Barnett Shale Special Inventory, Phase One: Frequently Asked Questions

1. Why did my company receive this inventory request?
This inventory is being conducted at the request of the Executive Director. The TCEQ attempted to identify all potential owners or operators of oil and natural gas production operating in the Barnett Shale formation, along with mid-stream pipeline companies in the 23 county area.

2. Who must submit the equipment inventory?
Owners and/or operators that:

- are located in the 23-county Barnett Shale area specified in the letter **AND**
- had calendar year 2009 operations contacting oil and/or gas produced from the Barnett Shale formation(s)

3. Where is a list of the 23 counties?
In the request letter, the forms and instructions, and also on the point source emissions inventory Web site.

4a. What if my company does not operate in the Barnett Shale?
4b. What if my company operates equipment that processes gas from other formations but not the Barnett Shale formations?
4c. What if my company processes Barnett Shale gas but is not located in the 23-county area?
If a company:

- does not operate in the Barnett Shale area, and/or
- does not have calendar year 2009 operations contacting oil and/or gas produced from the Barnett Shale formation(s),

the company needs to complete and sign the "Equipment Inventory Certification" form (included in the packet of enclosures to the letter), and attach an explanation.

Please mail this form and explanation to the address listed in the letter (reproduced below) so that the TCEQ has a record of the company's response to the inventory request.

Barnett Shale Special Inventory, MC 167
Texas Commission on Environmental Quality
P. O. Box 13087
Austin, Texas 78711-3087

5. When is the inventory due?
The inventory is due 30 days after the date printed on the request letter. For those companies receiving letters dated April 9, 2010, the inventory is due May 10, 2010.

6. What must be submitted?
For companies that are applicable to the special inventory request (see question 2 above), two items must be submitted:

1. Please submit via compact disc (CD) a completed inventory worksheet for upstream and/or midstream operations that details equipment counts at a site (facility) or lease level.
2. Please also submit a printed, signed certification form (included in the packet of enclosures to the letter and also available on the second tab of the spreadsheets)

For companies that are not applicable to the special inventory request (see questions 2 and 4 above), but received a request letter, the company only needs to complete and sign the "Equipment Inventory Certification" form (included in the packet of enclosures to the letter), and attach an explanation. Please mail this form and explanation to the address listed in the letter so that the TCEQ has a record of the company's response to the inventory request.

7. Who signs the inventory?
The company's responsible official or legally responsible party should sign the inventory certification page.

8. My company recently bought Barnett Shale wells (leases, equipment, etc.) from another company. Who is responsible for submitting the inventory information?
The company that owns the wells (leases, equipment, etc.) when the inventory is due is responsible for submitting the inventory information. If there is a mutual business agreement specifying otherwise, the TCEQ will honor that business agreement.

9. My company is a Non-Operating Working Interest Owner in Barnett Shale wells. Do I still need to submit an inventory?
The special inventory request should be completed by owners and/or operators. If the owner is a Non-Operating Working Interest Owner and has no knowledge of day-to-day operations, the owner should coordinate with the operator(s) to supply the necessary information.

If coordination with the operator(s) is not possible, respond to the inventory request with signed "Equipment Inventory Certification" form and a letter stating the operators' names and contact information.

10. My company owns but does not operate a lease (or vice versa). How does my company ensure no double-counting of equipment occurs between the owner and the operator?
Contact the TCEQ to determine whether the TCEQ mailed the operator an inventory request.

If so, coordinate with the operator(s) to ensure only one set of data is submitted to the TCEQ.

If not, the owner should coordinate with the operator(s) to supply the necessary information.

If coordination with the operator(s) is not possible, respond to the inventory request with signed "Equipment Inventory Certification" form and a letter stating the operators' names and contact information.

11. What if my company plugged in its Barnett Shale wells?
If the wells were operational during calendar year 2009, please complete and submit a certified inventory.

12. What if my company sold its Barnett Shale wells during 2009?
The company that owns the wells (leases, equipment, etc.) when the inventory is due is responsible for submitting the inventory information. If there is a mutual business agreement specifying otherwise, the TCEQ will honor that business agreement.

The company still needs to complete and sign the "Equipment Inventory Certification" form (included in the packet of enclosures to the letter), and attach an explanation stating who purchased the wells.

13. What are the consequences for not submitting an inventory?
Per the request letter, the TCEQ will pursue enforcement action for inventories that are not received via mail.

14. Can the inventory be submitted via e-mail?
No, an official response on CD and a signed copy of the certification form needs to be mailed to the address on the letter by the due date. You may e-mail a courtesy copy of the forms to bshaleei@tceq.state.tx.us.

15. Can my company just print the forms, complete them, and send them in?
The TCEQ encourages companies to submit data electronically since the TCEQ is using a data loader to read the Excel files and compile the results into a database.

16. What are the differences between the upstream and midstream inventory?
Exploration or production activities should be included on the upstream form.

Processing or transmission activities should be included on the midstream form.

17. How does my company report its sites? On the lease number level, lease name level, or site level? Can well pads be reported?
Please enter a unique "site" (facility) or lease on each row of the spreadsheet. Companies have the flexibility to report several lease numbers under one site or "pad."

18. What if I don't know my company's operator number, lease number, or other Railroad Commission (RRC) data?

- Operator number can be found in the RRC Directory at: http://www.rrc.state.tx.us/data/operators/ogdirectory/index.php
- Lease number can be found on the RRC Web site at: http://webapps.rrc.state.tx.us/PDQ/leaseSearchAction.do

- Other RRC data can be queried at http://www.rrc.state.tx.us/data/online/index.php

19. How old of an Excel format is this compatible with?
Excel 2003 was used to create this file. Per Microsoft, it should be backwards and forwards compatible.

20. Does this inventory cover the Level I reporting required in the proposed permit by rule (PBR) changes?
No, this is entirely independent of the proposed PBR changes.

21. How will CDs that come in blank or with garbled files be processed?
CDs submitted with missing or unreadable information will not be considered a received inventory and may be subject to enforcement action.