

RE: DOCKET NO. OG-20-00003167; IN RE: MOTION FOR COMMISSION CALLED HEARING ON THE VERIFIED COMPLAINT OF PIONEER NATURAL RESOURCES U.S.A. INC. AND PARSLEY ENERGY INC. TO DETERMINE REASONABLE MARKET DEMAND FOR OIL IN THE STATE OF TEXAS

Introduction

We have a ranch north of Midland with roughly 110 sections. Over the past few years, we have worked very hard to ensure good mineral development along with prudent and responsible treatment of the surface interests. With the recent developments, we are working alongside our operators for some creative solutions in order to facilitate the viability of their operations through this difficult period. We are opposed to the action being discussed on the following basis:

Reduction of 10% does not Substantive Impact Worldwide Production:

Daily oil production in Texas is closer to 4 million bbls/day than 5 and is on the decline. Global oil consumption has been at 100 million bbls/day. It has been suggested that it will drop by as much as 20% due to the virus. This drop will be temporary. Using the reduced consumption, a 10% drop in Texas production will result in a reduction of 0.5% with respect to global demand. The impact does not justify increased regulations and will not impact prices.

Minimal Industry Support:

We know of no other operators who have publicly stated they are in favor of this. Through private conversations, all Operators we have consulted voice their opposition. Exxon has come out strongly against this concept as have Chevron, Concho and Orintiv. The Texas General Land Office, Texas Oil & Gas Association and the Texas Pacific Land Trust are each opposed to increased regulation as well.

Market is Already Correcting

We believe strongly in the market correcting itself and in fact, it has already begun to do so. In The United States, rig counts dropped from 793 to 664 in less than 30 days. That is a 27% reduction. Of the 129 rigs that were laid down during this period, 69 were in Texas. That means that Texas accounts for 53% of the rigs that were laid down in March. Texas is already doing its part. Furthermore, this reduction in new drilling will result in far more reductions in production in a shorter time period than regulations can implement and without the many unintended consequences that these regulations will create. I have attached an Enervus anlysis.

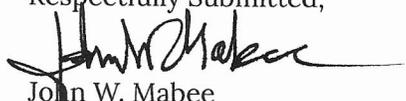
National Security Risks

Events of the past two months have brought to light the danger of placing ourselves in global alliances with non-allied countries for our essential services. America has been so successful to a large extent because Free Markets are a cornerstone of our great Constitutional Democracy. There can no longer be any doubt that Russia, Saudi Arabia and China are not our economic allies. We have no interest in tying our production with what has been referred to as OPEC++.

Summary

Our ranch is in the heart of the Permian play and has been in the family for almost 100 years. We are committed to letting market forces determine the rates and viability of each oil and gas company rather than increasing burdensome regulations and letting government agencies pick the winners. The changes suggested will not effectively impact global pricing. Apart from the plaintiffs, we have found no serious industry support for this measure. The market is already adjusting and the reduction in drilling operations will, through natural forces, reduce the oil output in a shorter, more efficient manner than any bureaucracy would. Finally, it is dangerous to give foreign countries leverage over the Great State of Texas and consequently, the United States. The best playing field is the level playing field. THAT is the American Ideal.

Respectfully Submitted,



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