



**Texas  
Independent  
Producers and  
Royalty Owners  
Association**

## UNITED STATES SET TO DOMINATE GLOBAL OIL MARKETS FOR DECADES TO COME

The United States is expected to dominate global oil and gas markets for many years to come, thanks to America's shale boom, the International Energy Agency (IEA) signaled in November. In its annual *World Energy Outlook*, the IEA said that in less than 10 years -- by the year 2025 -- the growth in America's oil production will equal that achieved by Saudi Arabia at the height of its expansion, while increases in U.S. natural gas production will surpass that of the former Soviet Union. By the mid-2020s, the IEA projected the United States to become the world's largest LNG exporter and a net oil exporter by the end of that decade.

"The U.S. becomes the undisputed leader for oil and gas production for decades, which represents a major upheaval for international market dynamics," observed Dr. Fatih Birol, executive director of the IEA. "The U.S. industry has emerged from its trial-by-fire as a leaner and hungrier version of its former self, remarkably resilient and reacting to any sign of higher prices caused by OPEC's return to active market management."

Meanwhile, a separate analysis released on November 28<sup>th</sup> from the Fraser Institute highlights Texas as the most attractive jurisdiction in the world for oil and gas investments. The Fraser Institute, an independent, non-partisan public policy think-tank, conducts an annual global survey each year involving hundreds of petroleum industry executives to help measure and rank barriers to investment of oil- and gas-producing regions. This year's survey confirmed the Lone Star State as the top location in the world for oil and gas investments, followed by the state of Oklahoma, which ranked second on the survey. "Texas and Oklahoma have, for years, been seen as the most attractive jurisdictions in the world for oil and gas investors—proof that sound regulatory policies and stable environmental protections help attract scarce investment dollars even when commodity price are down," commented Kenneth Green, the Fraser Institute's senior director of natural resource studies and co-author of the institution's *2017 Global Petroleum Survey*. "With oil and gas investors losing confidence around the world, it's crucial for policymakers to pursue sound regulatory and tax regimes—and perhaps most importantly stable environmental protections—that attract, not deter, petroleum investments," Green added.

Other states making the list of top 10 global jurisdictions for oil and gas investments include: North Dakota (ranking third), West Virginia (ranking fifth), Kansas (ranking sixth) and Wyoming (ranking ninth).



## ENERGY COMPANIES PLEDGE ADDITIONAL REDUCTIONS TO METHANE EMISSIONS FROM OPERATIONS

Eight of the world's largest oil and gas companies have committed to further cap methane emissions from operations in a landmark agreement announced on Wednesday, November 22, 2017. Together, the companies -- which include BP, ExxonMobil, Repsol, Shell, Statoil, Total, Eni and Wintershall -- collectively signed onto a *Guiding Principles* document that promises to: continually reduce methane emissions; advance strong performance across gas value chains; improve accuracy of methane emissions data; advocate sound policies and regulations on methane emissions; and increase transparency. In a joint statement, the companies recognized the commitment was made as part of ongoing, extensive efforts put forth by the global energy industry to ensure that natural gas continues to play a critical role in helping meet energy demands while also addressing climate change.

Tim Gould, head of the supply division for the *World Energy Outlook* at the International Energy Agency (IEA), praised the group of energy companies for taking initiative to continue to reduce methane emissions and improve their environmental footprint. "Our analysis at the IEA shows that credible action to minimize methane emissions is essential to the achievement of global climate goals, and to the outlook for natural gas," Gould remarked. "The commitment by companies to the *Guiding Principles* is a very important step; we look forward to seeing the results of their implementation and wider application. The opportunity is considerable -- implementing all of the cost-effective methane abatement measures worldwide would have the same effect on long-term climate change as closing all existing coal-fired power plants in China."

## PRESIDENT'S MESSAGE

Dear TIPRO Members,

As we continue in our efforts to support a vibrant Texas oil and gas industry from a policy, communication, legal and regulatory perspective, TIPRO is also constantly monitoring a multitude of challenges facing producers and royalty owners today. In that vein, I am pleased to introduce a potential new service offering that could assist members of our association in providing increased physical security for current and future projects, as well as staying abreast of trends, tactics, and funding mechanisms of anti-fossil fuel activists.

As we all know, activism has become one of the most disruptive and costly threats to the energy industry – in lost productivity, damage, legal and reputational risk. To mitigate this threat, we have engaged with Welund – North America to provide each of you with a complimentary trial subscription to Welund's weekly *Energy Digest*, which offers a snapshot of relevant current and future activism activity in the energy sector.

Since 2007, Welund has been the market leader in understanding and mitigating global activism and other political risk activity. Founded by a former British MI-6 officer to address burgeoning activism in Europe, Welund has continued to grow, now covering most sectors throughout Europe, Canada and the United States.

Under our agreement with Welund, TIPRO is providing the *Energy Digest* to interested members for evaluation over the next four weeks, ending January 1, 2018. During the evaluation term and upon its conclusion, we would greatly value your feedback as to the usefulness of the weekly communication and your willingness to continue to receive it after the end of the trial period. Through our association's partnership with Welund, TIPRO can obtain extremely favorable pricing for the *Energy Digest* scaled on the number of members who wish to receive this weekly communication.

Lastly, for those members interested in obtaining additional context related to any of the information contained in the *Digest*, members simply have to click on any of the related links that will direct you to the Welund website, whereby you may attain an additional free 30-day trial to their service as a result of your TIPRO membership. During the full trial period, members will receive a daily early morning email with relevant activism information from the prior 24 hours, as well as access to over 80,000 reference pieces related to activist information from around the world.

TIPRO is extremely selective when considering member services, affinity programs, or endorsing service providers of any sort. Given the unique content, research and leadership of Welund in the energy security space, we would like to explore this offering further. Your feedback and evaluation will be a critical component in this process. If you wish to sign-up for the trial period, TIPRO would be happy to forward you the weekly *Digest* directly versus providing your contact information as you evaluate the service.

A sample of the weekly *Energy Digest* that TIPRO members would receive during your trial period is included in this edition of the association's newsletter starting on page 7. It's important to note this communication is not a compilation of publically available articles, but rather information collected through open sources, including 7,000 global blogs, websites, discussion groups and social medial platforms, combined with robust analysis from a dedicated team with over 250 years of experience in political research and intel gathering.

Thank you for your consideration and continued support,

Ed Longanecker



**Ed Longanecker**

## HOUSE ENERGY RESOURCES COMMITTEE TO HOST INTERIM HEARING REVIEWING PERMIAN ACTIVITY

As the premiere oil basin in the United States, activity in the prolific Permian Basin has been booming this year, remaining resilient even in spite of suppressed market conditions that have impacted the industry since 2014. In fact, over the past decade, production output from the Permian has more than doubled. The latest data from the Texas Railroad Commission estimates Permian oil production levels have topped 1.6 million barrels (bbl) per day so far in 2017, compared to the rate of 710,480 bbl produced per day in 2008.

This December, state lawmakers plan to travel to the nation's busiest oil patch and review firsthand some of the key opportunities and challenges facing the region today. Members of the Texas House Energy Resources Committee will convene in Midland, Texas, for a public hearing to review several interim legislative charges including: evaluate the impact energy exploration and production have on state and county roads and make recommendations on how to improve road quality in areas impacted by these activities; and, examine how state policies may facilitate investment in public infrastructure and workforce development in the Permian Basin in order to support the anticipated growth in industry activity and related population, and capture the full economic potential of the region. The House Energy Resources Committee hearing is scheduled for Tuesday, December 12<sup>th</sup> at Midland's Permian Basin Petroleum Museum (Auditorium). On behalf of the association's membership, TIPRO will be in attendance of the hearing.

### TIPRO Calendar of Events

<p><b>DECEMBER 13, 2017</b> HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>	<p><b>JANUARY 10, 2018</b> HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>	<p><b>FEBRUARY 7-9, 2018</b> HOUSTON — 2018 NAPE Summit, George R. Brown Convention Center For info, call: (817) 847-7700.</p>	<p><b>FEBRUARY 14, 2018</b> HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>
---	--	--	---

## RAILROAD COMMISSION EVALUATES CREATION OF NEW PIPELINE FEE DURING PUBLIC WORKSHOP

Pursuant the Railroad Commission (RRC) Sunset Bill passed during the 85<sup>th</sup> Legislative Session, House Bill 1818, the RRC is responsible for implementing a state pipeline safety and regulatory fee for permits and pipeline registrations under the commission's jurisdiction. Specifically, House Bill 1818 amended §81.071 of the Natural Resources Code to authorize the fee. Within the legislation, it was specified that the amount collected should be sufficient to support the commission's pipeline safety and regulatory program costs including: permitting, administrative and salary costs.

In developing the fee structure, the agency has reached out to the public and the regulated community to gather information on the best way to develop a fee formula. This week, the RRC held a public Pipeline Fee Workshop in Austin to discuss comments and ideas on the issue. At the meeting, the RRC noted that the legislature authorized a budget for the program at \$14 million for this fiscal cycle. Between the agency's existing service line collection and grants from PHMSA, the RRC is left with approximately \$4 million of unfunded expenses that will need to be covered by the assessment of a pipeline safety and regulatory fee. The agency is collecting comments on proposed fee structures through January 2, 2018. The necessary rule changes to reflect the new collection will take place in the spring of 2018.

## TAX REFORM LEGISLATION CONTINUES TO ADVANCE IN CONGRESS

Before the Thanksgiving holiday, the U.S. House of Representatives passed a sweeping tax relief bill that would provide the first comprehensive overhaul of the nation's tax code for the first time in decades. House Resolution 1, "the Tax Cuts and Jobs Act," passed out of the House with a vote of 227-205. Among the Texas congressional delegation, it was a party-line vote on the policy, with all of the state's Republican congressmen voting to back the bill. The legislation now has moved to the Senate chamber for consideration.

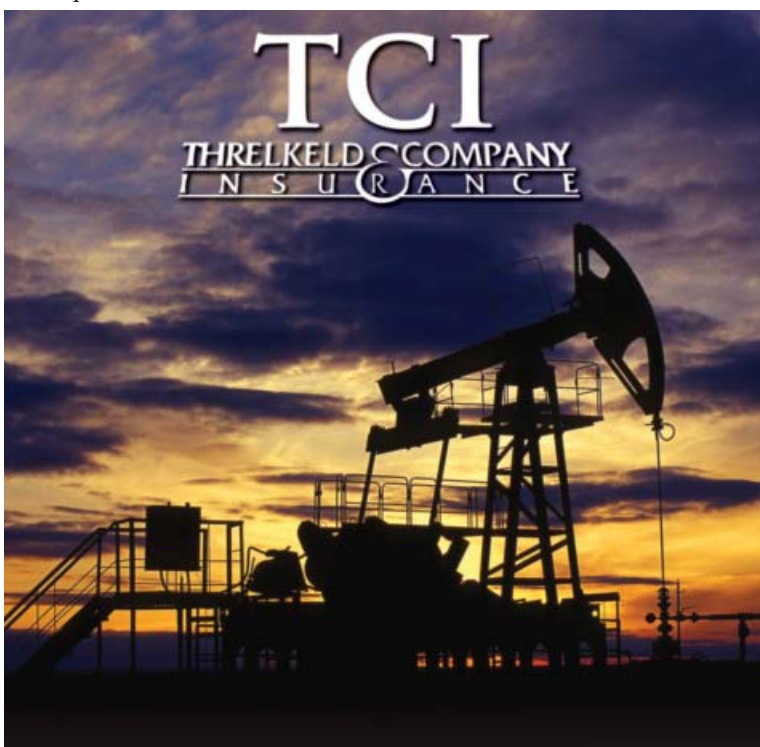
"Our current tax code is broken and has failed American families. We need tax reform and working families deserve tax relief. This bill will create jobs, mean bigger paychecks and a fairer tax system for everyone. It will create an additional 81,108 jobs in Texas alone, and will increase after-tax income for the typical middle class Texan family by \$2,558. It will provide real relief for hardworking families and increase global competitiveness for American businesses," Representative Pete Olson (TX-22) commented after the House voted to approve the bill on November 16, 2017.

Meanwhile, in recent days, the U.S. Senate has taken action to also move on tax reform legislation. The U.S. Senate Budget Committee voted on Tuesday, November 28<sup>th</sup> to pass the Republicans' tax package, clearing the way for the full Senate to vote on the bill later this week or next. Challenges still exist, though. Partisan sparring between Republican and Democratic leaders threatened to stall efforts to strike a deal over the tax reform legislation. The two chambers of Congress also still must reach a consensus on the proposal between the House and the Senate's two versions of the bill before a final plan is signed into law.

## AFTER 25 YEARS IN CONGRESS, U.S. REP. GENE GREEN TO RETIRE NEXT YEAR

Texas Congressman Gene Green (D-Houston) announced in mid-November he will not seek re-election for his seat in the U.S. House of Representatives in 2018. "I have been blessed and fortunate to serve almost 46 years in elected office," Green said in a statement. "Since 1973, I have served as a Texas State Representative for 13 years, Texas State Senator for seven years and since 1993 as a member of the United States Congress... However, I have decided that I will not be filing for re-election in 2018. I think that it is time for me to be more involved in the lives of my children and grandchildren." Since being elected to the U.S. House, Representative Green has been involved with several energy-related committees, including serving as a member of the U.S. House Energy and Commerce Committee, and leading the Congressional Natural Gas Caucus as a co-chairman.

Representative Green is the latest member of the Texas congressional delegation to announce plans to leave office next year. U.S. Representatives Lamar Smith (R-San Antonio), Jeb Hensarling (R-Dallas) Ted Poe (R-Houston), and Sam Johnson (R-Richmond) all previously have announced they also will not run for re-election after their terms are completed next year.



**TCI**  
THRELKELD & COMPANY  
INSURANCE

We insure your survival so you can ensure ours.

A TEXAS COMPANY SERVING TEXANS  
FOR OVER THIRTY YEARS

800.256.6400 • www.threlkeld.com

## **U.S. JUSTICE DEPT. PROMISES TO PROSECUTE PROTESTERS WHO DAMAGE ENERGY INFRASTRUCTURE**

In response to a congressional inquiry, this month the U.S. Justice Department affirmed its commitment to prosecuting criminal protesters who damage oil pipelines and other energy infrastructure in violation of federal law. The response follows a letter which had been sent to Attorney General Jeff Sessions on October 23<sup>rd</sup> signed by over 80 members of the U.S. House requesting information on the department's actions to hold environmental activists accountable to the full extent of the law for using violence against the nation's energy infrastructure network. The letter also questioned whether existing federal statutes, including the Patriot Act and Pipeline Safety Act, adequately allow for the Justice Department to prosecute at the federal level criminal activity from protesters attacking energy infrastructure. In their outreach, the congressmen cited numerous examples, including past instances of protesters turning off valves to pipelines to sabotage operations, posing serious risk of a rupture or catastrophe.

## **U.S. ATTORNEY GENERAL'S OFFICE ISSUES DIRECTIVE TO STOP REGULATION BY GUIDANCE PRACTICES**

On November 17, 2017, U.S. Attorney General Jeff Sessions announced a new policy at the U.S. Department of Justice that prohibits personnel at the agency from issuing guidance documents as a means of adopting new regulatory requirements or amending the law. The move follows similar measures taken at other federal agencies. Under the Attorney General's new directive, the department may no longer issue guidance documents that purport to create rights or obligations binding on persons or entities outside the executive branch.

In the coming months, a dedicated task force on regulatory reform will conduct a review of existing guidance documents at the Justice Department and recommend appropriate measures for repeal or modification.

"Guidance documents can be used to explain existing law. But they should not be used to change the law or to impose new standards to determine compliance with the law," Associate Attorney General Rachel Brand said. "The notice-and-comment process that is ordinarily required for rulemaking can be cumbersome and slow, but it has the benefit of availing agencies of more complete information about a proposed rule's effects than the agency could ascertain on its own. This Department of Justice will not use guidance documents to circumvent the rulemaking process, and we will proactively work to rescind existing guidance documents that go too far."

## **EPA AND ARMY DEPT. SEEK DELAY OF 'WOTUS' POLICY UNTIL 2020**

The U.S. Environmental Protection Agency (EPA) and U.S. Department of the Army want to delay the 2015 "Waters of the United States" rule (WOTUS) to give the agencies the time needed to reconsider the controversial policy. Already this year the Trump Administration has moved to rescind the WOTUS regulation, per an executive order signed by President Trump on February 28, 2017, and will re-codify the federal government's definition of waters of the United States, which governs administration of the Clean Water Act, to those regulations that existed before the 2015 rule was promulgated.

Now, EPA Administrator Scott Pruitt, along with Mr. Ryan A. Fisher, acting assistant secretary of the Army for Civil Works, signed a proposed rule on November 16, 2017, to extend the applicability date to the 2015 Rule and thus for the time-being continue to provide continuity and regulatory certainty for regulated entities, the states and tribes, agency staff, and the public while the agencies work to consider possible revisions to the 2015 WOTUS rule. "This step will allow us to minimize confusion as we continue to receive input from across the country on how we should revise the definition of the 'waters of the United States,'" said Administrator Pruitt.

"The Army, together with the Army Corps of Engineers, propose this rule with EPA to help continue to provide clarity and predictability to the regulated public during the rule making process. We are committed to implementing the Clean Water Act Section 404 regulatory program as transparently as possible for the regulated public," added Assistant Secretary Fisher.

Public comment on the agencies' proposal will be accepted through December 13, 2017. After the comment period closes, agency officials indicate they plan to move quickly to take final action in early 2018.

## **TEXAS UNEMPLOYMENT RATE FALLS TO RECORD LOW**

As employment in the state continued to grow in October, Texas set a record for the lowest unemployment rate recorded in four decades, the Texas Workforce Commission (TWC) reported on November 17. "By adding an impressive 71,500 jobs over the past month and 316,100 jobs over the year, Texas employers have once again demonstrated their unmatched innovation and ability to achieve success in our country's premier place to do business," said TWC Chairman Andres Alcantar. "This economy provides valuable opportunities for the highly skilled Texas workforce to also achieve success." Over the past year, the Texas oil and gas industry has been working to add jobs and expand its workforce, as the sector continues to recover from the downturn.

## **RRC COMMISSIONER RYAN SITTON PRAISES TEXAS PRODUCERS FOR MEETING GLOBAL ENERGY DEMANDS**

Speaking at an industry conference in Houston on Wednesday, Texas Railroad Commissioner Ryan Sitton promoted the state's role in leading the United States towards energy dominance. "Worldwide demand for Texas energy will continue to grow as OPEC restrains its production and Texas must be ready to capitalize on the opportunity by enhancing our energy transportation infrastructure and using Texas energy to enhance our economic and national security. No one in the world does a better job of responsibly producing and transporting energy than Texans do," remarked Commissioner Sitton.

# “BEWARE THE DIP: OIL PRICES COULD GO LOWER WITHOUT AN ACTUAL GEOPOLITICAL DISRUPTION”

## GUEST OUTLOOK FROM PAUL KUKLINSKI, BOSTON ENERGY RESEARCH

The spike in oil prices since August provides U.S. producers an attractive opportunity to hedge their 2018 capital program. With a typical lag, it will likely result in acceleration in U.S. oil production growth from the second quarter of 2018. Coupled with a seasonal dip in global demand in the first quarter, which will cause sizable excess oil inventories to persist, a correction in oil prices is likely. Surplus oil inventories are likely to remain through 2018, taking the steam out of the upward momentum in prices without an actual supply disruption. Inventories will still be above the 5 year average in the fourth quarter of 2018, but smaller.

WTI is \$56/B in response to increased geopolitical anxiety, up from an average of \$49.33/B for the first nine months in 2017. Without high geopolitical risk or an actual supply reduction, oil prices have downside risk. Fundamentals alone suggest an average near \$53/B as a working number over the next 12 months until greater clarity emerges, with a varying geopolitical risk premium additive.

Brent is \$62/B, selling at a \$6.47/B premium over WTI. The wide spread encourages U.S. exports and discourages imports. Through August, the 2017 Brent premium over WTI was \$2.01/B. Plentiful crude at Cushing OK, the NYMEX pricing point, will drain with the addition of new pipeline takeaway capacity. Crude stocks along the U.S. Gulf, East, and West Coasts are well below last year's levels. Tanker tracking data indicates Asia is set to ramp up crude oil imports from the U.S. in late 2017 and early 2018, while U.S. crude imports declined significantly since August. The Brent premium will likely slowly contract.

Oil prices and the Brent premium widened dramatically in the aftermath of seasonal maintenance in the North Sea, September hurricanes, the Kurdish vote for independence, the threat of increased militant activity in Nigeria, the imminent possibility of Venezuela's bankruptcy, the Saudi crackdown on corruption in the Kingdom, and increased tension between Saudi Arabia and Iran.

In response to the Kurdish vote for independence, Turkey threatened to choke off crude oil exports through Turkey which were 575 MBD in September. Iraq subsequently took control of the Kirkuk oil field and related export pipelines in mid October but exports from northern Iraq are still offline. Iraq's October production was 4.38 MMBD with exports entirely from the south. Its oil minister said it plans to increase production from Kirkuk oil fields to 1 MMBD. He also said Kurdish authorities are not cooperating.

Venezuela's worsening economic and political crisis is speeding a decline in production which will likely continue for some time. October production of 1.86 MMBD was down 257 MBD Y/Y. A similar if not greater decline is anticipated in 2018. It will likely continue to decline in 2019 and beyond due to extensive deterioration in equipment and the loss of skilled labor which are expected to take several years to repair. Little if any investment is being made upstream.

State-owned PDVSA is in disarray, unable to pay workers, make repairs to aging infrastructure, or buy diluent to pump its extra heavy crude, which is also used to provide retail diesel and gasoline for the domestic market. Many of its refineries run at reduced capacity. Its crude exports are declining. Earlier this month, it proposed a \$60 billion debt restructuring to bondholders, which was widely seen as a signal of possible default that could affect other debt. In addition to bonds, it owes \$26 billion to creditors, and \$24 billion in commercial loans. Three of the largest oil service companies, who are owed \$1 billion combined, are no longer seeking new work in the country for lack of payment. Its October production was worth less than \$30 billion in today's market before expenses and the cost of social programs. Large volumes of export crude do not generate cash but are committed to supply agreements with China, Cuba, and other nations in exchange for loans or goods and services. The quality of its crude exports has deteriorated noticeably this year, with some cargoes rejected due to high salt content, excess water, and contaminants. Export cargoes sit for days awaiting inspectors hired by refiners to verify its crude meets specifications.

Nigeria produced 1.74 MMBD in October. Its oil minister said its production would not rise above 1.8 MMBD. Militants in the oil rich Niger Delta region have issued new threats to disrupt production to obtain a greater share of oil revenues. Nigerian production fell as low as 1.39 MMBD in the first quarter of 2017.

Even Saudi Arabia is under growing pressure. The World Bank estimates its reserves are down 26 percent from the \$547 billion peak in 2016. The IMF estimates it needs \$70/B oil price to balance its 2018 budget. It plans to sell 5 percent of Saudi Aramco in second half of 2018 which it hopes will raise \$100 billion. Low oil prices would make that difficult. Its purge of corrupt members of the royal family and others seeks to recover \$100 billion stolen through graft. It produced 10.01 MMBD in October, 10 percent of world oil supply.

Libya continues to face ongoing security challenges. October production was 962 MBD, up from a low of 310 MBD in 3Q16.

A 100 MBD change in production from any of them changes global oil inventories quarterly by 9 MMB.

Total October OPEC production was 32.53 MMBD, down 817 MBD from the fourth quarter of 2016. The recovery in Libya and Nigeria, who were exempted from the OPEC agreement to cut from January 1, added a combined 670 MBD since then, offsetting over half the impact of the cut by other producers. Other OPEC compliance with the agreement remains high. Expectations the cut will be extended to the end of 2018 from an end of March expiration is widespread. OPEC is scheduled to meet in Vienna on November 30.

Without an actual geopolitical supply disruption, latest fundamentals indicate surplus oil inventories will remain high through 2018. This assumes OPEC production remains near October levels adjusted for a steady decline in Venezuela. A 200 MBD Y/Y decline in total OPEC production in the fourth quarter of 2018 is indicated.

When OPEC announced its production cut a year ago, it believed elimination of the surplus in OECD inventories to the 5 year average would increase oil prices to \$60-65/B. In September, the surplus was still 154 MMB larger, but down from a 318 MMB surplus earlier in the year. The surplus reached a record high in the first quarter of 2016 at 380 MMB above the 5 year average. The OECD accounts for 48 percent of total world oil demand.

*Outlook continued on page 6...*

## ENERGY OUTLOOK ...CONTINUED FROM PAGE 5

Current data indicates a decline in OECD inventories of 16 MMB in fourth quarter of 2017 followed by a seasonal increase of 28 MMB in 1Q18. By the fourth quarter of 2018, OECD inventories are projected to be 28 MMB smaller than September 2017 but still significantly above the 5 year average.

U.S. producers are poised to accelerate production growth in 2018. Latest data indicates U.S. liquids production will average 13.24 MMB in 4Q17, up 940 MBD Y/Y. A preliminary estimate indicates even faster growth over the next 12 months, up by 1.32 MMBD to reach 14.56 MMBD in the fourth quarter of 2018, maybe more. The outlook will become more definitive in coming weeks after 2018 capital budgets are announced.

U.S. E&P companies issued \$3.6 billion high yield bonds in October, the most since December 2016, which points to a ramp up in 2018 drilling activity.

While the current U.S. oil-directed rig count of 738 is down from a July peak of 768, a rig count this low is sufficient to support sequential oil production growth in the four major resource plays of 83 MBD per quarter, 332 MBD annually, despite an increase in the production decline rate from legacy wells. Fourth quarter 2017 production from these plays is up 806 MBD from a year ago. Oilfield inflation has eased since the July rig count peak.

Production from the Gulf of Mexico in 4Q17 is 1.63 MMBD, down 40 MBD Y/Y after the impact of September hurricanes. With normal production and the ramp up of new projects sanctioned prior to the downturn, it is expected to increase 160 MBD by 4Q18.

U.S. natural gas liquids production has grown steadily, up 400 MBD Y/Y to 3.72 MMBD in 4Q17. Another increase of 530 MBD, largely from the major resource plays, is expected by 4Q18.

The rate of total U.S. liquids production growth is likely to accelerate from 2Q18 with a recovery in drilling activity. The recent spike in WTI oil prices to \$58/B provides producers an attractive opportunity to hedge 2018 production. Reflecting a typical 6 month lag in the oil rig count to changes in oil prices, the July 2017 rig count peak likely reflected January-February oil prices of \$53/B. Third quarter 2017 production from these plays grew by 287 MBD Q/Q. The decline in the rig count since the peak and slower production growth since is also likely a response to the \$42/B June low in WTI.

In addition, fewer rigs are now required to grow production. Wells are now drilled faster due to drilling efficiency gains and wells have become even more productive and profitable. As an illustration, Continental Resources' (CLR) latest Bakken wells have an estimated ultimate recovery of 1100 MBOE, up from an EUR of 800 MBOE in 2015 and 603 MBOE in 2014. They generate an 82 percent rate of return (ROR) at a \$50/B oil price, compared to a 5 percent ROR with 2014 well productivity. Production costs are now less than \$7/BOE. In its recent earnings call, CLR said "the entire Bakken Field has been uplifted to a new level in the last 12 months from a breakthrough provided by a new completion design." Total Bakken oil production is 1.10 MMBD in the fourth quarter. CLR is the largest producer in the Bakken accounting for 11 percent of production.

In the Permian Basin, OXY, Chevron, and Pioneer, among others, recently confirmed their intention to grow liquids resource production over 30 percent in 2018. The breakeven oil price in the basin is under \$33/B. Their primary constraint will be the build out of adequate pipeline takeaway capacity. Total 4Q17 Permian oil production is 2.64 MMBD. OXY, CVX, and PXD alone account for over 21 percent of production.

Outside the U.S., the outlook for production growth is also improved. The major oils, who operate globally, have also adjusted to a world of \$50 oil. BP is able to breakeven at \$49/B and is guiding toward cash breakeven at \$35-40/B in 2021. Exxon plans to increase its 2018 capital spending 18 percent.

Lower steel and rig costs, an ample supply of skilled labor, and the impact of digital 'big data' technology in reservoir evaluation is driving improvement. Russia, the North Sea, and the Middle East are expected to lead the international recovery going forward. Russia produced 11.31 MMBD in October, down 270 MBD from 4Q16 with its participation in the OPEC cut. It produced 11.3 MMBD for all of 2016. Its energy ministry expects a production increase up to 80 MBD early next year if the agreement with OPEC is not extended beyond March. Russia's production costs range between \$2/B for some mature fields and \$50/B for fields in Arctic water, with an average between \$10/B and \$15/B.

Other non-OPEC production outside the U.S. and Russia was 32.40 MMBD in October, up 410 MMBD from 4Q16. Latest estimates indicate a 510 MBD increase by 4Q18. Growth in Canada, Brazil, and Kazakhstan is partly offset by declines in Mexico, China, and Azerbaijan. Since 2015, global oil demand has grown about 5 MMBD, twice as fast as the previous 3 years, supported by strong global economic growth, particularly in the OECD. In 4Q17, it will be up 1.44 MMBD Y/Y to 98.20 MMBD, which is well above trend-line.

The latest IEA estimate anticipates a 540 MBD seasonal dip in demand in 1Q18. It is then projected to increase to 99.90 MMBD in 4Q18, up 1.66 MMBD Y/Y. China, India, and Africa lead the expansion.

Beyond 2018, the risk of an oil shortage remains. 2016 discoveries added less than 5 billion barrels to global reserves versus produced volumes over 30 billion barrels. The 2017 E&P spend on the global production base outside the Middle East, Russia, and U.S. land, which still accounts for 50 MMBD of world oil supply, will be down 50 percent from 2014. As a result, decline rates for conventional onshore fields exceeded 7 percent last year, up from less than 3 percent in 2014.

Mature offshore fields are declining at an 8 percent rate, or about 1 MMBD annually, up from a 5 percent decline rate in 2014. While U.S. shale oil production is growing, it is only 8 percent of world oil supply. OPEC spare capacity is only 3 MMBD. In a shortage, an oil price spike over \$100/B would not be surprising.

Contact Paul Kuklinski at [bostonenergyresearch@msn.com](mailto:bostonenergyresearch@msn.com) for more detailed discussion including risks to the outlook.

## Energy Digest – 11/21/17 – 11/28/17

### Executive Summary

- Protesters gather at well site in Erie, Colorado
- Campaigners hold letter writing event and launch petition against fracking in Denton, Texas
- Campaigners create tool to track the health impacts of oil and gas drilling
- 'Urgent' call out asks ACP opponents to prepare for direct action
- Standing Rock lawyer advising anti-fracking activists in Colorado
- Arrests at Pennsylvania industrial complex blockade
- Campaigners condemn FERC's approval of Valley Lateral Project
- Activists prepare for protests against fossil fuel projects in Washington state
- Divestment campaigner calls on supporters to 'ramp up pressure on the banks'
- Activists use gas pipeline explosion to justify further opposition
- Experienced pipeline activist describes lessons from DAPL and Line 3 for resistance to KXL
- OCI condemns 'myth' that natural gas is a 'bridge fuel'
- Olympia rail blockaders call for 'Block Friday' solidarity actions
- Greenpeace claims another success as Texan oil company abandons exploration in New Zealand
- Activists blockade railroad and port shipment in Olympia, Washington
- Activists to sabotage more rail lines in California
- Coalition urges Congress to stop companies from drilling in the Arctic National Wildlife Refuge

#### Protesters gather at well site in Erie, Colorado

On 16 November 2017, Erie Protectors held a protest against Crestone Peak Resources in Erie, Colorado

Protesters gathered to demonstrate their opposition to the release of volatile organic compounds (VOC) into the air “just 25 yards from Aspen Ridge Preparatory School” by “the now infamous Crestone Vessels Minerals site.”

Erie Protectors also demanded action from the Colorado Oil and Gas Conservation Commission to “protect Erie” from oil and gas development.

#### Campaigners hold letter writing event and launch petition against fracking in Denton, Texas

Campaigners opposed to fracking in Texas have launched a series of initiatives demanding Texas Governor Greg Abbott support a fracking ban.

On 28 November 2017, campaigners wrote letters to Texas Governor Greg Abbott, demanding he reject fracking and HB 40, a bill that “delineates regulatory jurisdiction over oil and gas operations in Texas.”

A petition, addressed to Governor Abbott, declared that fracking “causes environmental, health, and economic harms to the citizens in the cities where it occurs.” It asserted that Denton had been “targeted for fracking activities” because it sits atop the Barnett Shale. Campaigners noted that although the city had “democratically voted to ban fracking” the state “overturned the ban thus negating the local community wishes.”

The petition condemned HB 40 for “prohibiting cities from banning any action concerning oil and gas... When there is no fairness regarding outcome, the resulting process inhibits progress and discourages future participation of citizens. With fracking allowed in city limits, local populace are afraid of their water and soil being contaminated.”

[Info@welund.com](mailto:Info@welund.com)

## Energy Digest – 11/21/17 – 11/28/17

### Campaigners create tool to track the health impacts of oil and gas drilling

The Environmental Health Project (EHP) has created a new mapping tool, dubbed the Environmental Health Channel, which will provide visual access to health data and the impacts of oil and gas drilling.

The tool collects data from affected residents and compiles the information on the Channel. The data includes: physical and psychological health symptoms, particulate pollution (PM2.5) air measurements, and personal stories. It displays the data using visualization and exploratory data analysis techniques. The goal is to “enable researchers, health professionals, and the public to interactively explore and share compelling scientific evidence of local impacts of oil and gas drilling.”

On 30 November 2017, Halt the Harm will host a webinar at 10.30am MST to share information about how the channel works and how it can be used to create and share environmental sensing and health data narratives.

The webinar will be facilitated by EHP’s Ryan Grode and Sarah Roberts.

Grode is focused on hydrology, toxicology and water/air quality. He previously worked several years for the Erie County Department of Health conducting stream monitoring involving Lake Erie and tributaries leading to Lake Erie in addition to their public health programs and interacting with the public to resolve problems in their area. He also has served as an environmental inspector for Urban Engineers of Erie, PA where he focused on wetland delineations and environmental erosion and sedimentation control designs. His laboratory work there included soils testing, water quality testing and air contaminant testing as well as preparing TRI (Toxic Release Information) and other chemical reports.

Roberts is currently a master's student at the University of Pittsburgh School of Social Work. She is interested in environmental justice, rural mental health, and working with Native American communities. She was inspired to work with rural Appalachian communities by her deep connection to her grandparent's farm in the region. She is currently doing an internship with Southwest Pennsylvania Environmental Health Project.

### 'Urgent' call out asks ACP opponents to prepare for direct action

Activist group No ACP has issued an “urgent” call to supporters, asking them to prepare to undertake direct actions against the Atlantic Coast Pipeline (ACP). The group noted that since the 2013 announcement of the project, “we took part in direct actions, networking, workshops intersectional movement building and cross state solidarity. Our hearts have swelled gratitude many times over. All of this foundation laying was being done in careful preparation for the coming fight.” It urged supporters to “get ready mentally, physically and financially. We need you to understand what’s coming.” Direct action “will always get the goods...We know that direct action will be needed in the near future. Even if we are able to celebrate the death of these two pipelines by the water board we have much more work to do. We no longer have a choice.”

No ACP stated that the upcoming hearings by Virginia's state water board on the ACP and MVP are the “last chances for us to intervene during their 'official processes'”. It added: “We need you at the water control board meetings. We need hundred of people there. We expect the board to pass these pipelines and when they do we need to begin the process of making even heavier sacrifices than we have to stop these pipelines. This is likely just the beginning.”

The groups and activists fighting the Mountain Valley Pipeline (MVP) were described as “comrades” in opposing pipelines.



## Energy Digest – 11/21/17 – 11/28/17

### **Standing Rock lawyer advising anti-fracking activists in Colorado**

East Boulder County United (EBCU) is being advised by a lawyer with ties to the Standing Rock protests against the Dakota Access Pipeline and Water Protector Legal Collective.

The lawyer, Angela Bibens, is based in Denver, Colorado with Red Owl Law. She has been “providing legal advice” to EBCU. Bibens previously worked for the Water Protector Legal Collective representing activists facing charges from Standing Rock.

Bibens stated that recent protests, including an art build with Isaac Murdoch and Christi Belcourt from the Onaman Collective, have raised “the profile of what is going on here in Colorado where the extraction in Erie and the proposed extraction through fracking wells in Lafayette is making these communities, front line communities.”

She added: “This fight has been going on for over 5 years and has really reached a pinnacle where the government and the citizens are basically at a standstill. Every aspect of what they’ve been trying to do to resist through the proper channels, the state, permitting process, County Commissioners, mayoral and city council process has broken down.”

Murdoch stated that the recent art build was a “message to government and to industry that fracking is no longer acceptable.”

### **Original article (16 November 2017)**

#### **Indigenous activists from Canada to lead ‘Art Build’ in Colorado on 18-19 November**

On 18-19 November 2017, indigenous activists Isaac Murdoch and Christi Belcourt (pictured) from Canada will hold an “Art Build” for “Community Protectors” in Longmont, Colorado.

The event will feature the creation of “3-500 banners and signs, silk screening, and painting.” In addition, there will be “visiting presenters, artists, speakers, singers etc. sharing and visiting. We want to get to know our community of protectors and discuss what positive impacts we can make to protect our local communities.”

Outreach for the event – co-sponsored by: Honoring Our Mother Earth, Spirit Horse Nation, East Boulder County United, Lakota Way Healing Center, Christi Belcourt and Isaac Murdoch – called on “artists, change makers, storytellers, poets, language speakers, and musicians” to join.

The event will take place at 7873 St Vrain Rd, beginning at 9.00am on 18 November and ending at 4.00pm on 19 November.

Forecast: This “Art Build” is a continuation of Murdoch and Belcourt’s ongoing tour across North America organizing creative protests against the oil and gas industry and the banks that finance it. Given the involvement of East Boulder County United, it is likely this will feature a protest against fracking in the surrounding area.

### **Arrests at Pennsylvania industrial complex blockade**

Two activists were arrested at a Rising Tide North America blockade of an industrial complex in Southpointe, Pennsylvania.

## Energy Digest – 11/21/17 – 11/28/17

Rising Tide claimed it was successful in disrupting the operations of a series of oil and gas companies, even though law enforcement broke up the blockade after four hours and arrested activists. The three activists who had "locked down" had left the action, leaving the two in tripods to be arrested.

Keep Wayne Wild, a group dedicated to opposing oil and gas development in Ohio's Wayne National Forest, said it was "an honor to join water protectors from across the continent to stand up to the fossil fuel industry. #peoplevsilgas #keepwaynewild"

### **Original article (20 November 2017) Activists blockade oil and gas complex in Pennsylvania**

On 20 November 2017, Rising Tide North America erected a blockade of an "oil & gas industrial complex – home to 15 fossil fuel corporations" near Southpointe, Pennsylvania. Three activists locked together, while two others occupied tripods with suspended banners beneath them. The blockade targeted "a main entryway to the Southpointe complex – called polluter central by local leaders because of the sheer number of oil, gas, pipeline and extraction companies located there." A banner read: "We Won't Stop: There's Too Much At Stake."

Rising Tide North America stated: "Seas are rising they telling me. Seas rising & so are we. So rise up! Rise up! Rise up like the sea. #WeWontStop" It has established a legal defence fund to support the activists involved in the blockade.

Collin Rees, a campaigner with Oil Change International, declared that the "fossil fuel industry won't stop, so #WeWontStop either." He also included a "partial list" of the companies that were blockaded:

Haliburton  
Chesapeake Energy  
Range Resources  
EQT  
Consol Energy  
Noble Energy  
MarkWest Energy  
Rice Energy  
WPX Energy  
Columbia Gas

"On daily basis I get delayed due to increased truck traffic and on several occasions have almost been run off the road and these energy companies operate in our communities with no accountability," said Veronica Coptis, a resident from Greene County. "These executives can no longer make the decision to sacrifice our communities for private profit without consequences."

An additional demonstration saw protesters march through a park in Southpointe to protest against companies responsible for resource extraction.

A number of activists that participated also recently gathered in nearby Pittsburgh, Pennsylvania for a summit, entitled: 'People vs. Oil & Gas Infrastructure, A Summit for Communities fighting back'.

## Energy Digest – 11/21/17 – 11/28/17

### Campaigners condemn FERC's approval of Valley Lateral Project

Sierra Club has condemned the Federal Energy Regulatory Commission (FERC) for denying a request from the state of New York for a rehearing and stay concerning the Commission's ruling on the Valley Lateral Project.

The request came after a Declaratory Order from FERC on 15 September 2017 ruled that "New York waived its authority to issue a water quality certification for the Valley Lateral Project. Simultaneously, FERC denied New York's Request for Stay of the Notice to Proceed."

Roger Downs, the Director of the Sierra Club's Atlantic Chapter, stated: "FERC's refusal to rehear this case is just another example of Donald Trump's nominees saying one thing and then doing another once the spotlight is gone. New Yorkers unquestionably have the authority to rule whether a dirty, dangerous fracked gas pipeline violates our clean water laws, and nowhere is FERC granted the right to override that authority. New Yorkers know better than anyone that Donald Trump cares more about advancing his agenda of protecting corporate polluter profits over the rights of Americans to have clean water. We are grateful to Gov. Cuomo for standing strong with frontline communities on these issues."

The Valley Lateral Project will connect Competitive Power Ventures' Valley Energy Project in Wawayanada, New York to a pipeline owned by Millennium.

### Original article (6 November 2017)

#### Campaigners denounce FERC permits on Millennium Pipeline

Campaigners opposed to a Competitive Power Ventures' power plant in Wawayanda, New York have denounced the Federal Energy Regulatory Commission (FERC) for allowing Millennium Pipeline Co. to begin construction of the 7.8-mile Valley Lateral natural gas pipeline that will supply the plant.

Sane Energy Project commented: "We shouldn't need to be protected from FERC's decisions, FERC should be protecting people and the Earth from the fossil fuel industry moving forward on infrastructure when it has been told to stop."

Pramilla Malick, leader of an Orange County citizens group that has fought the power plant, called FERC's decision "an unprecedented abuse of process and law," and urged Governor Andrew Cuomo and Basil Seggos, the state's environmental conservation commissioner, "to use the police powers of the state to protect our water and prevent any construction activity." She also asked them to suspend the CPV plant's permits.

Carolyn Reilly, an organizer with Bold Appalachia, declared now was the time to "draw the #RedLine of #Resistance... We cannot allow our sacred and precious water to be polluted; we cannot allow the second largest consumer of power in the world (NYC) to become dependent on fracked-gas."

Reilly claimed that FERC violated "the Federal Clean Water Act, the Endangered Species Act, and the Fourteenth Amendment of the U.S. Constitution by issuing Millennium Pipeline company a Notice to Proceed with construction." She noted that construction is expected to begin on 1 November 2017 and that supporters should expect updates as the "status of this fight may change very quickly."

## Energy Digest – 11/21/17 – 11/28/17

### Activists prepare for protests against fossil fuel projects in Washington state

On 9 December 2017, 350 Seattle will host a 'Protect our Future, Non-Violent Direct Action Training' session in Seattle, Washington

The organizers noted that this session will train activists to oppose "several huge new fossil fuel projects proposed here in Washington state," including:

Tacoma: Puyallup water warriors and Tacomans are ferociously opposing a huge LNG terminal.

Vancouver: the Tesoro-Savage conglomerate wants to build the largest oil-by-rail terminal in North America in Vancouver

Black Diamond: A coal mine. For real.

Kalama: the proposed site of what would be the largest fracked gas to methanol refinery on Earth, on the Columbia River.

They also included the Trans Mountain pipeline in British Columbia, Canada on the list, "which would bring 7X as many tankers through the Salish Sea, effectively killing off the Southern Range Orcas."

350 Seattle declared that "Enough. Is. Enough. For years we have known that 75% of known fossil fuel reserves must stay in the ground. It's time to stop building new fossil fuel projects. Period. This is why we are hosting this training on civil disobedience and direct action. Come along and learn about the history of direct action, and why and how civil disobedience can be used as an effective tool for change--and an effective tool for stopping new fossil fuel projects.

Now is the time to take a stand. These are the years that history will remember us by. Join us and get ready."

The session will take place at the 350 offices in Seattle on Prospect Street from 1.00-6.00pm.

### Divestment campaigner calls on supporters to 'ramp up pressure on the banks'

Activist Matt Remle, co-founder of the Mazaska (Money) Talks Indigenous divestment campaign, has called on supporters to join the divestment movement and target the banks funding TransCanada and the Keystone XL (KXL) Pipeline. Remle's call came after the Nebraska Public Service Commission (PSC) approved KXL's alternative route through the state. He encouraged "people to ramp up pressure on the banks to NOT give loans to TransCanada to build the pipeline."

He reiterated the strategy behind the divestment campaign: "Kill the funding, kill the pipeline."

"Right now" was characterized as a "critical time to target potential investors of the Keystone XL pipeline as they seek loans from banks to build it."

Other cities and tribes were encouraged to follow the "proactive approach" taken in Seattle, Washington where activists promoted legislation "that stated if a bank gives loans to any company seeking to build Tar Sands pipelines then they would be excluded from bidding on city contracts."

Forecast: Remle's statements on the PSC's decision echo those from other national campaign groups that have highlighted ongoing divestment efforts. Although construction on the project has not begun, it is likely that in the interim, activist organizers will use the current outrage against KXL to target the banks invested in the oil and gas industry.

## Energy Digest – 11/21/17 – 11/28/17

### Activists use gas pipeline explosion to justify further opposition

Activists opposed to the oil and gas industry have circulated photos and video of a pipeline leak and explosion in Auburn Hills, Michigan to reiterate their opposition to pipelines.

L'eau Est La Vie Camp, opposed to the Bayou Bridge Pipeline, commented that these incidents are not a matter of "if but when!" The group noted that "it was a gas main. This is in a suburb north of Detroit. Fire chief said as far as they know right now it was leaking and just exploded."

Camp White Pine, the tree sit blockade against the Mariner East II Pipeline, suggested that the "'Natural' gas pipeline explosion" was "visible from 20 miles away."

Mara Eve Robbins, an organizer with Preserve Floyd opposed to the Atlantic Coast and Mountain Valley pipelines, tagged Virginia Governor Terry McAuliffe and Governor-Elect Ralph Northam, stating: "Pipelines leak and then explode #noacp #nomvp #noneedjustgreed"

350 Seattle condemned plans by Puget Sound Energy to store "8 million gallons of LNG in Tacoma...it's a time bomb."

Forecast: Activists have never needed an excuse to carry out direct action because have always believed that a moral right to break the law because the public had been hoodwinked by a biased media which is acting on behalf of large corporations rather than the common good. However, when an issue such as this comes along, they will immediately seize upon it in order to further justify what they are doing.

### Experienced pipeline activist describes lessons from DAPL and Line 3 for resistance to KXL

Activist Mahmud Fital has drawn a series of lessons from the protests against the Dakota Access Pipeline and Line 3 to provide some recommendations for the fight against TransCanada's Keystone XL (KXL) Pipeline.

Although KXL was facing "significant new procedures, permitting, land negotiations", activists had to "remain relentless in our struggle against this black snake and not take this as a win easing back any on our efforts. We all saw the announcement on 04.12.2017 at Standing Rock and look where we are today."

A key lesson from Standing Rock was the need to "maintain communication and work together through solidarity actions across all states potentially impacted." Fital noted: "While we had warriors up North we also made stands in Iowa. However, we did not coordinate our efforts as much and were operating seemingly as separate entities against the same target."

Camp Makwa/Makwa Initiative, undertaking actions against Enbridge's Line 3 Pipeline replacement project, was described as "struggling with Canada and WI building the Line3 replacement without yet securing MN permitting so we are familiar with the tricks of the industry and we must acknowledge and counter that."

Fital proposed that KXL resistance "move to actions at specific times, dates across locations and maintain clear channels of communication among the resistance we will be most effective in halting any construction they may wish to begin in MT or SD while NE leg of the pipe gets sorted out." It was important to "strategize and organize" resistance along the project's route and to undertake "thorough vetting and starting our own counter intel" that "would do wonders for the water protector movement."

[Info@welund.com](mailto:Info@welund.com)

## Energy Digest – 11/21/17 – 11/28/17

He concluded: "We should all be searching to build public outreach, build awareness, build funding, build legal support, build relationships with counsel that will support our cause and familiarize ourselves with the unique laws in each of our states, regions and territories. An example is really understanding the anti-protest laws in SD that are on the books already. Understanding NE is also conservative and your record can never be expunged, etc. which may be important to certain individuals. This way we are familiar and if/when our relatives from other areas present we can quickly explain the facts and plug them in where they are comfortable and a benefit to the movement."

Fitil is an experienced activist who participated in the Standing Rock protests and direct actions against Line 3 in Wisconsin. He has appeared next to Bold's Jane Kleeb during public appearances on a number of occasions. His KXL proposals should be taken seriously as activists continue to refine their tactics and strategies to oppose pipelines.

### **OCI condemns 'myth' that natural gas is a 'bridge fuel'**

Oil Change International (OCI) has labelled the claim that natural gas can act as a 'bridge fuel' between coal and renewable energy a myth.

In a new report, entitled 'Burning the Gas 'Bridge Fuel' Myth', OCI asserted that the idea that natural gas could act as a "bridge" between coal-fired generation and renewables was "strongly promoted by the industry". It stated that in order to meet "climate goals, fossil gas production and consumption must, like that of other fossil fuels, be phased out, and reducing methane leakage does not alter that fact."

OCI asserted that natural gas was a problematic solution to the climate problem for a series of reasons:

1. No Room for New Fossil Gas: Climate goals require the power sector to be decarbonized by mid-century. This means gas use must be phased out, not increased.
2. New Gas is Holding Back Renewable Energy: Wind and solar are now cheaper than coal and gas in many regions. This means new gas capacity often displaces new wind and solar rather than old coal.
3. The Wrong Gas at the Wrong Time: Claims that gas supports renewable energy development are false. The cheapest gas generation technology (CCGT) is designed for baseload operation, not intermittent peaking. In any case, most grids are a long way from renewable energy penetration levels that would require back up. Storage and demand response will be ready to step in by the time they are really required.
4. New Gas Locks in Emissions for 40+ Years: Companies building multi-billion dollar gas infrastructure today expect to operate their assets for around 40 years. Emissions goals mean this expectation cannot be met.
5. Too Much Gas Already: The coal, oil, and gas in currently producing and under construction projects is enough to exceed climate goals. Opening up new gas fields is inconsistent with the Paris goals.

Even if methane leakage was zero, "fossil gas cannot be a bridge fuel. This is not to say that the methane leakage issue is unimportant or that reducing leakage is not essential. However, it is to demonstrate that methane leakage is not the sole determinant of whether fossil gas causes net harm to the climate."

Additionally, natural gas was criticized because it displaces new renewable sources of energy, rather than coal-fired generation. This will continue as "companies investing in gas infrastructure expect to operate their plants for decades to come...Power plants and related infrastructure like pipelines and LNG terminals are multi-billion dollar investments that require decades of operation to turn a profit. Nobody investing today expects to retire the infrastructure before at least 40 years if not more. This means that gas plants built over the next few years will still be operating beyond 2050, when emissions from the power sector should be nearing zero."

## Energy Digest – 11/21/17 – 11/28/17

### **Greenpeace claims another success as Texan Oil Company abandons exploration in New Zealand**

Greenpeace has welcomed the decision by a “United States oil giant decision to pull the plug on its New Zealand operations.”

It has been reported that Anadarko will surrender its final permits held off the Canterbury coast, Greenpeace has claimed. The move comes after years of protest, public pressure, iwi opposition and oil industry instability, said Greenpeace climate campaigner Kate Simcock. “There is no future in oil and it’s time for our new government to dump oil exploration and drilling in New Zealand,” she said. “We can’t afford to burn most of the fossil fuel reserves we know about if we’re to stabilise our climate – searching for more makes no sense.”

### **Activists blockade railroad and port shipment in Olympia, Washington**

On 17 November 2017, members of Olympia Stand launched a blockade of the railroad tracks in downtown Olympia, Washington to prevent a shipment of ceramic proppants from leaving the Port.

The group first assembled at State and Jefferson to stop a train engine that was pulling several cars. When the train retreated into the port yard, the group moved to Seventh and Jefferson where it set up a blockade on the tracks with box spring mattresses, tents, couches, wood pallets, large pieces of plywood, file cabinets, and debris.

The group has demanded that the Port cease all fossil fuel and military infrastructure shipments immediately and shift to “horizontal and democratic control of the Port of Olympia, including participant from area Indigenous tribes.”

The group explained that “Olympia Stand and other participants believe climate change can be stopped by engaging in non-violent direct action and civil disobedience against fossil fuel infrastructure, from train blockades and Port shutdowns to occupations of pipeline construction sites. Policy-makers can continue to take no action on this issue, and doom future generations to an uninhabitable planet, or they can follow the lead of people around the world fighting for a Just Transition away from fossil fuels and extractive economies. Meanwhile, we will continue to fight, whether they like it or not.”

The blockade was launched in response to the Port’s continued contract with Rainbow Ceramics, which receives ceramic proppants and transfers the cargo to trains bound for North Dakota or Wyoming. Ceramic proppants are used in the process of hydraulic fracking for gas and oil extraction.

The group also noted that it launched this blockade in response to the recent spill from TransCanada’s Keystone XL Pipeline: “This is the largest spill to date from the controversial pipeline, once again proving that there are no safe methods for transporting dangerous fuels.”

Olympia Stand held a similar blockade of the tracks from 11-18 November 2016, delaying a similar shipment for over a week. A multi-jurisdictional law enforcement action involving the railroad, Washington State Patrol, Thurston County Sheriff’s Department and Olympia Police Department eventually ended the blockade with the use of pepper spray and rubber bullets, resulting in arrests and injuries.

On 16 November 2017, the group had gathered to celebrate the anniversary of this blockade. The re-creation blockade was launched the next day.

## Energy Digest – 11/21/17 – 11/28/17

On 18 November, a supporter tweeted: “The #OlympiaBlockade 2.0 has been up almost 24hrs. It’s already stronger than it was after a week last year” and “I really can’t over emphasize how quickly and well constructed this camp is. I’m so proud of these comrades.”

Several groups have expressed their support for the blockaders, including: Deep Green Resistance, Wild Idaho Rising Tide, and Occupy Olympia.

### **Activists to sabotage more rail lines in California**

Anonymous activists have reported that they sabotaged rail lines near Oakland, California to show solidarity with the Olympia Blockade in Washington state.

The activists claimed:

“Dear Olympia commune,

“Standing in solidarity with your port blockade preventing the transport of fracking supplies we temporarily shutdown train lines throughout the larger oakland area by shorting the track circuits with jumper cables. Stay strong.

“In every single town, Until every officer is down, Love and solidarity, The Bay”

A second group of activists from the “southern tip of the Salish Sea,” also expressed solidarity with the Blockade, noting that it has “created an opening in which we can interact in new, liberated ways.” The group noted that “a Freedom of Information Act request revealed that last year’s week-long rail blockade cost oil giant Halliburton two fracking operations, and in turn Halliburton severed ties with the Port of Olympia. While we do not wish to see the Port of Olympia transition to some sort of greenwashed ‘progressive’ capitalism – merely polishing that giant turd of colonization – we celebrate the sheer level of chaos and impact on Halliburton.”

It urged activists from “the lands of the Nisqually and Squaxin tribes, to the shores of the Wedzin Kwah on Unist’ot’en Territory, to the walls of the Tiny House Warriors of Secwepemc Territory, to the Mi’kmaq struggle on the Gaspésie Peninsula” to “continue fighting the industrial mega-machine alongside us, near and far.”

### **Coalition urges Congress to stop companies from drilling in the Arctic National Wildlife Refuge**

A coalition of groups, including 350.org, Daily Kos, League of Conservation Voters, People for the American Way, Sierra Club, Stand.earth, and SumOfUs, have launched a petition campaign to demand that Congress stop all attempts to allow drilling in the Arctic National Wildlife Refuge.

Howie Chong with Stand.earth explained: “Trump and other drilling proponents are using the Senate budget process to expedite drilling in the Arctic. This means that Shell and other oil companies could soon be allowed to destroy one of the last wild places on Earth – home to migratory birds from six continents, huge herds of caribou, and the traditional home of the Gwich’in First Nation. With climate change already posing a huge threat to the Arctic, it should be criminal for Shell to exacerbate those impacts by ruining this area for the sake of quick, dirty profits.”



## Energy Digest – 11/21/17 – 11/28/17

This petition urges Congress to refuse to give Shell and other companies the “green light to send in its drills and bulldozers, destroying this special landscape.” The petition reads:

“Big Oil has been fighting to open Alaska’s Arctic National Wildlife Refuge to drilling for decades, and every step of the way the American people have stood up and said NO. Now the Trump administration and Republican leaders in Congress are poised to hand this incredible place over to the fossil fuel industry. This would destroy one of the world’s most iconic and vital landscapes – critical for the survival of many Alaska Native people, including the Gwich’in Nation, and home to migratory birds from six continents and the porcupine caribou herd.

“With climate change already threatening the fragile refuge, it’s unacceptable that the administration and congress are putting the needs of Big Business and Big Oil before our planet and ecosystems. Activists and environmentalists have been fighting against dangerous drilling here for decades – and we can’t give up. We need to demand that Congress act now to protect America’s last unspoiled wilderness from oil drilling.”

To date, the petition has gathered 68,853 signatures out of a goal of 100,000.

### **Imminent protests and meetings next 7 days**

Rally at Wells Fargo headquarters in San Francisco, CA, USA on 30 November

Protest against fossil fuels in Pittsburgh, PA, USA on 2 December

Rally against Trump’s monumental mistake at Utah State Capitol in Salt Lake City, UT, USA on 2 December

Protest against Keystone, LNG, and Line 3 pipelines in Los Angeles, CA, USA on 3 December

Protest against Trump tax heist in San Francisco, CA, USA on 4 December

Protest against MVP in Richmond, VA, USA on 6-7 December

Keep the oil in the soil protest against the Vancouver terminal in Seattle, WA, USA on 6 December



# Join TIPRO next March for the association's 72<sup>nd</sup> Annual Convention!

Mark your calendar and save the date for TIPRO's 2018 Annual Convention, which will be held March 26-27, 2018, in Houston. During the conference, TIPRO will host industry executives, policymakers, and other oil & gas experts.

Watch for more details to be announced soon!



**Texas Independent  
Producers &  
Royalty Owners  
Association**

With more than 3,000 members, TIPRO is the nation's largest statewide association representing both independent producers and royalty owners. Our members include small family-owned companies, the largest publicly traded independents and large and small mineral estates and trusts.

---

919 Congress Avenue, Suite 1000  
Austin, Texas 78701  
Phone: (512) 477-4452  
Fax: (512) 476-8070  
[www.tipro.org](http://www.tipro.org)

---