



## Candidate Questionnaire

Your participation will help ensure Texas voters are well informed when they cast their ballots in the General Election on Tuesday, November 2<sup>nd</sup>.

### Answers from Jeff Weems

#### What are your top three priorities if elected to the RRC?

1. To fight for better pay for the workers, and more field inspectors, at the Railroad Commission. And I don't want this to be passed off as empty rhetoric. In tough budget cycles, the folks who will get cut the least are the ones who are most strident about the importance of their work and let the legislators know how important adequate funding truly is.
2. To begin a systematic review of the rules in place to be sure that they take into account modern drilling and production practices, and the recent innovations in practices and techniques, to allow for continued development of shales and the like – especially in areas of fragmented mineral ownership. This requires a simultaneous review of the current rulemaking process to be sure it is fair and forward-looking.
3. To take the steps necessary to have the Railroad Commission accept its responsibility for monitoring gaseous hydrocarbon emissions from facilities controlled by the Railroad Commission. If we wait any longer, we indeed will have the EPA dictating facility structures, equipment, and maybe even operational approaches – and that is the last thing we want or need.

#### In your opinion, what are the three biggest challenges facing the RRC? What would you do, if elected, to address these issues?

1. The public has lost faith in the Railroad Commissioners. I would work to restore this faith by holding many more public meetings and allow input from all the stakeholders. Education is the key. At the same time, I would work to achieve legislation that would codify my pledge that Railroad Commissioners (1) not be allowed to accept campaign contributions until 9 months before the primary and (2) prohibit a sitting Railroad Commissioner from running for another office unless he or she resigns the seat on the Commission.
2. On a subject related to one of my earlier answers, there are a myriad of rules and regulations that need to be revised to factor in 21<sup>st</sup> Century drilling techniques and realities, such as mile-long laterals in urban environments. Rule 86 is not sufficient as it is currently written. We must prevent waste by allowing the untapped reserves in the shales to be extracted, while simultaneously protecting the correlative rights of all affected parties. As an attorney who specializes in oil and gas law, I look forward to sitting down with the staff and working through these provisions.
3. The Railroad Commission must keep its good employees and attract new ones. Since there is no way the Commission can pay anything near what private industry pays workers of the same grade and type, the Commissioners need to go to bat for the workers there and fight to retain as much of the budget as possible. It is an obvious theme throughout all of these answers – as a commissioner, I would get in front of the legislature and press for the workers and the programs at the Commission.



**In your opinion, what are the three biggest challenges facing the oil and natural gas industry in Texas? What would you do, if elected, to address these challenges?**

1. The biggest challenge is education. The lack of education of the public in general about the benefits of a strong, safe and sound energy industry has led to some demagoguery among those who think (wrongly) that we can run our economy on wind power. I am a fan of alternative energy, but oil and gas will drive our economic engine for decades to come. If elected, I intend to start a series of town hall and other educational and “complaint-driven” meetings so that the general public can learn more about the benefits of a strong oil and gas industry, while giving those with complaints an equal chance to express their concerns in an environment where they will not be castigated for expressing their views. An unintended benefit in listening to those who may disagree with you is added attention to, and refinement of, policy matters.
2. The demand for energy is poised to skyrocket over the next decades. We have to assure the public that the industry is doing all it can to provide the energy needs for Texas and America while protecting our water and surface resources. Most players in the energy industry go above and beyond what is needed to provide for our energy needs while taking care to return the land to its original state (if not better). This will remain a constant battle in the eyes of the public, and if elected I will make certain that the public knows that the Railroad Commission is pushing both areas – promoting full and efficient extraction of our minerals while watching operations and facilities like a hawk to be certain that the health, safety and welfare of Texas and Texans are being protected.
3. The oil and gas industry is being lambasted in some quarters of our nation’s capital. One of the biggest challenges to the industry is to be certain that it has a seat at the table to explain and advocate for its position and the benefits it brings to Texas and the nation. If elected, I will provide Texas with a rare and vital piece of the advocacy puzzle – a Democrat who is a tireless advocate for the benefits and advantages of a strong and vital energy industry. Who best to fight against the Frac Act and other ill-reasoned legislation and stress that such regulation is best left to the states? Although no promises have been made that the current leadership in Washington will listen to me, I stand a better chance of opening doors and spreading the word of sensible, reliable energy development through oil and gas production than does anyone from the other side of the aisle.

**What qualifies you for the role of RRC? What makes you the best person for the RRC seat?**

I am the third generation of my family to devote his life to the oil and gas industry. My father’s dad was a tool pusher for E.J. Gracey and then Phillips (when it had its own rigs) and my mother’s father was a field superintendant for Sun Oil in South Texas. My father was a mud man for over 50 years. I began throwing sacks of barite 35 years ago, and have worked in the industry ever since. I worked offshore to pay for college, worked as a mud man, then became a landman after I graduated from Texas with high honors in Petroleum Land Management. I started with Shell then became an independent landman. After the collapse of the oil and gas industry in the mid-1980’s, I went to UT Law School, graduated with honors and was on the Texas Law review. Upon graduation, I started with the firm of Liddell, Sapp, Zivley, Hill & LaBoon, practicing energy litigation. I made partner there, then left to join my current firm of Harrison, Bettis, Staff, McFarland & Weems, where I continue to practice energy litigation and serve



as the administrative partner. I was named a Texas Monthly Super Lawyer in 2007 in Energy Law. My son is a petroleum engineer – the oil and gas business is what we do in my family.

The wealth of experience I have earned makes me the best person for the Railroad Commission. Although accounting experience is nice, it has no relevancy to the job of Commissioner. As administrative partner, I have had to meet a substantial payroll twice a month for years. As a business owner, I realize the importance of managing costs, but at the same time recognize the value added in long-term investments. As someone with a level of expertise in oil and gas law, I will need little if any “up to speed” time once elected. Also, as a litigation attorney, I am practiced at the art of reaching compromise and consensus in order to achieve worthwhile goals.

**Aside from the residential issues, what do you believe are the biggest challenges in the Barnett Shale? What do you believe to be the best approach to help companies drill in the urban environments?**

1. The handling and hauling of water, which is something of a residential issue, must be addressed. Most counties have different standards for handling produced water, so standardization is important.
2. We have to once and for all determine the best, most efficient way to deal with the conflict between and among Rule 37, Rule 86 and the Mineral Interest Pooling Act. Companies currently engage in a protracted and expensive struggle in order to get approval to drill in urban environments with fractional mineral interests where an exception is needed. Sometimes, they get tossed from a Rule 37 exception action into a MIPA action – costing thousands of dollars and needlessly delaying the process. This process promotes waste by making it difficult, if not impossible, for operators to economically extract minerals as desired by what is usually the vast majority of mineral interest owners. I will push for a consolidation of these rules and the statute (or a consolidation of the procedures to seek relief under one or more of them) in order to promote efficiency.
3. As rulemaking continues regarding rules and regulations dealing with drilling in the Barnett Shale, we must be certain to allow for the rules to recognize technological innovations (non-perforated zones, directional perforations, and the like) that will allow the operator and the commission to respect the correlative rights of non-participating mineral interest owners while providing participating interest owners the ability to enjoy the benefits of production of their minerals.

**Do you support or oppose taxes on traditional energy sources to promote alternative energy sources?**

I oppose this in concept and practice. If an (alternative) technology cannot stand on its own, then its time has not yet come. I would support tax breaks for alternative energy similar to those enjoyed by the oil and gas industry (depletion/accelerated depreciation allowances and the ability to treat certain development costs as expenses) because a lower-tax environment is best for business. I do note that for the large part, there is nothing that a Railroad Commissioner can do on this front as it is outside any legislative grant of power to the Railroad Commission.

**What would you do to increase oil & gas production for onshore & offshore exploration in Texas?**



We have to streamline the process for permitting and holding hearings. As the governmental compliance aspect of an operator's life becomes more manageable, the costs go down and exploration is encouraged. Even more importantly, I will fight the urge to repeal the tight sands reductions in severance taxes for shale developments around the state. Nothing will bring the industry to a screeching halt faster than such a plan, however well-intentioned it might be.

The main plan I have to increase production is to take steps to consolidate the programs for promotion of natural gas as a transportation fuel within the Railroad Commission. I envision a program where, like with propane, the Railroad Commission helps retailers and others to install fueling outlets for natural gas so Texans have a viable choice in choosing the fuel source for their transportation needs. I also intend to push for conversion of coal-fired power plants, especially those that burn coal imported from outside Texas, to natural gas. My experience has shown me that the best way to increase production is to increase demand.

**Would you support or oppose environmental regulations that would negatively affect the Texas economy or cost Texas jobs? Explain:**

Oppose. I oppose regulations that are one-sided, whatever their intended goal, especially if they will damage our economy and employment picture. Rather I support Texas-based regulations that are sensible – we can promote the oil and gas industry in this state and have regulation in place from the Railroad Commission that fully protects our environment. It is not easy – but with hard work and allowing all interested stakeholders a chance to provide input, common-sense and reasonable oversight is possible.

**How do you propose to manage the projected \$18 billion shortfall in the Texas state budget?**

The Texas Railroad Commission does not have that type of legislative authority – rather, it is among the agencies that will be seeking a fair share of what appears to be a smaller pie this year.

There is something the Railroad Commission can do, however, to help shrink that number. As noted above, the Railroad Commission can be responsible for creating a virtuous cycle. Increase the programs and education directed at educating Texans about the industry and its benefits. Reduce the red tape and bring consistency to the rulings from the Commission. These things will help expand oil and gas operations in the state. Expanded operations lead to more employment and more taxes paid as the economy picks up steam. A healthier economy leads to more taxes paid into the state's coffers, which will drop that \$18 billion number. In all, the Railroad Commissioners need to focus on their job, which will prove to be a benefit to all Texans.

**What, if any, cuts would you make from the RRC budget to meet the requested 10% agency budget cuts proposed by the Lt. Governor & Speaker of the House?**

My first goal is to fight any cuts to the Railroad Commission's budget. There are not enough field personnel to do the job being demanded by Texas citizens, so a cutback at this time is an awful idea. Assuming the legislature reduces the funding for the Railroad Commission, I do not have enough factual information to state specifically where cuts must be made. As a general rule, my preference must be to reduce office staff and programs and maintain field inspectors and programs. Ideally, this goal can be accomplished through continuing and accelerating the rate by which the Commission's processes are automated (such as filing).



**Do you support or oppose the “fee-for-service” charges to allow industry fees to be used to support RRC personnel, including increased fees if necessary to alleviate permit backlogs and filing delays?**

Oppose. The Railroad Commission is a vital and integral part of the fabric of the government of the state of Texas. The money needed for the Railroad Commission to support its daily functions should come from the general revenues from the state. Currently, the funds generated by the Railroad Commission are swept by the state into general revenues. On a side note, the revenues from the Severance Tax go to various places, including the Rainy Day Fund. If there is a spike in activity and a pressing need arises for additional services from the Commission that were not anticipated during budgeting, I would support legislation (and a Constitutional Amendment is necessary) to allow funds from the Rainy Day Fund, which derives mainly from severance taxes on oil and gas operations, to be used to (1) plug the gap until the next legislative cycle or (2) provide financial support for certain services permanently. As I note below, I oppose new “fees” because they are, in my book, “taxes” under a different name.

**Do you support or oppose additional fees to be charged on the energy industry? Explain?**

Oppose. Additional fees translate into two things – less oil and gas development (thus fewer jobs) and higher consumer prices. Both of these results are the exact opposite of what is needed in the oil and gas industry. If the industry, and by that I mean all participants in the industry, recommends increasing fees to provide for improvement of basic regulatory services as noted above, then we should consider that proposal. Beyond that, I prefer that funds for operations of the Railroad Commission come from the general revenues of the state of Texas, not “fees” – which to me is a coded word for “taxes.”