



# TEXAS LAND & MINERAL OWNERS ASSOCIATION

## OFFICIAL NEWSLETTER

Volume 18, Number 2

2nd Quarter 2018

### PROPOSED ELIMINATION OF ANNUAL WELL TEST FOR OIL WELLS

The Railroad Commission of Texas (RRC) proposed an amendment to current rules that would eliminate the annual well-test for oil wells that is reported on the W-10 Oil Well Status form except under certain circumstances. It would not, however, eliminate the filing of the W-10. This proposed rule change would benefit industry at the expense of the royalty owners and landowners in Texas.

Listed below are the ways the proposed rule change would impact our members:

- Removes the only source of individual well production capability data and water production for royalty owners.
- Leases negotiated prior to the proposed rule change rely on the annual well testing data. Without the ability to determine a well is producing, you may never know the lease has expired and you now have an opportunity to renegotiate. Your ability to get acreage released and to negotiate a new lease would be hindered if the RRC no longer requires well tests and the related publicly available test data.
- Eliminates the primary tool used to determine the location of inactive and unplugged wells, which will lead to more harm done to the surface and aquifers.
- Decreases transparency from a government agency, by eliminating data that has been provided by industry for over 40 years.
- Reliance on industry to submit information that does not benefit themselves, but the landowner.

TLMA filed comments and suggested our members do so as well through our email alerts. In total, over 43 people submitted comments opposed to this rule.

At the June 19 Open Meeting, Chairman Craddick formally withdrew the rule proposal. In her comments, she mentioned that while the RRC may not use the information, it was very clear that the public and industry still do.

The RRC will likely be proposing other rules as a result of laws passed during the 2017 Legislative Session. While we do not believe any will directly impact our members, we will monitor closely and provide updates as necessary.

Thank you for all of your efforts! They do make an impact.

*If you do not receive email alerts, but would like to please contact the TLMA office.*

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## **UPDATE ON COURT CASES OF INTEREST**

### ***Burlington v. Texas Crude (Case No. 17-0266)***

The Supreme Court has decided to hear the *Burlington v. Texas Crude* case on post-production costs, which is the first case on this issue since *Chesapeake v. Hyder*. The *Burlington v. Texas Crude* case deals with the issue of post-production costs in an overriding royalty interest situation.

TLMA and NARO-TX jointly filed a brief in this case asking the Supreme Court to deny the petition and allow the decision made by the Court of Appeals to stand.

Oral arguments have been set for October 9, 2018.

### ***Murphy v. Adams (Case No. 16-0505)***

The Supreme Court issued an opinion and dissenting opinion in the *Murphy v. Herbst* offset well case. The case was decided 5-4 in Murphy's favor. The opinion stated that the lease was ambiguous to the location of the offset well because it didn't contain a "proximity requirement" and that they "do not read into the lease more stringent obligations than the parties intend." The dissent stated that the lease required Murphy to drill an offset well "reasonably located" to protect against drainage.

As mentioned in a previous news post, TLMA's brief asked the Court to uphold the Court of Appeals and recognize the definition of and purpose of an offset well. In its brief, TLMA asserts that an offset well, by its commonly understood definition, is meant to protect against drainage. A company cannot simply drill a well anywhere on the lease and call it an offset well; it must show evidence that the well is actually offsetting drainage by the neighboring well.

TLMA filed a brief in this case.

### ***XOG v. Chesapeake (Case No. 15-0935) and Endeavor v. Discovery (Case No. 15-0155)***

In these two cases on retained acreage clauses, the Supreme Court confirmed the Court of Appeals' decision and ruled in favor of the contracts and limitations in the cases. The two cases were argued together, and the determination to be made by the Court was whether acreage assignments were assigned by the operator or RRC field rules. The outcome of these cases are a positive for TLMA members.

TLMA did not file an amicus brief in either of these cases.

You can view TLMA's briefs on each case under "Recent News" at [www.tlma.org](http://www.tlma.org) and the opinions and dissents can be found on the Texas Supreme Court website using the case number listed by each case.

## UPCOMING DATES OF INTEREST

August 21, 2018—RRC Open Meeting

September 18, 2018—RRC Open Meeting

September 7, 2018—Final day to increase membership to receive invite to reception before Statewide Member's Meeting

October 10, 2018—TLMA Reception

October 11, 2018—TLMA Statewide Member's Meeting

\*\*All RRC meetings can be viewed online at [rrc.texas.gov](http://rrc.texas.gov).

**Do you have a well that's missing a sign required by the RRC that the operator will not replace? Contact the RRC to report any missing signs!**

## SOUTH TEXAS TOUR WITH RAILROAD COMMISSIONER WAYNE CHRISTIAN

In late May, TLMA was honored to host Railroad Commissioner, Wayne Christian (who previously served on the House Energy Resources Committee during his time in the Legislature), and his chief of staff, Travis McCormick, for a tour of a south Texas ranch. The purpose of the trip was to show them the issues that our members face and why the decisions the RRC makes are so important. While we didn't get to see everything we originally hoped due to the rain that came the day before, we still feel it was a very successful trip!

They were able to see wells that had been abandoned, wells that had been plugged, negligent operations by various operators, roads that are and are not operated by the operator.

TLMA is grateful that Commissioner Christian and Travis took the time to come visit with us and look forward to continuing working together to encourage the development of oil and gas, while protecting surface and royalty owners rights.

*Pictured on the far right is Commissioner Christian with Trey Scott and Calvin New.*



## UPDATE FROM THE EXECUTIVE DIRECTOR

TLMA members—

I hope you are all having a wonderful start to summer!

We've been busy here in Austin—filing comments on rulemakings, following judicial cases and opinions, and ramping up for legislative session with interim hearings.

Please don't forget to register for the TLMA Statewide Member's Meeting as early as possible. As mentioned later in the newsletter, there are some very exciting speakers and topics that are joining us this year. I hope that we will get close to selling out the Pearl Stable! Don't forget you can bring a friend or two!

It's hard to believe that in 6 short months we will be back in legislative session! The TLMA Board will soon be discussing legislative priorities, so if there is something that you believe needs to be fixed through legislation, please send me an email or give me a call. I can't promise we will take on the issue, but it is important for me to know the issues impacting our members.

As always, please do not hesitate to reach out to me if you there is something that I can help you with, something you think I should be aware of, or if you're in Austin and would like to stop by and meet me!

Jennifer



## RAILROAD COMMISSION DRILLING, COMPLETION & PLUGGING STATISTICS MAY 2018

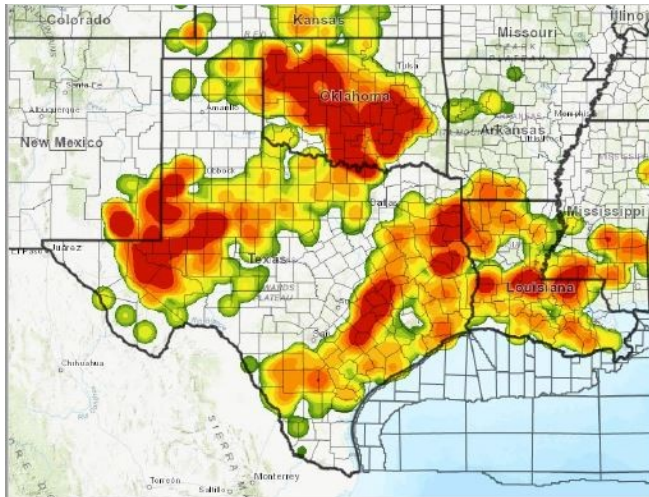
	May 2018	January— May 2018	January—May 2017
<b>Total Completions</b>	936	4,450	3,223
<b>Total Holes Plugged</b>	680	3,813	6,555
<b>Original Permits Issued</b>	1,243	5,947	5,187
<b>New Drill</b>	1,118	5,232	4,518
<b>Re-enter</b>	13	67	68
<b>Re-complete</b>	112	648	601
<b>Other</b>	0	0	0

	May 2018	January— May 2018	January—May 2017
<b>Permitted Well Types</b>	1,243	5,947	5,187
<b>Oil</b>	278	1,494	1,298
<b>Gas</b>	77	379	258
<b>Oil and Gas</b>	801	3,653	3,335
<b>Injection</b>	72	364	212
<b>Service</b>	0	5	5
<b>Other</b>	15	52	79

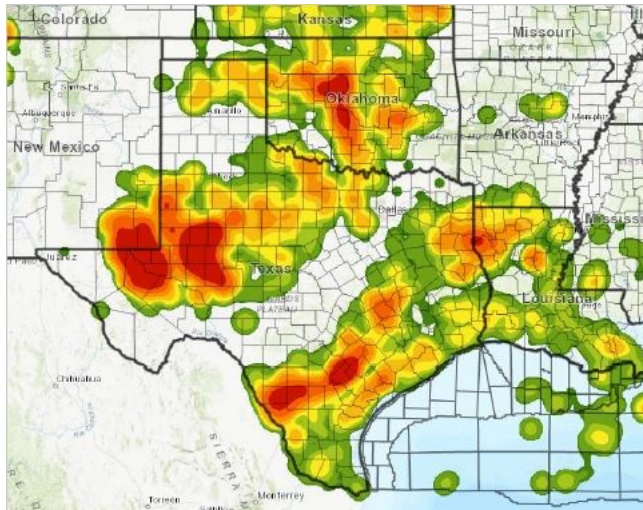
More information can be found on the Railroad Commission website [www.rrc.texas.gov](http://www.rrc.texas.gov) and searching for "Drilling and Completion Statistics"



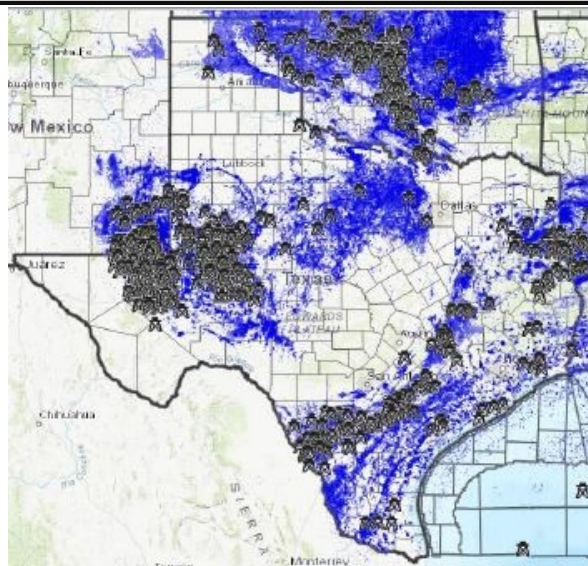
## HEAT MAP OF LEASE ACTIVITY IN THE LAST 180 DAYS



## HEAT MAP OF PERMIT ACTIVITY IN THE LAST 180 DAYS



## RIGS AND PRODUCTION ACTIVITY IN TEXAS



## 2018 STATEWIDE MEMBER'S MEETING UPDATE

We are excited to announce that Anne Idsal, Regional Administrator for EPA Region 6, will be joining us as a speaker for the 2018 meeting!

The complete line up of speakers and topics will be released via email in the coming weeks and in the 3rd Quarter TLMA newsletter.

Registration is **OPEN** for the 2018 Statewide Member's Meeting. The price will increase on October 1, 2018. You can register on the TLMA website or you can fill out the enclosed registration form and mail to the TLMA office: 1005 Congress Ave., Ste. 360, Austin, TX 78701. We invite you to bring guests! If they would like to register online, but are not currently members, they will have to join TLMA first. If they mail in the application, please make sure they mail in the correct amount.



We are still seeking sponsors and exhibitors! All sponsors will receive complimentary registrations, recognition in printed materials, verbal recognition the day of the event, and recognition on the TLMA website. If you or someone you know is interested in sponsoring or exhibiting at the event, please email [info@tlma.org](mailto:info@tlma.org) for a sponsorship or exhibitor form. Exhibitor spaces are limited!

There are still rooms available in the room block at the Wyndham Garden River Walk—Museum Reach. Rooms are reserved for Wednesday, October 10 and Thursday, October 11. **You must book your hotel room by September 19 and reference the TLMA Members Meeting** in order to receive the discounted room rates!

**DON'T FORGET TO INCREASE YOUR MEMBERSHIP TO ATTEND THE RECEPTION ON WEDNESDAY, OCTOBER 10 AT THE SAN ANTONIO COUNTRY CLUB.**

You have until September 7, 2018 to increase your membership level and can do so by contacting the TLMA office.



**TEXAS LAND & MINERAL OWNERS ASSOCIATION  
STATEWIDE MEMBERS MEETING  
OCTOBER 11, 2018  
PEARL STABLE — SAN ANTONIO, TEXAS**

The Texas Land & Mineral Owners Association will return to the Pearl Stable in San Antonio for our Statewide Members Meeting this fall. It will be a day full of information that you don't want to miss!

The meeting is an all-day event featuring outstanding speakers who will present information on a variety of topics affecting your land and mineral interests. You will have the opportunity to meet fellow TLMA members, connect with old friends, and share stories over a biscuits and gravy breakfast and fajita lunch. In addition, attendees can visit with select exhibitors who offer products or services related to your land and mineral ownership.

**Sponsor & Exhibitor Information**

If you would like to be a sponsor of or exhibitor at the TLMA Statewide Members Meeting, please contact TLMA at (512) 479-5000 or [info@tlma.org](mailto:info@tlma.org). We appreciate your support and participation!

**Registration Information**

Register for the TLMA Statewide Members Meeting by mailing this form with your check to TLMA. To pay by credit card, please call TLMA at (512) 479-5000 or register online by visiting the Statewide Members Meeting tab at [www.tlma.org](http://www.tlma.org).

The registration cost listed for non-member registrants includes a TLMA membership at the Individual level.

**Early Registration:**

Individual Member      \$75  
Non-Member              \$140

**Registration after Oct. 1:**

Individual Member      \$85  
Non-Member              \$150

**2018 TLMA Statewide Members Meeting Registration**

Name(s) \_\_\_\_\_

Organization/Ranch Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone Number \_\_\_\_\_

Email Address \_\_\_\_\_



Texas Land & Mineral Owners Association  
1005 Congress Avenue, Suite 360  
Austin, TX 78701



**TLMA Membership Information Form**

☐ I would like to join TLMA    ☐ I am a member, please update my contact info

*Please return to: TLMA, 1005 Congress Ave., Suite 360, Austin, TX 78701*

Name \_\_\_\_\_

Organization/Ranch Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone Number \_\_\_\_\_

Email Address \_\_\_\_\_

Referred by \_\_\_\_\_

**Don't forget!**

If your contact information changes, be sure to update TLMA and avoid delays in receiving your newsletters, renewal notices, and other correspondence.

To change your address or any other membership information, contact Robbie Querner at (512) 479-5000, mail in this form, or log in to your membership account online at [www.tlma.org](http://www.tlma.org).

**Find more information, join TLMA, or renew your membership online at [www.tlma.org](http://www.tlma.org)**



