commissioners' private and political interests. Policy reforms are needed to prevent real or apparent ethical breaches, improve transparency, and regain public trust. Many of the reforms proposed in this report have been employed at different agencies in Texas, in different states, or at the federal level (see Appendix III).

Appendix I: Craddick’s Non-Energy Investments

Craddick’s main non-energy investments are concentrated in a substantial stock portfolio and real estate—especially Austin’s boomtown market.

Non-Energy Family Businesses

Commissioner Craddick appears to own at least 50% of three family enterprises not known to be involved in the energy industry.⁹⁸ These included her Direct Contacts consulting firm, CL Craddick, LLC which appears to be a brokerage investment portfolio, and Craddick Lake Properties.

2020 Non-Energy Family Business Assets, Liabilities and Incomes

Business (asset type)	Assets	Liabilities	2020 Income	Title
Direct Contacts, Inc. (bank/brokerage)	>\$44,630	\$1 - \$8,930	NA	President
CL Craddick, LLC (brokerage)	>\$44,630	\$1 - \$8,930	>\$44,630	Mng. Member
Craddick Lake Properties, LLC (real estate)	>\$44,630	\$1 - \$8,930	NA	Member
TOTALS	>\$133,8900	\$3 - \$26,790	>\$44,630	

Source: Texas Ethics Commission.

Real Estate

Tom Craddick helped his then-lobbyist daughter get a foothold in real estate, gifting her a 61.5% interest in an Austin townhome in 1999. The month that he became House Speaker in 2003, he gave it to her outright. While on the generous payrolls of her father’s political committees, she sold that home to buy a bigger one in 2008, partly funded by a \$300,000 JPMorgan loan. That new Austin homestead is a 2,981 square foot, four-bedroom house in Austin’s Tarrytown neighborhood with a 2021 appraisal of \$1,069,800 (citing a “confidential owner,” the local tax office has taken down public information on this property). While tax appraisals in Austin’s hot residential real estate market increased 19% from 2019 to 2020 alone,⁹⁹ Craddick’s homestead appraisal dropped 23% from 2019 to 2021. Real estate attorney James R. Reed persuaded the Travis Central Appraisal District to lower tax appraisals of Craddick’s homestead twice in a row on the grounds that “the property’s market value is excessive.”

*With Austin Home Prices Soaring,
Craddick’s Homestead Tax Appraisal Fell 23%*

Date	Initial Appraisal	Lowered Appraisal
7/18/19	\$1,395,024	\$1,211,188
11/24/20	\$1,211,188	\$1,168,190
2021	\$1,069,800	

Source: Travis Central Appraisal District.

Craddick also disclosed owning another Tarrytown home in her 2020 disclosure that she had not previously reported. It's a 4,200 square foot home tax appraised at \$1,415,746 in 2021. Local tax records indicate that Grant and Ellie Livesay bought that property in 2013 and sold it in August 2020—without listing the property on the Multiple Listing Service that real estate brokers use to promote properties to one another. The Livesays refinanced a \$957,000 mortgage on the property in 2015. They purchased a new, \$1.5 million Austin home when they sold to Craddick. Grant Livesay currently is president of Remora Royalties, Inc.¹⁰⁰ He sold the house to Commissioner Craddick the same month as his Remora Petroleum—which owned interests in Railroad Commission-regulated wells—filed for bankruptcy amidst COVID-cratered oil prices in August 2020.¹⁰¹ Since Texas law does not mandate public disclosure of real estate sales prices, it is difficult to assess whether or not Livesay sold the unadvertised property to one of his regulators at a below-market price or if Craddick might have personally profited from the oil industry's travails by buying the home from an oil executive as his company declared bankruptcy.

Craddick-Owned Real Estate

Property	City/County	Owner	2021 Tax Appraisal
Homestead	Austin	Christi Craddick	\$1,069,800
House	Austin	Christi Craddick	\$1,416,746
Family lake house	Horseshoe Bay	Craddick Lake Properties	\$1,822,140
		TOTAL	\$4,308,686

In 2012 Commissioner Craddick's parents transferred a 2,608 square foot lake house in Horseshoe Bay to Craddick Lake Properties, LLC. Commissioner Craddick holds an interest in that company. The local tax office assessed that Craddick lake property at \$1,181,450 in 2019.

As already discussed, Craddick Partners, LLC owned \$812,358 in mineral interests in 2019. The company also is heavily invested in real estate. It has stakes in Austin-based multifamily housing developer GVA Pro's \$22 million Huntington Glen Apartments in Houston¹⁰² and in a GVA-tied entity that owns three Austin apartment complexes valued at a total of \$11.5 million.¹⁰³

Commissioner Craddick also disclosed, as an individual, stakes in GVA's Grove Portfolio, LLC. In addition, Craddick reported stakes in multiple projects of Austin-based PSW Real Estate, now called StoryBuilt. These include such Austin apartment projects as the \$14.5 million Willa residential development and the forthcoming George complex. Craddick reported in 2019 that she sold stakes in two StoryBuilt projects, including the \$19 million Thornton Flats, for from \$500 to \$5,000 apiece.¹⁰⁴

2020 Beneficial Interests in Other Real Estate Ventures

Business (Location)	Description
1600 South First, LP (Austin)	Developer StoryBuilt
2107 EM Franklin, LLC (Austin)	Developer StoryBuilt
PSW Land Investment, LLC (Austin)	Developer StoryBuilt
PSW-Copeland South, LLC (Austin)	Developer StoryBuilt
Grove Portfolio, LLC (Austin)	Developer GVA Pro, LLC

Source: Texas Ethics Commission.

Non-Energy Stocks

Craddick reported that she as an individual owned 980 stocks, not including mutual funds, over the course of 2020 but sold more than half of them before the year's close. Her oil and gas stocks were discussed earlier. She held 406 non-energy stocks worth from \$2.1 million to \$12.8 million at the close of the 2020 market. She reported that the net impact of all the stocks she sold ranged from a loss of \$1.9 million to a gain of \$2.8 million.

Craddick's 2020 Non-Energy Stock Sales Proceeds

Sale Type	Stocks Sold	Min. Sale Value	Max. Sale Value
Gain	313	\$36,029	\$2,821,880
Loss	217	(\$1,955,670)	(\$18,075)
TOTALS	530	(\$1,919,641)	\$2,803,805

Source: Texas Ethics Commission.

Craddick reported 27 mutual fund holdings in 2020. She sold 16 of them, half at a gain and half at a loss. Three of those losses on energy mutual funds were discussed earlier. The total impact of the eight gains and remaining five losses on her bottom line ranged from a \$44,650 loss to a \$71,440 gain.

Mutual Funds Sold in 2020

Sale Type	Funds Sold	Sale Value Range
Gain	8	\$0 to \$71,440
Loss	5	-\$44,650 to \$0
TOTALS	16	-\$44,650 to \$71,440

Source: Texas Ethics Commission.

Bonds Sold in 2020

Sale Type	Bonds Sold	Sale Value Range
Gain	12	\$12 to \$107,160
Loss	4	-\$4 to -\$35,760
TOTALS	16	\$8 to \$71,440

Source: Texas Ethics Commission.

During the course of 2020, Craddick reported owning a total of 46 bonds—mostly in local, state or federal government bonds. She sold off a total of 16 of those bonds, 12 at a gain and four at a loss. Those sales resulted in a net gain of from \$8 to \$71,440.

2020 Non-Energy Income from Interest, Dividends, Royalties or Rents

Source	City	Max. Value
*CL Craddick, LLC	Austin	>\$44,630
Raymond James & Assoc., Inc.	St. Petersburg	>\$44,630
RBC Capital Markets, LLC	Minneapolis	>\$44,630
TOTALS		>\$133,890

* Craddick owned at least 5% of this family-owned entity.

Source: Texas Ethics Commission.

Appendix II: Conflict of Interest and Recusal Rules and Opinions

16 Tex. Admin. Code §1.10 (2017). Commissioner Private Interest in Decision. [\[Link\]](#)

Texas Government Code Sec. 572.058. Private interest in measure or decision; disclosure; removal from office for violation. [\[Link\]](#)

Texas Government Code Sec. 572.007. Penalties imposed by commission. [\[Link\]](#)

Texas Constitution, Article III, Section 22. Disclosure of personal or private interest in measure or bill; not to vote. [\[Link\]](#)

Braden, The Constitution of the State of Texas: An Annotated and Comparative Analysis 141 (1977) [\[Link\]](#)

Texas Penal Code Sec. 36.02. Bribery [\[Link\]](#)

Ethics Advisory Opinions related to Texas Government Code Sec. 572.058

EAO No. 218 (1994) – A member of the board of a state agency is not required to recuse himself from participation in a decision about litigation against a bank on bond matters in a case in which the bank is the trustee for a pension and profit-sharing plan for a professional corporation established by the board member.

EAO No. 256 (1995) – In a situation in which a member of the governing board of a state agency has a personal or private interest in a matter pending before the board, section 572.058 of the Government Code requires that the board member disclose the interest and recuse himself from participation in the matter. Section 572.058 does not require the board member to divest himself of the interest.

EAO No. 298 (1996) – A member of the board of the Texas Department of Housing and Community Affairs who has submitted a bid or has been awarded a contract pertaining to a project of a developer who applies for tax credits for the project under the department's tax credit program must disclose in an open meeting that he has an interest in the award of tax credits to the developer and recuse himself from participation in the matter. The board member would not be required to recuse himself from participation in other matters involving the general administration of the tax credit program.

EAO No. 316 (1996) – The fact that an agency board member's law firm represents a client in matters not involving the board does not, by itself, create "a personal or private interest" on the part of the board member in a matter on which the client is seeking board action.

EAO No. 412 (1999) – A member of the Texas Higher Education Coordinating Board who is also a nonvoting member of the advisory board of a nonprofit entity should disclose his position with the nonprofit entity and recuse himself from any Coordinating Board decision regarding acceptance of a donation of land from the nonprofit entity or regarding approval of an agreement between the nonprofit entity and a state university.

Appendix III: Ethics Policies of the Railroad Commission’s Peers

This appendix compares how key Texas Railroad Commission ethics policies stack up to those of several other Texas agencies, as well as to its peers that regulate the oil and gas industry in other leading oil-producing states. Researchers formally requested these ethics policies from the respective agencies or located them on the corresponding agency’s website.

Texas Railroad Commission

Combining provisions of the Administrative and Government Codes, commissioners must recuse themselves from decisions involving a company in which they have a “personal or private interest.”¹⁰⁵ The Texas Government Code references the state constitution for the meaning of a “personal or private interest,”¹⁰⁶ but the constitution provides no clear definition.¹⁰⁷ In fact, the Texas Ethics Commission’s Advisory Opinions interpreting the Texas Government Code in specific situations have remarked “we find no cases or opinions, however, that interpret the phrase for purposes of that constitutional provision.”¹⁰⁸

The Advisory Opinions refer to Braden’s 1977 analysis of the Texas Constitution, where the author comments “Section 22 is unenforceable as presently worded and should be deleted.”¹⁰⁹ Subsequent updates to the Texas Government Code indicate that violators are “subject to removal from office” but a suit must be brought “on the petition of the attorney general,” creating a potentially high threshold for enforcement.

The best practices of the agencies cited below suggest ways to improve Texas Railroad Commission ethics policies. The Oklahoma Corporation Commission requires its commissioners to divest of any agency-regulated oil and gas business. Texas Public Utility Commissioners notably are barred from serving as officers, directors, owners, employees or consultants of a utility or a major utility contractor.

Both Alaska and North Dakota require their oil and gas commissioners to recuse themselves if their personal financial stake in a matter is \$5,000 or more. North Dakota also mandates recusal when a commissioner owns at least 2% of an associated entity. Meanwhile, the Texas Commission on Environmental Quality prohibits its employees from seeking an “official action from the Commission” or from being employed by those who do.

Variations of these policies could have prevented the commissioners from participating in a variety of official matters in which they have had personal financial interests.

Selected State Oil and Gas Regulators

State	Regulator	Selection	No. of Officials	State Limits Campaign Contribs?
TX	Railroad Commission	Elected	3	N
AK	Oil & Gas Conservation Commission	Gov Appoints	3	Y
CO	Oil & Gas Conservation Commission	Gov Appoints	5	Y
NM	Energy, Minerals & Nat’l Res Dept.	Gov Appoints Cabinet Sec	1	Y
ND	Industrial Commission	Ex-Oficio (Gov/AG/Ag Com)	3	N
OK	Corporation Commission	Elected	3	Y

Alaska Oil & Gas Conservation Commission

Under state statute, public officials may not “take or withhold official action in order to affect a matter in which the public officer has a personal or financial interest.”¹¹⁰ “Stock or other ownership interest in a business is presumed insignificant if the value of the stock or other ownership interest...is less than \$5,000.”¹¹¹ In addition, “A public officer may not represent, advise, or assist a person in any matter pending before the administrative unit that the officer serves” ... “for compensation, unless” it is “required by statute, regulation, or court rule, or is otherwise customary.” “The head of a principal executive department of the state may not accept employment for compensation outside the agency.” Enforcement of the act includes removal from office, civil penalties of \$5,000 or less, and a fine of twice the amount gained through the violation.

Colorado Oil & Gas Conservation Commission

State statute bars public officials from:¹¹²

- Acquiring or holding business interests that “may be directly and substantially affected” by their official actions—or taking official acts that “directly and substantially” harm a competitor; or
- Being paid within six months of termination for work that capitalizes on specific government matters in which they were “directly involved.”¹¹³

The agency’s “Standards of Conduct” vaguely define “conflicts of interest” as “a personal or financial interest that prejudices” a commissioner’s “ability to participate objectively in an official act.” They “will disclose the basis for a potential conflict.” If they do not withdraw from the matter the other commissioners “vote on whether a conflict” exists. Withdrawal decisions hinge on whether the potential conflict involves “a direct or substantial financial interest” or interferes with judging a “controversy fairly.” State statutes also bar registered lobbyists or officials of entities that advocate for or against the oil and gas industry from serving on the commission, as well as those serving in the legislature in past three years.¹¹⁴

New Mexico Energy, Minerals & Natural Resources Department

The state Governmental Conduct Act and the Energy, Minerals & Natural Resources Department’s Code of Conduct both are broad but vague. The statute prohibits public officials from acquiring “a financial interest” that “will be directly affected by” their official acts. It further prohibits them from taking official acts “for the primary purpose of enhancing” their “financial interest.”¹¹⁵ The Code of Conduct directs employees with questions about potential conflicts to consult with a supervisor or agency attorney. If a potential conflict is found, “the division director or Secretary shall determine whether the employee should” be recused because the decision would “directly affect financial interests held by employees” or immediate family members.¹¹⁶ However, the Code of Conduct and the statute both allow participation in an official act “if the financial benefit” to the official “is proportionately less than the benefit to the general public.”

North Dakota Industrial Commission

The North Dakota Industrial Commission’s “Code of Ethics” says that employees shall not participate in or seek to influence decisions affecting “associated” entities.¹¹⁷ Employees are “associated” if they or an immediate family member are a director, officer, fiduciary, trustee, agent, or partner of an entity, control at least 2 percent of it, or own \$5,000 or more of it.¹¹⁸ Nor can employees be involved in decisions affecting an associated entity’s competitors. Abstentions must be recorded in minutes.

Oklahoma Corporation Commission

Oklahoma statutes require members of the Oklahoma Corporation Commission to divest of any agency-regulated oil and gas business to safeguard the public trust.¹¹⁹

Texas Commission on Environmental Quality

The agency's Employee Ethics policy prohibits employees from making "personal investments that could reasonably be expected to create a substantial conflict" with "the public interest." It also bars them from accepting employment or compensation that could impair their "independence of judgment."¹²⁰ The agency prohibits its employees from seeking an "official action from the Commission" or from being employed by those who do.

Texas Department of Agriculture

This department cited Texas Administrative Code provisions stipulating that a department officer or employee "shall not make personal investments in association with a private organization or donor which could reasonably be expected to create a substantial conflict" with "the interest of the department."¹²¹ The department said it had no records of commissioner recusals since January 1, 2015.¹²²

Texas Public Utility Commission

This agency cited Texas Utility Regulatory Act provisions that bar PUC commissioner and executive director appointees from having certain utility ties.¹²³ PUC commissioners and employees may not have a "pecuniary interest" in a public utility or someone who does "a significant portion" of their business with a public utility. Such prohibited "pecuniary interests" include serving as an officer, director, partner, owner, employee or consultant to a utility or major utility contractor.

Commissioners and their spouses cannot manage or own more than 10 percent of a utility or a PUC-funded business. They cannot be paid by a trade association nor lobby for a PUC-related client. Governor Greg Abbott replaced all three PUC Commissioners after the February 2021 freeze-failure of the Texas grid. In response to a public information request in August 2021, the PUC said that new Chair Peter Lake already had recused himself from one matter, Commissioner Lori Cobos had recused herself from nine and Commissioner Will McAdams none.¹²⁴

Notes

¹17 OK Stat § 17-179 (2019)

²Texas Election Code. sec 253.153. Retrieved from: <https://statutes.capitol.texas.gov/Docs/EL/htm/EL.253.htm>

³Texas Ethics Commission. (2021). Form PFS-TEC, Personal Financial Statement. www.ethics.state.tx.us

⁴Texas Election Code Chapter 253 Subchapter D prohibits corporate contributions to candidates. A corporation's political committee and executives can contribute unlimited amounts to campaigns for non-judicial state offices.

⁵Oil and gas interests supplied 21 percent of the \$79 million in new money that Abbott raised between January 2017 and December 2020. This excludes the \$9.7 million that Abbott shifted during that period between his officeholder account and his special-purpose PAC: Texans for Greg Abbott. (Unpublished data compiled by Texans for Public Justice citing Texas Ethics Commission disclosures.)

⁶Texas Ethics Commission. Form PFS-TEC, Personal Financial Statement. Revised 12/6/2019. Retrieved from: https://www.ethics.state.tx.us/data/forms/pfs/e_pfs20-TEC.pdf

⁷Congressman Van Taylor descends from the 1909 marriage of a daughter of Texaco's founder to a co-founder of Exxon precursor Humble Oil—a union that Governor James Hogg dubbed “the conglomerate of the century.” Humble co-founder Robert Lee Blaffer was a progenitor of Van Taylor and his mother, Catherine ‘Trinka’ Taylor.

⁸Andrew Wheat. (2011, January 27). Speak No Evil. The Texas Observer. <https://www.texasobserver.org/speak-no-evil/>

⁹Texas Sunset Advisory Commission. Railroad Commission of Texas. Retrieved from: <https://www.sunset.texas.gov/reviews-and-reports/agencies/railroad-commission-texas> Accessed on: July 5, 2021.

¹⁰16 Tex. Admin. Code §1.10 (2017). Commissioner Private Interest in Decision.16 TAC §1.10

¹¹Texas Government Code Sec. 572.058. Private interest in measure or decision; disclosure; removal from office for violation.

¹²Texas Constitution, Article III, Section 22. Disclosure of personal or private interest in measure or bill; not to vote.

¹³See EAO No. 218 (1994) and EAO No. 412 (1999). The EAOs also reference Braden's annotated and comparative analysis of the Texas Constitution.

¹⁴Braden, The Constitution of the State of Texas: An Annotated and Comparative Analysis 141 (1977). Braden remarks “No authoritative interpretation of this section [22] was found, probably because, in practice, it is considered a prohibition “with which each Member is left to comply according to his own judgment as to what constitutes a personal or private interest.” The author comments “Section 22 is unenforceable as presently worded and should be deleted.”

¹⁵“Bribery” including a benefit from a political contribution would requires “express agreement to take or withhold a specific exercise of official discretion” and “direct evidence of the express agreement” as defined by the Texas Penal Code Sec. 36.02.

¹⁶Expressing concerns that Van's improperly drilled well could adversely affect Midville's production, the examiners authorized a new case and directed staff to determine how much Van's production should be limited to mitigate the chances of it reducing the pressure—and production—of Midville's well.

¹⁷Railroad Commission of Texas. (January 12, 2016). Minutes - Railroad Commission of Texas Formal Commission Actions. <https://portalvhdskszlf8q9lqr9.blob.core.windows.net/media/32354/01-12-16-minutes.pdf>

¹⁸Van's A.V. Jones, Jr. gave Craddick two \$2,500 checks, on February 6, 2016 and December 5, 2016. He also gave \$1,000 to then-Commissioner David Porter before the vote on November 16,

2015. See “Texas Ethics Commission,” Craddick campaign disclosures, 2016.

¹⁹ Trevor Hawes. (2017, September 21). RRC chairman asks executive director to resign. Midland Reporter-Telegram. <https://www.mrt.com/business/oil/article/RRC-chairman-asks-executive-director-to-resign-12219463.php>

²⁰ Shannon Najmabadi, & Jim Malewitz. (2017, September 21). Texas railroad commissioner wants AG to weigh in on board chair’s actions. The Texas Tribune. <https://www.texastribune.org/2017/09/21/railroad-commissioner-asks-paxton-opinion-following-public-clash-over/>

²¹ A problem partially attributed to insufficient inspectors and an antiquated computer system. Mike Ward. (2017, September 21). Railroad Commission executive director resigns. The Houston Chronicle. <https://www.chron.com/politics/texas/article/Railroad-Commission-executive-director-expected-12218495.php>

²² Jim Malewitz. (2017, September 19). Railroad commissioner to chair: “This isn’t a dictatorship” (video). The Texas Tribune. <https://www.texastribune.org/2017/09/19/railroad-commissioner-chair-isnt-dictatorship/>

²³ Admin Monitor. (2017, November 7). Railroad Commission Of Texas Open Meeting. http://www.adminmonitor.com/tx/rrc/open_meeting/201710102/

²⁴ This report shows values for 16 bond holdings that Craddick sold in 2020 but not the 31 bonds she retained.

²⁵ From the Christi Leigh Craddick 2012 Generation-Skipping Trust (GST) and Catherine Leigh Craddick 2016 GST Trust.

²⁶ The commissioners reissued the waivers in January 2021 after a state district judge temporarily **banned** them in December in response to a Public Citizen lawsuit arguing that the commission illegally adopted the measures without adequate public notice.

²⁷ The Texas Ethics Commission defines a beneficial interest as “either legal or equitable title (such as when a creditor takes the legal title as security for the repayment of a debt).” Texas Ethics Commission. (2020). Form PFS - Instruction Guide. https://www.ethics.state.tx.us/data/forms/pfs/PFS_ins.pdf

²⁸ Personal financial statement filers are supposed to disclose the assets of businesses in which they own at least 50 percent (Craddick did so for Quarry). They are supposed to report ownership of businesses in which they own at least 5 percent (Craddick did for Craddick Partners).

²⁹ That disclosure is confusing. Under the “Interest in Business Entities” section of that report, Craddick reported that she sold her stake in Magellan Midstream Partners, LP for a gain of less than \$5,000. In the “Stock” section of that same report she reported that she sold stock in that same company of a loss of less than \$5,000.

³⁰ The share price that day fluctuated from a low of \$35.04 to a high of \$35.91 according to MarketWatch.com.

³¹ Railroad Commission of Texas. (2018, April 10). Order of Dismissal. Oil and Gas Docket No. 03-0304094. <https://portalvhdskszlf8q9lqr9.blob.core.windows.net/media/44930/03-0304034-ord.pdf>

³² Asher Price. (2018, June 15). Why Texas officials decided not to levy penalties after pipeline leak. Statesman News Network. <https://www.statesman.com/news/20180615/why-texas-officials-decided-not-to-levy-penalties-after-pipeline-leak/1>

³³ 16 TAC §3.20. Also see Railroad Commission of Texas. (n.d.). Field Guide for the Assessment and Cleanup of Soil and Groundwater Contaminated with Condensate From a Spill Incident. Retrieved July 5, 2021, from <https://www.rrc.state.tx.us/oil-and-gas/environmental-cleanup-programs/guidance-documents-and-helpful-links/condensate-spill-guidance/>

³⁴ See Commission meeting video, about 4 minutes in.

³⁵ Railroad Commission of Texas. (2018, April 10). Order of Dismissal. Oil and Gas Docket No. 03-0304094. <https://portalvhdskszlf8q9lqr9.blob.core.windows.net/media/44930/03-0304034-ord.pdf>

³⁶ Asher Price. (2018, June 15). Why Texas officials decided not to levy penalties after pipeline leak. Statesman News Network. <https://www.statesman.com/news/20180615/why-texas-officials-decided-not-to-levy-penalties-after-pipeline-leak/1>

³⁷ They also gave \$16,000 to Christian and \$8,000 to Sitton.

³⁸ Personal financial statement filers are supposed to disclose the assets of businesses in which they own at least 50 percent (Craddick did so for Quarry). They are supposed to report ownership of businesses in which they own at least 5 percent (Craddick did for Craddick Partners).

³⁹ KXAN. (2018). Oil Empire | Booming Business. <https://www.kxan.com/oil-empire/money/>. See also Asher Price. (2018, September 29). Are Christi Craddick's deep ties with oil and gas a conflict of interest? - News - Austin American-Statesman - Austin, TX. Statesman News Network. <https://www.statesman.com/news/20180929/are-christi-craddicks-deep-ties-with-oil-and-gas-conflict-of-interest>.

⁴⁰ U.S. EPA cited in U.S. Department of Energy. (2019). Natural Gas Flaring and Venting: State and Federal Regulatory Overview, Trends, and Impacts. [https://www.energy.gov/sites/prod/files/2019/08/f65/Natural Gas Flaring and Venting Report.pdf](https://www.energy.gov/sites/prod/files/2019/08/f65/Natural_Gas_Flaring_and_Venting_Report.pdf)

⁴¹ Cushing, L. J., Vavra-Musser, K., Chau, K., Franklin, M., & Johnston, J. E. (2020). Flaring from Unconventional Oil and Gas Development and Birth Outcomes in the Eagle Ford Shale in South Texas. *Environmental Health Perspectives*, 128(7), 77003. <https://doi.org/10.1289/EHP6394>

⁴² Railroad Commission of Texas. (2020, February 11). Proposal for Decision. GUD No. 10606. <https://portalvhdsklfb8q9lqr9.blob.core.windows.net/media/59591/gud-10606-pfd.pdf>

⁴³ Chesapeake is a previous owner of the pipeline that it wanted Williams to expand.

⁴⁴ Dusty Horwitt. (2014). Up in Flames: U.S. Shale Oil Boom Comes at Expense of Wasted Natural Gas, Increased CO2. https://www.earthworks.org/cms/assets/uploads/archive/files/publications/Up-In-Flames_FINAL.pdf

⁴⁵ Her financial disclosure does not specify the date on which she sold her holdings.

⁴⁶ Dimmit CAD Property Search by Owner: "Craddick" Retrieved from: <https://esearch.dimmit-cad.org/> Accessed on July 5, 2021

⁴⁷ Railroad Commission of Texas. (2020, February 11). Proposal for Decision. GUD No. 10606.

<https://portalvhdsklfb8q9lqr9.blob.core.windows.net/media/59591/gud-10606-pfd.pdf> Railroad Commission of Texas. (2020, February 11). Proposal for Decision. GUD No. 10606. <https://portalvhdsklfb8q9lqr9.blob.core.windows.net/media/59591/gud-10606-pfd.pdf>. The judge split off part of the claims into a separate case to address CNOOC and EXCO challenges of the rates that Williams charged Chesapeake (Gas Utilities Docket No. 10856). In another related case, Williams challenged an EXCO request to flare gas at the same area wells that Williams bought from Chesapeake in 2013. Commissioners Craddick and Sitton approved the flaring in August 2019 over Christian's dissent. He expressed concerns that the agency routinely approved flaring—even for wells connected to pipelines, like EXCO's wells.

⁴⁸ Railroad Commission of Texas. (2020). Conference Minutes. <https://www.rrc.state.tx.us/media/kdqfegb3/final-conference-minutes-for-february-11-2020.pdf>

⁴⁹ Craddick offers her motion about 14:38 minutes into the recording of the meeting. See Admin Monitor. (2020, March 4). Railroad Commission of Texas Open Meeting. http://www.adminmonitor.com/tx/rrc/open_meeting/20200304/

⁵⁰ 65 barrels of wash water on October 25, 2020. See "Waste Received Quarterly Report," fourth quarter 2020, Blackhorn Waste Disposal Facility, STF-059.

⁵¹ For EXCO, EEES dumped 110 barrels of tank bottoms, 210 barrels of wash water, 80 barrels of water-based mud, and 105 yards of contaminated bottoms between November 12, 2020 and December 22, 2020. See "Waste Received Quarterly Report," fourth quarter 2020, Blackhorn Waste Disposal Facility, STF-059.

⁵² The Mockingbird pipeline mainly services areas in Atacosa, Dimmit, Frio, La Salle, McMullen, Webb and Zavala Counties.

⁵³ Admin Monitor. August 24, 2021. Railroad Commission of Texas Open Meeting. Item 1. Retrieved from: http://www.adminmonitor.com/tx/rrc/open_meeting/20210824/

⁵⁴ GUD No. 10606, Formal Complaint of CNOOC Energy USA, LLC, Against Williams MLP

Operating, LLC, and Mockingbird Midstream Gas Services, LLC. Examiner Letter No. 71 First Supplemental Proposal for Decision. June 29, 2021. Retrieved from: <https://www.rrc.texas.gov/hearings/dockets/gas-utility-dockets/10601-10800/docket-no-10606/>

⁵⁵ GUD No. 10606, Final Order. September 14, 2021. Retrieved from: <https://www.rrc.texas.gov/hearings/dockets/gas-utility-dockets/10601-10800/docket-no-10606/>

⁵⁶ Admin Monitor. September 14, 2021. Railroad Commission of Texas Open Meeting. Item 1 Retrieved from: http://www.adminmonitor.com/tx/rrc/open_meeting/20210914/

⁵⁷ John H. Lienhard. (1997). No. 644: Gas Odorizer. Engines of Our Ingenuity. <https://www.uh.edu/engines/epi644.htm>

⁵⁸ StoppingPoints.com. (2008, July 15). New London School Explosion in Texas. <http://www.stoppingpoints.com/texas/sights.cgi?marker=New+London+School+Explosion&cnty=rusk>

⁵⁹ Docket 10419

⁶⁰ “A **Class 3 location** unit has 46 or more buildings intended for human occupancy or a building or other occupied area within 100 yards of a pipeline occupied by 20 or more persons above a minimum amount of time.”

⁶¹ Sunset Advisory Commission. (2017). Sunset Advisory Commission Staff Report with Final Results: Railroad Commission of Texas. <https://www.sunset.texas.gov/reviews-and-reports/agencies/railroad-commission-texas>

⁶² Texas Administrative Code 16 § 1.7.

⁶³ Railroad Commission of Texas. (2019). Final Order. Oil and Gas Docket No. 09-0292018. <https://portalvhdskszlf8q9lqr9.blob.core.windows.net/media/51736/090292018finalorder.pdf>

⁶⁴ ConocoPhillips bought Burlington Resources in 2006.

⁶⁵ Railroad Commission of Texas. (n.d.). Field Guide for the Assessment and Cleanup of Soil and Groundwater Contaminated with Condensate From a Spill Incident. Retrieved July 5, 2021, from <https://www.rrc.state.tx.us/oil-and-gas/environmental-cleanup-programs/guidance-documents-and-helpful-links/condensate-spill-guidance/>

⁶⁶ Railroad Commission of Texas. (2021). Oil and Gas Division Monitoring and Enforcement Plan Fiscal Year 2022. https://www.rrc.texas.gov/media/uhffe2db/og-s-plan-fy-2022_final_june-22.pdf

⁶⁷ 16 Texas Administrative Code § 3.8(d)(1).

⁶⁸ April 10, 2012.

⁶⁹ Oil and Gas docket No. 09-0292018, *Mike Smith v. Targa Midstream Services, LLC and ConocoPhillips Co.*

⁷⁰ Pope’s testimony appears in transcript of case hearing on May 10, 2016, pp. 101-102.

⁷¹ Railroad Commission of Texas. (2019, April 12). Amended Proposal for Decision. Oil & Gas Docket No. 09-0292018. <https://portalvhdskszlf8q9lqr9.blob.core.windows.net/media/51735/090292018amendedpfd.pdf>

⁷² Railroad Commission of Texas. (2019). Final Order Oil and Gas Docket No. 09-0292018. <https://stage.rrc.state.tx.us/media/51736/090292018finalorder.pdf>

⁷³ *Targa Midstream Services, LLC v. Railroad Commission of Texas*, case D-1-GN-19-05773, filed September 5, 2019, Travis County District Court.

⁷⁴ Precise amounts are unknown because state officials report the amounts in ranges.

⁷⁵ Railroad Commission of Texas. (2019, August 6). Order Denying Motion for Rehearing. Oil & Gas Docket No. 09-0292018. <https://portalvhdskszlf8q9lqr9.blob.core.windows.net/media/53440/090292018orderdenyingmfrh.pdf>

⁷⁶ ConocoPhillips stock closed out 2019 at \$62.82 a share.

⁷⁷ Craddick did not report selling this holding in 2019.

⁷⁸ The Energy Resources Committee has jurisdiction over matters pertaining to the Railroad Commission. See: Texas House of Representatives. Energy Resources Committee. Retrieved from: <https://house.texas.gov/committees/committee/?committee=C250>

⁷⁹ State Bar of Texas. Find a Lawyer – Ms. Christi Leigh Craddick. Accessed on: July 5, 2021.

Retrieved from: https://www.texasbar.com/AM/Template.cfm?Section=Find_A_Lawyer&template=/Customsource/MemberDirectory/MemberDirectoryDetail.cfm&ContactID=198115

⁸⁰ Abbott Labs, Anheuser Busch, Browning Ferris Industries, Chemical Specialties Manufacturers Assn., lobbyist Jerry 'Nub' Donaldson, FHP, Inc., Health Insurance Assn. of America, KitchCo Entertainment, L&F Products, Lower Colorado River Authority, Reckitt & Coleman, ServiceMaster, Small, Craig & Werkenthin, TX & Southwestern Cattle Raisers Assn., TX Bankers Assn., TX Boll Weevil Eradication Fdn., TX Civil Justice League, TX Health Care Assn., TX Merchandise Vending Assn., TX Poultry Federation, and TX Probation Assn.

⁸¹ "Questions arise over players in hotel bill," Houston Chronicle, May 10, 1997.

⁸² "Legislator's panel passes bill backed by daughter," Austin American-Statesman, May 1, 1997.

⁸³ CorporationWiki. (2021, July 5). Direct Contacts, Inc. - Company Profile. <https://www.corporationwiki.com/Texas/Austin/direct-contacts-inc/35339488.aspx>

⁸⁴ Rep. Craddick Chaired the Ways and Means Committee in the **1997 session**. In the following session in 1999 the House Speaker demoted him to a regular rank-and-file member of that committee.

⁸⁵ "Craddick shielded utility," Fort Worth Star-Telegram, November 16, 2002. Texans for Public Justice. (2002, November 21). Revolving-Door Lobbyist Adopts So-Craddick Method. http://info.tpj.org/Lobby_Watch/11-21-02_caprock.html

⁸⁶ Texans for Public Justice. (2007, May 17). It's Business As Usual In Texas for Rudy Giuliani's Bracewell. http://tpj.org/Lobby_Watch/05-17-07_bracewellgiuliani.html

⁸⁷ S.C. Gwynne. (2005, February). 1. Tom Craddick – Texas Monthly. Texas Monthly. <https://www.texasmonthly.com/news-politics/1-tom-craddick/>. DeLay's Texans for a Republican Majority PAC sent \$190,000 in corporate funds to the Republican National Committee, which contributed that same amount to seven Texas legislative candidates. Because Texas prohibits corporate donations to state candidates, an Austin jury found DeLay guilty of related money laundering and conspiracy charges in 2010. That conviction was overturned on appeal in 2013 and 2014.

⁸⁸ Ross Ramsey. (2011, August 3). Christi Craddick Will Run for Railroad Commissioner. The Texas Tribune. <https://www.texastribune.org/2011/08/03/christi-craddick-will-run-railroad-commissioner/>

⁸⁹ During that period, Tom Craddick's campaign raised \$8,214,804 and paid Christi \$896,856 (11% of the total raised). Stars Over Texas PAC raised \$4,063,782 and paid Christi's Direct Contacts \$197,500 (5%).

⁹⁰ She then beat Democrat Dale Henry by 16 points.

⁹¹ Christi attributed just \$20,000 of this money to Tom and Nadine Craddick; the remainder names only her dad. Her other top 2012 contributors were: Syed Anwar (Midland Energy) \$125,000; Jimmy Davis (West Texas Gas) \$50,000; Kelcy Warren (Energy Transfer Partners) \$50,000; and Gary Martin (Falcon Bay Energy) \$45,420.

⁹² S.C. Gwynne. (2005, February). 1. Tom Craddick – Texas Monthly. Texas Monthly. <https://www.texasmonthly.com/news-politics/1-tom-craddick/>

⁹³ 17 OK Stat § 17-179

⁹⁴ Texas 87th Legislature. Senate Bill 2, relating to the governance of the Public Utility Commission of Texas, the Office of Public Utility Counsel, and an independent organization certified to manage a power region. Retrieved from: <https://capitol.texas.gov/tlodocs/87R/billtext/html/SB00002F.htm>

⁹⁵ U.S. House of Representatives. Ethics in Government Act Financial Disclosure Statement. Financial Disclosure Form B CY 2020. Accessed on: July 5, 2021. Retrieved from: <https://ethics.house.gov/sites/ethics.house.gov/files/documents/Financial%20Disclosure%20Form%20B%20CY%202020%20FINAL.pdf>

⁹⁶ Sunset Advisory Commission. (2017). Sunset Advisory Commission Staff Report with Final Results: Railroad Commission of Texas. <https://www.sunset.texas.gov/reviews-and-reports/agencies/railroad-commission-texas>

⁹⁷ Tex. Gov't Code Ann. § 572.0531

- ⁹⁸ The personal financial statement directs filers to report assets and liabilities for companies in which they own at least 50 percent and Craddick did so for these companies.
- ⁹⁹ Bryce Newberry. (2021, April 20). Travis Central Appraisal District: Home market values increase 19% in one year | kvue.com. KVUE. <https://www.kvue.com/article/money/economy/boomtown-2040/travis-central-appraisal-district-home-market-values/269-ea7b5e45-2f34-449b-be83-fe8e7705b3c8>
- ¹⁰⁰ Bloomberg. Accessed on July 23, 2021. Retrieved from: <https://www.bloomberg.com/profile/person/20698899>
- ¹⁰¹ Jonathan Randles. (2020, August 13). Remora Petroleum Files for Chapter 11 Bankruptcy. WSJ Bankruptcy. <https://www.wsj.com/articles/remora-petroleum-files-for-chapter-11-bankruptcy-11597345254>
- ¹⁰² Through an entity called 12023 Bissonet St, LLC.
- ¹⁰³ NEC Austin 2 Pack, LLC owns **Ibra Flats**, **Mezzo Flats** and **Redondo Flats**.
- ¹⁰⁴ The other project was PSW Urban Homes, LP.
- ¹⁰⁵ 16 Tex. Admin. Code §1.10 (2017). Commissioner Private Interest in Decision.
- ¹⁰⁶ Texas Government Code Sec. 572.058. Private interest in measure or decision; disclosure; removal from office for violation.
- ¹⁰⁷ Texas Constitution, Article III, Section 22. Disclosure of personal or private interest in measure or bill; not to vote.
- ¹⁰⁸ See EAO No. 218 (1994) and EAO No. 412 (1999). The EAOs also reference Braden’s annotated and comparative analysis of the Texas Constitution.
- ¹⁰⁹ Braden, The Constitution of the State of Texas: An Annotated and Comparative Analysis 141 (1977). Braden remarks “No authoritative interpretation of this section [22] was found, probably because, in practice, it is considered a prohibition “with which each Member is left to comply according to his own judgment as to what constitutes a personal or private interest.” The author comments “Section 22 is unenforceable as presently worded and should be deleted.”
- ¹¹⁰ Alaska Executive Branch Ethics Act. Sec. 39.52.120(b)(4)
- ¹¹¹ Alaska Executive Branch Ethics Act. Sec. 39.52.110(d)
- ¹¹² Colo. Rev. Stat. § 34-60-104.3
- ¹¹³ Colorado Revised Statutes §24-18-105.
- ¹¹⁴ Colorado Revised Statutes §34-60-104.3(2)(d). See also C.R.S. §24-18-101 et seq.
- ¹¹⁵ New Mexico Governmental Conduct Act §10-16-4.
- ¹¹⁶ NM Energy, Minerals, and Natural Resources Department Code of Conduct §V.
- ¹¹⁷ NDIC Code of Ethics §7. Retrieved from: <https://www.ethicscommission.nd.gov/sites/www/files/documents/Industrial%20Commission%20ethics%20policy.pdf>
- ¹¹⁸ Employees *can* participate if their benefit from a decision is incidental to their commission post or if they would benefit as a member of a profession, occupation or class.
- ¹¹⁹ 17 OK Stat § 17-179
- ¹²⁰ TCEQ OPP §12.08.01.
- ¹²¹ 4 TAC §1.81
- ¹²² Carlos Samudio, Texas Department of Agriculture response to Public Information request 21-07-538, July 30, 2021.
- ¹²³ Public Utilities Regulatory Act. Title II, Texas Utilities Code.
- ¹²⁴ PUC’s Kathy Pribyl email, August 2, 2021. On July 15, 2021 Chair Lake recused himself from HB 4492-related matters. On July 1 Commissioner Cobos recused herself from Docket No. 52079. She also recused himself from project No. 51871 and docket Nos. 51381, 51575, 51611, 51922, 52040, 52195, and 49887, all on June 2.