OFFICIAL COMMENTS

TO: Chair Todd Hiett, Oklahoma Corporation Commission
    Vice Chair Bob Anthony, Oklahoma Corporation Commission
    Commissioner Dana Murphy, Oklahoma Corporation Commission

CC: Robyn Strickland, Director of Oil & Gas Conservation Division; Susan Conrad, Deputy General Counsel

FROM: David D. Le Norman, Chairman, The Petroleum Alliance of Oklahoma

DATE: May 8, 2020

SUBJECT: Cause RM No. 202000986
        LPD Energy Application for an Order seeking to Prevent Waste

The Petroleum Alliance of Oklahoma ("The Alliance") represents thousands of individuals from 1,300 companies of every size, including oil and natural gas producers, operators, purchasers, pipelines, transporters, processors, refineries and service companies. Created by the merger of the Oklahoma Independent Petroleum Association (OIPA) and the Oklahoma Oil & Gas Association (OKOGA), The Alliance represents all sectors of Oklahoma's oil and natural gas industry and is dedicated to the advancement and improvement of the industry within the State of Oklahoma and the United States. The Alliance advocates the development of an environment that enables the oil and natural gas industry and related businesses to grow and prosper through the responsible development of Oklahoma's natural resources. Our members are responsible for 84 percent of all crude oil and 75 percent of all natural gas produced in Oklahoma.

The Alliance believes that the Emergency Order requested by LPD Energy Company LLC to prevent waste under 52 O.S. §271 ET SEQ and approved on April 22nd offers little if any help to operators in Oklahoma above the “prudent operator” standard set out in 52 O.S. §902. The emergency order does set up a paradigm to potentially question every action and cost on every well in the state. Absent a definition for “economic waste” the burden of proof for defending an operator’s decision to produce or to not produce will be more difficult and subject to litigation.

While the emergency order notes the dramatic drop in price of oil and corresponding revenue decline to operators it should also be noted that the free market already is addressing U.S. crude oil oversupply more quickly and efficiently than can any government entity. A significant portion of Oklahoma’s production already is being shut in.

The Alliance requests that the Commission reject the application thereby terminating the emergency order.