



**Texas
Independent
Producers and
Royalty Owners
Association**

TIPRO READIES FOR TEXAS' 2021 87TH LEGISLATIVE SESSION

On Tuesday, January 12, 2021, lawmakers from across the state will convene at the Texas capitol in Austin for the start of the 87th Texas Legislative Session, meeting to execute important state business during the 140 days of the regular session. This occasion will mark the first time that all 181 state legislators will have come together since the beginning of the coronavirus (COVID-19) pandemic; as such, the virus and its impact will undoubtedly be top-of-mind for all officials while the legislative session gets underway.

Due to limitations on the function of the legislature and state offices throughout the COVID-19 pandemic, as well as the deficit the health crisis has created to the state budget and the resulting difficulty the legislature will face in covering all of the state's expenses, there will be little capacity for addressing issues other than the budget or even hearing about those legislative matters in committee meetings. These sentiments were voiced this past Fall by the lieutenant governor and they are expected to be echoed once again in the House debate coming up regarding this session's rules. Still, TIPRO remains dedicated to tracking all proposals of significance to the Texas oil and gas industry, and stands ready to engage as appropriate.

"TIPRO looks forward representing TIPRO member's interests and the oil and gas industry as we begin this legislative session," said TIPRO President Ed Longanecker. "As the legislative session gets going and more is learned about regularly scheduled meetings, both at the legislature and with stakeholder groups, TIPRO members will be made aware. We look forward to keeping our membership updated and working on their behalf preserve the ability of independent operators to explore for and produce oil and natural gas."

TIPRO members interested in learning more about expectations for the upcoming legislative session, policy priorities and other noteworthy updates are encouraged to download the association's 'Preview of the 87th Legislative Session,' available at the following link: http://tipro.org/UserFiles/TIPRO_2021_Legislative_Preview.pdf.

IMPORTANT LEGISLATIVE DATES

- January 11, 2021: Comptroller delivers the Biennial Revenue Estimate to the governor and the 87th Legislature.
- January 12, 2021: 87th Legislature convenes at noon; election of the new speaker of the Texas House of Representatives.
- March 12, 2021: 60-day bill filing deadline.
- May 31, 2021: Adjournment of 87th Legislature, Sine Die.
- June 20, 2021: Post-session 20-day deadline for the governor to sign or veto legislation.

JIM WRIGHT TAKES OFFICE AS 51ST RAILROAD COMMISSIONER OF TEXAS

Jim Wright became the state's newest oil and gas regulator after he was sworn-in during a ceremony at the Railroad Commission of Texas on Monday morning, January 4, 2021. The lifelong South Texan becomes the 51st commissioner to serve at the state agency that is responsible for overseeing and regulating energy activities across the Lone Star State.

"Oil and natural gas will make up the majority of our nation's energy for decades to come and it is best for our state, our nation and the world if that energy is produced right here in Texas," said Wright. "As commissioner, I will work to streamline enforcement and increase transparency at the commission, with the ultimate goal of creating a sustainable and dependable lifestyle for all Texans supported by our state's abundant natural resources."

This week, after taking office, Commissioner Wright also announced staff appointments in his office. Kate Zaykowski will serve as director of public affairs for the commissioner, Christopher Hotchkiss will serve as general counsel, and Megan Moore has been named Commissioner Wright's executive assistant.

Zaykowski has over 10 years of experience in public affairs in both the corporate and public sectors. Most recently, she served as the director of public affairs at Parsley Energy, and was a member of the Texas Independent Producers & Royalty Owners Association. Zaykowski also has worked at both the state and federal capitols earlier in her career. In addition, Hotchkiss has been practicing administrative energy law for over 15 years, and before joining the Railroad Commission was in private practice, focusing almost exclusively on commission matters. He formerly served the commission as a staff attorney in the Enforcement Section, and was an administrative law judge in the Railroad Commission's Hearings Division, presiding over surface mining as well as oil and gas cases. Moore joins Wright's team with several years of organizational experience. She is a graduate of Texas State University with a degree in anthropology.



*Commissioner
Jim Wright*

PRESIDENT'S MESSAGE

TIPRO Members,

With an incredibly challenging year finally behind us, TIPRO is preparing for a new slate of opportunities and challenges facing our industry, and hopefully improved market conditions. This year, TIPRO also celebrates 75 consecutive years of serving the Texas oil and natural gas industry. As many of you know, it was the East Texas Field that originally gave rise to the Independent Petroleum Association of Texas in 1933. This group would later reconstitute itself as TIPRO in 1946. Our organization's long history and many direct contributions would not have been possible without the support of thousands of individuals since our inception, for which we are all very grateful.

As the largest statewide association representing independent oil and gas producers and royalty owners, today TIPRO's membership is comprised of the state's leading producers, hundreds of small to mid-sized independents, mineral owners and service companies. Despite challenging market conditions, over the past year our organization and team continued to make meaningful strides representing the interests of our members and industry at all levels of government. As an example, last year TIPRO successfully advocated to secure regulatory relief for Texas operators before the Texas Railroad Commission, the state's primary regulatory body overseeing oil and gas activities and development. These efforts and our work through the work of the Blue Ribbon Task Force for Oil Economic Recovery convinced the agency to unanimously agree to waive some industry fees and surcharges, extending certain regulatory deadlines, and expanding crude oil storage options. We continue to push for relief and regulatory certainty for our members and will be working on related efforts during the upcoming legislative session.

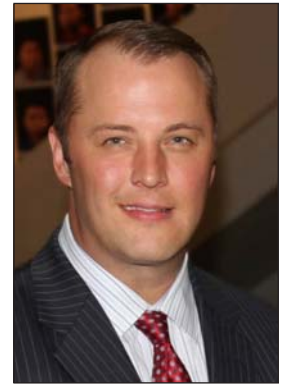
In 2020, TIPRO also actively engaged in the formation of a new coalition to promote industry-led efforts to reduce emissions. Our goal, in part, is to highlight the quantifiable success of Texas oil and gas producers in improving their environmental footprint through innovation, best practices and ongoing investment. As an example, over the last 20 years, the U.S. oil and natural gas industry has collectively invested over \$300 billion in greenhouse gas (GHG) mitigating technologies. As a result of this ongoing commitment and other voluntary actions, methane emissions from oil and natural gas systems are down 23 percent since 1990, according to 2020 data from the EPA's *Inventories of U.S. Greenhouse Gas Emissions and Sinks*. Also, since 2005, total U.S. GHG emissions have dropped by 12 percent and total GHG emissions from fossil fuel combustion have decreased nearly 15 percent. Rising use of natural gas to fuel power generation is also a key factor in the reduction of U.S. emissions of carbon dioxide (CO₂) to the lowest levels in a generation. This Texas-specific coalition will help to provide relevant information and data to policy makers to help counter unnecessary regulations that could negatively impact the industry's recovery and the immense contributions provided to our state and country from domestic oil and natural gas production.

Educating policy leaders and the general public about the Texas oil and natural gas industry remains a top priority for TIPRO. Throughout 2020, our organization released a series of research-oriented reports and publications to help accomplish this objective. Providing this consistent communication and comprehensive data have been strategic areas of focus for our organization to promote the Texas oil and gas industry and have become one of our strengths. As an example of our work, the U.S. Department of Energy's Office of Fossil Energy in October released a comprehensive report reinforcing the benefits provided from domestic development of oil and natural gas. TIPRO's data, analysis and our *2020 State of Energy Report* were featured in the government publication. TIPRO also recently sent a letter to all Texas House and Senate members, which included district specific data for industry employment, payroll, the number of businesses, oil and gas production and its total value, severance taxes paid, and Gross Regional Product, which is essentially GDP for a region of study.

In addition to directly representing our membership on legislative and regulatory issues throughout the year, TIPRO is focused on keeping our members abreast of policy and market-related issues that could directly impact their business. TIPRO's events, State Issues Committee, Regulatory Committee, *Upstream Texas* magazine, 'Week in Review' email update, social media channels and *The TIPRO Target* newsletter publication are all examples of our organization's larger member-exclusive communication platforms. If you are not currently receiving these updates or publications, I encourage you to sign up at your earliest opportunity -- to do so, simply send an email to info@tipro.org and request that we add you or the appropriate individuals within your company to our distribution.

These are only a few examples of TIPRO's ongoing work on behalf of our members and industry. Thank you for your membership and involvement. I wish you all a very positive and productive year.

Ed Longanecker



Ed Longanecker

TIPRO Calendar of Events

JANUARY 21, 2021

VIRTUAL EVENT — NARO-Texas
Royalty Audit Webinar.
For information, please
visit www.naro-us.org.

JANUARY 27, 2021

VIRTUAL EVENT — Hart Energy's
Executive Oil Conference.
For information, please
call (713) 260-6400.

JANUARY 28, 2021

VIRTUAL EVENT —
TIPRO-Enverus Oil & Gas Outlook.
For information, please
email rpaylor@tipro.org.

UNSTABLE MARKET CONDITIONS, REGULATORY PRESSURES TOP LIST OF CONCERNS FOR TEXAS PRODUCERS

At the end of 2020, the Texas Independent Producers & Royalty Owners Association (TIPRO) conducted a survey focused on market conditions for the Texas oil and natural gas industry and expectations for 2021. Input was provided by 152 individuals through the survey and other direct methods used to solicit feedback. The following is a summary of the results. All percentages are rounded.

Respondents represented various sectors of the Texas oil and natural gas industry, including small E&P companies (53 percent), large E&P corporations (5 percent), service companies (22 percent), mineral owners (28 percent), midstream businesses (4 percent) and other industry professionals (15 percent). Please note, numerous participants chose multiple sectors, including operators that also owned mineral interests.

A broad scope of jobs was represented in the survey, with many respondents choosing multiple functions within their companies, including senior management (71 percent), operations (16 percent), government or external affairs (3 percent), regulatory affairs (5 percent), landmen (12 percent), geologists (11 percent), royalty owners (15 percent), engineers (9 percent), investors (14 percent), attorneys (9 percent), and other occupations (6 percent).

The majority of TIPRO respondents, including 57 percent of survey responders, reported they employed ten workers or less. This was followed by companies employing 11-50 (24 percent), 51-75 (4 percent), 301-500 (4 percent), 101-200 (3 percent), 75-100 (2 percent), 201-300 (2 percent), 1,001-3,000 (2 percent), 3,001-5,000 (1 percent), and 5,000+ (1 percent).

E&P companies were asked by TIPRO how many wells they currently operate in Texas, which ranged from 0 to over 8,000. These respondents indicated that poor market conditions forced some of them to shut-in wells in 2020, most of which on a temporary basis, with the highest number exceeding 300 wells. The average breakeven price point for oil was \$39 and \$1.87 for natural gas among respondents, with results varying based on the oilfield and whether drilling was from new versus existing wells.

On average, these companies laid off or furloughed 19 workers in 2020, with one operator reporting over 500 were let go. If market conditions did not improve in 2021, respondents said they would terminate a range of 0 to 600 workers, with multiple companies stating they would shut down their business entirely.

Despite ongoing challenges facing the Texas oil and natural gas industry, the outlook for 2021 was positive amongst 43 percent of respondents, followed by 44 percent who said they were neutral and 13 percent who held a negative outlook. The following are samples of direct feedback provided by survey participants concerning expectations for this year:

- “I expect the oil market and overall economic conditions to improve, despite Biden/Harris being elected.”
- “I am expecting [the] price of oil to rise under Biden. He will not be begging the Saudis for inexpensive oil.”
- “We are very concerned about the new Biden Administration's plans for oil and natural gas and also about future commodity prices.”
- “Cautiously Optimistic. We feel prices will continue to improve, but we don't see ourselves doing much next year.”

Survey participants were also asked to provide insight on their company's top priorities for 2021. Numerous producers responded that mere survival was their main focus. A high number of participants advised to TIPRO they would incorporate further operating efficiencies and cost cutting practices, while others said their focus would be on the Texas legislature and regulatory issues. The following are samples of feedback provided by survey participants regarding their top priorities:

- “Continue to develop and enhance completions technology, control costs, increase market penetration.”
- “Executing in a volatile environment to capitalize while things are down.”
- “Maintenance of necessary funding for the Texas Railroad Commission, appropriate regulatory environment, continuation of Chapter 313 for tax abatement for new investments made in Texas, continued improvement in workforce education and opportunities, and rural Texans access to broadband.”
- “Understand impact of new negatively pitched regulations, including standards, renewable subsidies and taxes (e.g. carbon tax).”

Otherwise, survey participants also outlined top concerns for the year to come. Increasing regulations was a top concern for 30 percent of TIPRO respondents, with others citing economic conditions, access to capital and becoming cash flow positive as leading worries in present times. The following are samples of feedback provided by survey participants regarding their top concerns for 2021:

- “Overregulation, low commodity prices.”
- “Consolidation and lack of capital.”
- “Insufficient demand to drive crude oil/natural gas commodity prices higher.”
- “A new federal administration that is vocally anti-oil and gas.”

Additionally, survey participants were asked what the Texas legislature or state agencies could do to help support the oil and natural gas industry. The following is a sample of those responses:

- “Change methodology for calculating ad valorem taxes, do no harm.”
- “Keep the feds off our backs, continue to reduce redundant regulations that do nothing except raise expenses, do not subsidize Green New Deal components.”
- “Strongly support the construction and permitting of infrastructure, and especially resist any punitive new standards or regulations introduced at the federal level. Prevent companies from operating in Texas if they discriminate against Texans - e.g. financial institutions who aren't lending to oil & gas.”
- “Maintain relief measures, ensure that incentives remain in place, ensure that the tax burden is not increased, focus on science-based workable decisions regarding environmental issues. Support the Railroad Commission so that the EPA does not gain more power in Texas.”

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TEXAS LT. GOV. ANNOUNCES DETAILS ON PROTOCOLS FOR THE SENATE ON OPENING DAY OF SESSION

At the beginning of January, Texas Lieutenant Governor Dan Patrick outlined the full set of protocols that will be followed in the state Senate on the opening day of the 87th Regular Legislative Session, taking place next Tuesday, January 12, 2021. An extensive set of precautions and other measures will be practiced to ensure the health and safety of elected officials, legislative staff and the public as the coronavirus (COVID-19) pandemic rages on. In addition to keeping everyone safe, Lieutenant Governor Patrick articulated his hopes to avoid a potential shutdown due to the virus so that the legislature can carry out its constitutional duties over the next several months.

As announced by Lieutenant Governor Patrick, the Senate will strictly adhere to the following protocols during the first complete day of Texas' 2021 Legislative Session:

- Guest seating for the opening day ceremonial session of the Texas Senate will be allocated by each of the 31 senators. This year the lieutenant governor and the senators have decided to limit floor seating to one family member at each senator's desk. There will be no floor seating outside the brass rail or anywhere else on the Senate floor. This differs from past years when the Senate chamber floor was fully in use for family and guest seating.
 - Each senator will be given three tickets for seats in the Senate gallery for their family and/or constituents. This will limit the seating in the Senate gallery to less than a hundred guests and will ensure space for proper social distancing.
 - Senators have agreed to be tested for COVID-19 when entering the capitol. Staff members will be tested as well.
 - Opening day guests of senators will also be tested for COVID-19. The testing is free and will yield results in 15 minutes or less. No personal data will be collected or kept regarding results.
 - On opening day, all Senate guests must enter through the capitol's east entrance, where testing will be done.
- Senators have agreed to a much shorter opening day ceremony to reduce the time spent in a large gathering. The Senate is reducing all ceremonial events and gatherings this session to focus solely on their constitutional legislative duties.
- On opening day and throughout the session, most Senate offices will be open by appointment only to facilitate social distancing in their relatively small offices and to protect both the public and their staff.
 - A pool of 4 members of the media who have been given credentials by the Texas Senate will be allowed in the East Gallery on opening day – as they will be for the regular session. Media will be notified of the pool rotation prior to opening day. Pool media will be escorted to their seats prior to the Senate session opening and escorted out after the Senate session ends.
 - All members of the media will be required to be tested for COVID-19 to enter the capitol.

Otherwise, protocols and rules for the first 60 days of the legislative session will be voted on by the senators the first week of the session, advised the lieutenant governor. Those protocols will be released shortly thereafter.

In a memo distributed in mid-December, leaders from the House chamber also previously published operational plans for the first day of the legislative session in the lower chamber. Amongst some of the measures being implemented in the House to ensure the health and safety of all participating in opening day events, all guests will be encouraged to take a COVID-19 test, face coverings will be required, temperature and symptomatic screenings may be administered upon entry to the capitol building, desks have been physically spaced out, new air purification units have been installed above the House floor and gallery, and other precautionary steps are being put in place. Meanwhile, House members were each sent a list of COVID-19 considerations to help keep their individual offices and staff protected from the virus. Lawmakers will hold discretion on what COVID-19 health and safety standards they wish to follow and each office may adopt any additional protocols the office considers necessary to protect the health and safety of the office's staff and guests.

REP. DREW SPRINGER PREVAILS AGAINST SHELLEY LUTHER IN SPECIAL ELECTION RUNOFF FOR SD30

In a special election runoff held in late December, State Representative Drew Springer (R-Muenster) defeated Dallas salon owner and political opponent Shelley Luther, also a Republican, to secure his spot representing North Texas' Senate District 30 in the state legislature during the 2021 Legislative Session. Springer, who was first elected to office in 2013, was most recently the chairman of the Texas House Committee on Agriculture & Livestock and also a member of the Texas House Committees on State Affairs and Local & Consent Calendars. He will now become a state senator representing Senate District 30 that covers a large swath of mostly rural North Texas land that wraps around the Dallas-Fort Worth area. He will replace outgoing Senator Pat Fallon (R-Prosper) who was elected to the U.S. Congress in November.

"As your next senator, I will continue advancing the conservative priorities of our district like reducing property taxes, securing the border, and standing up for our law enforcement and first responders who keep our communities safe," said Springer in a statement after the December 19th election. "I will fight to ensure Texas remains the premier place in the nation to do business, so we can unleash the private sector to create jobs and move us out of this recession," he added.

Springer's political opposition, Luther, became the center of national attention last spring after she deliberately defied lockdown orders issued by Texas Governor Greg Abbott and continued to operate her hair salon business despite coronavirus restrictions. She later faced jail time for such actions, before deciding to run for state office in the Fall.

Both Luther and Springer faced off in the December runoff election after competing against one another in a special election for the open Senate seat in September, which had seen Luther marginally leading in votes at the time against Springer. With neither candidate earning a majority of the vote in that election, however, the top two finishers - Springer and Luther - advanced to a special runoff.

As victor of the political race, Springer will serve in the Senate role until January 2023.

TEXAS' PRESUMPTIVE NEXT HOUSE SPEAKER ANNOUNCES POLICY STAFF SELECTIONS

Before the start of the new year, state Representative Dade Phelan (R-Beaumont) announced staff that have been selected to extend support on top policy matters, as the representative prepares to become the next speaker of the Texas House.

“We’ve assembled a first-rate team of seasoned policy experts who understand the mechanics of government and know how to get things done for Texas,” Representative Phelan commented. “I am privileged that these skilled professionals are devoting themselves to public service at this inflection point in our state’s history. Each will help the Texas House make good on the priorities that our citizens sent us here to accomplish; balancing our budget, protecting public health and safety, improving our business climate and getting Texas back to work.”

Kory Curtis will become Phelan’s policy advisor on energy resources, environmental regulation, international relations and economic development. He previously was the committee director for the House Committee on State Affairs, and has prior experience working at the Texas capitol for the House Committees on Insurance and Investments & Financial Services. He also was the capitol director for Representative Tan Parker earlier in his career.

Andrea Chavez meanwhile will serve as a policy advisor on transportation issues to Representative Phelan, and lead work on policies concerning local government, county affairs and urban affairs, while Marissa Patton has been selected to advise Representative Phelan on policy matters that relate to natural resources, land and resource management, and agriculture.

The staff selections will take effect on January 12, the first day of the 87th Regular Legislative Session, when Representative Phelan is expected to be officially elected as speaker of the Texas House of Representatives.

TEXAS CAPITOL REOPENS TO THE PUBLIC

The Texas state capitol building reopened to the public on Monday, January 4, after having been closed off since the outbreak of the coronavirus (COVID-19) pandemic this past March. Late last month, the state’s top leaders, including Governor Greg Abbott, Lieutenant Governor Dan Patrick and House Speaker Dennis Bonnen, shared the news that the Texas capitol in Austin would re-open at a time when many other state governments had chosen to leave their capitol buildings closed, a status also applicable to the nation’s capitol building in Washington D.C. that still is not accessible to the public.

Texas officials assure that health and safety protocols in response to the COVID-19 pandemic have been put in place to allow for the capitol’s reopening while maintaining a safe environment for all visitors, lawmakers and staff. Preparations to safely conduct business in the Texas House and Senate are ongoing, and each chamber will vote upon their respective rules and protocols at the start of the legislative session on January 12, 2021. Each office will individually manage health precautions - visitors should check with members’ offices for specific guidelines.

For now at least, the building will be open to the public from 9 a.m. until 6 p.m., Monday through Friday. The capitol will be closed on Saturdays and Sundays for building cleaning.

The public should be advised that the only open entrance is via the north door of the capitol. COVID-19 testing is highly recommended and easily accessible on the north plaza at no expense. No personal data will be collected. At this time, a mask worn over the mouth and nose is required at all times inside the building. Public visitor capacity limits will be observed and social distancing required in all public areas at all times.



GOVERNOR ABBOTT SETS JANUARY 23RD SPECIAL ELECTION FOR TEXAS HOUSE DISTRICT 68

Texas Governor Greg Abbott recently selected Saturday, January 23rd as the date to hold a special election to fill the Texas House of Representatives District 68 seat being vacated by Senator-elect Drew Springer. Springer in December was elected by constituents in a special election to serve Senate District 30, promoting the legislator to move up to the upper chamber and causing an unfilled seat in the state House as the Texas legislature readies for the next legislative session.

House District 68, which Springer had represented since 2013, includes the North Texas counties of Childress, Collingsworth, Cooke, Cottle, Crosby, Dickens, Fisher, Floyd, Garza, Hall, Hardeman, Haskell, Jack, Kent, King, Montague, Motley, Stonewall, Throckmorton, Wheeler, Wilbarger, and Young. Much of the district stretches across rural Texas land from Dallas to the Panhandle, covering 300 miles between Cooke and Crosby County and 200 miles from Wheeler to Fisher County.

Early voting in the House District 68 special election begins Monday, January 11, 2021.

TEXAS GENERAL LAND OFFICE OFFERS 66 TRACTS IN UPCOMING OIL & GAS LEASE SALE LATER THIS MONTH

The Texas General Land Office will be partnering with EnergyNet to host an oil and gas lease sale on January 19th that will offer 66 tracts covering 22,500.607 net mineral acres in 16 different counties. Sealed bids are due on January 19, 2021 before 10:00 a.m. Central Time.

EnergyNet reports that the BLM New Mexico State Office also this month will be conducting a lease sale for 37 parcels covering 6,850.72 acres that stretch across 4 different states: New Mexico, Texas, Oklahoma and Kansas. This lease sale will be a live online auction beginning January 14, 2021 at 9:00 a.m. Central Time with closings beginning the same day at 11:00 a.m. Central Time.

More information on these current lease sale listings is available at www.EnergyNet.com/govt_listing.pl.

PRESIDENT-ELECT JOE BIDEN NAMES NOMINEES FOR CABINET POSITIONS AT EPA, ENERGY AND INTERIOR

In the weeks leading up to his inauguration to become America's 46th president, Joe Biden announced a slate of nominations to fill top administration posts, including candidates he hopes will be confirmed by Congress to become agency-heads at the U.S. Environmental Protection Agency (EPA), U.S. Energy Department and U.S. Interior Department. Collectively, Biden's nominees hold extensive government experience, and will form a reputable team of high-ranking officials and regulators who are expected to implement policy agendas set by the new president.

Biden in December said he has picked Michael Regan, North Carolina's top environmental regulator, to lead the EPA. Regan started his career working for the EPA's air quality and energy programs during the Clinton and Bush Administrations and spent several years at the Environmental Defense Fund running the organization's efforts to reduce the impacts of climate change and air quality pollution before later becoming secretary of the North Carolina Department of Environmental Quality in 2017. He has built a reputation known for environmental justice, and if confirmed by the U.S. Senate, Regan would be only the second African-American to hold the role as EPA administrator.

Additionally, former Michigan Governor Jennifer Granholm has been selected by President-elect Biden to run the U.S. Department of Energy. She would be only the second woman appointed to lead the Energy Department since its creation in 1977, if successfully confirmed to the position by the U.S. Senate. During her terms as Michigan's first female governor from 2003-2011, Granholm embraced renewable energy and supported energy standards that required a portion of the state's energy be generated by renewable sources.

Congresswoman Deb Haaland (D-New Mexico) will also be nominated by President-elect Biden to run the U.S. Department of Interior, which manages more than 500 million acres of the country's public lands. One of the first Native American women ever elected to serve in Congress, Representative Haaland would also become the first Native American to lead a cabinet agency if confirmed.

Meanwhile, Biden is also planning to tap former EPA chief Gina McCarthy for a newly created climate coordinator role at the White House, he announced. As the federal government's first-ever "national climate advisor," McCarthy will be in charge of leading the White House Office of Domestic Climate Policy and managing the new administration's domestic climate agenda.

Texas Congresswoman Eddie Bernice Johnson (D-Texas), chair of the U.S. House Committee on Science, Space & Technology, backed the incoming president's energy and environment nominees, in a statement, saying: "I am thrilled to see such a diverse set of highly qualified individuals be chosen to advance the incoming administration's energy and environmental priorities. This group of nominees and appointees gives me confidence that the incoming Biden Administration will be guided by science as it pursues those priorities. We have much work to do to invest in innovative energy technologies and support mitigation and adaptation strategies for climate change that protect and uplift low-income and minority communities, create good jobs, and are enabled by data-driven environmental and energy policy."

Other congress members meanwhile have been more critical of Biden's cabinet selections. U.S. Senator John Barrasso (R-Wyoming), appearing on *Fox News Sunday* in December, said that the confirmation process for Biden's cabinet nominees would not be a "garden party," referencing a GOP-backed effort to slow the pace of confirmations and challenge Biden's appointments. Senator Barrasso is the third-ranking member in the Senate Republican leadership, chairman the U.S. Senate Environment and Public Works Committee and a member of the U.S. Senate Committee on Energy & Natural Resources. Barrasso specifically has attacked Biden's choice for energy secretary, calling out Jennifer Granholm for supporting a transition away from fossil fuels, which he says would be detrimental to the energy industry and the economy.

FIVE MORE LNG EXPORT FACILITIES RECEIVE EXTENDED AUTHORIZATIONS THROUGH 2050

The U.S. Department of Energy announced on December 31st the extension of export authorizations through the year 2050 for five more liquefied natural gas (LNG) projects. As TIPRO has reported past issues of *The TIPRO Target* newsletter, since last summer, the Trump Administration has approved several rounds of LNG export term extensions after formally modifying federal policies at the end of July. The most recent set of LNG term extensions granted by the Energy Department will apply to the Annova LNG project proposed in Texas, the Southern LNG export facility operating in Georgia, the Cameron LNG export facility operating in Louisiana, and Eagle LNG's two small-scale facilities in Florida, including the Maxville facility currently in operation.

"The Trump Administration and Energy Department have delivered on our commitment to ensure that U.S. LNG holds a prominent place in the global energy market," commented U.S. Secretary of Energy Dan Brouillette. "The 2050 policy and subsequent extended authorizations lock in the long-term benefits of U.S. LNG exports and provide yet another way to support the success of U.S. LNG exporters abroad."

Including the term extension applications processed at the end of December, long-term LNG export authorizations with export terms through December 31, 2050, are now held by a total of 18 U.S. LNG export projects, as well as the Costa Azul project in Mexico.

"Just this year, LNG exports from the United States will reduce our trade deficit by over \$12 billion and recent export levels have been at all-time highs," said Deputy Secretary of Energy Mark W. Menezes. "The development of U.S. infrastructure to support our LNG exports has provided thousands of jobs and led to billions of dollars in industry investment, the benefits of which will be sustained by this policy."

Acting Under Secretary of Energy and Assistant Secretary for Fossil Energy Steven Winberg added, "Increasing exports of U.S. LNG to our allies not only creates great opportunities for our nation, it also strengthens global energy security and supports environmental and emissions objectives."

TIPRO SURVEY RESULTS... CONTINUED FROM PAGE 3

Likewise, survey participants were also asked what actions the federal government could take to support the U.S. oil and natural gas industry, with a majority of respondents expressing opposition to increased regulations on the oil and natural gas industry. The following is a sample of those responses:

- “Prevent policies designed to stop oil and gas production. Keep redundant regulations off the books and let each state regulate their areas.”
- “Continue to allow depletion allowance, and expensing of drilling and completion costs.”
- “Realize the importance [of] petroleum products to our everyday lives. Do not have unrealistic expectations for cost effective alternative energy in the next few decades.”
- “More what they should not do - Don't destroy the industry by removing tax incentives on drilling or grossly increasing regulation in a misguided effort to impact global warming. Read "False Alarm" by Bjorn Lomborg.”

A similar theme emerged when asking participants what TIPRO could do to most effectively support the Texas oil and natural gas industry, including preventing overreaching regulations and anti-oil and natural gas legislation, and maintaining tax policies that support domestic production. Another key area of focus was increased education about the oil and gas industry with stakeholders. The following are examples of responses provided by participants.

- “Fight all anti-oil & gas legislation and regulations that may be introduced as a punitive tax on Texas. Keep legislature from running down Green rabbit holes without critical knowledge of the issues at hand.”
- “Increase industry education, fight for oil and gas in the state legislature and with federal policy leaders.”
- “Promote fleet vehicle use of natural gas for state and local government, localized industries such as delivery service vehicles, garbage collections, etc.”
- “Make sure we do not lose the service side of our business, the ability for us to drill and complete wells economically requires our service sector provide high quality assistance, drilling, production and completion as well as stimulation and EOR.”

Finally, individuals were asked if they were comfortable with attending public or industry events at this time. Approximately 30 percent of respondents said yes, 32 percent said they were somewhat comfortable, and 38 percent said no. If a vaccine for COVID-19 is readily available this year, 72 percent of respondents said they would be comfortable attending in-person events, followed by 26 percent who were somewhat comfortable and 2 percent who said they would not attend in-person events. The following is a sample of additional feedback provided by participants:

- “Not until the positive effects of vaccines are showing up in the infection and death numbers.”
- “As soon as I get a vaccine I am good to go.”
- “Depends on the distance and for lack of a better word, congestion of people. For an event, I would mandate mask be worn or would not attend.”
- “Yes, conditioned upon the positive effects having a major positive effect on infection and death numbers.”

“We greatly appreciate the feedback provided by our survey participants, which will help TIPRO develop its strategy and focus this year in representing the Texas oil and natural gas industry at the state and federal level with key policymakers, agencies and other stakeholders, as well as guide our communication and programmatic efforts,” said TIPRO President Ed Longanecker.

Additional feedback from oil and natural gas representatives is encouraged by emailing info@tipro.org. TIPRO members who are interested in staying abreast of legislative and regulatory issues impacting the oil and natural gas industry are also urged to participate in the association's various committees. Additional details can be found at www.tipro.org.

EPA ISSUES FINAL DECISION TO RETAIN CURRENT OZONE STANDARDS

In the final weeks of the Trump Administration, federal officials with the U.S. Environmental Protection Agency (EPA) said they would maintain air quality standards for ozone at current levels. After completing a full review of the 2015 ozone National Ambient Air Quality Standards (NAAQS) set by the Obama Administration, EPA leaders determined that existing air policies established five years ago under the Clean Air Act are “in line with science” and therefore provide for continued improvements in air quality across the country.

“For only the second time in the agency's history, EPA is fulfilling its statutory obligation to complete NAAQS review for ozone within a five-year time frame,” said EPA Administrator Andrew Wheeler on December 23. “Our actions show the Trump Administration is fulfilling its promise of protecting human health and environment for all Americans, regardless of where they live.”

Advocates had been pressing the nation's top environmental regulators to up the stringency of ozone air standards to 60 parts per billion (ppb). Current limits stand at 70 ppb, and before those restrictions were set five years ago, the prior standard was 75 ppb. Administrator Wheeler, however, made the decision to retain existing ozone standards at 70 ppb after considering the most recent scientific assessments that show significant milestones have been achieved by the United States in recent years which have led to lower air pollution levels and cleaner air quality.

Since the beginning of the Trump Administration, the EPA has re-designated to attainment eight nonattainment areas for the 2008 8-hour ozone standards. In this same timeframe, U.S. nitrogen oxide emissions have dropped 10 percent and volatile organic compound emissions have dropped 3 percent, according to the EPA. Similarly, national average ozone concentrations have gone down 4 percent. Since 1990, national average ozone concentrations have dropped 25 percent. To review the EPA's latest information on the nation's air quality status and trends through 2019, see <https://gispub.epa.gov/air/trendsreport/2020/#welcome>.

TIPRO-ENVERUS OIL & GAS MARKET OUTLOOK

January 28, 2021
10:00 AM CST

*Webcast is free and exclusively available for TIPRO members, elected officials and their staff.

During this special TIPRO-Enverus presentation, guest speaker Bernadette Johnson, vice president of market intelligence for Enverus (formerly DrillingInfo), will explore current supply and demand trends impacting the market and driving prices, with a detailed discussion on what recovery for the industry looks like. Specific presentation topics will cover: demand destruction and recovery, global economic concerns, U.S. production growth and exports in this new environment, and the focus towards capital discipline. Johnson will also discuss with TIPRO's audience the supply and demand balance for both crude and natural gas, and review forecasts for the future and implied price ramifications.

Find more details and register to participate by visiting <https://bit.ly/34d9XIO>.



Texas Independent Producers & Royalty Owners Association

With nearly 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.

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