



THE TIPRO TARGET

An unusual legislative session for Texas comes to a climactic end



Texas Independent Producers and Royalty Owners Association

Tensions ran high at the state capitol in Austin the final days of May as the Texas legislature concluded its work for the 87th Regular Legislative Session. Before a key deadline on the second to last day of session, a number of Democratic members in the Texas House abruptly left the legislative chamber, breaking quorum and disrupting the legislative process by instigating procedural challenges, leaving members to face a dramatic end to the already unusual 2021 legislative session. Though the Democrats' walk-out ultimately resulted in the defeat of several consequential bills, including an election integrity bill deemed high-priority by the governor, before the conclusion of the 87th session, lawmakers were able to pass other important policies, including the legislature's response to Winter Storm Uri, meaningful reforms to Texas' eminent domain laws as well as other significant measures for the state.

"From Day One of this session, our priorities were centered around hardworking Texans and building a state that is safer, freer, healthier, and more prosperous," commented Texas Governor Greg Abbott. "We added to that the imperative that we secure the Texas power system to ensure it never fails again. We kept those promises while also delivering one of the most conservative legislative sessions our state has ever seen."

Texas Lieutenant Governor Dan Patrick, presiding officer of the legislature's upper chamber, also reflected on this year's session, saying, "During the 87th Legislative Session, the Texas Senate faced unprecedented challenges and demonstrated their commitment to the people of Texas again and again. They passed 28 of the 30 priorities I gave them at the beginning of the session, 20 of which have been signed into law or will be soon."

Ultimately, 942 bills were approved by the 87th Legislature, with half already having been signed by the governor as of Wednesday, June 9. Pursuant to Section 14, Article IV of the Texas Constitution, the governor has up to 20 days following the final adjournment of the legislative body to sign or veto bills passed, a deadline which this legislative cycle will fall on Sunday, June 20.

Amongst the bills that have been signed into effect by the governor are Senate Bills 2 and 3, which reforms the Electric Reliability Council of Texas (ERCOT) and provides new guidelines for weatherizing and improving the reliability of the state's power grid. Under Senate Bills 2 and 3, Texas will now require the weatherization of power generation facilities, natural gas facilities deemed to be critical infrastructure, and other transmission facilities to handle extreme weather. The Texas Railroad Commission and ERCOT will be required to inspect these facilities, and failure to weatherize these facilities can result in a penalty of up to one million dollars. These bills also create a "Power Outage Alert" where Texans will receive an emergency alert whenever the power supply in the state may be inadequate to meet demand. Additionally, this legislation formally establishes the Texas Energy Reliability Council to improve coordination between state agencies and industry during extreme weather emergencies and extended power outages. Finally, the legislation makes significant reforms to ERCOT, including having eight fully independent board members of the 11-member board, and requires board members to be residents of Texas.

Otherwise, there is already buzz in the capitol city about a special session expected to be called later in the year by the governor. Lawmakers already were slated to come back for a special session in the Fall to redraw political districts and lead decisions on how the state should spend billions in federal coronavirus (COVID-19) relief funding. The unusual move from lawmakers to block bills at the end of regular legislative session has also prompted the governor to suggest he will be adding election integrity and bail reform to the agenda for the legislature's special session. The governor firmly expressed his disappointment that such legislation did not already reach his desk, and set forth his expectation that legislators will work out their differences prior to arriving back at the capitol so that they can hit the ground running to pass legislation related to these emergency items and other priority legislation. "During the special session, we will continue to advance policies that put the people of Texas first," said Governor Abbott.

TIPRO sine die legislative event sees strong turnout

With the conclusion of the 87th Regular Legislative Session on Monday, May 31, 2021, the Texas Independent Producers & Royalty Owners Association (TIPRO) hosted members, Texas legislators and their staff at a special reception and networking event commemorating the hard work completed during the 140 days of the state's legislative cycle. TIPRO's sine die reception this year saw strong turnout, and presented a unique opportunity for elected officials, their supporting staff and the association's membership to come together for a celebration of the 2021 session. The event also marked one of TIPRO's first in-person gatherings since the start of the coronavirus pandemic. The association thanks the following sponsoring members for their support of TIPRO's 87th Legislative Session sine die reception: Occidental Petroleum, Marathon Oil, Texas Royalty Council, Fasken Oil and Ranch, Chevron and Pioneer Natural Resources.



Chairman's message

Dear Members,

First and foremost, I would like to thank the TIPRO staff for a job well done during this year's legislative session. Through all the confusion of the COVID-19 protocols and the great freeze, they were able to stay on top of the developments at the capitol and protect the interests of producers and royalty owners from possible government overreach. Additionally, TIPRO's team supported a number of important bills that will correct some of the issues related to electricity generation that impacted Texas over the winter. Overall I would call it a successful session, and want to thank Ed, Ryan, Joanne, Kelli and Anjelica for their work! Amazing how much this small staff is able to accomplish.

Though TIPRO has in recent months been working diligently to address policies on the state level, the association also remains engaged on industry priorities on the federal level as well. This week, TIPRO was able to have an audience with U.S. Congresswomen Lizzie Fletcher (D-TX-07) concerning the *Clean Energy for America Act* and the proposals included that attack the producers and royalty owners directly by eliminating the percentage depletion and Intangible drilling costs (IDC) deductions. During our conversation with the congresswoman and her staff, we explained the need for these tax provisions to help our country's producers maintain output and prevent higher energy prices. A rise in energy prices would disproportionately impact low-income households, we pointed out, and also be of detriment to U.S. manufacturing and our world competitiveness, which could lead to many more jobs being pushed overseas to countries that do not share the same environmental standards as the United States.

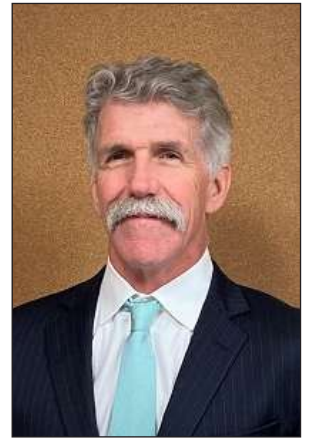
Outside of these concerns, our industry is also alarmed by the record 5.75M barrels (bbls) of Russian crude discharged in the United States last month, as we told Congresswoman Fletcher, with 7.5M bbls projected for the month of June. TIPRO emphasized how anti-oil and natural gas policies, including eliminating percentage depletion and IDCs, will reduce domestic supply, drastically increase our nation's reliance on foreign sources of energy, kill American jobs, and raise costs for consumers.

As TIPRO articulated in our briefing with Congresswoman Fletcher, provisions of the *Clean Energy for America Act* seeking to eliminate percentage depletion and IDCs in the U.S. tax code would put further financial pressure on domestic producers and could actually stifle environmental oriented investment and innovation. The percentage depletion deduction has been a part of the U.S. tax code since 1926, and the intangible drilling and development costs deduction has since 1913 offered a mechanism to attract capital for the high-risk business of exploring for, and developing, American oil and natural gas. We must protect these tax provisions and ensure that political movements and efforts for tax reform don't kill these necessary deductions.

The response we received from our congressional leader was very refreshing. U.S. Representative Fletcher and her staff recognized that these were actual business deductions and not subsidies as represented by the media, and they also understood the importance of these deductions to the industry and its potential impacts on hundreds of companies and millions of royalty owners. They acknowledged that maintaining domestic production was very important to Texas and the United States.

It was great to talk about so many pressing issues for the industry, though I do wish in our meeting that I also could have addressed other challenges producers and royalty owners are confronting, such as the current administration's war on oil and natural gas industry and other critical regulatory changes impacting the energy sector. TIPRO will continue to advocate with members of the Texas congressional delegation and elected leaders on these important matters which could have real consequences to the producers and royalty owners in Texas.

Kind regards,
Brent Hopkins



Brent Hopkins

TIPRO/IPAA 'Leaders in Industry Luncheon' to return this August

The Texas Independent Producers & Royalty Owners Association (TIPRO) looks forward to welcoming members and guests in person this August for the return of the "Leaders in Industry" luncheon series. Hosted in partnership between TIPRO, the Independent Petroleum Association of America (IPAA) and Houston Producers Forum (HPF), the "Leaders in Industry" speakers' series offers an informative and enjoyable gathering of oil and gas professionals and colleagues at the Petroleum Club of Houston. The August "Leaders in Industry" event will feature remarks from guest speaker Scott Sheffield, chief executive officer of Pioneer Natural Resources. Known as an energy industry leader, Sheffield helped found Pioneer Natural Resources in 1997, and has led the company to now rank as the second-largest crude producer in Texas.

To reserve your seat for the upcoming "Leaders in Industry" luncheon, which will take place from 11:30 a.m. to 1:00 p.m. on Tuesday, August 17, please visit the link that follows: <https://bit.ly/34131wQ>.

TIPRO CALENDAR OF EVENTS

JULY 12-14, 2021

FORT WORTH — Hart Energy's
DUG Permian & Eagle Ford
Conference and Expo.
For information, call (713) 260-6400.

JULY 15-17, 2021

HOUSTON — 2021 NARO Texas &
New Mexico Convention.
For information, please email
jfleet@naro-us.org.

AUGUST 17, 2021

HOUSTON — IPAA/TIPRO/HPF
"Leaders in Industry" Luncheon.
For information, please email
adoremus@ipaa.org.

Legislature agrees on final budget, grants full funding to RRC and TCEQ for 2022-23 biennium

Before the conclusion of the 87th Regular Legislative Session, state legislators in both houses reached consensus on Senate Bill 1, the general appropriations act, authorizing funding in support of the state budget during the next biennium. Negotiators in the House and Senate worked for several weeks to reach agreement on the state budget, and ultimately accepted a final version that provides over \$248.5 billion in total spending for the state's 2022-23 fiscal cycle without requiring a tax increase or any other changes that could be of cost to taxpayers. The budget, as passed by the legislature, also does not tap into the state's Economic Stabilization Fund, commonly known as the Rainy Day Fund.

As part of Senate Bill 1, both the Railroad Commission and the Texas Commission on Environmental Quality have received full funding as requested through their Legislative Appropriations Request (LAR) at the beginning of the budgeting process. During the legislative session, TIPRO strongly advocated lawmakers pass a budget providing adequate funding of these essential state agencies.

Texas Comptroller Glenn Hegar this week announced his certification of Senate Bill 1, allowing for the legislation to be sent to the desk of Governor Greg Abbott for signature. "I commend the legislature for crafting a conservative state budget while also addressing key issues facing our state," said the comptroller. "Our state's financial forecast improved before lawmakers completed their work, and I was pleased to have the opportunity to work with lawmakers as they wrote the budget under rapidly evolving circumstances. The Legislature took key steps to address issues like power grid reliability and employee pension reform, but equally important is the fundamental work ensuring our school districts, universities and myriad state programs can rely on a specific amount of state funding. I'm proud to certify this budget and send it to Governor Abbott for final approval."

Marc Williams selected as Texas Department of Transportation's new executive director

At the end of May, leaders of the Texas Transportation Commission named Marc Williams as the new executive director of the Texas Department of Transportation (TxDOT). Williams, who previously has served as the agency's deputy executive since 2016, began his new role June 1, 2021.

"Marc Williams has proven himself a well-respected leader in transportation in both Texas and at the national level," said J. Bruce Bugg Jr., chairman of the Texas Transportation Commission. "Marc brings a wealth of knowledge and a deep understanding of the challenges and opportunities we face going forward and is an excellent person to lead the 12,000 women and men of TxDOT. TxDOT is in good hands."

Williams assumes the executive role overseeing Texas' transportation agency at a time when the state's transportation system is facing new challenges amidst a rapidly expanding population base, which has placed greater strain on existing infrastructure and increased pressures on the state to use precious taxpayer dollars to build roads and highways where they are most needed. The rising number of vehicles combined with the state's aging highway systems will continue to require attention from TxDOT and government officials. Regions with energy development and production are of particular focus for TxDOT, and as TxDOT's new executive director, Williams is expected to help lead initiatives in the Permian Basin, Eagle Ford Shale and elsewhere to repair and restore roadways close to exploration and production activities, as well as support the construction of other highways projects improving Texas roads.

"Leading this incredible department and serving the citizens of Texas is an honor," Williams said. "I am looking forward to working side by side with the women and men of TxDOT, the Texas Transportation Commission and our transportation stakeholders as TxDOT continues its important mission."

TCEQ conducts Permian Basin air surveys throughout the month of June

TIPRO members are advised that the Texas Commission on Environmental Quality (TCEQ) will be conducting aerial surveys in the Permian Basin region this month. According to the TCEQ, a white helicopter with red stripes and tail number N3027W is being used for the surveys, which will focus on but may not be limited to Ector and Gaines Counties.

The helicopter is equipped with a specialized infrared camera that can image volatile organic compounds (VOC) and other hydrocarbons invisible to the eye, said to the TCEQ. The helicopter will perform surveys over and around oil and natural gas operations and other industrial sites.

Aerial surveys and helicopter flights associated with this effort are scheduled to conclude by June 30, 2021.



TIPRO's

2021 SUMMER CONFERENCE

SAN ANTONIO | SEPTEMBER 1-2, 2021

Join us for this important association gathering, taking place in-person at the Hyatt Hill Country Resort in San Antonio, as TIPRO reviews leading priorities facing the industry today. At the meeting, TIPRO also will commemorate its 75th anniversary. Watch for additional event and speaker announcements to be published in the weeks to come!

Biden Administration initiates big regulatory changes for Endangered Species Act rules

In early June, the Biden Administration announced new efforts to reverse several regulations finalized by the previous administration pertaining to the Endangered Species Act (ESA). The regulatory push to strengthen protections for endangered and threatened species under the ESA follows Executive Order 13990, signed by President Joe Biden in January directing all federal agencies to review and address agency actions during the last four years that stand in conflict with Biden-Harris administration objectives.

The U.S. Fish and Wildlife Service (USFWS) and National Marine Fisheries Service (NMFS) said on Friday, June 4, that specifically, five ESA rules will be targeted, including the following policies:

• **Rescission of regulations that revised USFWS' process for considering exclusions from critical habitat designations:**

On December 17, 2020, the USFWS revised the process they would follow when considering whether to exclude areas from critical habitat designation under section 4(b)(2) of the ESA. Now, the government is expected to propose to rescind this regulation (85 FR 82376) in its entirety and revert to implementation of the joint USFWS/NMFS regulations at 50 CFR 424.19 and the joint 2016 policy on 4(b)(2) exclusions.

• **Rescission of the updated regulatory definition of habitat:** The Services also note that they will propose to rescind the final rule that redefined the term "habitat" for the purposes of critical habitat designation (85 FR 81411; December 16, 2020). A regulatory definition is not required for the Services to designate critical habitat in compliance with a 2018 Supreme Court decision, said regulatory leaders.

• **Revision of regulations for listing species and designating critical habitat:** The Services will propose revising the final rule (84 FR 45020; August 27, 2019) to reinstate prior language affirming that listing determinations are made "without reference to possible economic or other impacts of such determination," along with other potential revisions also under discussion.

• **Revision of regulations for interagency cooperation:** The Services will propose revisions to the final rule (84 FR 44976; August 27, 2019) which revised the regulations governing Section 7 consultation. The Services will propose to revise the definition of "effects of the action" and associated provisions to that portion of the rule, with other potential revisions also under discussion.

• **And, reinstatement of protections for species listed as threatened under ESA:** The USFWS will propose to reinstate its "blanket 4(d) rule," withdrawn by the Trump Administration (84 Fed. Reg. 44753; August 27, 2019), which establishes the default of automatically extending protections provided to endangered species to those listed as threatened, unless the Service adopts a species-specific 4(d) rule.

"The USFWS is committed to working with diverse federal, Tribal, state and industry partners to not only protect and recover America's imperiled wildlife but to ensure cornerstone laws like the ESA are helping us meet 21st century challenges," said USFWS Principal Deputy Director Martha Williams in a statement. "We look forward to continuing these conservation collaborations and to ensuring our efforts are fully transparent and inclusive."

When the rules were finalized by officials under the Trump Administration, federal officials held that ESA reforms was necessary to ensure regulatory consistency, provide greater clarification on regulatory implementation of the ESA and avoid political abuse in decision-making with regard to endangered species issues that before allowed unnecessary listings to present serious economic consequences.

Given that ESA reform has long been debated by federal leaders in D.C., congressional members on Capitol Hill reacted strongly to the proposed changes for ESA regulations from the executive branch. U.S. House Committee on Natural Resources Ranking Member Bruce Westerman (R-Arkansas) criticized the Biden White House for being "out of touch" with the needs of Americans who would be impacted most by such policy actions. "Many of the reforms put in place under President Trump were born out of input from local communities and the men and women most affected by the policies created in Washington. Yet by reinstating burdensome regulations, this administration has once again opened the door for environmental groups to weaponize the ESA and use it to delay critical projects across the country. These changes will result in greater inefficiency in the federal permitting process and reduce incentives for proactive conservation that helps save species... Weaponization was never the purpose of the ESA, and we must bring it back to its original intent: protecting wildlife that's most at risk. Anything beyond that, including these proposed regulations, is nothing more than bureaucratic overreach and a giveaway to radical environmental interests. I urge the administration to abandon these actions and instead meaningfully engage with local governments and stakeholders to build upon the work done in the previous administration to modernize and reform the ESA."

Democrats meanwhile quickly hailed the administration's decision to reverse the endangered species rollbacks from the Trump Administration. Congressman Raúl M. Grijalva (D-Arizona), chairman of the U.S. House Committee on Natural Resources, called moves from USFWS and NMFS "a critical step in protecting biodiversity and returning public confidence in our ability to prevent the extinction of threatened and endangered species." In addition to the rule changes that have been announced by the service agencies, Chairman Grijalva also has encouraged the NMFS to follow USFWS' lead in enhancing its internal regulations applicable to ESA's 4(d) rule, which directs agencies to provide full rather than partial protection to threatened species even before they are listed as fully endangered. He advises that such regulatory amendments should be made by NMFS so that ESA protections extend to all species threatened with extinction.

According to USFWS and NMFS, each of the recommended actions on ESA rules will undergo a rigorous and transparent rulemaking process over the months to come that will include a public comment period, allowing stakeholders to provide input before any regulatory actions and rules are finalized by the Biden Administration. TIPRO will continue to keep members advised of pertinent developments regarding ESA regulatory changes.

To learn more about the proposed ESA regulatory updates, please visit: <https://bit.ly/3gjoZl>.

USFWS plans new protections for lesser prairie-chicken under the Endangered Species Act

The U.S. Fish and Wildlife Service (USFWS) is looking to expand federal protections of two distinct population segments of the lesser prairie-chicken, a bird that has historically occupied huge swaths of sand sagebrush and shinnery oak grasslands in Texas, Oklahoma, New Mexico, Colorado and Kansas. Officials announced that after completing a 12-month court ordered review, USFWS will seek to list the Southern Distinct Population Segment (DPS) of the lesser prairie-chicken as endangered under the Endangered Species Act (ESA) and also believe the Northern DPS of the bird warrants protection as a threatened species with a rule issued under section 4(d) of the ESA. If both subspecies receive final protections as proposed, then the two DPSs of the lesser prairie-chicken will be added to the List of Endangered and Threatened Wildlife and be covered by protections from the ESA.

The status of the lesser prairie-chicken has long been a focus of environmental petitions and lawsuits, pursued the past 25 years by environmental advocacy organizations, with heightened legal activity experienced over the past decade. Notably, in 2014, the USFWS issued a final rule listing the lesser prairie-chicken as a threatened species under the ESA (79 FR 19973) and concurrently published a final 4(d) rule for the bird (79 FR 20073). However, on September 1, 2015, this final listing rule for the lesser prairie-chicken was vacated by the United States District Court for the Western District of Texas, which also mooted the final 4(d) rule. On July 20, 2016, the Service published in the Federal Register a final rule that removed the lesser prairie-chicken from the List of Endangered and Threatened Wildlife in accordance with the court decision (81 FR 47047).

USFWS is now accepting public comments until August 2, 2021, regarding the proposed rule to list two DPSs of the lesser prairie-chicken. Comments may be submitted electronically using the Federal eRulemaking Portal, available at www.regulations.gov, and referencing docket number FWS-R2-ES-2021-0015.

The USFWS also will hold two virtual public hearings this summer to gather public comments on the listing proposal. The first public informational session is scheduled for July 8, 2021, from 5:00 p.m. to 6:00 p.m. Central Time, followed by a public hearing from 6:30 p.m. to 8:30 p.m. To register for this hearing, please visit: <https://bit.ly/2RJT676>. A second virtual public informational session is also planned for July 14, 2021, from 5:00 p.m. to 6:00 p.m. Central Time, followed by a public hearing scheduled 6:30 p.m. to 8:30 p.m. To register for this hearing, visit: <https://bit.ly/2TWv3m3>.

Other information concerning proposed action for the lesser prairie-chicken may be found at: <https://www.fws.gov/southwest/es/LPC.html>.

After court's order, EPA vacates rule focused on science underlying agency's regulatory actions

In the last weeks of May, the U.S. Environmental Protection Agency (EPA) announced it was removing regulatory provisions associated with the final rule "Strengthening Transparency in Pivotal Science Underlying Significant Regulatory Actions and Influential Scientific Information." The rulemaking, finalized in January during the final days of the Trump Administration, had intended to limit the agency's use of studies that did not make underlying data publicly available as part of a broader effort from the executive branch to crack down on "secret science" utilized in the past by bureaucrats to propel government regulations and laws.

Earlier this year, however, the EPA "secret science" rule was vacated through court rulings issued by the United States District Court for the District of Montana in *Environmental Defense Fund et al. v. EPA, No. 21-cv-00003 (D. Mon. Feb. 1, 2021) (EDF v. EPA)*. The final rule from EPA Administrator Michael Regan formally effectuating the vacatur of the regulation is effective immediately.

EPA Administrator Regan stated that the move undoing the "secret science" rule would ensure the agency can utilize the best available science and data to support federal work to protect the public. "The Biden-Harris Administration has an unwavering commitment to scientific integrity, and to listening to experts and scientists so we can move forward with urgency to deliver on EPA's mission," said Administrator Regan.

OPEC-plus will follow through with production increases next month

Members of the Organization of the Petroleum Exporting Countries (OPEC), along with oil-producing allies such as Russia, met the first week of June and agreed to boost output of crude oil by 450,000 barrels per day (b/d) in July, keeping with plans originally set in April to have the group add supplies back to oil markets by summertime. After last year's crash in global energy markets, the OPEC alliance slashed production output by a record 9.7 million b/d. Since then, OPEC-plus has cautiously brought some of its production back online, and now, higher global energy demands, more balanced supply levels and stabilizing oil prices have restored the confidence of OPEC policymakers that conditions are improving enough to support the ongoing hike in oil production levels. After July, OPEC-plus is tentatively scheduled to hold its oil output steady until April 2022, although decisions regarding collective production may well change depending on any significant shifts in consumption and supply patterns.

RRC: Oil and gas industry seeing ongoing recovery from the COVID-19 pandemic

In the latest installment of the Railroad Commission's (RRC) 'Energy Minute' update, state regulators highlight indicators pointing to the recovery of the state's oil and natural gas industry from declines caused by the coronavirus (COVID-19) pandemic. As noted by the commission, both the statewide number of drilling permits issued from the regulatory agency and the Baker Hughes rig count have more than doubled since lows observed in late spring and early summer 2020. As of April 2021, RRC issued 629 drilling permits and the statewide rig count expanded from a low of 104 in July 2020 to 212, according to the commission.

In the Permian Basin, the RRC said that the total number of drilling rigs in the Permian (including Texas and New Mexico) grew from 73 to 153 between July 2020 and April 2021, citing Baker Hughes' rig count. The number of drilling permits for the Permian increased from a low of 156 in May 2020, to 413 as of April 2021.

Meanwhile, in South Texas' Eagle Ford Shale, the rig count for the shale formation has jumped to 29 and drilling permits issued for the basin have grown from a low of 16 in July 2020 to 95 as of April 2021.

To view the May edition of the RRC's 'Energy Minute,' please see: <https://bit.ly/2Te1tb9>.

After major pipeline attack, U.S. energy secretary admits pipes are the best way to transport fuel

Speaking during a press conference at the White House last month, U.S. Energy Secretary Jennifer Granholm acknowledged the importance of energy pipelines to transporting oil and other fuels around the nation. Asked by a reporter about the feasibility of rail cars being used to move fuel following the shutdown of Colonial Pipeline after a severe ransomware attack that stopped pipeline service for days, the energy secretary said there were no “easy solutions” to the situation and affirmed officials with the Department of Transportation were completing an analysis to look at the best methods for transporting fuel.

"So this particular area of the country there – this is why we have doubled down on ensuring that there's an ability to truck oil in – gas in," Secretary Granholm said. "But it's – the pipe is the best way to go."

The affirmation from Secretary Granholm riled many leaders who took the secretary's remarks as an opportunity to again question the Biden Administration's decision to block construction and development of the Keystone XL pipeline. "Biden's energy secretary says that pipe is the best way to transport fuel — I agree, Sec. Granholm [and] that's why I sued," said Arkansas Attorney General Leslie Rutledge. "Now tell the 'Big Guy' & let's put Arkansans back to work!"

Chris Carr, Georgia's attorney general, also reacted to Secretary Granholm's comments, saying the energy secretary "admitted" that pipelines "are the best and most critical mode of transport for fuel." "Georgians are now seeing that firsthand," Carr continued. "That's why I filed suit to stop his illegal revocation of the Keystone XL pipeline."

Carr and Rutledge are part of a 21-state coalition that also includes Texas currently suing the Biden Administration over its revocation of the Keystone XL Pipeline cross-border permit. Most of the state attorneys general involved in the Keystone legal challenge sent a letter to President Joe Biden in late May asking for his cabinet's support of additional energy infrastructure to support the country's energy needs, create jobs, and protect America's energy security. "Americans depend upon safe and secure energy supplies, which is why we must build and maintain robust energy infrastructure that is resilient in the face of accidents and sabotage. A temporary shutdown of one pipeline's full-capacity operations shouldn't bring half the country to the brink. We need more safe and clean energy sources," wrote the group of attorneys general. "But your administration's current approach exchanges those fact-based conclusions for the faddish preoccupations of your coastal elite constituencies."

"To be clear, we believe your Keystone XL decision was unconstitutional and unlawful, and many of the undersigned states are currently pressing those claims in federal court. But beyond the basic lawlessness of your decision, the current predicament shows what a poor policy decision it was," the letter continued. "Your impulse to bow to an extreme climate agenda untethered to scientific fact or reality—exhibited by the Keystone XL cancellation and other similar actions—affirmatively deprives Americans of the safe and clean energy supply they need now. It undercuts our energy independence by eliminating a large and secure source of oil in a time of growing global unrest. It damages our reputation with geopolitical allies, like Canada, by reneging on our commitments. It destroys sophisticated, high-paying jobs. And it stunts sustainable economic growth in pipeline communities and throughout the country."

TIPRO members may review the full letter sent to President Biden from the coalition of state attorneys general by visiting the link that follows: <https://bit.ly/3uYXCMB>.

U.S. congressional leaders request EIA assess Biden Administration's emission targets

At the start of June, U.S. Senator John Barrasso (R-WY), ranking member of the U.S. Senate Committee on Energy and Natural Resources, joined by U.S. Representative Cathy McMorris Rodgers (R-WA), ranking member of the U.S. House Committee on Energy and Commerce, sent a letter to Stephen Nalley, acting administrator of the U.S. Energy Information Administration (EIA), requesting an analysis be prepared for the consideration of Congress detailing the impact of the Biden Administration's greenhouse gas emission targets. The need for a comprehensive assessment on the administration's emissions goals, federal lawmakers contend, comes after the president in April established new benchmarks that seek to reduce net U.S. greenhouse gas emissions 50 percent from the 2005 level by 2030 with the aim of achieving net zero emissions by the year 2050. Officials, however, indicate they are concerned with how the aggressive emission limits would impact U.S. industries and the economy.

"When Congress and the public are presented with major, transformative policy proposals, it is important that we work to assess and understand their potential implications," Senator Barrasso and Representative McMorris Rodgers stated in their letter to Acting Administrator Nalley. "There are many regulatory and legislative policies being considered to meet these emissions goals... Congress is considering several proposals, most prominently the provisions of House Resolution 1512, which aims to reduce emissions economy-wide at a pace and scale matching the administration's targets."

The congress members continued, "Given the uncertainty concerning future policies, we request that you build on your existing *Annual Energy Outlook 2020* and future forecasts and run side cases using increasing carbon fees sufficient to meet these emissions targets. These alternative cases would illustrate the impact of policies that place implicit or explicit fees on carbon emissions. Such an analysis could serve as an important starting point and baseline for further analyses as the Biden Administration and Congress consider various proposals."

The full letter from Senator Barrasso and Representative McMorris Rodgers may be viewed at: <https://bit.ly/3z5Sx8v>.



Federal leaders highlights opportunities from carbon capture, utilization and storage

While many Democrats and Republican politicians remain divided on core issues facing the nation, one area seeing potential for bipartisan agreement involves initiatives to build out and expand carbon capture, utilization and storage (CCUS) in the United States. Carbon capture has been around for decades, but the technology has in more recent times increasingly garnered support from elected officials, particularly as America asserts greater environmentally-oriented targets that include substantial reductions in air emissions. CCUS, which helps to remove carbon from the atmosphere and stores it underground, is viewed as a critical component to efforts combating climate change.

Early into his presidential term, U.S. President Joe Biden signaled support for CCUS and has included investments for carbon capture technologies as part of his infrastructure plan. If the president's policy proposal is accepted by Congress and implemented, it could significantly enhance U.S. carbon management and drive emission cuts.

Additionally, congressional leaders are also backing CCUS to help the nation achieve climate goals, lower emissions and generate new economic opportunities.

In a new editorial, Texas Congressman Michael Burgess (R-TX) earlier this month discussed the promise of policies which reward innovation and promote the expansion of CCUS projects in the country. "Regardless of the claims of pundits and critics, traditional sources of energy and industrial methods are a critical component to our nation's economy, security, and even our way of life. Even though more work is necessary, carbon capture can ensure continued American leadership in those industries and reduce our impact on the environment," stated the congressman. Acknowledging headwinds to CCUS advancement, including limited infrastructure and high costs, Burgess advised that rising public and private investments will help drive greater deployment of CCUS technologies. To read Congressman Burgess' complete op-ed on this topic, please visit <https://bit.ly/3pthOVu>.

In addition, in April, members of the U.S. Senate Committee on Energy and Natural Resources examined the opportunities and challenges associated with advancing use of CCUS technologies. Experts testifying at the congressional hearing advised lawmakers to consider tax credits, vehicles for CCUS funding and research and other incentives to support greater implementation of CCUS. "Carbon utilization has substantial economic and environmental potential, and should be a key part of conversations around economic revitalization," said Chairman Joe Manchin (D-WV). Chairman Manchin has also been vocal on the need to accelerate CO2 infrastructure permitting processes to support buildout of the entire CCUS ecosystem.

Texas Congresswoman Lizzie Fletcher leads legislation to clean up America's orphan wells

Congresswoman Lizzie Fletcher (D-TX) and Congressman Kelly Armstrong (R-ND) recently introduced a bill in the U.S. House that strives to invest up to \$4.6 billion to allow every documented orphan oil and gas well in the country to be cleaned up. The *Revive Economic Growth and Reclaim Orphaned Wells (REGROW) Act of 2021* would not only provide resources and funding to plug, remediate and reclaim thousands of orphaned wells across the nation, it would also help to support tens of thousands of energy jobs for skilled oil and gas workers, according to the bill's sponsors. Under the legislation, the *Energy Policy Act of 2005* would be amended to require the U.S. Secretary of Interior no later than 60 days after the date of enactment to establish a program to plug, remediate and reclaim orphaned wells located on federal lands, as well as work to distribute funding grants to states to achieve the same goals. If passed, the *REGROW Act* specifically would provide \$4.275 billion for orphaned well cleanup on state and private lands; allocate \$400 million for orphaned well cleanup on public and tribal lands; and dedicate \$32 million for related research, development, and implementation.

"The *REGROW Act* will not only help protect our environment, but it will also create jobs for oilfield workers in Texas and across the country, which is especially important now, after the downturn brought on by COVID-19," described Congresswoman Fletcher, whose district covers portions of Houston's energy corridor.

Citing data from the Interstate Oil & Gas Compact Commission (IOGCC), congressional leaders note Texas has the largest orphan well plugging program out of 35 states responding to a survey on orphan well plugging operations, plugging around 1,400 of its 3,356 orphan wells in 2018. Even before the economic repercussions of the COVID-19 pandemic, federal agencies and states responsible for plugging and reclaiming these wells had limited funding for cleanup, assert congress members.

The *REGROW Act* has been endorsed by leading energy groups and environmental entities, including the Independent Petroleum Association of America (IPAA), the Interstate Oil and Gas Compact Commission (IOGCC), the Environmental Defense Fund (EDF), and the National Wildlife Federation (NWF).

Companion legislation also has already been introduced in the Senate by U.S. Senator Ben Ray Lujan (D-NM), with cosponsors including U.S. Senators Kevin Cramer (R-ND), John Cornyn (R-TX), Robert Casey (D-PA), Martin Heinrich (D-NM) and John Hoeven (R-ND). It has been referred to the Senate Committee on Energy and Natural Resources for consideration and action.

To read the legislative text of the *REGROW Act*, please visit <https://bit.ly/34SMTZn>.

Brent prices expected to stabilize in second half of 2021

The U.S. Energy Information Administration (EIA) is projecting global Brent crude oil prices to stabilize in the coming months, as petroleum and liquid fuels consumption grows around the world. In the June release of the EIA's *Short-Term Energy Outlook (STEO)*, experts forecast Brent oil prices to average about \$68 per barrel (b) in the third quarter of the year, before decreasing to an average of \$60/b in 2022. Brent crude oil prices averaged \$68/b in May, a 25 percent increase from January's average, noted the EIA. "In the coming months, we expect global oil production to catch up with the increases we've seen in demand in 2021," said EIA Acting Administrator Stephen Nalley. "U.S. and global oil producers are increasing their production, which should help moderate oil prices that have increased significantly as global economic concerns about the COVID-19 pandemic have begun to ease."



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