



Shale development secrets revealed: lessons from a Texas regulator

By Starr Spencer | September 22, 2013 02:11 PM [COMMENTS \(2\)](#)

If there are any secrets to successful development of unconventional and shale oil and gas, John Tintera surely knows them. As the former executive director of the Texas Railroad Commission for 22 years who retired from that post in 2012, there probably aren't many things in the oil and gas arena that the longtime petroleum geologist hasn't come across during his long and still-active career as a consultant.

Alaska is eager to tap that knowledge. As the only producing state whose output failed to grow during recent industry boom years, and with its Trans-Alaska Pipeline System that once carried 2 million b/d of oil the 800 miles from the North Slope to Valdez running at just over a quarter of capacity, Alaska knows the state's fiscal health depends on monetizing more of its vast resources that lie underfoot. Also, there are reputed to be large shale resources in the state which so far are dormant.

On the other hand, in just a few short years, shale and unconventional resources have more than doubled Texas' oil production alone to more than 2.575 million b/d in June.

Tintera spoke this week at the [Alaska Oil & Gas Congress](#) in a two-member panel entitled "The Texas Case: Lessons Learned in Developing Conventional and Unconventional Resources." (Disclosure: I was the other panel member.)

Here are a few of Tintera's lessons for Alaska, in no particular order:

- Energy development these days is politicized. Both proponents and opponents of resource development are extremely well-funded and organized, and intelligence networks are out there that monitor every action taken by energy companies, organizations and agencies. Keep in mind that the statements and sometimes even the travel itineraries of prominent industry leaders are tracked and followed.
- Ideally, oil and gas regulation has three goals: public safety, environmental protection and economic development. Regulators must honor science, facts and due process in their actions on all fronts.
- Regulators must also have clear goals, and industry deserves to know the rules in advance.
- Oil and gas permitting should be fair and not mired in time-consuming and overly-redundant details. There is a "happy path" to move most permits safely and routinely through the system; for the most part, a case-by-case permit process should be avoided. In Texas, this policy allows the state to safely issue 2,000 oil and gas permits a month.
- Regulations can be updated at any time as technology evolves, and those in charge need not fear doing this.

- Some years back, Texas thoroughly investigated widespread charges that injection into the ground of water produced from hydraulic fracturing caused earthquakes. The claim was found to be untrue. “We never found one case,” Tintera said. “We’ve injected significant volumes of water for 40 years” in the state. “No one ever made those accusations until the last five years.”
- Likewise, opponents have raised unfounded public scares over the potential for groundwater contamination from hydraulic fracturing, he said. Texas has drilled more than 20,000 directional wells and “there has not been a single instance of groundwater contamination in [the state] from fracturing,” said Tintera.
- A total of 6 billion barrels of produced water is disposed of in Texas every year. Only about 1% is recycled currently, but “this will grow over time,” he said.
- Texas has plugged 30,000 so-called “orphan wells” abandoned by operators that cannot be found and made to finish and pay for the work. Plugging is funded out of the state’s Oilfield Cleanup Fund.

In his years as Texas’ top regulator, what does Tintera see as his biggest regret? “I failed to recognize the importance” implied in the separation of surface and mineral owners’ respective rights in 2004, as development of the Barnett Shale in North Texas began to skyrocket and mineral rights owners (but not surface owners) reaped profits from bonuses and royalties, said Tintera.

In Texas, it is not uncommon for homeowners to own only their property’s surface rights while someone else holds subsurface mineral rights who can collect royalties from oil and gas development.

Tintera said he never heard from those who were “getting money in their mailbox on a regular basis ... the real complaints were from surface owners.”

“There needs to be a way to bring surface owners into the wealth being generated” from shale resources, he said. “If I could do it over, I’d have taken a closer look at this issue ten years ago.”