



ENTERPRISE PRODUCTS PARTNERS L.P.
ENTERPRISE PRODUCTS HOLDINGS LLC
(General Partner)

ENTERPRISE PRODUCTS OPERATING LLC

April 8, 2020

Via E-mail to RRCconference@rrc.texas.gov

Haley Cochran
Office of General Counsel
Railroad Commission of Texas
P.O. Box 12967
Austin, Texas 78711-2967

Re: Oil and Gas Docket No. 2020001835; In re Motion of Verified Complaint of Pioneer Natural Resources U.S.A., Inc. and Parsley Energy, Inc. Regarding Conservation and Prevention of Waste of Crude Petroleum and Natural Gas in the State of Texas.

Written Comments of Enterprise Products Partners L.P. in lieu of Oral Testimony.

To the Honorable Railroad Commission of Texas:

Enterprise Products strongly believes that issuing market proration orders will hurt Texas producers, royalty and landowners, the oilfield service and midstream industries, the State of Texas and our nation as a whole. And at the end of the day, it will not help solve the problem.

Enterprise Products Partners L.P. is one of the largest publicly traded partnerships and a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, refined products and petrochemicals. Our services include: natural gas gathering, treating, processing, transportation and storage; NGL transportation, fractionation, storage and import and export terminals; crude oil gathering, transportation, storage and terminals; petrochemical and refined products transportation, storage and terminals; and a marine transportation business that operates primarily on the United States inland and Intracoastal Waterway systems. The partnership's assets currently include approximately 50,000 miles of pipelines; 260 million barrels of storage capacity for NGLs, crude oil, petrochemicals and refined products; and 14 billion cubic feet of natural gas storage capacity.

As the novel coronavirus (COVID-19) continues to spread and market conditions continue to deteriorate, we are experiencing an unprecedented global decline in the demand for hydrocarbons while OPEC+ has concurrently dumped additional supply into the market. Balancing supply with this decline in demand is not a regional issue for the State of Texas to remedy on its own. If the Railroad Commission of Texas takes curtailment action in isolation, without consistent action and compliance being taken by other producing states (and more importantly, other nations), the world's oversupply will not be eradicated and the State of Texas will be hurt in the process. At this juncture, curtailment would put the Texas Railroad Commission in a position where it would appear to be succumbing to (or worse, colluding with) the OPEC+ and Russian influence on the market.

Our company's Fundamentals & Commodity Risk Assessment team follows the global hydrocarbons market and believes that between 15 and 20 million barrels a day of demand has disappeared while the world takes social isolation measures to fight COVID-19. At the same time,

OPEC+ has dumped approximately 4 million additional barrels a day of supply onto the global market. Considering that at its peak in January 2020, the EIA reported that the State of Texas was contributing 5.4 million barrels a day of supply towards global production of nearly 100 million barrels a day, a 10% forced reduction in our state's production is just a drop in the bucket, and will do little to balance the global market. Oil and gas is now a global business that is no longer isolated to a few producing regions in the world.

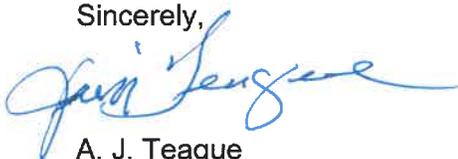
Moreover, the free market is already working to decrease supply. For example, across our country all rig counts have already declined by 16% (from 793 rigs to 664 rigs) since March 2, 2020, and the subset of oil rig counts are down 18% (from 683 rigs to 562 rigs) since just March 13, 2020. In addition, we believe that during this same time well completion crew counts have declined over 30% (from 317 crews to 215 crews) and many experts predict that reductions could soon exceed 50%, again showing that the market itself is curtailing production in this depressed price environment. Finally, in the last month alone, publicly traded producers have announced that they are collectively reducing their 2020 planned capital expenditures by approximately 30% (summarized in the attached spreadsheet), with additional capital cuts being literally announced daily. In this regard, there has been an approximately \$40B drop in capital expenditures across 40 companies whose March 2020 announcements were reviewed. The free market is working to balance itself without the need for artificial governmental intervention.

Currently, producers have the freedom of choice to elect to curtail production or not. If electing to curtail production, producers have the flexibility to select which wells across their domestic and/or global portfolio of producing assets to curtail based on market price, variable and fixed costs. This market based freedom of choice is much more equitable and economic than regulations dictating that production in the State of Texas be curtailed. For certain producers, Texas production maybe their only profitable production. For those producers that advocate rationing Texas production, they need no regulation to take these measures as they are free to do so now.

In addition, we believe that by issuing a market proration order, the Texas Railroad Commission will do material, lasting damage to oil and gas business and jobs in our state. In the short term, the Texas Railroad Commission will handicap Texas producers while the rest of the nation will continue to produce without restraint. In the long term, businesses and investors alike will simply chose not to deploy capital in the State of Texas if there is a perception that our local government will intervene and impose regulations while other state's governments will not. From either perspective, those in the State of Texas are harmed, not aided, by the imposition of prorationing.

We hope that the Texas Railroad Commission carefully studies this matter and agrees with our assessment that the issuance of a market proration order will be to the detriment of the interests of the State of Texas. Balancing supply and demand has historically been most efficiently and equitably managed by the free market.

Sincerely,



A. J. Teague
Co-Chief Executive Officer



W. Randall Fowler
Co-Chief Executive Officer and Chief Financial Officer

Company Guidance - as of April 7, 2020

Company	2020 Planned CapEx	2020 Revised CapEx	CapEx % Change	Announcement Date
Exxon	\$ 32,500	\$ 23,000	-29%	4/7/2020
Shell	\$ 25,000	\$ 20,000	-20%	3/23/2020
Chevron	\$ 20,000	\$ 16,000	-20%	3/24/2020
ConocoPhillips	\$ 6,600	\$ 5,900	-11%	3/17/2020
EOG Resources, Inc.	\$ 6,500	\$ 4,500	-31%	3/16/2020
Oxy	\$ 5,300	\$ 2,800	-47%	3/25/2020
Hess	\$ 3,000	\$ 2,200	-27%	3/17/2020
Concho	\$ 2,700	\$ 2,000	-26%	3/17/2020
Marathon	\$ 2,400	\$ 1,900	-21%	3/10/2020
Pioneer	\$ 3,300	\$ 1,800	-45%	3/16/2020
Husky Energy	\$ 2,390	\$ 1,740	-27%	3/12/2020
WPX	\$ 1,738	\$ 1,338	-23%	3/18/2020
Diamondback	\$ 2,900	\$ 1,200	-59%	3/19/2020
Noble	\$ 1,700	\$ 1,200	-29%	3/12/2020
Continental	\$ 2,650	\$ 1,200	-55%	3/19/2020
EQT Corporation	\$ 1,350	\$ 1,125	-17%	3/16/2020
Apache	\$ 1,750	\$ 1,100	-37%	3/27/2020
Parsley	\$ 1,700	\$ 1,000	-41%	3/18/2020
Devon	\$ 1,800	\$ 1,000	-44%	3/30/2020
Pioneer	\$ 1,700	\$ 1,000	-41%	3/18/2020
PDC Energy, Inc.	\$ 1,050	\$ 814	-22%	3/11/2020
Murphy	\$ 1,450	\$ 780	-46%	4/2/2020
Cimarex	\$ 1,300	\$ 715	-45%	3/17/2020
Callon	\$ 975	\$ 712	-27%	3/17/2020
Cenovus	\$ 1,020	\$ 690	-32%	3/10/2020
Seven Generation Energy	\$ 776	\$ 635	-18%	3/10/2020
Crescent Point	\$ 827	\$ 540	-35%	3/16/2020
Range Resources Corporation	\$ 520	\$ 430	-17%	3/31/2020
Whiting	\$ 603	\$ 418	-31%	3/16/2020
Talos	\$ 533	\$ 408	-23%	3/11/2020
QEP	\$ 570	\$ 399	-30%	3/13/2020
Arc Resources	\$ 361	\$ 217	-40%	3/13/2020
Birchcliff	\$ 254	\$ 207	-19%	3/11/2020
Meg energy	\$ 182	\$ 145	-20%	3/10/2020
Kelt Exploration	\$ 154	\$ 99	-36%	3/18/2020
Bonanza creekGran Tierra	\$ 225	\$ 90	-60%	3/12/2020
Pipestone Energy	\$ 108	\$ 43	-60%	3/12/2020
W&T	\$ 75	\$ 20	-73%	3/17/2020
Gear Energy	\$ 50	\$ 13	-74%	3/11/2020
TransGlobe Energy	\$ 37	\$ 7	-81%	3/12/2020

Total: \$ 138,048 \$ 99,384

Total Capex Reduction: \$ 38,664

Percentage Capex Reduction: 28%