

Panhandle Producers & Royalty Owners Association

Please see attached comments from the Panhandle Producers & Royalty Owners Association.



Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087

Commissioners & Rules Coordinator,

The Panhandle Producers and Royalty Owners Association (PPROA) is grateful for the opportunity to provide comments on the proposed methane emissions regulations. We appreciate TCEQ's commitment to tailoring a Texas-specific approach that recognizes the critical role of the oil and gas industry in our state while addressing environmental concerns responsibly. Your leadership reflects an understanding that Texas knows best how to balance economic prosperity with environmental stewardship, without succumbing to burdensome federal mandates.

The methane regulations developed by the Biden administration, including the Methane Tax (Waste Emissions Charge), place disproportionate demands on operators—especially smaller, independent producers—by taxing production rather than actual emissions. These heavy-handed policies threaten to prematurely abandon and orphan wells, creating environmental and economic challenges. As these costs mount, they could stifle production, reduce state and local tax revenues, and harm communities that depend on the oil and gas sector. It could also increase the state's orphan well plugging obligation. **We encourage TCEQ to adopt a minimal compliance framework that supports continued production while awaiting potential federal relief under President Trump's administration, such as reconciliation or Congressional Review Act actions.**

Oil and gas producers have already proven their ability to reduce methane emissions through innovation and operational improvements, without unnecessary government intervention. For example, methane emissions intensity in the Permian Basin dropped nearly 85% between 2011 and 2022, even as production increased by over 400%. From 2019 to 2022, the U.S. more than halved flared volumes, while flaring intensity in the Permian Basin remained significantly lower than that in countries like Russia and Venezuela. These accomplishments highlight the industry's dedication to reducing its environmental footprint while delivering affordable and reliable energy.

Key Concerns:

1. Marginal Wells and Economic Impact: Marginal wells represent the majority of active oil and gas wells in Texas, often producing less than 10 barrels of oil per day or 250 MCF of gas per day. These wells are the backbone of many small, family-run operations that have supported local communities for generations. These wells provide essential contributions to Texas's

energy portfolio, but the costs associated with the proposed regulations could force operators to prematurely plug, abandon, or orphan these wells. This would lead to a significant loss of tax revenue, jobs, and business income for Texas communities. TCEQ should ensure that any regulatory framework accounts for the unique challenges faced by these small-scale operations.

2. Operational Flexibility: Activities such as gas well dewatering and routine unloading of liquids are vital to maintaining production. Requiring emissions containment during these operations could render many wells economically infeasible, particularly for stripper gas operators. Without operational flexibility, thousands of marginal wells could become uneconomical, leading to widespread orphaning and significant environmental risks. Plunger wells, for instance, may require tailored exemptions or alternative compliance options to remain viable.

3. Arbitrary Taxation: The transition to taxing production levels rather than actual emissions demonstrates the difficulty of measuring small-source emissions accurately. This blanket approach disproportionately burdens smaller producers who cannot absorb the additional costs. TCEQ should advocate for a more equitable system that focuses on measurable emissions reductions rather than punitive taxation.

4. Primacy and Texas Leadership: While we support TCEQ's efforts to maintain primacy over emissions regulation, the economic impacts of the proposed rules are unsustainable for small independent operators. A balanced regulatory approach that accounts for the realities of field operations is essential to protecting both the environment and Texas's economy.

PPROA has represented the producers and royalty owners of Railroad Commission District 10, the Texas Panhandle, and the state for 94 years. With over 500 members, many of whom are small operators, we provide a voice for those who cannot afford representation in Austin or Washington, D.C. Marginal wells collectively contribute significantly to Texas's energy production, tax base, and local economies.

We urge TCEQ to consider these concerns and adopt a framework that preserves operational flexibility, safeguards marginal wells, and allows the industry to continue innovating. Thank you for the opportunity to provide feedback on this important issue. Should you have any questions, please contact our Government Affairs Representative, Travis McCormick.

Sincerely,

Catherine Meck
Executive Director
Panhandle Producers & Royalty Owners Association