

H.L. Brown Operating, L.L.C.
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Chairman's Office
Railroad Commission of Texas

October 12, 2023

Commissioner Christi Craddick
Texas Railroad Commission
P.O. Box 12967
Austin, Texas 78711-2967

Re: Proposed Modifications
Statewide Rule 8 (16 TAC, Chapters 3 & 4)

Dear Commissioner Craddick,

First and foremost, H.L. Brown Operating would like to thank you for your many years of service as Texas Railroad Commissioner and applaud your efforts as an industry champion and staunch supporter of the State in opposition to a difficult Federal regulatory environment. The main purpose of this letter is for H.L. Brown to express concern over the proposed changes to Statewide Rule 8 (16 TAC, Chapters 3 & 4).

As you are aware, Statewide Rule 8 (16 TAC, Chapter 3) governs the use of temporary surface pits associated with drilling, completions, and workover operations and the protection of surface ground waters. Under this long-standing rule, thousands of wells have been drilled in West Texas without any incidence or indication of contamination of surface ground waters from the utilization of these shallow surface pits. These temporary pits are normally in use only 15-30 days for vertical wells and hold less than 25,000 barrels of fluid. Upon completion of operations, these pits are immediately emptied and buried in less than one year. This represents an extremely low risk operation with respect to ground water contamination.

The proposed changes to Statewide Rule 8 (16 TAC, Chapter 4) would change the status of these shallow, temporary pits and treat them as if they were permanent underground storage facilities. These modifications are terribly similar to the rules in place in New Mexico for surface pits. If implemented, these modifications would require the utilization of closed loop drilling systems for all wells in Texas, which would greatly impact the economics and cashflow of the small independent operator. Utilization of closed loop drilling systems are estimated to increase drilling and completion cost of a shallow vertical well (6,000') by approximately \$250,000. This type of cost increase would render a substantial portion of most small operators drilling inventory uneconomic. In a time when the large independents and majors are reducing drilling operations, the State needs the small independent operators to help bridge the supply/demand gap. These proposed changes work in opposition to these efforts.

In conjunction to the added cost, the closed loop system also increases the safety risk and carbon footprint of drilling operations. These systems require increased truck traffic to dispose of cuttings. Additional truck traffic adds to the wear and tear on county and state roads, increases the risks to everyday commuters, and adds to the noise, diesel, and dust pollution.

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H.L. Brown Operating does not see an economic or environmental need to modify Statewide Rule 8 (Chapters 3 & 4) and greatly appreciates you taking the time to consider our opposition to the proposed changes.

Should you have any questions, please do not hesitate to contact me either by phone or email at the contact information listed below.

Sincerely,



Peter Courtney

President

H.L. Brown Operating

432-683-3727 – office

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