



**Texas  
Independent  
Producers and  
Royalty Owners  
Association**

## **RRC VOTES AGAINST PRORATING OIL PRODUCTION, AUTHORIZES WAIVERS TO PROVIDE REGULATORY RELIEF TO TEXAS PRODUCERS**

State regulators will not impose government-mandated limitations to oil production in Texas, despite much controversy and passionate discussion in recent weeks over the matter. In a motion passed 2-1 during the Railroad Commission's open meeting on Tuesday, May 5, 2020, commissioners dismissed a verified

complaint that had requested the agency intervene to determine reasonable market demand for oil in the state of Texas and prorate oil output, something not done by the commission in nearly 50 years. The Texas Independent Producers & Royalty Owners Association (TIPRO) was relieved to see the commission steer away from proration, after having earlier asked the Railroad commissioners to vote against any mandatory curtailment of oil production. In April, TIPRO advised the commission that other market dynamics and associated factors were already expected to result in a substantial reduction to the state's oil output without the added burden created from enforced proration policies.

"Over the past few weeks it has become increasingly obvious to me that we need to restore regulatory certainty to the oil and gas industry and move past the discussion on proration," said commission Chairman Wayne Christian during last Tuesday's hearing. Instead of proration, Chairman Christian has favored other actions to help the state's oil and gas industry weather historic challenges, including measures that grant regulatory relief during the downturn.

Railroad Commissioner Christi Craddick meanwhile has echoed a similar stance as Chairman Christian on the topic of proration, expressing the opinion that production limits were not the right answer at this time. Commissioner Craddick maintains that the regulatory body must provide certainty and flexibility to energy producers in such periods of economic difficulty, and help give companies time to comply with filings, pay taxes and royalties, and other opportunities to stay in business.

Commissioner Ryan Sitton, however, remained in disagreement with his two fellow commissioners on the best approach to addressing market forces that have left the Texas oil and gas industry jolted. In the days leading up to the commission's May 5<sup>th</sup> open meeting, Commissioner Sitton initially set forth a motion proposing mandatory cuts to Texas' oil production supply. The commissioner's proposal would have required operators to cut 20 percent of their output at fourth quarter 2019 production levels, effective immediately, with an exemption available to small companies. He later pulled the motion from consideration, after it was clear there was not adequate support to approve the order. In an editorial published May 10<sup>th</sup> in the *Midland Reporter-Telegram* newspaper, Commissioner Sitton publicly expressed disappointment at the agency's handling of the issue, suggesting that the commission should have done more to examine the magnitude of waste occurring in Texas, and what, if anything, the state might do to prevent it so as to reduce oil supplies and help the Texas energy industry.

During the May 5<sup>th</sup> open conference, the three Railroad commissioners did unanimously agree to approve temporary exceptions to certain administrative rules that will extend additional relief for oil and gas operators as the industry responds to unprecedented national and global economic conditions. The motions are effective immediately, and will apply to:

- 16 Texas Administrative Code § 3.95: An exception authorizing underground hydrocarbon storage facility located in a geological formation other than an underground salt formation.
- 16 Texas Administrative Code § 3.107(b): An exception regarding recommended minimum penalties.
- 16 Texas Administrative Code § 3.8(d)(4)(H): An exception regarding the amount of time allowed to dewater, backfill and compact certain pits.
- 16 Texas Administrative Code § 3.13(d): An exception regarding the amount of time for which alternate tubing/casing programs may be granted.
- 16 Texas Administrative Code § 3.14(b)(2): An exception regarding the amount of time to commence plugging operations on dry or inactive wells.
- 16 Texas Administrative Code § 3.78: Exceptions regarding the filing fees and surcharges for Commission Forms H-1, H-4, P-17, W-3C and W-14.

Operators may consult the orders issued by the commission using the links below for additional details on each regulatory exception:

- <https://rrc.texas.gov/media/57583/rule-78-exception-05may2020.pdf>;
- <https://rrc.texas.gov/media/57584/rule-8-13-14-107-exception-05may2020.pdf>; and
- <https://rrc.texas.gov/media/57585/rule-95-exception-05may2020.pdf>.

## PRESIDENT'S MESSAGE

### TIPRO Members-

In what feels like an unending saga for the energy sector, Texas oil and gas producers are continuing to react to unrelenting market forces that have upended operations for our industry this year. In the midst of ongoing market upheaval, companies have decided to significantly shut in production while also halting development of new wells. Drilling rig counts have plunged to the lowest levels seen in decades as drillers scale back E&P activities in light of low prices. As the top producing state of oil and natural gas, Texas unfortunately has borne the brunt of losses, with the latest rig count estimate from Baker Hughes showing just 173 rigs deployed in Texas, compared with 485 at work in the Lone Star State a year ago.

With brutal economic challenges testing our industry like never before, TIPRO has pressed policy officials for support during these unprecedented times. Along with regulatory relief, fiscal and monetary assistance for oil and gas companies also remains a priority. It is absolutely vital that U.S. producers continue to have access to capital in order to maintain operations and retain jobs. Reports have indicated an avalanche of bankruptcy filings in the upstream oil and gas sector could come later this summer and fall, a prediction all but likely to come to fruition if market conditions fail to stabilize.

Amid the crisis facing our oil and gas industry, the Trump Administration was said to be working on solutions to keep liquidity available to energy producers, though it now seems the federal government will not be extending any specific financial aid channels to domestic oil and gas producers. Officials with the Trump Administration this week spoke out publicly, advising that extensive plans to prop up the ailing oil and gas industry were unlikely. Though our industry is not necessarily seeking a "bailout," we do hope to receive fair and equal access to funding resources to help many companies survive during this period of crisis.

As recently recommended by the Blue Ribbon Task Force for Oil Economic Recovery that reports to the Railroad Commission of Texas, of which TIPRO is proud to help lead, energy producers need fair access to financial lending during these times of economic hardship. We commend those federal leaders who have been working to protect America's energy producers, including members of the Texas congressional delegation that have campaigned on our behalf to extend financial tools for the oil and gas industry. I will be participating in additional discussions directly with congressional leaders next week on this topic.

In the meantime, as an industry, we are grateful for actions taken already on the state level to extend regulatory relief and ease constraints for oil and gas producers during this historic downturn. Orders passed last week by the Railroad Commission will suspend certain fees and relax enforcements for certain regulatory permits, as well as provide new options for companies needing to store oil as tanks fill up. We welcome these solutions and applaud state regulators for adopting measures that will address concerns from the industry to help us weather these challenging market conditions. Additional waivers and flexibility from the General Land Office, Texas School Land Board and University Lands are also helping Texas operators get by as we work to overcome the current energy crisis.

As I stated in my testimony last week before the Railroad Commission on behalf of the task force, we will need to continue to identify obstacles to recovery and respond accordingly, including additional calls for regulatory relief and even legislative action next session. It's also important to reinforce that while current conditions are especially arduous from a health and economic standpoint, the outstanding men and women working in oil and gas will ensure that our industry thrives during its inevitable recovery and continue to positively impact our state and country. In the meantime, we remain committed to supporting the livelihood of our members, regardless of market conditions.

On a separate, personal note, I want to express my sincere condolences over the passing earlier this week of our friend and colleague Steve Perry. For the past 22 years, Steve was Chevron's manager of state government affairs for Texas, New Mexico and Colorado, after earlier working for Texaco and Altura Energy. Throughout his career, Steve was a dedicated advocate for our industry, his friends and family and had been a supportive member of TIPRO for over 15 years. I always admired Steve's energy, unwavering commitment to his work, and his loyal support for those close to him. Steve was certainly one of those incredible individuals that benefited our industry, and those lucky enough to know him, in countless ways. We will miss Steve dearly.

Ed Longanecker



**Ed Longanecker**

## JUNE LEADERS IN INDUSTRY LUNCHEON CANCELLED

Due to the ongoing threat of the coronavirus (COVID-19) disease to the general public and other protocols being enforced to ensure "social distancing," the June 10<sup>th</sup> IPAA/TIPRO "Leaders in Industry" luncheon has been cancelled. Please reach out to Brittney Green at [bgreen@ipaa.org](mailto:bgreen@ipaa.org) if you have any questions. Both organizations will continue to monitor circumstances and make announcements as necessary on other planned 'Leaders' luncheons for the month of July and forthcoming months.

### TIPRO Calendar of Events

<p><b>JULY 8, 2020</b> HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>	<p><b>AUGUST 12, 2020</b> HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>	<p><b>AUGUST 19-20, 2020</b> SAN ANTONIO — TIPRO's 2020 Summer Conference, Hyatt Hill Country Resort and Spa. For info, call: (512) 477-4452.</p>	<p><b>SEPTEMBER 9, 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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## BLUE RIBBON TASK FORCE FOR OIL ECONOMIC RECOVERY OFFERS IDEAS ON HOW TO HELP INDUSTRY

In early May, members of the Blue Ribbon Task Force for Oil Economic Recovery presented nearly four dozen recommendations to state leaders reviewing steps the government and other entities may consider taking to provide the Texas oil and gas industry with relief during the current downturn. The task force, which was formed last month by Railroad Commission Chairman Wayne Christian, has brought together leadership of the state's major oil and gas trade associations, including TIPRO, to identify solutions that will assist oil and gas operators and save jobs as the industry endures historic and unprecedented challenges.

The recommendations developed by the task force were designed to be broad, yet comprehensive, and include fee relief, relaxed reporting requirements, additional deadline extensions and other mechanisms to expand storage capacity in Texas. The focus of the group's suggestions is above all-else to prioritize regulatory relief for small producers at this time, though when possible, the task force does encourage relief be granted to all operators, regardless of size, as this crisis does not discriminate and is negatively impacting every sector of the industry.

On behalf of the task force, TIPRO's President Ed Longanecker discussed the set of recommendations with the three Railroad Commissioners during the commission's May 5<sup>th</sup> open conference. "For the commission's consideration, our task force has compiled a list of recommendations that we believe will help keep oilfield workers employed and help companies very literally survive through these exceptionally difficult circumstances. Our review is comprehensive, and explores not only items under the commission's jurisdiction but includes recommendations for other state agencies, addresses some federal policy issues and includes items that will require legislative action," commented Longanecker. "The proactive efforts already taken by the commission is an example of swift leadership and we are very grateful. Given the extreme market conditions currently facing producers, we are hopeful for action on some of these new items in order to bring additional and immediate relief. We pledge to work collaboratively with each commissioner and staff to help answer questions and obtain needed information, and we fully recognize this report is just the beginning. We will need to continue to identify options to recover and respond accordingly," he concluded.

"I want to thank the task force for their long hours identifying solutions in such a short period of time," Chairman Christian responded during last Tuesday's open meeting. "This is what makes me proud of Texas: The business community working together to solve problems by developing solutions."

To review the complete set of recommendations presented by the Blue Ribbon Task Force for Oil Economic Recovery, please visit: [www.bit.ly/Task\\_Force\\_Recommendations\\_May2020](http://www.bit.ly/Task_Force_Recommendations_May2020).

To watch the Railroad Commission's May 5<sup>th</sup> conference in its entirety, go to: [www.adminmonitor.com/tx/rrc/open\\_meeting/20200505/](http://www.adminmonitor.com/tx/rrc/open_meeting/20200505/). Please note that the discussion regarding the Task Force and its recommendations begins at the 18-minute mark.

In consideration of the recommendations outlined by the task force, along with those brought forward from commission staff, Chairman Christian and Commissioner Christi Craddick last week offered a package of rule exceptions that will temporarily waive various fees and surcharges as well as ease restrictions for underground oil storage. These regulatory orders passed unanimously and are effective immediately.

In addition to the task force's recent work to come up with solutions for economic recovery of the oil industry, Chairman Christian at the May 5<sup>th</sup> conference requested that the group also work together in the weeks to come to assess ways in which flaring may be reduced in Texas. "My ask of you is that the Blue Ribbon Task Force continue to meet and prior to the June 16<sup>th</sup> open meeting with ideas on how the Railroad Commission can better regulate flaring. As production rebounds, the goal is to drastically reduce flaring in the state, outside of emergency situations, complications and other rare circumstances," said Chairman Christian.

He continued, "Much like you were able to come through with answers on the report presented today, I am leaving you the same issues and the same work on the issue of flaring. I want to be clear this is an ask, it is not a demand, but in my time, I always find the industry does a lot better job and can live with the results if they come up with the solution rather than the government telling the industry what to do. For that purpose, I request that the industry look into this flaring issue and report back."

## TEXAS PRODUCERS, LANDOWNERS WARNED OF RAILROAD COMMISSION INSPECTOR IMPERSONATORS

Texas oil and gas producers and landowners should be on the lookout for people falsely claiming to be inspectors with the Railroad Commission of Texas (RRC), after a string of recent incidents in West Texas where impersonators claimed to be an inspector from the state agency.

In one case, TIPRO has learned that a person claiming to be an RRC inspector told an oil company operating in the Permian Basin to immediately shut down operations until further notice. In another situation, a surveyor who did not have permission to be on a property told a landowner that he was an inspector. This type of activity is illegal under state law, and can carry a punishment of six months to two years in jail and a \$10,000 fine if an individual is convicted of impersonating an inspector.

"Nefarious activity in the oil patch is on the rise, including an increase in oil and equipment theft," TIPRO President Ed Longanecker said on May 8<sup>th</sup> in an interview with the *Houston Chronicle*. "All operators should be on alert of suspicious activity and stay in close communication with district offices to verify agency activity and for coordination with law enforcement."

Officials from the RRC have reminded the regulated community that state inspectors use white vehicles marked with the agency's logo, have Texas exempt license plates, and also carry Railroad Commission identification cards that can be verified by calling district offices.

## RAILROAD COMMISSION LAUNCHES STATEWIDE DRONE PROGRAM

State regulators will utilize unmanned aircraft systems (UAS), or drones, to support emergency response efforts across Texas and enhance inspections at remote sites. Leaders of the Texas Railroad Commission announced on Monday, May 11<sup>th</sup> the launch of a new drone program this Spring that will allow inspectors greater access to sites during emergencies such as fires, flooding and other natural disasters. The drones will also be used to assist inspectors in unique circumstances, such as the current coronavirus pandemic, in offering an alternative to in-person surveys of wells, said the commission.

According to the agency, the Railroad Commission successfully conducted its first drone-led emergency response on April 28<sup>th</sup> following reports of an incident in Reeves County west of Midland. The affected area could not be physically inspected because the road to the site was under water. However, using a drone, a licensed pilot from the commission was able to determine a possible source of release using aerial and thermal images. The well operator was then contacted to immediately remediate the site.

“Our very first flight mission in Reeves County is a great example of how drones will enable inspectors to do their jobs quickly and safely in emergencies, which ultimately helps further protect residents and the environment,” said Wei Wang, executive director of the Railroad Commission. “Whether it’s through information technology or other new tools, the commission has always been looking at ways to enhance our operational efficiency. With drones, our inspectors can now immediately monitor well blowouts, oil spills, and other emergency incidents, and quickly cover large areas of ground in responding to those situations where time is of the essence.”

Already, 19 inspectors in the agency’s Oil and Gas Division and Surface Mining and Reclamation Division (SMRD) have received remote pilot certification from the Federal Aviation Administration (FAA) to operate the commission’s drone fleet. Furthermore, as part of the Oil and Gas Division’s drafted “Annual Monitoring and Enforcement Plan,” the commission has indicated over the coming fiscal year it plans to boost its usage of drones to allow inspectors greater access virtually to areas that are harder to reach in person and more efficiently conduct visual inspections of leaks and spills that would otherwise be difficult to assess.

TIPRO members may review a list of frequently asked questions (FAQ) and answers concerning the Railroad Commission’s drone program on the commission’s website at: <https://rrc.texas.gov/about-us/organization-activities/drones/>.

## UT SYSTEM BRACES FOR FALLING REVENUE FROM STATE-OWNED OIL LEASES

James Milliken, chancellor of the University of Texas System, last week said the university’s network of institutions was preparing for a significant fiscal impact as a result of this year’s downturn in the oil industry, on top of other lost funding due to the coronavirus (COVID-19) pandemic. Oil and gas development on university lands, from which the UT system collects revenue, has slowed drastically this year amid plummeting oil prices, which has prompted leaders to examine the budgetary impact caused by the drop in drilling activity in Texas, including on state-owned lands.

Chancellor Milliken reported on May 7<sup>th</sup> that revenue payments from University Lands were expected to be less than half of what they were last year—from over \$1 billion to less than \$500 million—which will have substantial repercussions down the road.

University Lands manages mineral interests on 2.1 million acres of land across 19 counties in West Texas for the benefit of the Permanent University Fund (PUF). Thanks to the expansive development of oil and natural gas across these lands, the state’s PUF had grown over the years to become one of the largest university endowments in the United States and benefits more than 20 educational and health institutions across both The University of Texas System and Texas A&M University System.



In a statement posted recently online, leaders of the University Lands signaled that flexibility will be granted to those operators holding leases on university lands which have been adversely impacted by the COVID-19 outbreak and other economic challenges spurred by geopolitical events. “Oil and gas development has been a cornerstone of Texas higher education and a critical component of the Texas economy for more than 100 years. The benefits of oil and gas development to the University of Texas and Texas A&M Systems have been immeasurable, resulting in countless opportunities for millions of students and providing critical support for major advances in medicine, healthcare, education, and research in the state of Texas since the late 1800s. University Lands recognizes that oil and gas developers are facing the most challenging time in the history of the industry due to the consequences of the COVID-19 pandemic and geopolitical events. To help mitigate the effects of these events on our operators, University Lands is considering all reasonable operator requests and will take action to approve certain requests if University Lands

management determines that granting the request falls within statutory constraints and maintains the fiduciary duties owed by University Lands to the University of Texas and Texas A&M Systems and the PUF. For example, at this time, an operator’s request to defer drilling obligations may be considered reasonable.”

The statement continued, “University Lands staff will review each request and consider all facts, with due consideration and weight given to the current crises affecting our operators, and will respond as quickly as possible. To notify University Lands of requests and initiate a discussion, operators should email [UL\\_LandMinerals@utsystem.edu](mailto:UL_LandMinerals@utsystem.edu). University Lands is committed to doing what it can, working with our operators, to restore stability to the industry, which is so critical to the institutions we serve, the State of Texas, and the United States.”

## TEXAS OPERATORS NOT ELIGIBLE FOR LOW-PRICE TAX CREDIT... FOR NOW

The latest certified three-month average price of oil determined by the state comptroller for the reporting month of April will not allow operators of low producing oil leases to qualify for an exemption from crude oil severance taxes. The comptroller calculates the average price of oil based upon daily index prices for the prior three months for each report period. Though oil prices bottomed out at unprecedented lows on April 20, 2020, the three-month average for oil prices reported in the month of April was \$34.63 per barrel of oil, according to the comptroller, a threshold still too high to provide for a tax exemption by the state. Only after the average price of oil for a reporting period dips below \$30 per barrel of oil will operators be eligible to claim a tax credit of 25 percent, 50 percent, or 100 percent. It is widely anticipated that in the next reporting cycle for May that producers for qualified leases will be able to see some relief. TIPRO members interested in learning more about this crude oil tax credit and qualifications should visit the following website: <https://comptroller.texas.gov/taxes/crude-oil/low-producing-leases.php>.

Operators of low-producing natural gas wells do, however, qualify at this time for a tax credit under Texas law in light of current price conditions. Just the same as with oil, when the three-month average price of natural gas falls below a particular range (\$3.50 per thousand cubic feet, Mcf, or lower), producers of marginal wells can file for severance tax relief. For this particular tax credit, operators must meet certain qualifications - production, for example, from a gas well for the prior three months cannot exceed an average of 90 Mcf per day, excluding gas flared pursuant to the rules of the Texas Railroad Commission. A taxpayer must also apply to the Comptroller's office for tax credits within the statutory time limit and the tax credits only apply to gas produced on or after September 1, 2005. Find more information on the tax credit for low-producing gas wells here: <https://comptroller.texas.gov/taxes/natural-gas/low-producing-wells.php>.

## STATE SALES TAX REVENUES FALL OVER 9 PERCENT

Government coffers are starting to feel the effects of the economic slowdown spurred this year by the coronavirus (COVID-19) outbreak. This has been reflected by the most recent reports issued by Texas Comptroller Glenn Hegar reviewing tax collections brought in by the state during the month of April. The comptroller said on May 1<sup>st</sup> that state sales tax revenue - the largest source of state funding for the state budget - totaled \$2.58 billion in April, 9.3 percent less than in April 2019, which represents the steepest drop in sales tax revenue recorded since January 2010.

“State sales tax collections declined as a result of efforts to stem the spread of COVID-19 through business closures, crowd limits and stay-at-home orders adopted in the state, as well as a precipitous drop in worldwide demand for oil,” Comptroller Hegar said. “The steepest declines in tax remittances were from businesses most quickly and dramatically affected by social distancing: restaurants, performing arts venues, movie theaters, theme parks and fitness centers, as well as department stores and boutique retail shops. However, those losses were, to a degree, offset by increases from big-box retailers, grocery stores and online vendors. Remittances from oil- and gas-related sectors also fell significantly as oil and gas exploration and production companies slashed capital spending in response to the crash in oil price.”

The comptroller also noted in his latest report that revenue streams from other major taxes were also notably impacted in April, including:

- oil production tax totaling \$191 million in April, down 45 percent from April 2019; and,
- natural gas production tax revenue of \$67 million, down 48 percent from April 2019.

In his assessment, the comptroller indicates that rising unemployment in Texas and contracting economic activity in many parts of the state's economy, including oil and natural gas exploration and production, are likely to act as a drag on sales tax revenue for many months to come.

## USFWS AGREES TO CONSIDER DUNES SAGEBRUSH LIZARD PETITION

The U.S. Fish & Wildlife Service (USFWS) will decide by the end of June whether to proceed with a petition brought forward by environmental activists calling for the listing of the dunes sagebrush lizard as a threatened or endangered species. After originally petitioning the service in 2018 on the matter, the Defenders of Wildlife and Center for Biological Diversity last year launched a lawsuit against the USFWS to compel the federal government to enact additional protections for this species of lizard, which lives near the Permian Basin in West Texas and New Mexico. As part of the effort, the groups have also requested the agency designate critical habitat across the thousands of acres the lizard calls home to further shield the species from external risks. The USFWS now says that it will consider the proposal to list the four-inch lizard under the Endangered Species Act, and if the petition is accepted by the agency, the USFWS will then launch a one-year review to determine whether to actually instate federal protections of the dunes sagebrush lizard.



Photo credit: USFWS

In the meantime, the Texas Comptroller's office has been working to rewrite the state's conservation plan for the lizard, and is still awaiting approval from the USFWS on its updated Candidate Conservation Agreement with Assurances (CCA). TIPRO members interested in learning more about this draft CCA and the comptroller's revised approach to management of the conservation agreement are encouraged to visit: <https://comptroller.texas.gov/programs/natural-resources/dslccaa/>.

## STATE TASK FORCE ISSUES NEW BLUEPRINT FOR PUTTING TEXANS BACK TO WORK

Members of the Texans Back to Work Task Force delivered a comprehensive report to Lieutenant Governor Dan Patrick on May 6<sup>th</sup> detailing recommendations on how businesses in Texas may be able to start safely reopening after the outbreak of the coronavirus (COVID-19) earlier this Spring. The report comes as local and state “shelter in place” orders start to expire, and business organizations eagerly look forward to opportunities to resume operations.

In April, the lieutenant governor announced the formation of the new task force that is made up of small business owners, executives, entrepreneurs, consultants and other policy leaders. More than 80 task force members ultimately advised on the development of the final set of recommendations for businesses returning to work, including TIPRO member Ben “Bud” Brigham of Brigham Minerals, Atlas Sand & Brigham Exploration and Tim Dunn from CrownQuest Operating. At the request of the lieutenant governor, the group has issued its assessment of appropriate steps which Texas businesses can follow as they begin the re-opening process. This detailed guide will help individual businesses and companies as they reopen and look to implement safe environments for employees and customers. In its new report, the task force has shared more than 400 collective recommendations for employers, employees, state and local government and the public, which will enable Texas to also lead a strong economic recovery following this pandemic. These strategies to reopen the Texas economy cover immediate practices that can be followed by business owners, as well as recommendations for the next 100 days and other long-term solutions for the future.

“Using the knowledge gained since the pandemic began, the Task Force strongly believes that business owners can use their creativity and ingenuity not only to formulate safe and effective protocols for their businesses to stay open, but also to rebuild the economy that has been devastated by the pandemic,” remarked Brint Ryan, task force chairman and founder and CEO of Ryan International.

“This report will help leadership and business return Texas once again to be the number one job creator in the nation. It is a ‘bottom-up’ guide of best practices for businesses to follow as we re-open the Texas economy and prepare to rebuild after the severe damage from the long shutdown,” said Lieutenant Governor Patrick. “During these enormously difficult times, businesses across Texas are looking for answers on how to rebuild and the Task Force has provided them. This report will help get Texans back to work and make our economy stronger than ever. I am very proud of what they have done.”

To view the complete 113- page report provided by the task force, please visit: <https://bit.ly/2Ac4dN3>.

## TEXAS LAWMAKERS REQUEST NEW ELECTION PROCEDURES FROM GOVERNOR ABBOTT

With the coronavirus (COVID-19) pandemic changing everything as we know it when it comes to going about our daily lives and conducting business, talk has kicked up over what this virus outbreak could do to elections scheduled for later in the year. During the first week of May, more than 40 members of the Texas House of Representatives sent a letter to Texas Governor Greg Abbott requesting reforms be made to the state’s election process to ensure every voter in Texas has the opportunity to safely participate in the voting process this year despite COVID-19. Officials are encouraging changes be made to the voting model, which entails every registered voter receiving a ballot application in the mail along with a prepaid returnable envelope. A system should also be put in place, say lawmakers, that allows the opportunity for voters to track online their application and ballot through the process, and provide safety supplies for early voting sites and Election Day polling locations.

State Representative Philip Cortez (D-San Antonio), who leads the House Elections Committee, expressed his support last week for election reforms. “As vice chairman of the House Committee on Elections, I stand with my House colleagues to ensure every eligible voter in Texas has access to the ballot during the novel coronavirus pandemic,” said Representative Cortez. “Implementing these policies for the upcoming runoffs as well as the November election will create voting procedures that are safe, secure, and accessible for every voter and poll worker. Texas voters should not have to make a decision between their health and the constitutional right to cast a ballot.”

In March, Governor Abbott postponed the state’s primary runoff elections until July due to the rising spread of COVID-19 across Texas communities. Early voting will begin in Texas on June 29 for the primary runoffs, and Election day for the runoffs is set for July 14.

## GOVERNOR ABBOTT EXTENDS EARLY VOTING PERIOD FOR JULY’S RUNOFF, SPECIAL ELECTIONS

Texas Governor Greg Abbott has agreed to let Texans have additional time to vote early in the state’s upcoming primary runoff and special elections set for July 14, 2020. Voters will now have an extra week to go to the polls and cast ballots for the July elections, with the governor ordering early voting to begin June 29<sup>th</sup> instead of July 6<sup>th</sup> as originally set. In a proclamation issued on Monday, May 11, Governor Abbott said it was necessary to increase the number of days in which polling locations will be open during the early voting period for the upcoming elections as Texans continue to cope with the novel coronavirus (COVID-19) disaster. In light of the COVID-19 outbreak, the governor has also directed election officials in counties across Texas to establish health protocols to conduct elections safely and to protect election workers and voters.

Earlier this year, the governor called a special election to fill the vacancy in Texas State Senate District 14 left by the departure of Senator Kirk Watson, an Austin Democrat who retired from the legislature at the end of April to become dean of the University of Houston's Hobby School of Public Affairs. The special election otherwise would have been held May 2, but the governor pushed the election to July due to the spreading COVID-19 pandemic. Also during the July election, voters will pick the Democratic candidate in the race for Railroad Commissioner - choosing between oil and gas attorney Chrysta Castañeda and Roberto Alonzo, a former state representative.

## IN THE MIDST OF COVID, TEXAS CONGRESSMEN URGE FERC TO KEEP UP REVIEWS OF LNG PROJECTS

Though the United States and nations around the world are still working to overcome the coronavirus (COVID-19) pandemic, several congressional leaders say it is nevertheless important for regulators to continue forward with approval of critical infrastructure, including that of natural gas and liquefied natural gas (LNG) projects. A bipartisan group of lawmakers, including Congressmen Vicente Gonzalez (TX-15), Bill Flores (TX-17), Bill Johnson (OH-06), Jim Costa (CA-16), and Congresswoman Lizzie Fletcher (TX-07) have reached out to Federal Energy Regulatory Commission (FERC) Chairman Neil Chatterjee to reinforce this federal office should continue processing, reviewing and accepting the construction of new natural gas and LNG infrastructure in the United States. In a bipartisan letter sent at the end of April to Chairman Chatterjee, the congressional members wrote, “Even in uncertain times, we know that American prosperity and energy security are intrinsically linked, and that is why the energy sector is critical to our current response and will be a key component of our recovery. To this end, the maintenance and development of critical energy infrastructure – such as natural gas pipelines and LNG export facilities – is vital to the nation’s safety, prosperity and well-being.”

They continue, “During this period, FERC should move forward, as health and safety constraints may allow, with all applications for review of natural gas intrastate pipelines and LNG facilities while embracing new forms of public engagement. Despite the circumstances, public engagement in FERC proceedings remains a critical component in the infrastructure approval process and should proceed unimpeded... While these are incredibly challenging times, we urge FERC to take the necessary steps to protect the health and safety of the energy workforce while delivering the affordable and reliable energy to solve our immediate challenges and prepare for the future.”

The push from lawmakers for FERC to continue its work approving fossil fuel infrastructure comes at a time when other select stakeholders have asked for an immediate moratorium to processing all new and pending applications for natural gas pipelines, LNG facilities and other related energy projects until the end of the COVID-19 crisis.

TIPRO members may read the full text of the congressional letter by visiting: <https://bit.ly/2SNP9vm>.

## U.S. HOUSE SUBCOMMITTEE ON ENERGY RECEIVES BRIEFING ON IMPACTS OF COVID TO ENERGY JOBS

In a bipartisan teleconference meeting held May 1, members of the U.S. House Committee on Science, Space, and Technology’s Subcommittee on Energy discussed impacts of the coronavirus (COVID-19) health crisis on the American energy sector and its workforce. The subcommittee, led by Chairwoman Lizzie Fletcher (TX-07), heard from distinguished experts and principles representing the Energy Futures Initiative (EFI), during the May 1<sup>st</sup> virtual meeting, and together reviewed what initial steps Congress should consider taking to restore and modernize the U.S. energy sector in the months to come.

“I represent the energy capital of the world, and we are feeling the impacts of the COVID-19 pandemic acutely—impacts that are important to our national security, our global leadership, our economy, and our energy future,” said Congresswoman Fletcher, whose district covers western portions of the city of Houston.

“The impacts of the COVID-19 health crisis extend into all aspects of American life, and the energy sector and its workforce are no exception,” commented Congresswoman Eddie Bernice Johnson (TX-30), who also leads the U.S. House Committee on Science, Space and Technology as chairwoman. “As we move forward and navigate through this uncertain time, we remain committed to strengthening our clean energy future. That means we must work together in achieving a plan for recovery and restoration for our American energy workers.”

## TEXAS CONGRESSMAN VICENTE GONZALEZ INJURED AFTER 12-FOOT FALL

U.S. Representative Vicente Gonzalez from Texas (D-McAllen) is recovering after sustaining a back injury from a 12-foot fall at his home in McAllen on April 30. The congressman, whose South Texas district overlays counties in the Eagle Ford Shale, was taken by ambulance to the nearest hospital for medical treatment after the incident that left his lower back fractured. In an update, Jason Johnson, press secretary for the congressman, said doctors have ordered Congressman Gonzalez to bed rest for the next 4-6 weeks. He will continue his congressional work from home during this time.

## PRODUCERS FORECASTED TO CUT HISTORIC VOLUME OF LIQUIDS FROM PRODUCTION OUTPUT

A new assessment from IHS Markit forecasts a historic cut to global liquids production in the second quarter of 2020, which could top 17 million barrels per day (including 14 MMb/d of crude oil production). This represents the largest production cut recorded in the history of the oil industry, according to IHS experts. “The Great Shut-In, a rapid and brutal adjustment of global oil supply to a lower level of demand is underway,” said Jim Burkhard, vice president and head of oil markets for IHS Markit. “All producing countries are subject to the same brutal market forces. Some will be impacted more than others. But there is nowhere to hide.”

Though substantial production cuts will be needed to allow the industry to overcome a supply glut caused by complex market forces, IHS analysts suggest it will be difficult to say how exactly production curtailments are approached. “When it comes to the where, why and how of production cuts, the wide range of technical, logistical, regulatory, contractual, and financial conditions means there is no single set of answers. But under these market conditions, it is pretty clear where production will be cut. Nearly everywhere,” stated Paul Markwell, vice president of global upstream oil and gas for IHS Markit.

On top of dramatic production cuts, IHS says that in the second quarter of the year oil demand is likely to be down 22 MMb/d compared with levels experienced a year ago.

# Unconventional Perspective

EOG Resources is a leader in finding and developing crude oil and natural gas resources to meet the world's energy needs. The company is committed to creating a strong, healthy economy while adhering to sound environmental, health and safety standards.

EOG strengthens local communities throughout Texas by providing meaningful careers, purchasing goods and services, volunteering and participating in local philanthropy efforts, contributing to the tax base and making royalty payments to mineral owners.

Providing sustainable, low-cost energy means more jobs and more affordable energy for homes, schools and businesses in Texas, the United States, and the world. EOG is proud to be a leader in this effort.

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