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October 7, 2022

Rules Coordinator
Railroad Commission of Texas
Office of General Counsel
P.O. Drawer 12967
Austin, Texas 78711-2967

Re: Proposed Amendments to §3.65, relating to Critical Designation of Natural Gas Infrastructure

Mr. Chairman and Commissioners:

Occidental (Oxy) appreciates the opportunity to submit comments on the Railroad Commission of Texas's (Commission) proposed amendments to 16 Texas Administrative Code (TAC) §3.65, related to Critical Designation of Natural Gas Infrastructure.

Oxy is an international energy company and one of the largest oil and gas producers in the U.S., including one of the largest acreage holders and a leading producer in the Permian holding both conventional and unconventional acreage. The key elements of Oxy's onshore strategy are to leverage our subsurface technical skills, unconventional shale development expertise and carbon dioxide (CO₂) enhanced oil recovery (EOR) position and capabilities. With decades of experience in large-scale CO₂ transportation, use and storage for EOR, Oxy is applying carbon management expertise to advance low-carbon initiatives that will sustainably enhance Oxy's business. Oxy is focused on decreasing the total carbon footprint and assisting others achieve the same goal.

Oxy supports the Commission's efforts to update the rule to address concerns expressed by industry and greatly appreciates the work undertaken by Commission staff to prepare this rule amendment. Oxy recognizes the importance of designating certain facilities as critical gas suppliers during energy emergencies and offers the following comment to improve the exception process to align with Senate Bill 3 and the intent of the rule.

Oxy requests the following edit within subsection (e)(1) of the proposed amendment to rule §3.65. Oxy requests this edit because certain of its EOR leases are designated as critical under the proposed amendment to rule §3.65 and are included on the electricity supply chain map created under Texas Utilities Code §38.203. As written, the proposed rule does not allow operators such as Oxy to request a critical designation exception for their facilities that are included on the electricity supply chain map. Utilizing a new Commission precedent determined during CI-X hearings, these EOR leases are net power consumers and should have the ability to request an exception. In addition, there are implications for other Texas agencies' regulations when an oil or gas lease is designated as critical that would prevent operators from participating in other programs that benefit electric power customers (i.e., ERCOT Demand Response programs). Oxy's proposed edit is:

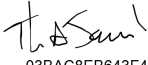
“(e)(1) A facility listed in subsection (b) of this section ~~that is not included on the electricity supply chain map produced by the Texas Electricity Supply Chain Security and Mapping Committee~~ may apply for an exception.”

Oxy does not believe it was the Commission's intent to exclude EOR leases from the process that would allow the facilities associated therewith to petition for an exception to a critical infrastructure designation. This modification ensures the rule is solely focused on critical facilities rather than on EOR leases which typically extend the life of aging assets and prevent waste of our state's natural resources.



Oxy looks forward to continued engagement with the Commission on the proposed amendments to rule §3.65.

Sincerely,

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Thomas Janiszewski

Vice President – Land, Regulatory, Government Relations and Corporate Affairs