



**Texas  
Independent  
Producers and  
Royalty Owners  
Association**

## **DALLAS FED: OIL & GAS BUSINESS ACTIVITY SLOWS AS PRODUCERS CUT SPENDING**

Business activity in the oil and gas sector has remained sluggish in the third quarter of 2019, indicates results of a new survey released Wednesday, September 25<sup>th</sup> by the Federal Reserve Bank of Dallas.

In its quarterly 'Energy Survey' measuring the attitudes of oil and gas executives on market conditions and other economic indicators, the Dallas Fed found low crude oil and natural gas prices and investor pressures were constricting growth opportunities for domestic producers. Limited access to capital and credit also was a prevalent concern weighing on activity and deal flow for the oil and gas sector. Oilfield service providers meanwhile have reported to the Fed declines in activity, as the survey's equipment utilization index dropped 27 points to -24.0 in the third quarter, its lowest reading since 2016. This is suggestive of a larger contraction in equipment utilization, said the Dallas Fed in its report.

According to the Dallas Fed, respondents of the Energy Survey also signaled that they anticipate West Texas Intermediate (WTI) oil prices to average \$56.92 per barrel by year-end 2019. Respondents also shared expectations that Henry Hub natural gas prices will near \$2.54 per million British thermal units (MMBtu) at year-end.

Roughly 28 percent of the oil and gas executives polled said they expect the number of U.S. rigs drilling for oil to bottom out in the fourth quarter of 2019, while 23 percent of executives said the rig count will bottom out sometime in the first quarter of 2020.

Data for this survey was collected the week of September 11–19, 2019, with 163 energy firms participating in the Fed's poll. Of the respondents, the Dallas Fed reports 108 were exploration and production firms and 55 were oilfield services firms.

Even with contracting business activity, domestic oil and natural production has continued to hit record highs. Next month, U.S. oil output is estimated to rise to a record high 8.843 million barrels per day, and natural gas production will reach 82.4 billion cubic feet per day (bcfd) in October. Additionally, analysis from the Texas Independent Producers & Royalty Owners Association (TIPRO) projects that oil and gas companies will keep expanding employment levels in the Permian Basin, supporting over 93,000 jobs in the region in 2020. TIPRO this week told *Rigzone* that the association forecasts an increase of 5,500 net new oil and natural gas jobs in the Permian between 2019 – 2020, as producers continue drilling in America's biggest shale formation.



## **RAILROAD COMMISSION HITS NEW MILESTONE, PLUGGING 1,700 ABANDONED WELLS IN FY19**

The Texas Railroad Commission this month reported the agency plugged more than 1,700 abandoned wells during the last fiscal year, lasting from September 1, 2018, through August 31, 2019. This includes 336 additional abandoned wells plugged compared to the prior fiscal year, and exceeded the goal set forth by the state legislature to have the commission plug 979 abandoned wells in Texas during Fiscal Year 2019.

“In FY 2018, we began a very aggressive effort to increase the number of abandoned wells the agency plugs every year,” explained Railroad Commission Executive Director Wei Wang. “In FY 18, we plugged 1,364 abandoned wells. Combining that total with the 1,710 wells plugged this fiscal year, we have plugged more than 3,000 abandoned wells in the FY 2018-19 biennium greatly exceeding the legislative goal set for our agency to plug more than 1,900 wells over this two-year period.”

After an oil and gas well is no longer productive, to protect surrounding land and local water resources, it must be plugged. Most operators will plug their own wells; however, those wells which become abandoned are plugged by the state. The Railroad Commission relies on industry fees collected into the Oil & Gas Regulation and Cleanup Fund to plug abandoned wells. No Texas taxpayer dollars are used for such efforts.

Since the state-managed well plugging program was established in 1984, the Railroad Commission says it has plugged more than 39,500 abandoned wells across Texas, restoring land used in energy production back to a safe condition.

## PRESIDENT'S MESSAGE

TIPRO Members,

As many of you might be aware, the U.S. Environmental Protection Agency (EPA) is in the process of adopting important changes to national air regulations for the oil and gas industry, which once implemented, will help to save our industry between \$17-\$19 million a year in compliance costs. Federal regulators last month announced updates will be made to the 2012 and 2016 New Source Performance Standards (NSPS) for the oil and natural gas industry, removing redundant requirements and lifting regulatory burdens for domestic oil and gas producers, while still maintaining health and environmental protections for Americans. The expected changes specifically look to remove all sources in the transmission and storage segment of the oil and natural gas industry from regulation under the NSPS, both for ozone-forming volatile organic compounds (VOCs), and for greenhouse gases (GHGs). Amendments also propose rescinding methane requirements in the 2016 NSPS that apply to sources in the production and processing segments of the industry.

Earlier this week, the EPA published its proposed rule-making in the Federal Register, officially launching the public comment period for stakeholders to submit input on the planned regulatory changes. On behalf of the association's membership, TIPRO intends to file comments expressing our support of the long overdue corrections to the federal policies under the NSPS for the oil and gas industry. TIPRO members interested in providing your own public comments regarding this rule-change may do so online at <https://www.regulations.gov/>, referencing *Docket ID No. EPA-HQ-OAR-2017-0757*. Please be advised that comments must be received on or before November 25, 2019, for consideration.

The EPA also has announced it will hold a public hearing on the NSPS amendments at the Earle Cabell Federal Courthouse in Dallas on October 17, 2019. We hope those of our members in the area will be available to participate in this upcoming hearing and help to represent our industry, as it is expected there could be a large presence of anti-oil and gas activists vocalizing opposition to the EPA's policy amendments.

It should be noted that this latest proposal is separate from another proposal by the EPA, issued last September, seeking to make other targeted improvements to the 2016 NSPS, including technical changes to the fugitive emissions (leaks) monitoring requirements included under the rule. EPA officials indicate the agency will take final action on that proposal later this year.

For years, TIPRO has fought the EPA's excessive regulatory scheme promulgating impractical, and at times excessive, requirements of independent oil and gas producers, which also failed to provide corresponding environmental benefits. TIPRO has in the past engaged this issue by filing comments with the EPA addressing concerns over the NSPS regulations, as well as joined industry partners in pursuing legal action to have the policies overturned.

TIPRO now welcomes the proposed actions from the EPA to improve the regulatory oversight of industry operations by modifying the federal government's guidelines for the oil and gas sector. We appreciate that the Trump Administration is promoting responsible growth of America's energy industry while reducing regulatory duplication and still supporting environmental stewardship. Federal leadership clearly recognizes that oil and natural gas producers already have a significant incentive to voluntarily prevent methane emissions, when possible. Methane is a valuable commodity that, when not lost to the atmosphere, generates revenue. Case-in-point, since 1990, natural gas production in the United States has almost doubled while methane emissions across the natural gas industry have fallen by nearly 15 percent, achieved thanks to innovative practices and new technologies voluntarily deployed by U.S. energy firms.

TIPRO will continue to monitor developments pertaining to this regulatory package, and will keep membership advised of further updates.

Regards,

Ed Longanecker



**Ed Longanecker**

## RAILROAD COMMISSION TO FORMALLY POST RULES FOR RURAL GATHERING LINES ON OCTOBER 1<sup>ST</sup>

Next week, at the Texas Railroad Commission's (RRC) monthly meeting, the commission intends to formally propose new rules on rural gathering lines. Agenda items 278 and 279 will formally propose amendments to Chapter 8 relating to Pipeline Safety Regulations and §3.70 relating to Required Pipeline Permits. The rule proposal will then open a 30-day period for formal public comment. TIPRO previously offered informal comments to the RRC indicating support for pipeline safety and public protection, but cited concerns about the informal draft's definition of production and flow lines due to the potential inadvertent impact to on-lease production lines. TIPRO will continue to monitor this issue and intends to submit formal comments in the near future.

### TIPRO Calendar of Events

<p><b>OCTOBER 9, 2019</b> HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>	<p><b>NOVEMBER 13, 2019</b> HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>	<p><b>DECEMBER 11, 2019</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 8, 2020</b> HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>
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## BOBBY JANECKA SELECTED TO FILL OPEN COMMISSIONER'S SEAT AT TCEQ

On Monday, September 16, Texas Governor Greg Abbott appointed Bobby Janecka as the new commissioner of the Texas Commission on Environmental Quality (TCEQ), filling the third and final open commissioner's seat at the agency. His term will expire August 31, 2025. "I am very excited to return to the TCEQ as one of its commissioners," commented Janecka. "I am honored to have been selected by Governor Abbott for this role. I look forward to serving the great people of Texas."

Janecka previously was a policy advisor to the governor, and currently serves as Texas' representative with the federal Nuclear Regulatory Commission. Before his time in the governor's office, Janecka worked for the TCEQ for more than five years, most recently as a section manager in the agency's Radioactive Materials Division. He has also previously served as legislative aide for both Texas state Representatives Geanie Morrison and Tryon Lewis, was a legislative analyst at the Texas Comptroller of Public Accounts, and a public school teacher in New Orleans.



## RAILROAD COMMISSIONER RYAN SITTON ENDORSES OPPORTUNITIES PRESENTED FROM TEXAS ENERGY

Presenting at an industry forum in Pasadena last week, Texas Railroad Commissioner Ryan Sitton highlighted emerging opportunities for future generations in the energy industry, which continues to support a plethora of high-paying jobs. "If you're a kid growing up in Texas today, you're in high school and you're about to go to college, and you ask your Mom and Dad, 'Where are the opportunities? It is hard not to point at energy and say, 'We're going to be a leader in energy for a long time,'" Commissioner Sitton explained to attendees of the Gulf Coast Industry Forum, held September 18-19, 2020. "And not just for those who work in the energy business. I'm talking about those who work in transportation. Or in technology. Or in manufacturing for whom energy is their largest single cost except for people. They get an advantage versus all of their overseas competitors because our energy is so affordable, and so reliable, That's the opportunity in Texas," concluded Sitton.

Commissioner Sitton in August also spoke to members of TIPRO at the association's Summer Conference in San Antonio, where he discussed the important legacy of energy development in the Lone Star State.

## TEXAS BOOSTS NUMBER OF OIL AND GAS INSPECTIONS

Over the last fiscal year, the state of Texas amplified efforts to protect oil and gas infrastructure by raising the total number of inspections performed and adding additional personnel to fill inspector positions. The Railroad Commission of Texas said Thursday, September 26<sup>th</sup> that during Fiscal Year 2019, which ended on August 31, the agency completed more than 133,000 oil and gas inspections, up 3,123 inspections from those conducted the prior fiscal year. This performance also exceeded goals established by the Texas Legislature to accomplish at least 130,000 inspections throughout the commission's Fiscal Year in 2019.

"As these numbers demonstrate, our field staff is committed to strong monitoring over the state's oil and gas operators so Texans can have confidence that their energy is produced safely," said Danny Sorrells, oil and gas division director at the commission. "As the increased energy activity continues in Texas, I am proud of the hard work by our inspectors and supporting staff in our nine district offices statewide."

The commission also notes that a record number of oil and gas inspector positions were filled statewide to reach an all-time high of 172, compared to 158 staffed inspectors employed by the agency in the previous fiscal year.

## TIPRO MEMBERS INVITED TO THE 2019 TEXAS ENERGY UPDATE SEMINAR

Members of the Texas Independent Producers & Royalty Owners Association (TIPRO) are invited to participate in the 2019 Texas Energy Update Seminar, taking place Friday morning, October 25<sup>th</sup> from 7:30 a.m. to noon at the Belo Mansion in Dallas. TIPRO is a proud sponsor of this conference, which educates independent producers in Texas of significant economic, legislative and regulatory changes affecting the bottom-lines of energy companies.

The theme of this year's conference is "Industry Consolidation for Cost Reduction," focusing on the latest shifts happening today in the market. Energy companies continue to experience price volatility with oil and gas prices remaining depressed for 2019. After recovery from the last oil bust, energy bankruptcies are on the rise in 2019. During this year's energy seminar, experts from Wells Fargo, Stephens Inc., and East West Markets will share perspective on conditions in the marketplace and assess what energy professionals can expect in the months to come. Steven Pruett, CEO and president of Elevation Resources, will also provide keynote remarks, explaining how the oil and gas industry often goes underappreciated in today's world. Other presenters will review upstream A&D trends, and highlight other relevant environmental, social and governmental updates.

Registration fees are \$50 per person in advance for members of TIPRO; \$60 per person in advance for non-members, and \$75 per person at the door for all walk-ins. Fees include a breakfast buffet and complimentary parking. For more information about the Texas Energy Update, please contact Tamara Gough at (214) 207-0369, or email [tkgough@flash.net](mailto:tkgough@flash.net).

For other event details, or to register to attend this year's Texas Energy Update seminar, please visit [www.texasenergyupdate.org](http://www.texasenergyupdate.org).



## FEDERAL GOVERNMENT FORMALIZES OFFICIAL REPEAL OF 2015 'WOTUS' REGULATION

The Trump Administration in September finalized its official repeal of a 2015 rule expanding the government's definition, and jurisdiction, of "waters of the United States" (WOTUS) under the Clean Water Act. The water policy, updated under the Obama Administration, has faced ongoing legal challenges since being implemented four years ago. Withstanding litigation pursued in the court system to prevent WOTUS from taking effect, shortly after taking office, President Donald Trump himself signed an executive order in February 2017 which directed the U.S. Environmental Protection Agency (EPA) and U.S. Department of Army Corps to review the 2015 regulation and issue a proposed rule rescinding or revising the 2015 rule as appropriate and consistent with law. Since that time, the agencies have been actively working to recodify regulatory text which existed prior to the 2015 rule to discern what waters are to be regulated by the federal government.

"Today's Step 1 action fulfills a key promise of President Trump and sets the stage for Step 2 – a new WOTUS definition that will provide greater regulatory certainty for farmers, landowners, home builders, and developers nationwide," explained EPA Administrator Andrew Wheeler.

"Before this final rule, a patchwork of regulations existed across the country as a result of various judicial decisions enjoining the 2015 rule. This final rule reestablishes national consistency across the country by returning all jurisdictions to the longstanding regulatory framework that existed prior to the 2015 rule, which is more familiar to the agencies, states, tribes, local governments, regulated entities, and the public while the agencies engage in a second rulemaking to revise the definition of 'waters of the United States,'" said R.D. James, assistant secretary of the Army for civil works.

With this regulatory repeal, the EPA and Army Corps will apply pre-2015 definitions of federally regulated waterways. Meanwhile, the Trump Administration has proposed a new definition of WOTUS clarifying federal authority under the Clean Water Act. The proposed rule was published in the Federal Register on February 14, 2019, and public comments were accepted through April 15, 2019. Additional information is available at [epa.gov/wotus-rule](http://epa.gov/wotus-rule).

A number of Texas officials weighed in on the repeal of the 2015 WOTUS rule, which would have enabled the federal government to seize control of even the smallest bodies of water including ponds, streams and puddles. Federal and state leaders from Texas had the following to say about the policy change:

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 EPA Regional Administrator Ken McQueen, who leads regulatory oversight for EPA over southwestern states including Texas: "Hardworking Americans will be able to build a better future for themselves and their communities as a result of today's action. I look forward to working with our state partners and our stakeholders as we move forward."

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 U.S. Senator John Cornyn: "Texans know better than most the importance of protecting water sources, but the 2015 'Waters of the U.S.' rule prevents farmers, landowners, and job creators from taking care of their land how they know best. Today's announcement represents another success in breaking down President Obama's misguided regulatory regime that harmed Texans of all walks of life."

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 House Agriculture Committee Ranking Member K. Michael Conaway (TX-11): "I commend the Trump administration for repealing the land grab attempted under President Obama through its 'Waters of the U.S.' regulation. WOTUS attempted to stretch the reaches of federal power under the Clean Water Act from navigable and interstate waters, which are rightly protected, to encompass ditches, playas, stock ponds, and literally any body of water – regardless of how small or temporary the water may be. The Trump administration's efforts to bring the scope of EPA's regulatory activity back to interstate and navigable waters not only ensures that EPA's mission comports with Supreme Court rulings, but also applies a common sense understanding of what constitutes waters of the U.S., providing legal certainty to all Americans."

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 Congressman Louie Gohmert (TX-01): "The Environmental Protection Agency's (EPA) action today is fabulous news for all those who believe in the Constitution. For the Obama Administration to grab control over every single drop of water or state local or private land was such an abdominal, unconstitutional power grab. Constituents from every area of my district were outraged at the Obama Administration's totalitarian seizure of control over non-federal property and water. 'Waters of the United States' (WOTUS) rule extended federal authority over all the country's streams, rivers and wetlands. The EPA made the right call to safeguard the water rights of hard-working Americans by ending the federal power grab the Obama Administration engineered."

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 Texas Governor Greg Abbott: "Since my time as attorney general, I have been fighting this unlawful Obama-era WOTUS rule and I am pleased that President Trump's administration has decided to move forward with repeal. Like so many job-killing regulations from that era, the 2015 WOTUS rule thumbed its nose at constitutional and statutory limits that constrain the federal government. With today's repeal, President Trump and Administrator Wheeler are honoring those limits and declaring a victory for the rule of law on behalf of landowners across the country. I applaud their decision to protect private property rights by disavowing an unlawful federal power grab."

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 Texas Commission on Environmental Quality (TCEQ) Executive Director Toby Baker: "TCEQ supports the decision to repeal the 2015 Waters of the United States rule. The rule expanded coverage of the Clean Water Act in a haphazard and unsupported manner increasing regulatory uncertainty. The revised rule proposed earlier this year provides the appropriate level of clarity and coverage."

## DRONE ATTACK ON MAJOR SAUDI OIL FACILITIES UPENDS GLOBAL MARKETS

More than 20 drones and cruise missiles were launched in a coordinated attack on key oil facilities in Saudi Arabia on September 14, dealing a hard blow to the world's energy supplies. As a result of the strikes, the Saudi government was forced to shut-in nearly half of its daily crude oil production, equivalent to 5.7 million barrels of oil per day, which represents roughly 5 percent of the world's daily production of crude oil. By late September, much of the lost production had been restored to regular levels, though oil prices still were recovering from the incident.

As investigations continue into the attacks in Saudi Arabia, U.S. intelligence has indicated that the attacks originated geographically from Iran, though Iran has denied any involvement. Leaders of Britain, France and Germany on Monday, September 23<sup>rd</sup> joined the U.S. in blaming Iran for holding responsibility of the attacks.

Meanwhile, following the attack to Saudi's oil facilities, a spokesman for the U.S. Department of Energy said last week that the United States was ready to tap resources from the Strategic Petroleum Oil Reserves (SPRO) if necessary to offset any disruptions to oil markets as a result of this act of aggression towards the Saudi oil industry. At the direction of President Donald Trump, the United States also was preparing to deploy U.S. military forces to the Middle East in response to last Saturday's attacks against major oil processing and production sites in Saudi Arabia.

While the attack cut an important source of global energy supplies, officials were reminded that thanks to strong oil production generated by the United States, the world did not immediately face an energy crisis. "These attacks are a reminder that there is no substitute for American energy production, which has grown into a stabilizing force for world markets," U.S. Senator Lisa Murkowski (R-Alaska), chairman of the U.S. Senate Committee on Energy and Natural Resources, pointed out. "They are a reminder of the importance of good policy that recognizes the global nature of modern energy – think about how markets would have reacted, and what our allies would be asking, if we hadn't lifted our crude export ban back in 2015," she added.

## SAUDI ATTACK IS IMPORTANT REMINDER OF THREATS FACING AMERICA'S ENERGY INFRASTRUCTURE

In wake of the September 14<sup>th</sup> attacks on Saudi Arabia's oil facilities, one of the United States' top energy regulators is warning of the threats to America's own energy infrastructure, and the serious impact of any attack against U.S. pipelines. In an interview Monday, September 24, with *CNN Business*, Neil Chatterjee, chairman of the Federal Energy Regulatory Commission (FERC), said the recent



attacks in Saudi Arabia were "a real reminder about the importance of protecting our critical infrastructure." An attack on even a single U.S. natural gas pipeline could cause mass blackouts, suggested Chatterjee, given that today America's electric grid is heavily dependent on natural gas to generate power. "Twenty years ago, a single generator might not have even flinched if a pipeline went down," said Chatterjee. "Today, we have eight or nine generators depending on a single gas pipeline."

As the head of FERC, Chatterjee shared with CNN that his agency, which is responsible for reviewing and permitting pipeline projects, has been working closely with the Transportation Security Administration (TSA) to address increasing risks of physical or cyber attacks to America's network of nearly 3 million miles of pipeline infrastructure that carries oil, natural gas and other materials. Chatterjee said FERC has asked TSA to commit additional resources and provide greater focus on defending the country's network of pipelines because "it's so critical to the reliability of the electric grid."

"Our adversaries know these are vulnerable targets," observed Chatterjee. "We're finding that in the 21<sup>st</sup> century, modern warfare has evolved to a point where private companies now find themselves on the frontlines."

## EIA OFFERS UPDATE ON NATION'S DUC OIL AND GAS WELL COUNT

The United States has an estimated 7,247 drilled but uncompleted (DUCs) oil wells and 703 DUC natural gas wells, according to a new supplemental report published in late September by the U.S. Energy Information Administration (EIA). EIA experts indicate that the DUC oil count peaked in May of this year, after steadily rising since 2017, but starting with the summer months has begun to experience a decline. Meanwhile, the nation's DUC count in natural gas-producing regions has generally decreased since December 2013.

As of August 2019, the Permian Basin accounted for nearly half of all DUC wells in the country, with 3,839 wells -- down slightly from July when there were 3,864 DUC wells in the region. The Eagle Ford Shale had 1,458 DUC wells in August, a dip of 16 wells from the month prior. Altogether, the nation saw a decrease of 142 DUC wells between July and August, shows EIA data.

There are a range of reasons as to why an operator may elect to postpone completion of their drilled wells, including a lower price environment unsuitable economic conditions, or other constraints. As recently shown by the EIA, however, the length of time a DUC well sits idle has little impact on the initial production rates experienced from the well site.

The federal government offers a summary on DUCs through its *Drilling Productivity Report*, issued monthly, which is available on the EIA website at <https://www.eia.gov/petroleum/drilling/>. The DPR webpage now also includes a link to an Excel file with monthly DUC estimates from December 2013 to the present for each DPR region, notes the EIA.

## ONE OF THE LARGEST LNG DEALS IN U.S. HISTORY WAS JUST SIGNED IN HOUSTON

Establishing a new partnership to send liquefied natural gas (LNG) produced in the United States abroad, Houston-based Tellurian Inc. inked a major deal last weekend with India's Petronet LNG Limited INDIA to deliver clean, low-cost natural gas to the nation of India. Under the contract, which marks one of the largest LNG supply deals ever to be signed in U.S. history, Petronet has agreed to purchase up to 5 million tons of LNG per year from the United States, which could lead to billions of dollars of LNG exports to India in future years. Tellurian board Chairman Charif Souki told the *Houston Chronicle* the new deal represented a "win-win-win" scenario for the United States, India and his company. "It's a win for the United States because it creates an outlet for our surplus gas," Souki said. "It's a win for India because they have secured cheap gas for a long period of time. And it's a win for Tellurian because we have provided a bridge between a nation with too much gas and a nation that needs as much gas as it can get as an affordable price."



Source: Petronet LNG Ltd

A day later, U.S. President Donald Trump, members of Congress and other local officials joined India's Prime Minister Narendra Modi at a celebration in Houston on Sunday, September 22, commemorating rising business opportunities between the U.S. and India.

## DON'T FORGET TO REGISTER TO VOTE FOR NOVEMBER'S ELECTION!



Ahead of November's Uniform Election, all eligible Texans are reminded to check your voter registration status and ensure you are registered to vote before the October 7<sup>th</sup> voter registration deadline. "An active and engaged citizenry plays an essential role in ensuring the continued well-being of our democracy," said Texas Secretary of State Ruth Hughs. "I encourage all eligible Texans who have not already done so to register to vote by October 7<sup>th</sup> so that they can actively participate in shaping the future of the Lone Star State."

According to the Secretary of State's office, as of September, there were 15,823,406 registered voters in Texas -- a new state record.

To verify your current voter registration status, visit the Texas Secretary of State's website on the "Am I Registered?" page, available at: <https://teamrv-mvp.sos.texas.gov/MVP/mvp.do>. If you are not currently registered to vote, but would like to do so, please complete the voter registration application at: <https://webservices.sos.state.tx.us/vrapp/index.asp>. Please be reminded that if you have recently moved to a new address within the same county or have changed your name, you also can update your information online at <https://txapps.texas.gov/tolapp/sos/SOSACManager>.

Early voting for the November election will last from Monday, October 21<sup>st</sup> until Friday, November 1<sup>st</sup>, 2019, during which time Texas voters may cast a ballot at any location in their county of registration. Election Day will be held Tuesday, November 5, 2019. Texas Governor Greg Abbott has called several special elections to take place in conjunction with the November Election to fill open seats in the House of Representatives for Districts 28, 100 and 148. Texans also will vote to approve amendments to the state constitution.

## MEMBERSHIP REMINDER: SUBMIT YOUR ANNUAL MEMBERSHIP DIRECTORY FORM TO TIPRO

Don't forget to submit your annual membership form to TIPRO by Friday, October 4<sup>th</sup> for the association's next membership directory. You should have recently received your form in the mail - if you need assistance or did not receive your copy of the form, please contact TIPRO's Membership Coordinator Anjelica Torres by email at [atorres@tipro.org](mailto:atorres@tipro.org) or call (512) 477-4452. If TIPRO does not receive your updated form by the deadline date, we will consider the contact information on file as accurate and will publish it in the association's 2020 *Membership Directory*.

## NARO TO HOST 39<sup>TH</sup> ANNUAL NATIONAL CONVENTION IN PITTSBURGH NEXT MONTH

The National Association of Royalty Owners, Inc. (NARO) is hosting its 39<sup>th</sup> annual National Convention October 2<sup>nd</sup>- 4<sup>th</sup> at the Sheraton Pittsburgh Hotel at Station Square in Pittsburgh, Pennsylvania. This event is open to the public. Registration can be found at [www.naro-us.org/events](http://www.naro-us.org/events).

The agenda is full of education, information and networking specific to oil and gas mineral property owners, royalty owners, and associated professionals. This event will provide an opportunity for attendees to learn about mineral and estate management, get an update on oil and gas drilling activity in the area, recent and pending legislation, technology related to oil and gas production and an opportunity to network inside this unique group.

In addition to the learning and networking opportunities there are extracurricular activities for attendees and members of their families such as visits to the Duquesne Incline, night segway tours and networking receptions.

The NARO Foundation's Certified Mineral Manager (CMM) program will also host an eight hour course review and exam sessions during this event.

Since 1980, NARO has been the only national organization representing, solely and without compromise, oil and gas royalty owners interests.

## **NEW MEXICO UNVEILS PLAN TO MAKE COLLEGE TUITION-FREE, POSSIBLE THANKS TO OIL & GAS REVENUES**

Tapping state revenue generated from oil and gas development in the Permian Basin, state leaders in New Mexico last week announced new plans to offer New Mexico students the opportunity to earn a college degree for free. New Mexico Governor Michelle Lujan Grisham said a new scholarship program, to be called the “New Mexico Opportunity Scholarship,” will provide for 100 percent of undergraduate tuition and fees at New Mexico institutions of higher education for eligible in-state resident students. Pending approval of the state legislature, the proposed scholarship would begin in the Fall 2020 semester, and would apply to all 29 of the state’s colleges and universities, potentially assisting over 55,000 students in the state. The scholarship is made possible as a result of revenue generated by oil and gas production.

“This program is an absolute game-changer for New Mexico,” remarked Governor Lujan Grisham. “Higher education in this state, a victim of the recession, has been starved in recent years. We are pivoting to a robust reinvestment in higher learning — specifically and directly in our students. By covering the last dollar of tuition and fees, by making college significantly more accessible to New Mexicans of every income, of every background, of every age, we are putting students first. We are creating meaningful opportunity for all.”

An analysis published earlier this year by the New Mexico Tax Research Institute showed New Mexico state revenue from oil and natural gas production was at an all-time record high in the last fiscal year, with an increase of \$465 million from Fiscal Year 2017 to bring total tax collections from the oil and gas industry to \$2.2 billion in Fiscal Year 2018. This means that the oil and gas industry contributed nearly one-third of the funding for state schools, infrastructure, healthcare, and public safety — more than any other industry in New Mexico. Last fiscal year, these contributions from oil and gas resulted in \$822,300,441 in funding to public k-12 schools, which could help to cover the salaries of 11,496 teachers, or pay for 11,747,153 textbooks, according to the New Mexico Oil and Gas Association (NMOGA).

Beyond supporting economic growth in the state and driving new employment opportunities, local oil and gas development is providing important funding for educational initiatives, such as the New Mexico Opportunity Scholarship, that would afford New Mexicans who want to learn and prepare for a professional career the chance to do so.

## **TROPICAL STORM IMELDA DISRUPTS OPERATIONS AT OIL REFINERIES ALONG THE TEXAS COAST**

Oil refineries and processing plants located in Beaumont and along the southeastern Texas coast experienced flooding in late September after Tropical Storm Imelda passed over the area, drenching the region in heavy rainfall. As the slow-moving storm pummeled the Texas coast from Houston to Beaumont, Tropical Storm Imelda became the fifth wettest tropical cyclone to hit the continental United States, and drew comparisons to Hurricane Harvey which two years ago dumped more than 50 inches of water on parts of the Houston area and southeast Texas. Governor Greg Abbott declared a state of disaster in 13 southeastern Texas counties last Thursday, offering affected counties access to state resources as they continue to respond to the flooding. “The state of Texas is working closely with local officials and emergency personnel to provide the resources they need to keep Texans safe from Tropical Storm Imelda,” Governor Abbott said in a statement.

The tropical system forced downstream operators to shut key units of crude oil refineries and other processing plants in the region as a result of flooding from Imelda. ExxonMobil said it was temporarily shutting down its massive Beaumont, Texas, refinery because of flooding caused by Imelda’s rainfall. Exxon’s Beaumont refinery processes approximately 370,000 barrels of oil a day to produce gasoline and other fuels, and is the state’s fourth-largest oil refinery. A spokesman for the company last week commented, “Exxon Mobil’s Beaumont refinery and chemical complex is conducting a preliminary assessment to determine the impact of the storm. The Beaumont chemical plant has completed a safe and systematic shutdown of its units.” Other refineries operated by Total SA and Valero in Port Arthur also were briefly impacted, as Imelda’s flooding limited roadway access and prevented trucks from being able to remove sulfur from refineries, a byproduct produced in the making motor fuels. Federal regulations require the removal of sulfur from motor fuels, though companies were at risk of having to idle operations if they remained unable to haul away mounting sulfur supplies.

## **FEDERAL JUDGE BLOCKS PARTS OF POLICY SEEKING TO QUASH OIL PIPELINE PROTESTS**

U.S. District Judge Lawrence Piersol issued a preliminary injunction on September 18, 2019, temporarily preventing the enforcement of portions of new South Dakota laws which aim to prevent disruptive demonstrations against oil and gas infrastructure. In March, the state’s legislative body approved new policies to address problems caused by protests against pipelines being built in the region, like those against the Dakota Access and Keystone XL pipelines, and allow officials to pursue civil or criminal penalties against those demonstrators causing “riot boosting.” The American Civil Liberties Union (ACLU) fought the new laws, however, alleging the legislation prevents protected forms of free speech. In his ruling last Wednesday, Judge Piersol said the ACLU was likely to win most of its challenges to the bill “with the possible exception for direction of another person participating in a riot to use force or violence.”

Earlier this year, Texas passed similar legislation, which became effective on September 1, 2019, making it a third degree felony to cause intentional damage to critical private property infrastructure -- such as oil and natural gas production, electrical power generation, water treatment and telecommunications facilities. TIPRO advocated during the legislative session in support of House Bill 3557, authored by Representative Chris Paddie, which establishes criminal punishment for subjects that trespass, damage or destroy critical infrastructure. The measure not only serves to enhance safety and security of important energy facilities, it also targets protests seen in other parts of the country, including those against the Dakota Access oil and Keystone Pipelines, which spiraled out of control.

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