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TIPRO
Texas Independent Producers and Royalty Owners Association

Sustained low oil prices trigger severance tax credit for low-producing oil wells

Producers of low-producing oil leases in the state of Texas can now qualify for a tax exemption as a result of the prolonged low-price market for crude oil. Under state law, oil wells that produce less than 15 barrels per day are eligible to receive tax credits when oil prices fall below certain levels -- in current circumstances, this tax credit from the state's crude oil severance tax is available at the 50 percent threshold. The amount of the tax credit allowed is dependent upon the Comptroller-certified average oil price posted each month, which is calculated using daily index prices for the prior three months for each report period.

In his latest certification of average oil prices for the latest reporting cycle, Texas Comptroller Glenn Hegar tallied oil prices at an average of $24.27 per barrel last month, meeting the designated threshold to permit a tax exemption of 50 percent for low-producing oil wells.

This specific tax incentive has not been applied in four years, since the industry last experienced a downturn in 2016. It is reported that as many as 200,000 wells could be eligible for such tax credits, according to industry sources.

In order to receive the tax credit for a low-producing oil lease, please be advised that taxpayers are required to first file Form AP-216, *Texas Crude Oil Lease Tax Exemption Application*, with the comptroller's office for approval.

To find more information, please visit: https://comptroller.texas.gov/taxes/crude-oil/low-producing-leases.php.

OPEC+ strikes new deal to continue record production cuts through end of July

Members of the Organization of the Petroleum Exporting Countries (OPEC), Russia and other allies, collectively known as OPEC+, reached an agreement in early June to extend record oil production cuts through the month of July, helping sustain support to the oil and gas industry in wake of collapsing commodity prices and drive the tentative rebound of global oil markets. The latest agreement will continue the cartel's deepest round of production cuts ever to be adopted, originally accepted at the end of April, which has taken nearly 10 percent of its oil supplies offline. The effort was designed to prop up oil prices at a time when energy markets have faced an unprecedented decline to demand, a glut of supply and upheaval from other economic dynamics.

Production curtailments by OPEC+ and other major producing nations has been closely watched by leaders of the North American shale industry, including U.S. President Donald Trump who earlier this spring pressured OPEC members to come to a resolution and work together to rebalance global oil markets. "I applaud OPEC-plus for reaching an important agreement which comes at a pivotal time as oil demand continues to recover and economies reopen around the world," commented U.S. Energy Secretary Dan Brouillette on OPEC's recent decision to extend production cuts.

Beginning in May, OPEC and other major oil producers started to execute landmark supply cuts removing approximately 9.7 million barrels of oil per day (mb/d) from production levels to offset vast oversupply in the market, plummeting prices and crashing demand. The move already has helped to bolster oil prices over the last month, with the hope that prices will continue to rise so long as large producers are willing to maintain deep cuts to their oil output. The original OPEC arrangement would have otherwise allowed production output to increase in steps after June, though with the latest deal, OPEC's oil production limits will now continue through July.

Leaders of OPEC in June continued to advocate for fair and equitable implementation of plans to cut off production in order to bring about stability in global oil markets, given global oil demand is still expected to contract by around 9 mb/d for the whole of 2020. "Demand is returning as big oil-consuming economies emerge from pandemic lockdown. But we are not out of the woods yet," said Prince Abdulaziz bin Salman, the Saudi oil minister who led this month's OPEC+ meeting. While pushing for unity to help rebuild the global oil industry, reportedly the Saudi minister issued a warning to fellow OPEC members that production levels will be closely monitored by the organization for any signs of countries backsliding from commitments.

President's Message


Ed Longanecker

TIPRO Members,

Through all the market upheaval, coronavirus and other economic shifts this year, the federal government is still pressing press forward with important regulatory changes for the nation's oil and gas industry. Amongst the rulemakings currently in the works, the U.S. Environmental Protection Agency (EPA) this summer is expected to finalize updates to federal methane standards for oil and gas E&P activities.

At the end of May, EPA regulators submitted their proposed overhaul for industry methane regulations to the White House for final approval. The EPA has requested that the Office of Management and Budget (OMB) complete its review of the rule package in an expedited manner and within 30 days give final sign off, with the goal of implementing the rules before the end of July.

The EPA's proposed amendments to the 2012 and 2016 New Source Performance Standards (NSPS) for the oil and natural gas industry, originally announced last August, would remove regulatory duplication from existing rules and ease regulatory burdens otherwise limiting the development of domestically produced energy resources. EPA's proposed amendments would, amongst other changes, remove all sources in the transmission and storage segment of the oil and natural gas industry from regulation under the NSPS and rescind the NSPS (including both the volatile organic compounds (VOC) and methane requirements) applicable to those sources. The amendments also would rescind the methane requirements in the 2016 NSPS that apply to sources in the production and processing segments of the industry.

This rule-change is expected to provide substantial savings to the industry from compliance costs that amount to millions of dollars per year. In fact, a regulatory impact analysis performed by the EPA showed that the industry could recover savings ranging from $17-$19 million a year once the regulation were to go into effect, funds desperately needed now more than ever by operators in today's dire economic climate.

On behalf of our membership base, TIPRO has been very active engaging with this policy change and associated legal challenges ever since the regulations were originally modified in 2012, and then revised again in 2016, under the Obama Administration. The association has long advocated for reasonable air quality driven performance standards managed by our federal government that will protect the environment while also reducing unnecessary regulatory burdens hindering domestic energy production. We believe updates to the EPA's NSPS for the oil and natural gas industry promulgated under the Clean Air Act will provide critical improvements to the set of regulations, which has had a disproportionate impact on smaller U.S. oil and natural gas producers, many of whom are members of TIPRO.

TIPRO last year filed comments in support of the EPA's proposed actions to amend the 2012 and 2016 oil and gas NSPS, where we advised federal regulators that redundant federal requirements are unnecessary, irrational and could pose a threat to the economic viability for some energy companies already on the edge due to the low price market. Our organization also signaled collective agreement from industry stakeholders that EPA had before stepped outside of its delegated authority in setting certain standards under its prior rule. It was not appropriate for EPA to conclude in 2012 and 2016 that the original source category determination was "broad" enough to include transmission and storage segment sources. To include sources from the transmission and storage segments, EPA must follow the requirements set forth in Section 111 of the Clean Air Act, we have argued, and we hope to see federal regulators take corrective action to address such concerns.

TIPRO looks forward to seeing the EPA move to adopt policy amendments to these oil and gas regulations, which are critically important to the industry. As always, we will continue to keep our membership advised of further developments as they occur. Our organization and members also continue to collaborate on industry led solutions to reduce energy emissions.

Regards,
Ed Longanecker

'Leaders in Industry' luncheons to resume in September; July & August gatherings cancelled

With ongoing uncertainty and impact from the spreading coronavirus (COVID-19) illness, members are advised that the "Leaders in Industry" luncheons scheduled for July and August have been cancelled. Please reach out to Brittney Green at bgreen@ipaa.org if you have any questions. The "Leaders" luncheon series is expected to resume in the Fall, with the next gather scheduled to take place on September 9th at the Houston Petroleum Club.

TIPRO Calendar of Events

SEPTEMBER 9, 2020	SEPTEMBER 23-24, 2020	OCTOBER 14, 2020	NOVEMBER 11, 2020
HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	SAN ANTONIO — TIPRO's 2020 Summer Conference, Hyatt Hill Country Resort and Spa. For info, call: (512) 477-4452.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.

Reminder: Voter registration deadline is June 15th for July elections

TIPRO members are reminded that the deadline to register to vote in the upcoming primary run-off and special elections will be next Friday, June 15th -- make sure you are prepared to cast your vote in the next election and take the appropriate steps to register ahead of the approaching deadline, if you are not already registered to vote in your county of residence.

Eligible Texans who are not already registered to vote must complete a voter registration application, available for download on the Secretary of State's website at sos.texas.gov, and submit the form to the county voter registrar in your county of residence. Completed voter registration applications must be postmarked by June 15th in order to be accepted. Texans may check to see if they are already registered to vote through the Texas Secretary of State's website or by visiting www.votetexas.gov.

In the upcoming primary run-off elections this July, voters will select a Democratic candidate for the Railroad Commissioner race to face off against Republican nominee Jim Wright in November. In the contest, Dallas attorney Chrysta Castañeda is challenging former state Representative Roberto "Beto" Alonzo for the party's nomination to fill the open leadership seat at the agency. The ballot will also include a special election to select a candidate to fill the remainder of the unexpired term of retiring Texas State Senator Kirk Watson (D-Austin), who vacated his seat in the legislature earlier this year.

Early voting has been extended for this next election in order to allow Texans with one additional week during the early voting period in light of additional health protocols and precautions being followed to mitigate spread of the coronavirus (COVID-19). Per a proclamation issued last month by Texas Governor Greg Abbott, early voting will begin on Monday, June 29, 2020, and last through Friday, July 10. Election day will take place on Tuesday, July 14.

Texas' oil and gas tax revenue continues to record significant declines

State sales tax collections fell 13.2 percent in May compared with levels from one year ago, dragging down the state's largest revenue stream supporting the state budget as the economic fall-out from this year's coronavirus (COVID-19) outbreak continues. The Texas Comptroller of Public Accounts Glenn Hegar said on Monday, June 1st that state sales tax revenue totaled $2.61 billion last month, whereas last May sales tax levels surpassed $3.01 billion. This latest tally of sales tax revenue represents the steepest year-over-year decline in a decade, according to the comptroller.

"Significant declines in sales tax receipts were evident in all major economic sectors, with the exception of telecommunications services," Hegar said of the latest tax assessment. "The business closures and restrictions and stay-at-home orders due to the COVID-19 pandemic spurred deep drops in collections from restaurants, amusement and recreation services, and physical retail stores. These declines were offset in part by increases from big box retailers and grocery stores that remained open as essential businesses, online retailers and restaurants that could readily pivot to takeout and delivery service."

He continued, "With the easing of state and local government social distancing orders beginning in May, business activity in the sectors most affected by measures to curb the pandemic should begin to slowly recover, but operations resuming at reduced capacity will result in continued reductions in employment, income and activity subject to sales tax for months to come."

The comptroller acknowledged the steepest declines in tax collections came from the oil and gas mining sector, as energy companies across the state have been compelled to scale back well drilling and completion spending following the crash in oil prices and the downturn otherwise plaguing the E&P sector. This trend has also led to a reduction of other important taxes paid by energy producers, mentions Comptroller Hegar. In May, the state collected $90 million from oil production taxes in Texas, the lowest monthly amount since July 2010. This figure is down 75 percent from May 2019 and the steepest drop since a 77 percent drop experienced in March 1988. Meanwhile, $31 million were collected from natural gas production taxes in May, down 76 percent from a year ago.

News of the severe economic toll from the COVID-19 virus impacting budgetary coffers undoubtedly will influence the comptroller's next official fiscal forecast for the state, expected to be released in July. As part of the Certification Revenue Estimate (CRE), the comptroller will share his economic outlook and expectations as the state prepares to enter a new fiscal cycle. The projections from the comptroller cited in the CRE will later be used by the legislature to delegate and approve appropriations of state funds in the next legislative session.

Mia Hutchens named new public affairs director for RRC Commissioner Christi Craddick

Texas Railroad Commissioner Christi Craddick announced the first week of June a staff change in her office, with the addition of Mia Hutchens who will assume responsibilities as the commissioner's new director of public affairs. Hutchens will take over the role for Jason Modglin, who accepted a leadership position with the Texas Alliance of Energy Producers.

"We are excited to have Mia joining our team as she will play a critical role in helping the commission ensure regulatory certainty for this great industry," said Commissioner Craddick. "Her experience in this sector will serve our office and the agency well."

Hutchens most recently served as manager of government affairs for the Texas Association of Business, and also previously worked for the Texas Star Alliance. She is a former member of TIPRO.

JOIN US THIS SEPTEMBER FOR

TIPRO's 2020 SUMMER CONFERENCE!

The Texas Independent Producers & Royalty Owners Association (TIPRO) will return to San Antonio's Hyatt Hill Country Resort on September 23-24, 2020, for the group's annual summer meeting. During the two-day event, TIPRO looks forward to hosting industry experts, policymakers, and other oil and gas leaders, who will enlighten attendees on market conditions and expectations for the state's Upstream E&P sector leading into 2021. TIPRO presenters will also provide an update on state and federal political races, and more. At the meeting, TIPRO also will welcome candidates running in this year's election for the open seat at the Railroad Commission.

At this year's summer conference, TIPRO and the hotel property will strictly follow all guidelines and safety protocols from the Centers for Disease Control (CDC) in order to maintain a healthy environment for our guests. TIPRO will also be incorporating additional measures to protect our members, such as offering personal hand sanitzers.

More details regarding the event will be announced in the coming weeks. We hope to see you there!

~ BOOK YOUR HOTEL ACCOMMODATIONS EARLY FOR THE CONFERENCE ~

TIPRO encourages members to act early to secure your hotel reservation with the Hyatt Hill Country Resort and take advantage of the TIPRO group rate at the hotel property. Members of TIPRO may book your hotel room online for the TIPRO event via the following link: https://bit.ly/3cTI8Bx. Please note that reservations for the TIPRO meeting at the Hyatt Hill Country may also be made with the hotel by calling (210) 647-1234.

RRC issues an update regarding the Drilling Permits (W-1) Online Filing System

In a notice distributed to state oil and gas operators last week, the Railroad Commission of Texas (RRC) shared that effective June 1st the agency's Drilling Permits (W-1) online filing system will determine if horizontal wells proposed in regulatory fields with special rules require an exception. The RRC's online filing system will make this determination for oil and gas operators submitting drilling permit applications online, said the commission. This change in the RRC's filing system was made because the system could not determine if applications for certain locations met applicable field requirements relating to lease line or well spacing, according to the agency.

For more information on the system enhancement and required documentation, view an instructional video on the RRC's YouTube channel at https://youtu.be/9vGSlqBJG2I or reference the help document available on the Drilling Permits (W-1) online filing system's splash page under "Important News" section in the RRC Online System. You can also reference the Drilling Permits Online Filing User's Guide available on the RRC website at https://rrc.texas.gov/media/20067/dpmanual.pdf.

EPA finalizes improvements to Clean Water Act Section 401 certification process

On Monday, June 1, the U.S. Environmental Protection Agency (EPA) announced final regulatory changes to enhance the transparency and efficiency of the Clean Water Act (CWA) Section 401 (Section 401) certification process, which the EPA says will also serve to promote the timely review of fossil fuel infrastructure while still ensuring protection of America's groundwater resources. Under Section 401 of the CWA, states and authorized tribes are granted the authority to assess potential water quality impacts of discharges from federally permitted or licensed projects that may affect navigable waters within their borders. A federal agency may not issue a license or permit without a certification or waiver from the state or authorized tribe where the discharge originates.

EPA's new final rule follows Executive Order 13868, "Promoting Energy Infrastructure and Economic Growth," issued by President Donald Trump in April 2019 that directed the federal agency to update its guidance and regulations regarding Section 401, that otherwise had caused confusion and uncertainty hindering the development of energy infrastructure across the United States. The mandate from President Trump was prompted after reported cases of abuse to the 401 certification process for political purposes that deliberately attempted to delay and block construction of energy pipelines and other needed infrastructure.

"EPA is returning the Clean Water Act certification process under Section 401 to its original purpose, which is to review potential impacts that discharges from federally permitted projects may have on water resources, not to indefinitely delay or block critically important infrastructure," said EPA Administrator Andrew Wheeler. "We are following through on President Trump's Executive Order to curb abuses of the CWA that have held our nation's energy infrastructure projects hostage, and to put in place clear guidelines that finally give these projects a path forward."

The new final rule will alter how the federal government has applied Section 401 for nearly a half century, bringing reforms that include specific timelines now limited to no more than one year for states and tribes to certify or reject proposed projects — including pipelines, hydroelectric dams and industrial plants — that could discharge pollution into area waterways. Updates to the Section 401 certification process also cover clarification as to the scope of certification reviews and conditions, explanation of the EPA's role under the regulatory statute, and other related requirements and procedures. The rule also, for the first time, provides a holistic analysis of the statutory text, legislative history, and relevant case law informing implementation of CWA section 401.

Joining other congressional leaders and elected officials, U.S. Senator for Texas Ted Cruz expressed his support last week for the EPA's recent rule change. In a statement, Senator Cruz said, "For far too long, environmental activists and Green New Deal enthusiasts have sought to abuse the Clean Water Act to indefinitely delay infrastructure projects and limit critical interstate commerce. This rule is good news for states all across the country that care about maintaining clean water while protecting American jobs and economic opportunity."

At the same time, others have criticized the EPA's action to weaken environmental regulations as a means to limit protests of pipelines and energy infrastructure and undercut state and tribal efforts to safeguard rivers and drinking water.

The EPA's 2020 "Clean Water Act Section 401 Certification Rule" will become effective 60 days after the date of publication in the Federal Register. To read the final rule and to learn about the Clean Water Act Section 401 water quality certification process, please visit https://www.epa.gov/cwa-401.

In memory of loyal TIPRO member, David L. Bole

The Texas Independent Producers & Royalty Owners Association (TIPRO) mourns the loss of David L. Bole, a loyal member of the association for many years. Bole passed away peacefully on May 24, 2020, with family by his side.

Bole completed a 50-year career in oil and gas, holding numerous leadership roles in prominent companies. He began work in the oil and gas industry starting as a landman with Humble Oil in Ardmore, Oklahoma. His career with Humble took him to Oklahoma City, New Orleans and Houston. Bole left Humble in 1968 to join Merrill Lynch in Oklahoma City where he eventually became national product manager for oil and gas investments in New York City. Returning to Oklahoma City, he was co-founder and president of Edwards & Leach Oil Co. Later, he went to Pittsburgh to work for Equitable Resources. Moving back to Houston, Bole became managing director at Randall & Dewey and ultimately retired from Quantum Energy Partners.

Over the years, Bole was also active with many industry trade associations, including TIPRO, as well as the Independent Petroleum Association of America (IPAA) and the American Association of Professional Landmen (AAPL). He will be greatly missed by all.

Congressional lawmakers put forth plans to hire unemployed workers to plug orphan wells

In early June, three Democratic congressmen from New Mexico called on fellow federal policymakers to consider incorporating measures that address abandoned orphan oil and gas wells as part of future economic recovery packages related to the coronavirus (COVID-19) recovery. U.S. Senator Martin Heinrich (D-N.M.) and U.S. Representatives Ben Ray Luján (D-N.M.) and Xochitl Torres Small (D-N.M.), suggested that a new fund should be established by the federal government that would funnel stimulus for states, tribes, and federal land management agencies to plug orphan wells while at the same time offering employment to oil and gas workers otherwise laid off as a result of this year's economic downturn.

"With recent declines in revenue, hardworking New Mexican oil and gas workers have lost their livelihoods. At the same time, old, decaying wells and environmental damage threaten communities across the country. Orphan wells are idle wells for which the operator is unknown or insolvent. In New Mexico alone, there are over 700 documented orphan oil and gas wells, and as many as 60,000 nationwide. Congress should respond to this challenge with strong funding for states and tribes to address the current backlog of these orphan wells, put thousands back to work plugging them and restoring the land, and protect groundwater and curb hazardous emissions and greenhouse gases," said the officials in a statement. "As we recover and rebuild in the aftermath of the coronavirus crisis, we have an opportunity to rethink how we create a more resilient and healthy economy in New Mexico that doesn't leave anyone behind."

Similar policy plans are also reportedly being considered by other officials on the state level to seal up orphan wells while also using the cause to spur job growth and economic activity. Specifically, state lawmakers from Wyoming are looking to bring back jobs within state boundaries and help boost the state's labor market by funneling additional appropriations to accelerate the cleanup of orphan wells in Wyoming. Last Monday, June 1, a legislative committee proposed supplementing an additional $7.5 million to the Wyoming Oil and Gas Conservation Commission for the 2021 fiscal year to support orphan well remediation across the state, and also generate new jobs for state oil and gas workers. Like Texas and other major energy producing states, Wyoming has in recent months seen local oil and gas drilling activity slow after the coronavirus outbreak and record-low oil prices.

Experts have forewarned that as the industry continues to struggle to overcome impacts from the long-running price wars, financing challenges and other market challenges resulting from the coronavirus, there is an increasing likelihood that orphan well counts could go up.

ICYMI: New online education resources offered by the Texas Methane & Flaring Coalition

With discussion of flaring practices and methane management more prevalent than ever before, the Texas Methane & Flaring Coalition (TMFC) has recently expanded its online resources and tools to help educate stakeholders and the general public on issues related to methane and flaring. The coalition's site now hosts new features including a frequently asked questions (FAQ) page, which addresses a variety of topics such as where oil and natural gas originates, the process of development, delivery and refining, and the difference between vented and flared emissions. Additionally, the site's full glossary of terms provides a comprehensive approach to providing information on industry operations, challenges and opportunities. Videos, infographics and other learning tools have also been made available for a visual, virtual perspective on industry safety, procedures and environmental practices.

TIPRO is a member of the TMFC, along with other Texas oil and natural gas trade associations and nearly 40 Texas energy companies. The group was formed earlier this spring to collectively identify and promote operational and environmental recommended practices to minimize flaring and methane emissions.

For more information, please visit www.texasmethaneflaringcoalition.org.

Exploration and development spending crashes as price declines continues

In a new analysis from the U.S. Energy Information Administration (EIA), experts have projected exploration and development (E&D) expenditures will continue to drop as the year goes on. Analyzing the financial reports of more than 100 publicly traded companies, the U.S. Energy Information Administration (EIA) said in a recent update that energy companies have been forced in 2020 to pull back on drilling and operational plans as a result of significant crude oil price declines in the market this year, with many operators already announcing large budget reductions. This has also caused proved reserve estimations to be revised downwards by oil and gas producers, which reflects the estimated quantities of oil and natural gas assumed with reasonable certainty to be recoverable under existing economic and operating conditions. "Because crude oil prices directly affect the profitability of E&D projects, changes in the prices companies use to develop their calculation of reserves can significantly affect their proved reserves levels and the volume of reserves they can claim as additions," explained the EIA analysts.

Last year, according to the EIA, the reviewed companies produced 22.2 billion barrels of oil equivalent (BOE) and spent a combined $361 billion in E&D activities. Dividing these companies' E&D expenditures by their combined production volumes provides a ratio of $16/BOE in 2019, said the EIA. With current oil prices forecasted to persist in the mid-$30 per barrel range, E&D expenditures per BOE could remain stuck at less than $10/BOE in 2020 if E&D expenditures remain at about one-quarter of the Brent crude oil price, suggests the EIA. "When crude oil prices decline, oil companies can take impairment charges for assets that fall in value to less than the cost of developing them. Impairment charges represent the decrease in value of assets a company owns, typically its amount of proved reserves. The current low price environment suggests that the 102 companies EIA analyzed will likely post large negative revisions to their proved reserves in 2020."

EPA proposes rulemaking to change public health benefit calculations of new regulations

Moving on orders from President Donald Trump to fix how the federal government assesses cost-benefitt analysis in rulemakings, the U.S. Environmental Protection Agency (EPA) on Thursday, June 4th published a proposed overhaul to update its accounting standards for evaluating costs and benefits of regulations and reform decision-making procedures so as to ensure a more transparent and responsible regulatory process. The proposal will set new requirements for regulators to follow, under the Clean Air Act specifically, in order to establish consistent, high-quality analyses of benefits and costs for new federal rules.

"Thanks to President Trump's leadership on fixing broken regulatory mechanisms, today's proposed action corrects another dishonest accounting method the previous administration used to justify costly, ineffective regulations," said EPA Administrator Andrew Wheeler. "This is the one of many actions this administration has taken that will improve the transparency and consistency of EPA's cost-benefit analyses."

According to the EPA, in the past, certain offices of the regulatory branch have applied different treatment and methods to weigh the costs and benefits as part of regulatory decision-making. To rectify disparities on how this is handled by the agency, the EPA initiated an effort beginning in 2018, at the direction of the president, to improve the EPA's cost-benefit calculations.

EPA's reform to cost-benefit analysis processes will adopt and codify in statute common-sense best practices that also provide the public with a more open federal government and more effective environmental and public health protection.

Elected officials and stakeholders alike welcomed the EPA's proposed rulemaking in early June to offer the public more complete information about the costs and benefits of proposed regulatory actions. Congressmen from prominent energy and environmental congressional committees, including Energy and Commerce Committee Republican Leader Greg Walden (OR-02), Energy Subcommittee Republican Leader Fred Upton (MI-06), and Environment and Climate Change Subcommittee Republican Leader John Shimkus (IL-15), in a joint statement said the announcement was another example of how the agency and the Trump Administration continued to make a more objective and transparent regulatory process for American taxpayers. "This proposed rule comes in response to EPA's previously inconsistent, and sometimes controversial, application of cost-benefit practices across its programs. The proposal will work to increase reliability, accuracy, and usefulness of future cost-benefit analyses of regulations– while ensuring we maintain environmental protections under the Clean Air Act."

The EPA will accept comments on the proposal for 45 days after publication in the Federal Register. More information is available at: https://bit.ly/2AjiKqr.

Rig count dips below 300, another new low

The number of active rigs deployed across the country continues to decline, hitting record lows in early June despite a modest upswing to oil prices in more recent weeks. The latest rig count from Baker Hughes shows only 284 rigs total were active in the United States as of Friday, June 5. Compared with this time a year ago, the national rig count was down by 691 when compared with 2019's 975 rigs that were operating last June. The new low marks the 13th consecutive weeks in which the national rig count has fallen.

Meanwhile, the rig count in Texas was also down to 115 the first week of June, as producers operating in the Lone Star State continued to pull back on drilling activity amid the sustained low-price environment. The state's most prolific formation, the Permian Basin, lost seven rigs from the week prior, also reported Baker Hughes, with just 141 rigs at work in the region in early June.

United States continues progress on national air quality

The nation's air quality continues to improve as criteria air pollutants trend downwards in the United States, the U.S. Environmental Protection Agency (EPA) reported on June 8th in its new annual report on air quality. According to the EPA, in the past three years under the Trump Administration, volatile organic compounds (VOCs) have declined 3 percent, carbon monoxide levels have dropped 6 percent, and nitrogen oxides have gone down by 10 percent, amongst other notable improvements to air pollutant emissions.

"Under President Trump, Americans are breathing the cleanest air ever recorded," remarked EPA Administrator Andrew Wheeler. "Under President Trump, air pollution has declined 7 percent. The Trump Administration has shown that improvements in both public health and economic growth can take place at the same time."

Between 1970 and 2019, the EPA also observed that the combined emissions of criteria and precursor pollutants dropped by 77 percent, while the U.S. economy grew 285 percent.

Fulfilling its commitment to better its environmental performance, the oil and natural gas industry continues to show leadership in voluntarily adopting responsible practices that have contributed to overall emission reductions in the United States. New innovations and technological advancements, combined with other strategies and best practices, have allowed industry operators of all sizes to reduce their own environmental footprint while safely and responsibly growing domestic energy production.

TIPRO

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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