

Kellie Martinec

From: Schall, Mollie <[REDACTED]>
Sent: Monday, September 29, 2014 2:59 PM
To: Leslie Savage; rulescoordinator
Subject: Apache Corporation/Newfield Exploration comments on Admin. Code §§3.9 and 3.46
Attachments: 20140929144248959 (2).pdf

Dear Ms. Savage,

Please find the attached comments regarding Admin. Code §§3.9 and 3.46. Obie O'Brien requested that I fax them to your attention, which I have done. I also took the liberty of emailing you to ensure that you received them. Please let me know if I can provide any further information.

Thanks and regards,

Mollie Schall
Apache Corporation
281-302-2824

Apache

NEWFIELD



September 24, 2014

Ms. Leslie Savage
Oil and Gas Division, Chief Geologist
Railroad Commission of Texas
1701 N Congress
Austin, Texas 78701

Re: O&G Docket No. 20-0290951; Proposed Amendments to 16 Tex. Admin. Code §§3.9 and 3.46, regarding requirements related to seismic events for disposal wells; as published in the Texas Register on August 12, 2014.

Dear Ms. Savage,

On behalf of Apache Corporation and Newfield Exploration Company, we appreciate the opportunity to review and provide comments on the proposed amendments to the referenced oil and gas rules. As two independent oil and natural gas exploration and production companies with sizeable operations in Texas, we share the Commission's desire to craft safe and efficient regulations which address public, as well as industry, concerns while ensuring the continued responsible development of oil and natural gas resources in the State.

We strongly support the efforts by the Commission to establish its authority to regulate water injection in the State and to issue guidelines or regulations to deal with the possibility, however remote, of induced seismicity. Continued management and stewardship of this resource is essential for the economic well-being of all Texans and the continued ability of the oil and gas business to operate in the State.

To follow-up on comments you have already received from oil & gas associations such as TXOGA, TIPRO, and PBPA, we would like to provide you with a bigger-picture opportunity for more effective regulation. We hope that you and the Commission will carefully consider our suggestions as you formulate the new regulations.

Our principal reservation and suggestion for improvement is that the apparent simplicity of a State-wide, one-size-fits-all regulation may not be in the best interest of either the State or the Public. The natural geologic and land-use variability that occurs across Texas results in different risk profiles in different areas. Consequently, we feel that regulatory requirements would really benefit from requiring different actions in different identifiable areas.

Historical seismicity in Texas is limited to a very small number of specific areas and any new regulation should be focused only in these areas. Consider a map showing the location of historical salt water injection volumes compared with historical seismicity in Texas. It would show two key facts.

First, the vast majority of Texas has been devoid of any seismicity since modern record-keeping began (in the 1950s or 1970s, depending upon location). Second, during the same timeframe, over very broad areas of the State, large volumes of water have been injected into the subsurface, especially associated with oil and gas water floods and saltwater disposal operations. For the most part, this significant injection activity has not coincided with meaningful seismicity that has been felt at the surface, and has not caused any known damage.

Only a small number of relatively limited geographical areas have experienced both high volume salt water injection and recent seismicity. For purposes of developing an effective regulatory regime that is proper in scope, and until there is a better understanding of seismicity issues (as outlined below), the focus should be on these limited areas.

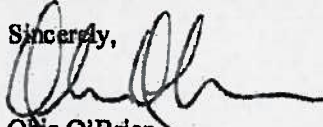
The Commission and the industry need to focus our short-term efforts on better understanding seismicity issues in these few key areas. We suggest a thorough analysis be undertaken of known cases where salt water disposal is believed to be coincident with seismicity. In these key areas no individual operator should be required to shoulder the burden of the necessary technical work for a credible comprehensive evaluation, or be required to collect potentially confidential business data from other injectors or operators. Instead, we urge the RRC to identify key geographical areas with both high volume salt water injection and recent seismicity and then request from the legislature appropriate funding for comprehensive integrated subsurface geological, geophysical, and fluid modeling studies by recognized institutions (UT-BEG, UTIG, Texas and national universities as might be appropriate), with input from industry, for the purpose of creating simple, analytical maps based on scientific guidance. Review by industry and academic experts and also the public would be most appropriate in order to achieve full endorsement of the study conclusions.

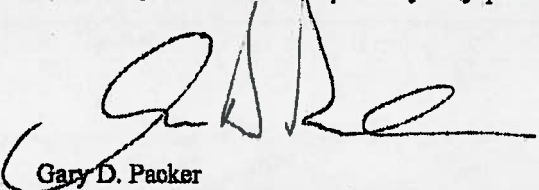
Changes in regulation may then be framed based on this developed understanding. We believe that this approach would provide technically sound regulations that would be fit-for-purpose in appropriate areas of Texas. This will result in regulation that will be more effective, and more practically implemented by industry. Focus on select priority areas would also avoid burdensome additional regulation to operators in the majority of other areas where risk is negligible.

Of secondary importance, relating to the proposed rule change amendments, we consider the current proposed language of "suspected of... causing seismic activity" is too broad and should be struck from the proposed changes until a thorough analysis is conducted. We also have technical concerns with the proposed "radius of enquiry". In addition to the Sp_{si} pressure front calculation being problematic in both execution and effectiveness, the relevance of this pressure front in this context is unclear. We recommend removing the Sp_{si}/10 year criteria from the proposed changes in regulations.

We thank you for your consideration of these comments, and offer to help in any way possible as we move forward.

Sincerely,


Obie O'Brien
Vice President, Governmental Affairs
Apache Corporation


Gary D. Paaker
Executive Vice President and Chief Operating Officer
Newfield Exploration Company