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New Texas Regulator Ready To Take On The World

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New Texas Railroad Commissioner Ryan Sitton explains his vision of Texas as global energy leader to pipeline executives in Houston. Source: Hart Energy

Just four days after being sworn in as commissioner of the Texas Railroad Commission, Ryan Sitton shared his aspirations for world domination with pipeline industry executives.

The new commissioner, one of three elected to lead the state's oil and gas regulatory agency, told members of the Texas Pipeline Association on Jan. 9 in Houston that he envisions a global leadership shift in the next five to 10 years if the state's industry can continue to grow in what he termed a short-term price challenge environment.

"I am not just talking about energy influence," he said. "I'm talking about all around the world, people not just responding to what OPEC does but to what Texas does."

An engineer by training and co-founder with his wife of Pinnacle AIS, an integrity and reliability company based in Pasadena, Sitton assured the group that he was aware of the implications of oil's steep drop into the \$40s.

"Obviously, our producers are going to be pulling capital off the market," he said.

“They’re going to be slowing down drilling operations, everybody knows that.”

But slower growth for the moment does not erase the massive ramp-up of production—200% since 2007—that the Texas has realized through recent development of shale plays like the Eagle Ford and Permian Basin, and opportunity for the midstream beckons.

“What was the match in pipeline construction? Not even close,” Sitton said. “In that same time period, pipelines in the state of Texas went from 300,000 miles of pipeline to about 420,000 miles.”

“We have a transportation problem,” he emphasized. “In order for the state of Texas and our oil to compete on a global scale, we’ve got to be able to get that oil to market, and the pipeline industry is going to be our way to do that.”

Sitton’s strategy for accomplishing this involves improved engagement with citizens to foster support for the industry. He cited the recent election results for the North Texas city of Denton, in which voters supported Republican Gov.-elect Greg Abbott and himself at roughly the same ratio that they approved a ban on hydraulic fracturing.

“Was it a bunch of hippy environmentalists voting for this ban?” he asked. Rather, it was a citizenry concerned about perceived health issues stemming from drilling technology that it did not understand operated by an industry that was out of touch. He noted that only 3% of the state’s citizens even knew that the oil and gas industry was regulated by the Texas Railroad Commission.

“We’ve got to do so much outreach that when questions come up, it does not become political,” he said. “We can answer questions in the language of science, technology and data. We’ve got to do it in a way that is much more public.”

In addition to enforcing best practices, Sitton sees the role of the commission as defender of the state’s industry.

“When a federal regulatory agency oversteps its bounds, ultimately it’s the job of the attorney general in the state of Texas to file a lawsuit,” he said. “We should be in a position to be their chief expert witness. We should be able to explain why what we are doing not only is sound, but is industry approved. We should be able to explain

why other states and nations follow our lead.”

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