

My name is Marshall Watson and I am the president of ACT operating company located in Lubbock TX. We have operated wells all over Texas since the early 1980s. We currently have 4 employees operating about 120 wells. In addition to being president of acct operating, I am also the chair of the petroleum engineering department of Texas Tech university. Just to be clear, my comments do not reflect the opinions of Texas Tech university nor do I represent Texas Tech university in drafting this letter. I have been a registered professional engineer in Texas since the early 1990s and have it worked all over the world since 1981 in the oil and gas business. I have been in charge of both drilling and production as well as reservoir and geological engineering.

My comments will address sections 4.111 through 4.114 concerning the regulation of temporary pits. Industry and regulators alike recognize the many advances in the oil and gas industry from horizontal drilling to water recycling. These advances are terrific for the consumers of oil and gas, as well as the Texas economy and state revenue. But clearly, regulations needed to be properly updated to keep up with these advances, especially concerning commercial water recycling and waste disposal. Through the Rule 8 updating process, it is evident that the Railroad Commission researched, evaluated, and recognized the differences between temporary pits (i.e., drilling reserve, completion, and workover) and permanent commercial pits. The distinction is important since temporary pits and permanent pits have very different risk profiles environmentally, as evidenced by historical data. I believe that the delineation of pit types into Schedule A and Schedule B pits properly accounts for those differences and is an intelligent, effective way to regulate them.

Concerning Schedule A authorized pits, the specifications for pit contents, construction, depth to groundwater, and closure will allow the operators to utilize local experience, industry standards and flexibility to accomplish the common goal of good environmental stewardship while complying with the RRC's regulations. Timeframes specified in the new Rule 8 for dewatering, backfilling and compacting are reasonable and will be effective. Registration of the pits will ensure that the timeframes will be met.

For these reasons I wish to commend the commissioners, the directors and staff on their work to develop a commonsense regulatory framework concerning Schedule A & B pits. I am very glad to see that Texas will not follow the poorly crafted pit rule of our neighbor to the west, whose overregulation has led to smaller independents producing only 9% of their state's daily oil production without any real additional protection of the environment. I believed that Texans were smarter than that and clearly the RRC of Texas and its leadership has proven that to be the case with the new Rule 8.

Thank you for the opportunity to offer these comments.

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