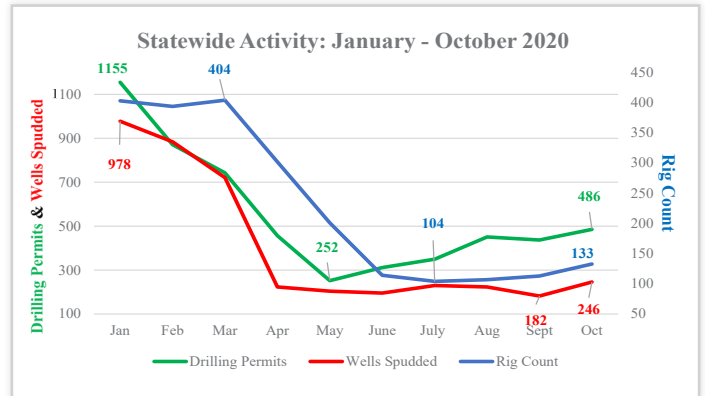


Our mission is to serve Texas by our stewardship of natural resources and the environment, our concern for personal and community safety, and our support of enhanced development and economic vitality for the benefit of Texans.

Update: COVID-19 Impact on Texas' Energy Sector

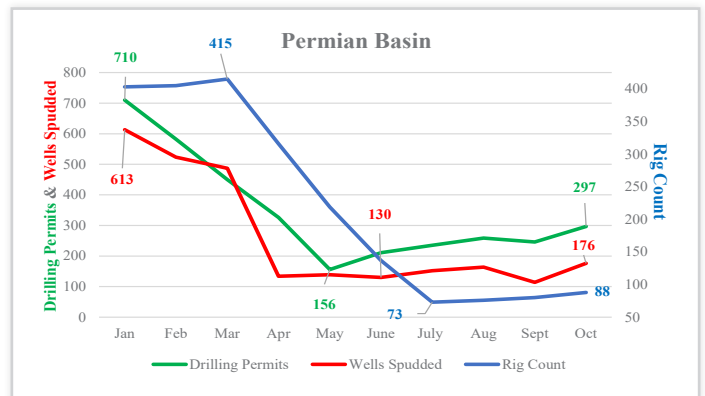
Statewide Update

The COVID-19 pandemic sparked a rapid, unprecedented decline in statewide oil and gas activity between February and June. By summer 2020, the statewide rig count, RRC drilling permit issuances, and number of wells spudded (when drilling commences on a new well), were less than 25% of the highs recorded in winter 2020. Statewide production activity has modestly improved since. Drilling permits increased from a low of 252 in May to 486 in October, while the statewide rig count has climbed from a low of 104 in July to 133 in October. The number of wells spudded has also slightly increased from observed summertime lows



Permian Basin Update

West Texas' Permian Basin generates the majority of the state's oil and gas. Between March and July, the total number of rigs in the Permian (including Texas and New Mexico) fell by 82% (415 to 73) according to Baker Hughes' rig count. The region's rig count modestly increased to 88 in October. The number of drilling permits issued by RRC dropped from a high of 710 in January, to a low of 156 in May, and has modestly rebounded to 297 permits issued in October. The number of Permian wells spudded follows the same pattern: a sharp decline between January and May, followed by improvement throughout the summer and early fall.



Eagle Ford Shale Update

The Eagle Ford Shale is Texas' second largest hydrocarbon-generating formation. Rig count within the Eagle Ford plunged from a high of 70 in February, to 9 in August. Seven rigs were added to the region's inventory by October. RRC drilling permits for the Eagle Ford declined by 93% between January and July. Since then, the number of drilling permits has increased to 66. The number of wells spudded in the Eagle Ford dropped significantly between February and May, and remains low into October. Only 15 wells were spudded in the Eagle Ford in October.

