

**Obie O'Brien
Testimony of Apache Corporation
Sunset Commission Hearing on
The Texas Railroad Commission
August 22, 2016**

Mr. Chairman & Members -

My name is Obie O'Brien and I am the Vice President of Governmental Affairs for the Apache Corporation. Apache is a large independent producer of crude oil and natural gas with operations in a number of state and countries but our headquarters in Houston and our focus is on our Texas operations.

It seems like we started this process 20 years ago and that I have testified at a great number of hearings on this topic both before this Commission and in both the Texas House and Senate. But looking back on it the first time I testified on this topic to this Commission was in 2010.

At that point in time, and in my opinion the Railroad Commission was an underfunded mess with a demoralized staff that were being forced to do more and more with less and less and not getting much if any support from its leadership.

The threat to Apache in all that was two-fold.

First, with an overwhelmed staff it was getting tougher and tougher, taking longer and longer and getting ever more expensive to conduct the business at the commission we needed to conduct.

Second, as things got progressively worse the threat of intervention from Washington and the EPA was becoming more and more real. We strongly believe that the regulation of the oil and gas industry is best done at the state level. State regulatory bodies have the local knowledge, the expertise and the experience to do a better job than the one-size-fits-all approach of which our federal government is so fond. The underpinnings of that argument was that the Railroad Commission was up to the task and capable of properly regulating the industry. In 2010, the competency of the Railroad Commission to fulfil that role was very much in question.

At that time Apache supported a whole laundry list of changes to the Railroad Commission because something needed to change.

I am here today to say that the Railroad Commission is a different place than it was in 2010. Today, the Commission is a real functioning regulatory entity again; with a hard-working staff and leadership that cares about that staff, about the Agency and takes very seriously their responsibilities to the people of the State of Texas.

I think this is clear example of how the sunset process really does work, sometimes grindingly and frustratingly slowly as in this case; but it does work. And to be honest a few elections that resulted in a change of leadership at the agency helped quite a bit.

A lot thanks needs to go to the Sunset Commission, the Legislature and the Railroad Commissioners for all the work that has been put in to resolve these problems. In particular, I want to publicly thank Commissioners Craddick, Porter, Sitton, Garcia and Smitherman for everything that they have done to bring the Texas Railroad Commission back up to the high standards we have all had for that agency over the decades.

Apache supports the re-authorization of the Texas Railroad Commission and all of their core functions. It is vital to the continued health of the Texas economy, the protection of the environment and the independence of the state's regulatory function that the Commission be re-authorized.

We would also suggest that only issues regarding the core functions and the day-to-day operations of the Railroad Commission be included in the re-authorization legislation. Other issues such as the name change should be considered by the Legislature in separate legislation so that disagreement over those kinds of issues doesn't result in yet another two year continuance of the Agency and the Sunset Commission process.

We urge the Commission to recommend and the Legislature to support re-authorizing the Railroad Commission and its functions for 12 years, and let the staff at the Commission and their leaders get back to work at a job that is so crucial to the State of Texas.

Thank you for allowing us to comment.