

Regulatory & Legislative Update

50TH ANNUAL ERNEST E. SMITH OIL, GAS AND MINERAL LAW INSTITUTE

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Topics

- Focus is Regulatory Update, specifically Railroad Commission
 - Drilling Approval -- Allocation / PSA wells, and MIPA
 - Waste Management Rulemaking
 - Emissions -- Flaring/Venting, EPA's Methane Rule
 - Alternate Energy Jurisdiction -- Geothermal, Hydrogen
 - Underground Injection -- Seismicity, CO₂, Brine Mining
- Related Legislative and Litigation Updates sprinkled in.

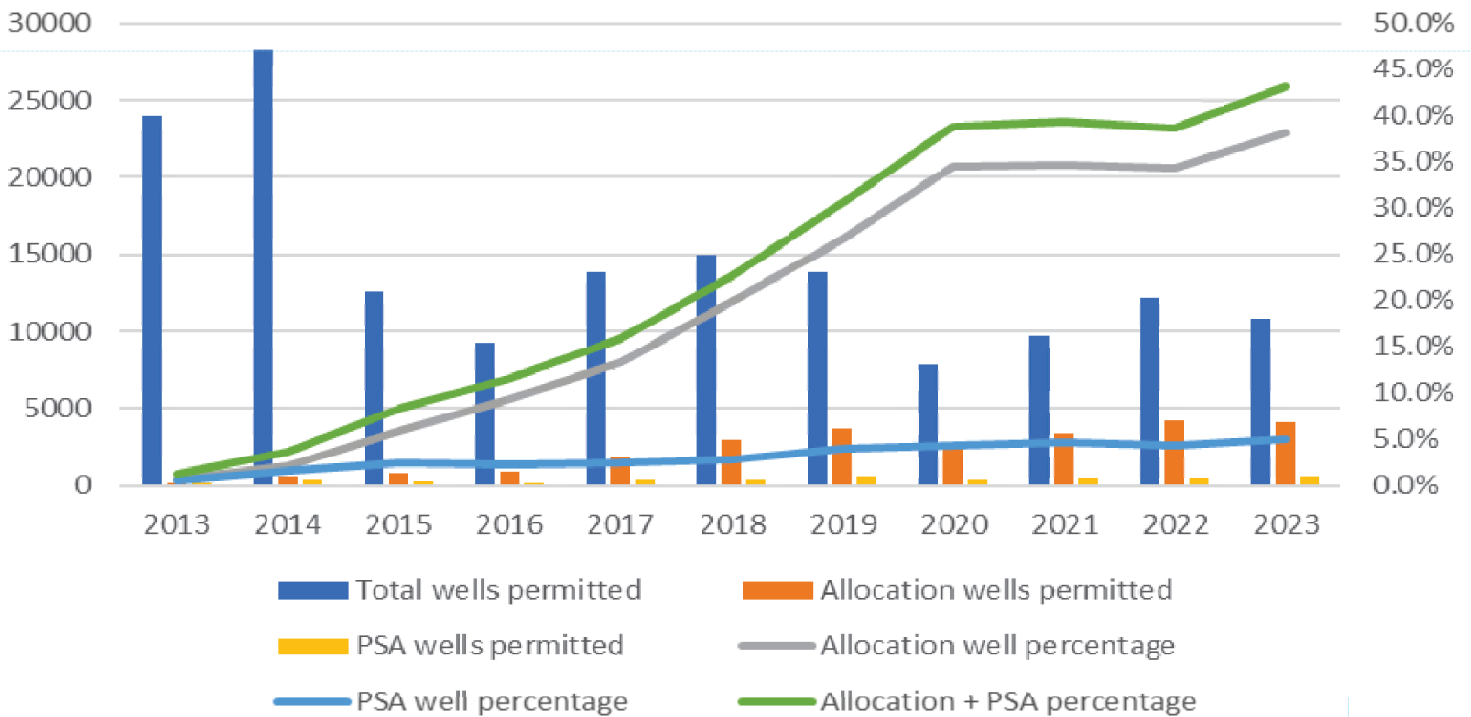
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Allocation / PSA wells Update

- The percentage of wells permitted by the Railroad Commission as either Allocation wells or PSA wells has grown from 3.7% of all wells permitted in 2014 to 43.2% in 2023.

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Allocation & PSA Wells Permitted - 2013-2023



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Allocation / PSA wells Update

- This data on allocation and PSA wells places in context the pending litigation in *R.R. Comm'n of Tex. v. Opiela*, 681 S.W.3d 397 (Tex. App.—Austin 2023, pet. filed).
- Disclosure: SDM represents the operator, Magnolia, in the *Opiela* case, along with Baker Botts, which joined for the appeal.

Allocation / PSA wells Update

- Key issues in *Opiela* –
 - Pooling, RRC Rules, 65%
- Austin Court of Appeals
 - Not pooling, remand on 65% (dissent)
- Supreme Court
 - Parties' briefing the *Opiela*'s petition for review.
- No Allocation/PSA legislation introduced last session.

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