

open meeting may 12

[00:00:00] This meeting of the Railroad Commission of Texas will come to order to consider matters which have been duly posted with the Secretary of State for May 12th, 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 noticed on today's agenda was required to register in advance. We had four people register in advance. The commission will consider the items on the agenda as posted on the agenda. Okay, let's start with gas utilities.

Item number one, David. Good morning, Chairman and commissioners. For the record, my name is David Bauman, presenting on behalf of staff and representing the Oversight and Safety Division. Agenda item number one is case number 30598, the application of Atmos Pipeline Texas for the test year 2025 annual interim rate adjustment.

This case is the third interim rate adjustment the company has filed [00:01:00] since the final order was issued in the most recent statement of intent, docket number OS2300013758. This adjustment represents an incremental increase of \$112,187,386, which is recoverable from city gate service and pipeline transportation customers.

Staff recommends approval of the interim rate adjustment as revised, and I'm available to answer any question. Any questions? No. Okay. I move that we approve the examiner's recommendation. Is there a second? Second. Second. That's alright. Seconded by both. My, my fault. All right. No, it's your turn. You started first.

No, no. That's Wayne. Okay. You got it, Wayne. Page four view for that bill. Edit, uh- Click ... approved by, uh, Commissioner Christian. All in favor say aye. Aye. Aye. Aye. Motion passes. That item is approved. Thank you. Thank you, sir. Item number two, John. Good [00:02:00] morning, Chairman and commissioners. I'm Administrative Law Judge John Dodson with the Hearings Division.

Agenda item two is an enforcement action against RLC Trucking LLC, a transporter of liquified petroleum gas, for violations of two commission rules.

The first alleged violation relates to certain LP transport vehicle safety standards for five trucks inspected in 2024. The second alleged violation relates to registration and authorization for one of the trucks.

PFD was issued in March recommending that both claims be dismissed. No exceptions were filed. I'm available for questions. Any questions? No. Okay. Approve, uh, I move that we approve the examiner's recommendation. Is there a second? Second. Second. Seconded by Commissioner Craddick. All in favor say aye. Aye.

Aye. Motion passes. Item is approved. Thank you. Thanks. Let's raise this chair

Get it? You broke the chair? Like I'm... No. Feel like I'm doing this, you know? Oh, me too. I... [00:03:00] Me too Chair's a little- A little kid in the chair. You good now? Yeah, I'm fine. Still like it, it doesn't raise. It's like moving a brick. And, uh, okay, item number three. John? Good morning, Chairman- Morning ... Commissioners. I am John S.

Mukalief II, administrative law judge with the Hearings Division. Item number three is the application of Jewett Mine LLC for release of phase one reclamation obligations on 224.8 acres, permit number 47B, Jewett EF Area Mine, Freestone and Leon Counties. The approved post-mine land use is pastureland.

Evidence in the record supports that Jewett has satisfied all requirements for release of phase one reclamation obligations on the 224.8 acres as required by the Texas Surface Coal Mining and Reclamation Act and the coal mining regulations. After public notice, no comments or requests for hearing were received.

Jewett and staff are the only parties to the proceeding. No exceptions to the proposed order were [00:04:00] filed, and Jewett seeks no exceptions to the proposed bond.

Because disturbed areas in permit number 47B are bonded based on the worst case calculation method, an eligible bond reduction amount only exists for acreage once it is approved for release of phase three reclamation obligations. It is recommended the application for release of phase one reclamation obligations on the 224.8 acres be approved, and that Jewett not be eligible to reduce the bond by an amount attributable to the requested release for the subject acres in future bond adjustments.

And I'm available for questions. Thanks, John. I lose my place often too, so. Anybody have any questions? Okay, I move that we approve the examiner's recommendations. Is there a second? Second. Seconded by Commissioner Christian. All in favor say aye. Aye. Motion passes. That item is approved. Thank you, John. Okay, uh, moving on to oil and gas, item number four.

What- Uh, [00:05:00] before, before you say anything, I, I would like to, uh- Be on the ceiling again. They'll come fix mine too? It's the right-hand side lever, goes up and down. Oh, will you come fix mine too? Yeah. It's okay. By the time we get situated, conference will be over. All right. Y'all want to take a 20-minute break?

Get the chairs fixed? No. It's good. The, uh, item number four, before you start, I'd like to ask if we could pass, uh, uh, this one. I, I'd like to pass too. Okay. Thank you. Thank you both. Moving on to items number five, six and seven. Travis? Good morning, Chairman and Commissioners. For the record, my name is Travis Donald, administrative law judge with the Hearings Division.

I will be presenting items five through eight. Items five through seven are presented in one order requiring one vote. Items five to seven are good faith claim complaints made by David and Pamela Blal against Tri-Vista operating for multiple wells. [00:06:00] David and Pamela Blal provided sufficient evidence to show that the mineral leases for the wells expired under their own terms due to 60 days of consecutive non-production.

All wells are currently inactive. The examiners recommend the commission grant David and Pamela Blal's requested relief and order Tri-Vista to plug and abandon the wells. No exceptions were filed. I'm available for questions. Any questions? Okay, I move that we approve the examiner's recommendation. Is there a second?

Second. Seconded by Commissioner Craddock. All in favor say aye. Aye. Motion passes. That item is approved. And you're doing number eight. Yes, sir. Item eight is a motion for rehearing filed as a result of a final order denying renewal of a operator's P- P5 because a well's non-compliant with statewide Rule 15.

In its motion, Sahara Operating Company states it believes all compliance issues have been resolved. Staff opposes the motion, responding that 12 well bores remain not compliant. It is recommended that the motion be denied. The motion will be overruled by operation of law on May 18th. I'm available for [00:07:00] questions.

Any questions? 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. Thank you so much, Treves. Moving on to oil and gas consent items, items number nine through 53. There are 45 items on the consent agenda.

I move that we approve items nine through 53. Is there a second? Second. Seconded by Commissioner Craddock. All in favor say aye. Aye. Aye. Motion passes. Those items are approved. Let's go to Rule 15 inactive well items. There are items 54 through 76. There are 23 items on the Rule 15 inactive well items agenda.

I understand that item number 54 has come into compliance. Correct. Uh, that leaves 22 items for this agenda. I therefore move we approve items number 55 through 76. Is there a second? Second. Seconded by Commissioner Christian. All in favor say aye. Aye. Motion passes. Those [00:08:00] items are approved. Master default items, uh, 77 through 86.

There are 10 items on the master default order agenda. I move that we approve 77 through 86. Is there a second? Second. Seconded by Commissioner Craddock. All in favor say aye. Aye. Aye. Motion passes. Those items are approved. Moving on to the agreed enforcement orders, items number 87 through 422. There are 336 items on the agreed enforcement order agenda.

I move that we approve items 87 through 422. Is there a second? Second. Seconded by Commissioner Christian. All in favor say aye. Aye. Aye. Motion passes. Those items are approved. That concludes, uh, the hearing sections matters. We'll now take up our administrative agenda. Valerie?

Good morning, Chairman and commissioners. Morning. For the record, I am Valerie Wilcox, procurement lead. [00:09:00] Item number 4.23 on the agenda pertains to the commissioner's approval of a contract pursuant to the Commission's delegation of authority under Section 2261.254 of the Texas Government Code. The Commission's internal delegation of authority and the Government Code require commissioner approval of certain contracts and associated amendments.

At issue today are two contracts and 22 amendments for the well plugging and site remediation services. Approval of this agenda item 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 amendment terms, including contract number and amount. Staff requests that the Commission approve the contracts and amendments pursuant to the Commission's delegation of authority. I'm available if you have any questions. Anyone have any questions? No. Okay, I move that we approve staff's recommendation.[00:10:00]

Is there a second? Second. Seconded by Commissioner Craddick. All in favor say aye. Aye. Motion passes. That item is approved. Okay, item number- Thank you ... 4.24. Betsy?

Good morning, Chairman and commissioners. I'm Betsy Pedicol, the attorney with the Office of General Counsel. Um, to start off item 4.24, um, I have a couple updates on some endangered species issues. So first off, um, the National Marine Fisheries Service has initiated a new status review for the rice's whale, which is currently listed as an endangered species.

A status review is a periodic undertaking conducted to ensure that the listing classification of a species is accurate. The agency is requesting information that has been, that has become available since the last status review was conducted in 2016. Um, the comment period for that rule ends [00:11:00] on July 6th.

Um, separately, the-- I'm sure as you all recall, the rule listing the lesser prairie chicken as threatened and endangered species, uh, was vacated by a federal court. Fish and Wildlife has taken two actions in response to that vacature. First, Fish and Wildlife published a final rule removing the lesser prairie chicken from the federal list of endangered species and rescinded the rule issued under Section 4D of the Endangered Species Act for-- that applied to the northern distinct population segment.

Second, Fish and Wildlife also published a notice of an, of its initiation of a new species status review for the lesser prairie chicken. In that publication, Fish and Wildlife requested information relative to the status of the lesser prairie chicken or its habitat. With this information, Fish and Wildlife intends to make a new 12-month [00:12:00] finding on the original petition that gave rise to the final listing rule.

The Railroad Commission submitted comments on the first proposal, and thus it wasn't necessary to resubmit those comments because they're already reflected in the record. Excuse me. Finally, um, we recently saw some guidance released by EPA, uh, to clarify when oil and natural gas producers can flare, uh, associated gas, uh, in light of the methane rule or the new source performance standards for crude oil and natural gas facilities prohibition on routine flaring.

That prohibition went into effect on May 7th. This guidance clarifies that the existing rules allow operators to flare associated gas for up to 30 days in response to temporary interruptions in service from gathering or pipeline systems that are [00:13:00] outside of the operator's control. In the guidance, EPA clarified that this provision applies to a number of operational constraints, including, for example, pipeline capacity limitations or elevated line pressures, midstream equipment outages, maintenance or operational failures, sudden increases in production exceeding system capacity, um, and market-driven conditions such as regional oversupply resulting in curtailed takeaway capacity.

Um, and that concludes my updates for today, but may I answer any questions? Thanks, Betsy. Anybody have questions? I, I do have a question. On the last, the last thing you're talking. So is that s- does that mean that nobody has to come here for the first 30 days to get a flaring exemption, or are we still making them come here for flaring exemptions?

Can we, do we know how that's gonna work? Um, it, so this guidance just clarifies the existing federal rules that are on the books. Um, I've seen a number of [00:14:00] headlines, um, with what I would characterize as somewhat misleading, uh, statements about the effect of this guidance, but it's just clarifying the existing rules.

And like I said, when they would apply to authorize a temporary flaring in response to operational constraints that are outside the operator's control. Um, so it wouldn't necessarily affect the state level authorizations that are needed from either the Railroad Commission or the TCEQ. Thank you for clarifying that.

Question. Uh, you mentioned in the last paragraph one of the, the multiple issues that w- they now can, uh, exceed the current flaring, and one was the, uh, prohibition or of, uh, disp- the disposal, there not being an adequate disposal system on natural gas. W- that was one of the Is that correct? That there, if there's not a, not a method or, or the market doesn't allow disposal of that natural gas, that there can be an exemption?

Um, yes. So the existing rules that are in the federal [00:15:00] regulations, like as I mentioned, this provision is already in there. Um, but that provision would apply when there's operational situations, um, that limit the ability to put gas in the pipeline. Um, so there might be something like a regional oversupply where, you know, the, the system just can't take any more gas.

Um, or it could be, you know, a midstream facility that goes out for maintenance or has some kind of malfunction, um, and it's just not possible, uh, to, you know, f- add additional gas to route it to sales. Okay. But if it's stranded with nowhere for the gas to go, there is not an exemption for that. If, if there is no place for the gas to go, then the production of oil has to shut down when there is not any place- Um-

for the oil to go, we can't flare it at that point- Sure ... for emergency s- purposes? I believe that there are some additional provisions, um, in the federal rules that would apply to those situations- Okay ... when, um, a [00:16:00] well is initially spud and there might not be a pipeline capacity. All right. Uh, but this guidance focuses on, like, downstream issues that are outside of the operator's control.

Uh, but I'm, I'm happy to refresh my memory on those other situations- Okay ... and get back with you. Thank you. It's not changing anything for us on a state level, right? No, sir. Yeah. Okay, thank you. Thank you. Thank you, Betsy. Okay, item number 425. Seth? Good

morning, Chairman, commissioners. Seth Boettcher with the Office of General Counsel. I'll be presenting on behalf of the Oil and Gas Division. Item 425 is staff's request for commission approval to adopt revisions to form W3C. Form W3C relates to certification of surface equipment removal for an inactive well.

These revisions [00:17:00] align with amendments to 16 Texas Administrative Code 3.15 and 3.107, which were previously adopted. Proposed amendments to the form were posted to the commission's website for comment. No comments were received. Um, available for questions. Okay, any questions? No. I move that we approve staff's recommendation.

Is there a second? Second. By both again. I don't remember if it's always you. Wayne, maybe it's you. I don't know. I had, I had her initials up here. I, I've done a very poor job today. I apologize. All in, all in favor say aye. Aye. Aye. Motion passes. That item is approved. Thank you. Thank you so much, Seth. Okay, item number 426 is public input.

Uh- We had four people register in advance. I will call you to give your input. Please limit your comments to three minutes. Uh, Mr. White.[00:18:00]

Morning. Morning. I'm Skyler White from Goldsmith. I paid my own way to be here. Nobody's... Not representing anybody but myself. Excuse me. If I'm driving along and a highway patrolman pulls me over, I've got respect for that

highway patrolman. And the reason why is not because of his, uh, fancy cruiser, or his shiny badge, or his stern demeanor.

The reason why I've got respect for him is because he's enforcing the law. He give me a ticket, I've got to pay a fine to go with that ticket that's gonna hurt. I've got to maybe go attend a driving class. My insurance rates are gonna go up. There's gonna be consequences if I get pulled over and get a ticket.

You know, these operators, I've brought y'all numerous examples of operators not following the rules, intentionally filing false forms. Filing a false form on plugging a well. Filing false testing forms. P&G, they, they went for six months without [00:19:00] well control, and y'all didn't do anything to them. I get 10 days and get a nasty letter.

What's, uh, frustrating to me is that y'all don't enforce these rules. Y'all don't give penalties to these companies that make them hurt. You know, these companies don't have respect for y'all, and the reason why is because you don't make it hurt when they don't follow the rules. If, uh, y'all go to all the trouble to make these rules, promulgate these rules, you have comments on them, it's a process that you go through, and you, you make all these rules, but then you don't enforce them, you don't make the penalty stick, and you don't make the penalties tough enough for these companies to come back and respect y'all, then they don't have respect for the commission.

They, they just... They're just out there, "No big deal. We'll just, we'll just file these forms. Commission doesn't care." Y'all need to make these, these fines stick. You n- need to make it hurt. You need to sanction these companies when they [00:20:00] violate the rules. Don't just slap on the wrist and let them go. You know, a company files a false form on, on plugging a well, you need to make that company go back and say, "Okay, maybe there's a, a scrivener's error on the form, but where's the well that you plugged?"

Don't just, don't just go plug the well. Go show me the well that you plugged," and... Instead of just giving them a slap on the wrist. A company files false test-testing forms, you need to go back and check up on that company and make sure that they're testing their wells properly. This is important. You know, they don't have any respect for y'all because you don't enforce rules, you don't make the, the rule violations hurt.

And they need to hurt. They need, they need to be enough, big enough fine, big enough to where it gets in their pocketbook and hurts. Thank you for your time. Thank you, Mr. White. Okay, uh, [00:21:00] Miss Palacios.

Good morning. Virginia Palacios with Commission Shift. Um, well, a few weeks ago, another, uh, leak sprung up from a plugged well near Grand Falls in Ward County, um, this time in a populated area. Since 2021, we've been seeing consistent high-profile leaks, blowouts, or earthquakes in the Permian Basin, many taking place in Ward County.

We need the commission to take both a preventative and responsive measure to protect drinking water and infrastructure against these threats. The seismic response areas the commission has set up are both preventative and responsive. However, the response has shifted inject- injection to shallow areas and may be causing more leaks through legacy oil wells like the one in Grand Falls.

Though shallow injection may reduce seismicity, it poses risks to groundwater. The oil and gas division presented its proposed emergency response plan to [00:22:00] operators in March, and suggested an operator-led emergency response action, or OLERA. Only industry was invited to give feedback on that proposal.

What I liked about the proposal is that it says we must revisit assumptions of the infinitely acting reservoir, and instead plan for injection to be temporary and physically limited. I'm also here to support the commission's proposal to implement injection moratoriums and reevaluate permits. As I've stated before, the commission has permitting authority so that you can say no sometimes.

If letting oil and gas companies operate without oversight was harmless, then we wouldn't need permits. But we've had to learn the hard way for 135 years of Railroad Commission history that this industry needs someone to say no sometimes. I'm grateful for your leadership and for staff's willingness to propose what may be unpopular ideas to the operators.

One part of the proposal that concerns me is suggestion that oil and gas companies could [00:23:00] influence the commission's designated response radius during an emergency if they participate in the OLERA. If there's a flexible response radius that operators influence, they might suggest a radius that gives preference to companies that they have a financial interest in.

While we understand that local operators will be the most knowledgeable parties to respond to an emergency well leak, we've seen what happens when the industry self-regulates. The solutions that are best for the public are not always the ones that are chosen. Finally, the latest leak in Ward County makes it obvious that the Class two injection well rules have major flaws.

We recommend the commission take a preventative approach by updating the rules statewide. We'd like to see a rulemaking that incorporates some of what the Railroad Commission has learned over the past five years of incidents, and we encourage you to involve the public from the start. Thank you for your progress so far.

Thank you, Ms. Foster. Okay, Ms. Lindsey [00:24:00] Gold-Golden. Did I pronounce that right? You did. Good. Hello. Hello. Good morning, Chairman and commissioners. My name is Lindsey Golden. I'm a UT grad who lived in Texas for more than two decades. I worked for oil and gas, and now I research carbon capture and storage. Um, I'm a member of the Science Roundtable on CCS, which is an independent group of academics, scientists, and engineers providing evidence-based assessment of the technology.

Based on that evidence, CCS, as currently proposed, is not safe for Texans. First, CCS is not safe because the underlying science is not mature. Some assume that Texas's century of oil and gas experience means that we already know how to safely inject CO₂ into deep saline aquifers. We do not. Injecting supercritical CO₂ into pressurized deep saline aquifers is not extraction.

It's the [00:25:00] opposite operation with different chemistry and different physics. We are pushing a corrosive reactive fluid into a pressurized briny formation and asking it to stay there permanently. We have almost no long duration data on how casings, cements, and caprock perform over centuries that this storage must last.

Texas is being asked to serve as a proving ground for material science that has not been done. Second, CCS is not safe because pipeline failures are catastrophic, and the affected communities are unprepared. CO₂ is colorless, odorless, toxic at concentrations above four percent, and heavier than air. When it escapes, it sinks, pools in low-lying areas, and displaces oxygen.

A person in such a cloud can lose consciousness within a minute. In Sardis, Mississippi, a small rural community, a twenty twenty [00:26:00] pipeline rupture hospitalized forty-five people and forced over two hundred evacuations more than a mile and a half from the rupture point. First responders literally used scuba gear because combustion engines would not run in displaced oxygen air.

Texas' proposed CO₂ corridors will pass through more populated areas where far more people will be exposed in a rupture. Third, CCS is not safe because injected CO₂ does not stay where it is put And it is almost impossible to predict

where it will go with today's very best computer models. Underground, it migrates along faults, fractures, and aging legacy well bores.

It forms carbonic acid that corrodes steel and contaminates drinking water. Injection pressures at commercial scale induce seismicity. Much of the data needed to evaluate these risks is withheld from the public as confidential business information, leaving regulators, first responders, and [00:27:00] communities living above these projects without the information they need.

The science is incomplete. The surface failure modes are devastating. The subsurface behavior is opaque. Texans deserve a far higher standard before CCS technology is allowed to scale across the state. Thank you. Thank you, Ms. Golden. I'm not even gonna attempt to pronounce your last name, but Alexis?

Morning. So my name is Alexis Awasi, and I have concerns about carbon capture and sequestration projects here in Texas. I have a background in chemistry, geology, petroleum engineering, as well as a decade of experience working oil and gas industry, including CCS projects. CCS has been promoted as a safe and proven technology while neglecting to mention the failures of terminated projects since nineteen ninety-six.

I'm here to give you a current status update on those projects to demonstrate that CCS is not approved technology, introduces unnecessary risks, and cannot progress without large government subsidies, uh, all important context when approving final plastics permits [00:28:00] as a climate solution. Both of Norway's deep sea projects had issues despite the research into the site and steadfast monitoring while injecting.

Equinor Sleipner's, uh, injected CO₂ breached the cap rock within three years of operations and proceeded to enter a higher horizontal layer that wasn't predicted in the geologic model. And to this day, the horizontal extent of the spume remains unknown. Equinor is crowdsourcing for further analysis because the model requires multiple repeated seismic runs, which is financially draining.

The Equinor Ptoeroe Total Energies Snohvit CCS geologic model estimate the formation's capacity to withstand injection for eighteen years starting in two thousand and eight. And after eighteen months of operations, the storage pressure rose to the point of geologic failure. After multiple redrill attempts over the course of eight years, uh, their final injection well was drilled in two thousand and sixteen, where they still experienced safety-related shutdowns and operational challenges.

This racked up an additional four hundred million dollars to the already one point four five billion dollar project, all this to cut Norway's annual CO2 emissions by only two percent. The first terminated CCS project was In Salah in Algeria, co-run by the [00:29:00] Algerian government, BP, and Statoil. Injection began in two thousand and three when data immediately reflected massive pressures rising high, uh, earlier than ge-- the geologic model predicted.

The overpressurization left the Earth's surface one inch before fracturing and inject-- uh, both the injection and sealing formations, allowing CO2 to migrate up into unauthorized formations. They terminated the project in two thousand and eleven, and it's unlikely the CO2 remained permanently stored in that project.

The Australian Gorgon CCS project is co-operated by Chevron, Exxon, and Shell starting in 2009. They ignored the Australian EP's desire to terminate, took \$60 million from taxpayers, and after 10 years of technical delays, the, they bu- the project actually began injecting CO2 in 2019. But the operational challenges continued.

Over-pressurization of the reservoir, corroded surface equipment, and unpredicted sanding issues at the wellbore, resulting in lower CO2 capture rates and underperformance. Original project costs were expected to be \$2.5 billion. These, these issues led the cost to rise to \$37 billion in 2009, and \$52 billion in 2012.

It [00:30:00] is significant that the major oil companies Chevron, Shell, Exxon, BP, Statoil, and Equinor continue to experience expensive and impactful operational challenges despite the amount of geologic modeling they believe they put into each project, resulting in capture rates dramatically less than predicted and millions of dollars wasted.

So how can Texans trust any company to safely, effectively, and efficiently employ CCS projec- uh, as a, CCS as a climate strategy if these major global oil and gas leaders cannot? Thank you for your time.

Thank you for doing that. Um, that wraps up our public participation. I, I know you could do a commercial, a three-minute commercial in 30 seconds. That's She spoke fast. She did good. She got it all in. And gave a lot of information. Uh, okay. Uh, item number 427, executive session, uh, which we will not be going in today.

Is there any duly, other duly posted matters to come before the commission?
Hearing none, the [00:31:00] meeting of the Railroad Commission is adjourned.
We'll see you guys in June. Thank [00:32:00] you.