

RRC Open Meeting Transcript, February 5th, 2026

And even though it's February, happy New Year. This meeting of the Railroad Commission of Texas will come to order, consider matters, which have been duly posted with the Secretary of State for February 5th, 2026. As a reminder, all persons attending today's meeting should conduct themselves with dignity, courtesy, and respect toward the commission, agency, staff, and other persons in attendance under our public participation policy.

Anyone desiring to offer public testimony on any items that are not today's agenda? Agenda was required to register in advance. We had two people register in advance. The commission will consider the items on the agenda as posted on the agenda. But before I get started, I would like to say, uh, briefly note how well Texas's natural gas system performed during winter Storm fern.

While winter weather always test preparedness, the system continued to deliver the fuel Texas rely on to heat their homes and keep the lights on. Performance reflects the work of the commission staff and industry partners who remain focused and coordinated throughout the event. I also wanna thank TexDOT for their quick and response work, clearing snow and ice from roadways as our issues arose together.

Those efforts help keep Texas safe and warm. We thank all those involved for their hard work and professionalism, so thank everybody here that. Dedicated that time during the winter storm Fern. I know you guys didn't get to go home and, and I think all of us were on the phone a lot, so appreciate it. Okay, let's start with guest utilities.

Item number one, Luis.

Good morning, chairman and commissioners. Good morning. For the record, my name is Louise veca. I'm a financial analyst in the oversight and safety division. Agenda item number one is case number 2 9 5 1 6, the application of West Texas Gas Utility LLC for test year 2024, annual interim rate adjustment for its unincorporated service areas.

This case is the first interim rate adjustment since the company's most recent case, GUD number 1 7 8 1 6. This adjustment represents an incremental increase of \$1,240,840 of which \$353,230 is recoverable from customers subject to the order. In this case, uh, staff recommends approval of the interim rate adjustment as revised.

I am available to answer questions. Thank you, Luis. We had Glenn Atkins representing West Texas Gas registered to be available for questions. Does anyone have any questions of Mr. Atkins or from the staff? No. Okay. I move that we approve the examiner's recommendation. Is there a second? Second. Second by Commissioner Christian.

All in favor say aye. Aye. Motion passes. That item is approved. Thank you. Item number two. Thank you, John. Good morning, chairman and commissioners. I'm, uh, I'm Administrative Law

Judge John Dotson with the hearings division. Agenda item two is a gas utility rate case that resulted in a non unanimous settlement.

Texas Gas Service company seeks to change gas utility rates for customers within its Central Gulf, west North, and Rio Grande Valley service areas, and to consolidate these three service areas among the agreed relief, under the non unanimous settlement is an annual increase for TGS totaling 15 million.

Regarding service area consolidation. The settlement memorializes that this remains a contested issue. The PFD was issued in December recommending that the commission approve TG S'S request to consolidate service areas approved TG S'S request to recover cost of gas expenses and pipeline integrity testing expenses uniformly within statewide customer classes, and approve all remaining rate elements and terms reflected in the non unanimous settlement, but reducing the settlement.

But reducing the settled annual revenue increase by \$574,000 to reflect removal of impermissible charitable funding from base rates, exceptions and replies were filed. The proposed order here is slightly changed to reflect minor adjustments to the volumetric rates in finding of fact, 100 assisting with TG S'S unopposed proposal.

The deadline for commission action as voluntarily extended by TGS is today. I'm available for questions. Thank you, John. We had, uh, Kate Norman representing Texas Gas, Norman Gordon, Don Davey, and Scott Halsey, representing the city of El Paso and Alfred Herrera representing the Alliance of Texas Gas Municipalities all registered to be available for questions.

Does anyone have any questions for any of the representatives or the a l ij? No. No. Okay. I've reviewed the proposal for decision prepared by Judge Dotson very carefully, and I believe that this is the most equitable. To move forward. I therefore move that we approve the examiner's recommendation. Is there a second?

Second. Seconded by Commissioner Craddick. All in favor say aye. Aye. Motion passes. That item is approved. Thanks, John. Moving on. Item number three, John. Good morning, chairman, commissioner for the record. I'm John Lia, administrative Law Judge with the hearings division. Number three is an application by the Sabine Mining Company requesting release of phase one reclamation obligations for 178.5 acres within the Sabine Mine permit number 55 A in Harrison Panola and RUS counties.

The approved post mine landings is for the area are pasture, land and fish and wildlife habitat. Evidence in the record supports that Sabine has satisfied all requirements for phase one release of the acreage as required by the Texas Surface Coal Mining Reclamation Act and the coal mining regulations following public notice.

No comments or requests for hearing were received. Sabine and staff are the only parties to the proceeding. No exceptions to the proposed order were filed in. Civilian seeks no reduction to the

bond. It is recommended that the request for release of phase one recommendation obligations on hundred 78.5 acres be approved, and that's Sabine B eligible to reduce the amount of bond attributable to the uh, approved acreage.

And I'm available for questions. Alright, thanks John. Any questions? No. Okay. I move that we approve the examiner's recommendation. Is there a second? Second. Seconded by Commissioner Christian. All in favor say aye. Aye. Aye. Motion passes. That item is approved. Thanks John. Okay. Moving on to oil and gas. Item number four, Lisa.

Um, good morning, chairman, commissioners. My name is Melissa Zachary. I'm an administrative law judge with the hearings division. I will be presenting Item four. Item four is the single signature application of RWS operating co LLC to supersede a 2020 plugging order and become the operator of record for the Christian BC fair lease.

Well, number two. The application was protested by the Christian Family Trust RWS failed to provide sufficient evidence to support superseding the previous order. The examiners recommend that the commission deny RW S'S application to become the operator of record and find that all provisions of the 2020 order should remain in full force and effect.

No exceptions or replies were filed. I am available for questions. Thank you, Elisa. Any questions? No. I move that we approve the examiner's recommendation. Is there a second? Second. Seconded by Commissioner Craddick. All in favor say aye. Aye. Motion passes. That item is approved. Thank you. Okay, item number five, Travis.

Good morning, chairman. Commissioners. Morning for the record. My name is Travis Donald, administrative Law Judge with the hearings division. I'll be presenting items five through seven. Item five is the application of CML Exploration, LLC. For an exception to statewide Rule 37 For the RAI URSO one re, the applicant request the lease line exception due to an unintentional drift in the drilling path resulting in a violation of the lease line space requirement.

Dr. Maryanne Arnold protested the application for environmental concerns as well as to preserve minerals for her heirs. The well board does not extend or Protestants acreage. CML provided sufficient evidence to show that an exception was needed to prevent confiscation protect relative rights. And to prevent waste, the examiners recommend the commission Grant CMLs application, no exceptions.

Were filed and available for questions. Thanks, Travis. Anybody have any questions? I move that we approve the examiner's recommendation. Is there a second? Second. Second in by Commissioner Christian. All in favor say aye. Aye. Aye. Motion passes. That item is approved. Thanks Travis. And you're on the next one too.

Item number six. Yes sir. Item six and seven are motions to rehearing filed as a result of a final order denying renewal of the operator's P five because of wells noncompliant with statewide

Rule 15. Item six, subsequent to file motion for rehearing. Production Resources Incorporated has come into compliance with Statewide Rule 15.

Therefore, it has recommended the motion be granted and the underlying docket dismissed as moved. The motion will be overruled by operation of law on February 5th. I'm available for questions. Thanks, Travis. Any questions? No. Okay. I move that we approve the examiner's recommendation. Is there a second?

Second. Seconded by Commissioner Crad. All in favor say aye. Aye. Aye. Motion passes. That item is approved. You just might as well settle in. Travis, you're on seven two. Yes sir. Thank you. In this motion, Holly Oil Company LLC States all remaining non-compliant wells are physically compliant and require only the processing of relevant paperwork.

Staff opposes a motion responding that six well boards remain non-compliant. It is recommended that the motion be denied. The motion will be overruled by operation of law on February 26th. I'm available for questions. Okay, thanks Travis. Any questions? No, I move that we approve the examiner's recommendation.

Is there a second? Second. Seconded by Commissioner Christian. All in favor say aye. Aye. Motion passes that item as approved. Let's move on to oil and gas consent. Uh, items. Items number eight through 84. There are 77 items on the consent agenda, a move that approved. We approve items eight through 84. Is there a second?

Second? Seconded by Commissioner Cradock. All in favor say aye. A motion passes. Those items are approved. Let's move to Rule 15 and active well items. Items number 85 through 1 0 9. There are 25 items on the rule. 15 inactive well items. Move that we approve items 85 through 1 0 9. Is there a second? Second.

Seconded by Commissioner Christian. All in favor say aye. Aye. Aye. Motion passes. Those items are approved. Moving on to master default orders. There are 26 items on the master default order agenda. However, is my understanding that enforcement staff would like to pass items number 1 23 and 1 31. Is that correct, Dana?

Okay. That would make it 24 items. Are there any questions? No. I move that we approve items one 10 through 1 35 with the exceptions of items on one, uh, number 1 23 and 1 31. Is there a second? Second. Seconded by Commissioner Cradock. All in favor say aye. A. A motion passes. Those items are approved. Moving on to agreed push enforcement orders.

Items number 1 36 through 5 81. There are 446 items on the agreed enforcement order agenda. Are there any questions? Okay, I move that we approve items 1 36 through 5 81. Is there a second? Second. Seconded by Commissioner Christian. All in favor say aye. Aye. Aye. Motion passes. Those items are approved. That concludes the hearing sections of the matters.

We'll now take up the, uh, administrative agenda.

Come on again. I'm just trying to get my stuff together. Okay. Item number 5 82. Theresa. Good morning, chairman and commissioners. For the record, I am Theresa Lopez, director of Operations. Item 5 82 on the agenda, uh, pertains to the commissioner's approval of a contract pursuant to the commission's delegation of authority under Section 2260 1.254 of the Texas Government Code, the commission's internal delegation of authority.

Government code require commissioner approval of contracts and associated amendments greater than or equal to \$1 million. At issue. Today are one contract and six amendments for agency well plugging and site remediation services. Approval of these agenda items will ensure the agency has the necessary approvals in place pursuant to the commission's delegation of authority, and state law so that the projects can proceed in a timely manner.

Your notebooks include a summary of the contract and amendment terms, including contract numbers and amounts, staff requests, the commissions, the commission to approve the contract and amendments pursuant to the commission's delegation of authority. I'm available if you have any questions. Thanks, Theresa.

Anybody have any questions? No. Okay. I move that we approve staff's recommendation. Is there a second? Second. Seconded by Commissioner Craddick. All in favor say aye. Aye. Motion passes. Those items are approved. Thanks, therea. Thank you. Okay. Item number 5 83. Oil and gas division. Olivia. Good morning, chairman and commissioners.

Good morning. Olivia Allen with the Office of General Counsel. Um, item number 5 83 is Staff's Recommendation to Adopt Amendments to 16 Texas Administrative Code Section 8 2 0 1 relating to pipeline safety and regulatory program fees. The Amendments implement House Bill 40 42, passed by the 89th legislature and removes the specification that gas must be natural gas.

With respect to pipelines and distribution systems, the amendments ensure consistency with the statutory changes. On October 28th, the commission approved publication at the proposed amendments in the Texas Register. The public comment period ended December 15th and no comments were received. Staff recommends the commission adopt the amendments to section 8 2 0 1 without changes.

I answer any questions. Thank you, Olivia. Any questions? Uh, move that we approve staff's recommendation. Is there a second? Second. Seconded by Commissioner Christian. All in favor say aye. Motion passes. Those items are approved. Thanks, Olivia. Item 5 84 key.

Good morning, chairman and commissioner. Good morning. For the record, my name is Keith May with the oil and gas division. Item 5 84 is the oil and gas division seeking your approval for the state managed plugging and site aviation work plans for fiscal year 2026. This work plan includes plugging a total of 1700 wells, and of those 946 will be plugged using infrastructure investments and jobs Act fund funds have.

That's IIGA for short. Uh, the remaining 754 we plugged with a budget of 22,750,000 in OGRC funds. The a hundred million dollars appropriated from the state legislator for the 2026 to 2027 biennium will also be used for emergency and other high priority plugins. Site mediation will complete 250 cleanup activities with a budget of 10,200,000 in OGRC funds and 1 million using IIGA funding.

And of those 2 50 11 will be completed using 466,004 \$60 in Brownsfield grant funds. May I answer any questions? Okay. Thanks Keith. Any questions? A lot of, a lot of wells are pleasure. A lot of wells. Yeah. I move that we approve staff's Recommendation. Is there a second? Second. Seconded by Comm, commissioner Craddick.

All in favor say aye. Aye. A motion passes. Those items are approved. Thanks Keith. Okay, moving to 5 85 surface mining. Joe.

Uh, good morning, chairman and commissioners. Joseph Parks Director of Service Mining Reclamation Division. Item number 5 85 is staff's request for commission approval to post revised form 52 C on the commission website for public comment for 14 days. This updated lines with 16 administrative code 12.108 relating to annual fees.

Copies of the proposed form are included in your notebook materials following public comment period. SME staff will review comments and make necessary changes. Staff will request to talk to know the form at a future conference. I'm available for questions. Thanks Joe. Anybody have any questions? No. Okay.

Approved staff's recommendation. Is there a second? Second. Seconded by Commissioner Christian. All in favor say aye. Aye. Aye. Motion passes. That item is approved. Item 5 86 will be our public input. Uh, we had two people register in advance. Call you up for you, give you input. Please limit your comments the three minutes, Mr.

White.

Good morning. Morning. I'm Skylar White from Goldsmith. I paid my own way to be here. Nobody, not representing anybody but myself. Uh, the smartest thing that Texas ever did when we came into the union, we kept all the property, kept all the land, the. That makes Texas a private land state. Private property rights are the cornerstone of wealth creation and prosperity, and they must be protected at all costs.

Their property rights come in many forms. The oil company owns the minerals the surface owner owns the surface oil company has every right to. And drill and produce those minerals under that surface. And they have the right to use that surface to produce those minerals. But what they don't have the right to do is pollute or destroy that surface.

We depend on, on y'all to help protect that surface, that, that, uh, that surface estate. Once the groundwater is polluted under that surface, it's polluted virtually forever. Yes, Mr. Christian. There are documented cases of groundwater pollution for orphan and abandoned wells as part of Senate Bill 1150. It creates this compliance plan framework and that that's part of the, the protections that, uh, the landowners have, and it's part of what the railroad Commission is going to fall back on to help get these wells plugged as part of that plan, in order to protect the landowners, protect our property.

That plan needs to be furnished to the landowners. Landowners need to be aware. They need to be in the know of what's going on with the orphan and abandoned wells from their property and furnishing them. A hard copy of that compliance plan is important because then they'll be in the loop. They'll be in the know.

The railroad commission, as you all are woefully aware, is that their woe, the railroad commission is woefully understaffed to do the everything that they have to do. If you, if you keep the landowners in the loop and we, we know what's going on, on the surface, then we can help ensure that these companies are complying with the, the plan to plug these wells, put these wells fed.

You know, it's no less important. Those minerals are important, but that surface is also, it's no less important to protect that surface than it is the minerals. And they all need to keep us in the loop. We need to be in the know. And we'll be happy to help you out. Thank you. Thank you, Mr. White. Appreciate it.

Okay, Mr. Chairman? Yes. I might comment. Yeah. The, the statement I made is that there is no record of a community or municipal water system being irreparably damaged by oil and gas in the state of Texas. Not ever Puddle Creek or land Private. Thank you. You bet. Okay. Next we have, uh, Ms. Virginia Palacios.

Good morning, Virginia Palacios, executive Director of Commission Shift. Good morning. It's been five years since winter storm ery. Every year that I've attended the Railroad Commission regulatory conference, I hear an operator. I hear an operator question why they have to weatherize their wells. It's important to recall the destruction and devastation that left its mark on Texans who still clear grocery store shelves in response to a freeze warning.

In 2021, temperatures across the state dropped below freezing for multiple days. Between February 8th and 20th, lack of weatherization from natural gas wellheads to electric power plants caused four and a half million power outages throughout the state. This led to hundreds of deaths, the largest carbon monoxide poisoning event in state history, and 80 to \$130 million billion dollars in damages.

Some of my friends cared for elders who they piled under blankets. While others sought refuge and safety for their infants and the homes of neighbors, all while a global pandemic raged just

10 years prior, FERC had recommended that the railroad commission consider minimum standards for the winterization of gas production and processing facilities.

Of course, no minimum standards were passed between 2011 and 2021. In fact, no minimum WINTERIZATION standard exists today. Operators argued to put specific measures in a guidance document instead of the railroad Commission's 2022 Weatherization rules and the commission relented. This has led to operators taking the lowest cost route to compliance, which may not actually keep gas flowing when we have another storm as severe as Yuri.

A report from the state auditor's office revealed that Railroad Commission inspectors counted any form of weatherization as passing. And relied on facility operators to determine which weatherization measures are needed and whether those measures are sufficient for that facility. Allowing the oil and gas industry to police itself was and still is a recipe for disaster.

We need the commission's inspectors to conduct rigorous weatherization inspections that reflect best practices, not the bare minimum. Last week, ERCOT data showed that natural gas fired power plants experienced forced stoppages related to fuel supplies causing reduced power availability of 900 megawatts.

Meanwhile, another 3,900 megawatts were down per reasons listed as other, which could also include fuel supply issues among other factors. Although this was less disastrous than winter storm uri, last week's forced outages show that the Railroad Commission still has changes to make to ensure a truly resilient grid.

Thank you. I appreciate that. Anybody have any comment? Okay, that wraps up our public participation items. Item number 5 87 is our executive session, which we will not be going in today. Are there any other duly posted matters to come before the commission? Hearing none. This meeting in the railroad commission is za adjourned.

See you guys in three weeks.