



December 3, 2018

The Honorable Dana Murphy
Chairman
Oklahoma Corporation Commission
2101 North Lincoln Blvd.
Oklahoma City, OK 73105

The Honorable Todd Hiatt
Vice-Chairman
Oklahoma Corporation Commission
2101 North Lincoln Blvd.
Oklahoma City, OK 73105

The Honorable Bob Anthony
Commissioner
Oklahoma Corporation Commission
2101 North Lincoln Blvd.
Oklahoma City, OK 73105

Dear Ms. Chairman, Mr. Vice-Chair, and Commissioner:

On behalf of the GPA Midstream Association, I submit the following comments regarding the Oklahoma Corporation Commission's proposed rules to OAC 165:10-3-5 (Underground Storage).

Founded in 1921, the GPA Midstream Association is a trade organization with nearly 100 corporate members of all sizes, a large number of which operate in Oklahoma, engaged in the gathering and processing of natural gas, commonly referred to as "midstream activities" in the energy sector. A number of GPA Midstream members also own or operate underground natural gas storage facilities. Raw natural gas is one of the world's primary energy sources and much of it must be purified, or "processed," to meet quality standards and regulations and to make useful everyday products for homes, factories, and businesses. Gas processing includes the removal of impurities from the raw natural gas stream produced at the wellhead, as well as the extraction for sale of natural gas liquid products (NGLs) such as ethane, propane, butane, and natural gasoline. GPA Midstream members account for more than 90 percent of NGLs produced in the United States from natural gas processing. GPA Midstream members also operate hundreds of thousands of miles of domestic gas gathering pipelines, in addition to pipelines involved with storing, transporting, and marketing natural gas and NGLs. GPA Midstream is the primary advocate for a sustainable midstream industry focused on enhancing the viability of natural gas, natural gas liquids and crude oil.

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We are supportive of the Commission's efforts to provide increased protections for Oklahoma's underground natural gas storage facilities, which are critical for meeting the state's existing and future market demands for natural gas. There are currently 13 such facilities operating in Oklahoma. Underground storage ensures that the state's producers have the ability to produce gas at a consistent flow without seasonal shut-ins due to lack of gas demand. Underground storage also ensures that gas and electricity utilities have the ability to quickly draw gas on peak demand days to respond to customer needs. Given that underground natural gas storage reservoirs are irreplaceable and serve critical needs, GPA Midstream believes the Commission is prudent to enact improved underground storage rules to protect these vital assets.

Oklahoma's current underground storage rules were introduced in the early 1990s and were designed to protect such facilities against damage resulting from 1990s drilling and completion technologies. In the two-and-a-half decades since these rules were initially enacted, drilling and completion technologies have changed substantially. Today, the vast majority of wells drilled in Oklahoma are horizontal wells with laterals that can extend thousands of feet from the actual wellbore; therefore, GPA Midstream believes the Commission is prudent to enact thorough underground storage rules that reflect these industry developments by providing additional protections necessary to prevent the potential loss of gas and the possibility of storage reservoirs incurring irreparable damage.

GPA Midstream specifically requests that the Commission consider incorporating rules regarding the collection of proper data, such as the monitoring of fracture growths during the completion process, to adequately assess potential threats posed by the drilling and completion of wells in the vicinity of underground storage reservoirs. Modern technology exists to enable the collection of this data and we hope the Commission will see the wisdom in requiring such in the limited circumstances where drilling and completion occurs in proximity to storage facilities.

Since underground natural gas storage reservoirs impact minimal acreage, GPA Midstream believes that new and adequate protections for such facilities will not have a material impact on the exploration and production efforts of Oklahoma producers. The ability to inject and withdraw natural gas from storage when needed provides customers the assurance that natural gas will be available when called upon and acts as a necessary tool to adjust flows as seasonal supply and demand fluctuates.

These facilities are a crucial component of Oklahoma's energy infrastructure. It is the position of GPA Midstream that the Commission should take every step possible to provide additional and robust protections for underground natural gas storage reservoirs. We greatly appreciate the Commission's efforts to date and we look forward to working with you to enact modern rules that appropriately address the risks posed by modern drilling and completion technologies.

Thank you for the opportunity to comment on this important and timely endeavor and for your efforts to ensure the integrity of Oklahoma's existing underground storage facilities.

Sincerely,

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