

## RAILROAD COMMISSION OF TEXAS

### TEMPORARY EXCEPTION TO CERTAIN FEES & SURCHARGES REQUIRED BY STATEWIDE RULE 78

Comes now, the Railroad Commission of Texas (“Commission”), and, in consideration of the unprecedented economic and operating conditions currently impacting the oil and gas industry, grants the following exceptions to certain administrative filing fee and surcharge rules. The Commission is authorized to grant exceptions to its rules. The Commission finds that the exceptions granted herein are necessary to protect against waste of the State’s natural resources. Moreover, these exceptions are in the best interest of the citizens of the State.

The Commission carefully identified the fees described herein with the intent of incentivizing the construction of additional storage facilities (e.g. storage tanks and underground storage facilities). Furthermore, the Commission finds that these fee exceptions will allow operators to timely perform the required activities and file the necessary forms, without the burden of paying administrative fees and surcharges. The exceptions to the administrative fee and surcharge rules will provide financial relief during these unprecedented economic conditions.

Inevitably, the exception to the fee requirement will impact agency revenue to a certain extent. However, the Commission has always practiced conservative fiscal policies with its finances and will continue to do so. By taking this temporary measure, the Commission can support the oil and gas industry’s recovery during this difficult time. The oil and gas industry is a vital component of our State’s economy. Ultimately, these exceptions will help all Texans.

No operator shall construe any of these exceptions as exceptions to a rule regulating public safety, health, or the prevention of pollution. Furthermore, any exception not expressly described herein is hereby denied.

The Commission hereby grants an exception to 16 Texas Administrative Code § 3.78 for the following fees:

- The fee required to be filed with a Form P-17 (Application for Permit Exception to Statewide Rules 26 and/or 27). *See* 16 Tex. Admin. Code § 3.78(b)(4).
- The fee required to be filed with a Form W-14 (Application to Dispose Oil & Gas Waste by Injection into a Porous Formation Not Productive of Oil or Gas). *See* 16 Tex. Admin. Code § 3.78(b)(6).
- The fee required to be filed with a Form H-1 (Application to Inject Fluid into a Reservoir Productive of Oil & Gas). *See* 16 Tex. Admin. Code § 3.78(b)(7)
- The fee required to be filed with a Form H-4 (Application to Create, Operate and Maintain an Underground Hydrocarbon Storage Facility). *See* 16 Tex. Admin. Code § 3.78(b)(7).
- The fee required to be filed with an application for exception to the surface equipment removal requirements, Form W-3C (Certification of Surface Equipment Removal for an Inactive Well). *See* 16 Tex. Admin. Code § 3.78(b)(4).

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In addition to the above-identified fees, the Commission hereby grants an exception to 16 Texas Administrative Code § 3.78(n). The filing fees identified above are hereby excepted from any imposition of a surcharge.

Wherefore, considering the Commission's grant of exception to the administrative rules requiring certain filing fees and surcharges, any person submitting one of the forms identified in this document may submit said form without paying the associated filing fee and surcharge. If a form is submitted with the filing fee and surcharge, the Commission will not refund or reimburse the payment.

The Commission's grant of these exceptions is intended to be temporary. They are subject to extension or modification as necessitated by the economic conditions and/ or as the Commission determines is required to prevent waste. These exceptions shall be effective as of the date of the open meeting, May 5, 2020, and shall remain in effect until December 31, 2020.

Signed on May 5, 2020.

**RAILROAD COMMISSION OF TEXAS**

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**CHAIRMAN WAYNE CHRISTIAN**

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**COMMISSIONER CHRISTI CRADDICK**

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**COMMISSIONER RYAN SITTON**

**ATTEST:**

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## **RAILROAD COMMISSION OF TEXAS**

### **TEMPORARY EXCEPTION TO STATEWIDE RULE 95**

Comes now, the Railroad Commission of Texas (“Commission”), and, in consideration of the unprecedented economic conditions currently impacting the oil and gas industry and shortage of unfilled crude oil storage capacity, grants the following exception to its administrative rules regarding the underground storage of liquid hydrocarbons. The Commission is authorized to grant exceptions to its rules. The Commission finds that the exceptions granted herein are necessary to protect against waste of the State’s natural resources.

No operator shall construe these exceptions as exceptions to a rule regulating public safety, health, or the prevention of pollution. Furthermore, any exception not expressly described herein is hereby denied.

The Commission hereby grants an exception to 16 Texas Administrative Code § 3.95. As of the effective date of this document, an applicant for a permit to store crude oil underground may submit an application for an underground hydrocarbon storage facility located in a geological formation other than an underground salt formation. The application must otherwise comply with the requirements of 16 Texas Administrative Code § 3.95 and Texas Natural Resources Code § 91.201 – 91.207.

The Commission notes that it will continue to accept applications for storage facilities located in underground salt formations during the duration of this exception.

An applicant for an underground hydrocarbon storage facility located in a geological formation other than an underground salt formation shall be required to demonstrate that the proposed storage facility will be created, operated, and maintained in a manner that will prevent waste of stored crude oil, uncontrolled escape of crude oil, pollution of subsurface water, and danger to life or property. *See* 16 Tex. Admin. Code § 3.95(d)(1); *see also* Tex. Nat. Res. Code § 91.202. An application to store crude oil in a formation other than an underground salt formation will need to demonstrate that the formation is confined so as to prevent the waste or uncontrolled escape of crude oil.

In addition to the exception described above, the Commission hereby grants an exception of the hearing requirement, detailed in 16 Texas Administrative Code § 3.95(e)(4), for all applications for underground crude oil storage facilities. This exception is not limited to only those applications for storage in an underground crude oil storage facility located in a geological formation other than underground salt formations. An application for an underground crude oil storage facility will be reviewed by Staff. If Staff administratively approves the application for an underground crude oil storage facility, the application and draft permit will be submitted to the Commissioners for approval on the consent agenda at an open meeting. The applicant is still entitled to a hearing if Staff does not administratively approve the application. A hearing will still be required if the application is protested.

The Commission’s grant of these exceptions is intended to be temporary. They are subject to extension or modification as necessitated by the State’s economic conditions and/ or as the Commission determines is required to prevent waste. This exception shall be effective as of the date of the open meeting, May 5, 2020, and shall remain in effect for one (1) year after the May 5, 2020

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effective date, unless this exception is earlier terminated or continued by subsequent Commission action. Moreover, any crude oil stored in a hydrocarbon storage facility located in a geological formation other than an underground salt formation must be removed from the storage facility no later than five (5) years after the May 5, 2020 effective date, unless this exception is earlier terminated or continued by subsequent Commission action.

Signed on May 5, 2020.

**RAILROAD COMMISSION OF TEXAS**

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**CHAIRMAN WAYNE CHRISTIAN**

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**COMMISSIONER CHRISTI CRADDICK**

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**COMMISSIONER RYAN SITTON**

**ATTEST:**

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