



**Texas
Independent
Producers and
Royalty Owners
Association**

TEXAS REGULATORS UPDATE REQUIREMENTS FOR FLARING AND VENTING

The first week of November, Texas officials agreed to change the way the state collects important data on flaring and venting and grants exceptions for flaring from oil and gas operators, as part of a concerted effort to ultimately reduce flaring rates from oil and gas sites in the Lone Star State. At the

November 4th Railroad Commissioners' conference, state regulators approved a revamped Form R-32, Application for Exception to Statewide Rule 32 (formerly, the Statewide Rule 32 Data Sheet), which sets new requirements to "more thoroughly document" the need to flare or vent gas in Texas and prompts operators to provide regulators with "accurate information to assess compliance." According to the commission, the form also extends specific guidance on when an exception to flare during oil and gas production operations would be permissible, under which circumstances, and for how long.

It is important to note that the commissioners' recent action made changes to the application for flaring exceptions, not to the state's flaring rule (Statewide Rule 32). Otherwise, the new Form R-32 as adopted will:

- In many cases, reduce the period of time an operator may obtain an administrative exception to flare gas. For certain exceptions, the duration may be reduced by 50 percent to 80 percent.
- Provide incentives for operators to use technologies to reduce the amount of gas flared.
- Require operators to submit more specific information to justify the need to flare or vent gas in accordance with commission rules.
- Provide additional key datapoints to facilitate compliance audits with reported production.

"Texas has done a tremendous job reducing flaring this year, flaring less than a half a percent of gas produced in May 2020," commented Railroad Commissioner Wayne Christian, who earlier this year had launched efforts at the agency to tackle flaring while he was still chairman of the commission. "This form change is a big and important step towards minimizing routine flaring in Texas, allowing our agency to collect the information it needs to better determine who is following the rules when it comes to flaring and who is not."

"Wednesday's approval of the newly revised Form R-32 is a great step forward for the energy industry in Texas," added Railroad Commission Chairman Christi Craddick. "I am thankful for Commissioner Christian's leadership on this effort and for the hardworking staff that made this successful."

To support its Rule 32 program, the commission reports that staff are currently developing an online form for submission using the commission's online system. The first phase of the implementation of this online form is currently planned to go live by the end of March 2021.

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ELECTION RESULTS ARE IN!

Former Vice President Democrat Joe Biden was declared president-elect on Saturday, November 7th after a contentious fight for the White House in the 2020 General Election against current U.S. President and Republican Party candidate, Donald Trump. As of Wednesday, November 11, Biden had earned a 290 margin to President Trump's 217 standing in the Electoral College, with 270 electoral votes needed to become president. In this year's election, Biden received the most votes ever cast in history for a presidential ticket, with over 77 million votes tallied for the Biden ticket. President Trump also garnered strong support by gaining close to 72 million votes in his favor.

In Texas, Republican John Cornyn held onto his U.S. Senate seat after defeating Democratic challenger Mary "MJ" Hegar in the November 3rd Election. Senator Cornyn was first elected to the U.S. Senate in 2002, and will be entering his fourth term in Congress in 2021. He is a member of the Senate Finance, Intelligence and Judiciary Committees and has become one of Texas' most powerful federal officials on Capitol Hill. Otherwise, after the Election, Texas will be sending several new federal representatives to Congress following the retirement this year of officials that include U.S. Congressman Mike Conaway (R-TX11), Bill Flores (R-TX17), Pete Olson (R-TX22), Will Hurd (D-TX23) and Kenny Marchant (R-TX24). Republicans held onto all of those House positions, though there had been speculation leading up to the 2020 Election that Democrats might have had an opportunity to flip seats in certain races. Despite such notions, Texas primarily stayed "Red" as the Republican Party dominated many of the political contests on this year's ballot. After the Election, the state's congressional delegation will continue to have the same mix of Republicans and Democrats. There will be one more Democrat in the Texas Senate, but Republicans otherwise still hold the majority in the state legislature's upper chamber. The Texas House is expected to have 83 Republicans and 67 Democrats, in addition to a new Republican speaker who will lead the lower chamber. All of the statewide executive and judicial branch offices remain in Republican control as well.

CHAIRMAN'S MESSAGE

Fellow TIPRO members,

Four years ago, Allen Gilmer, chairman of TIPRO at the time, wrote about waiting for the election results of the 2016 presidential election. Our past chairman outlined his hopes, for our industry's sake, that Republicans would at least hold onto the Senate. Lo and behold, not only did the GOP retain control of the Senate, but the Republican party's candidate for president, Donald Trump, pulled off a revolution in that election by claiming victory as America's 45th President.

Now, here we are in 2020, and President Trump has in the last four years successfully un-cuffed business and industry and freed the country to achieve unprecedented economic growth. This has allowed all classes of Americans to benefit from a rise in levels of employment, opportunity and prosperity. I believe what President Trump accomplished was great for the United States and its people, but his aggressive and abrasive personality alienated far too many and the mainstream media took full advantage of the opportunities he provided. His tenure likely will end after just four years (although it feels like nothing is ever certain in 2020). In an election that pitted "Trump Haters" against "Far Left Haters," I am afraid most citizens in the middle failed to vote on policy, and instead were caught voting on personalities.

It's my belief that the oil and gas industry and our royalty owners' hopes again will rely on Republicans at least holding control of the U.S. Senate, though that is not expected to be decided until early next year. If the houses of Congress are split, at least our industry will not suffer from broad sweeps of "green" legislation designed to put us out of business (transition us). Minimally, the industry will likely be regulated in an attempt to make the energy we provide closer in cost to the "not so clean" green energy.

Now more than ever, we need to get the word out that the sky is not falling and the prognosticators that have predicted our doom for the last 50 years are wrong. The difference this time however is, thanks to social media bombardment and a captive audience, they have gathered a following of young people that haven't had enough birthdays to live through the ice age that was predicted for this century by top scientists in the 70's, the water and food rationing predicted to happen by 1980 and summers of an ice-free Arctic that Al Gore predicted by 2018... oops! Our planet is a very complicated system. Scientific reporting by the Global Warming Policy Foundation demonstrates how most climate models have in fact repeatedly been proven wrong; though warming trends for the planet do exist, the rate of real-world warming is actually shown to be much lower than model projections. As such, many climate predictions you hear about simply cannot be trusted. As Mark Twain suggested, "it's easier to fool the masses than convince them they are being fooled."

Meanwhile, back in our home state, Texas legislators from both sides of the aisle know the importance of the oil and gas business. TIPRO's job is to make sure that they get the information they need to make sound decisions that benefit the state and its citizens. I believe that for the most part if people truly understand the facts they will make good informed decisions unbiased by ideology. Thankfully TIPRO's government affairs team has already been engaged on those issues of highest priority to our state's independent producers and royalty owners. TIPRO's legislative agenda for the 87th Legislative Session will focus on the budget and the Economic Stabilization Fund, ad valorem and severance taxes, transportation, water use and recycling, and eminent domain reform, amongst other key issues. We recognize that state leaders will ultimately have to determine what legislative proposals are worthy for consideration, but still feel adamant that those issues are of vital significance to the future of the Texas energy industry and our state. We will therefore continue to advocate for these concerns to make sure they receive the attention necessary by lawmakers.

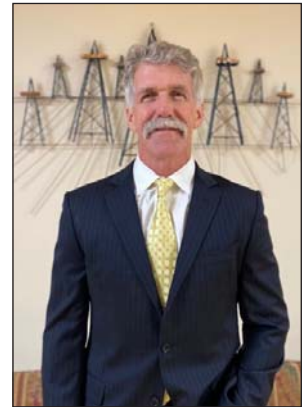
I will end with some timely advice for our elected officials:

"The budget should be balanced, the treasury should be refilled, public debt should be reduced, the arrogance of officialdom should be tempered and controlled, and the assistance to foreign lands should be curtailed lest Rome become bankrupt. People must again learn to work, instead of living on public assistance." Cicero, 55BC

Kind regards,

Brent

[The opinions stressed in this column are my own.]



Brent Hopkins

OPEC LOWERS ITS GLOBAL OIL DEMAND FORECAST AS COVID-19 CASES GO BACK UP

The Organization of the Petroleum Exporting Countries (OPEC) this month lowered its global oil demand forecast for the remainder of the year and 2021, amid concerns of surging coronavirus (COVID-19) cases worldwide. The downward revision of earlier demand outlooks account for adjusted projections on economic activity due to COVID-19 containment measures, OPEC said on November 11.

TIPRO Calendar of Events

DECEMBER 1, 2020

VIRTUAL EVENT — TIPRO's 'Taking Back the Oil & Natural Gas Narrative' Forum with BEG Director Dr. Scott Tinker. For information, please email rpaylor@tipro.org.

JANUARY 27, 2021

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

FEBRUARY 10-12, 2021

HOUSTON — Annual NAPE Summit and Trade Show, George R. Brown Convention Center. For information, please email info@napeexpo.com.

REPRESENTATIVE DADE PHELAN EXPECTED TO BECOME NEXT TEXAS HOUSE SPEAKER



State Representative
Dade Phelan

In a press conference held Wednesday, November 4, state Representative Dade Phelan (R-Beaumont) revealed he has secured enough support to become the next speaker of the Texas House of Representatives.

Come January, the state legislature's lower chamber will see a new leader take control, given the exit of current speaker Dennis Bonnen. After serving two decades in the House, the Republican from Angelton decided to leave public office following the end of his current term after being swept up in a scandal last summer. In a secret recording later made public, Bonnen was caught offering House press credentials to Empower Texan's Michael Q. Sullivan as part of an exchange to have Sullivan and his group target specific Republican members of the House during Texas' 2020 primary. Once the secret audio recording was leaked, Bonnen released a statement affirming what many suspected - he would be resigning from office. "It is clear that I can no longer seek re-election as state representative of District 25, and subsequently, as speaker of the House," Bonnen said last October.

With Bonnen's departure as speaker of the House looming, there recently had been a flurry of activity in the race for speaker in the Texas House, as lawmakers with both the Republican and Democratic Parties filed paperwork to become the next House speaker. Nearly ten representatives had entered the contest for House speaker before Chairman Phelan announced last week he had a supermajority backing his candidacy for speaker. Of the other 149 members of the House - excluding Phelan himself - over 105 were reported to have expressed support for Phelan to become speaker of the Texas House.

Representative Phelan currently serves as chairman of the House Committee on State Affairs. He previously has served on the House Natural Resources Committee as vice-chairman, and member of the House Calendars Committee, Appropriations Committee, Elections Committee and on the Select Committee on Ports, Innovation and Infrastructure. Representative Phelan also co-chairs the State Water Infrastructure Fund for Texas Advisory Committee, which oversees the operation, function and structure of the state water fund and assists the Texas Water Development Board in achieving its goal of providing \$27 billion in state water plan projects over the next 50 years.

The House cannot officially elect a new speaker until it is back in session, but already Chairman Phelan is taking appropriate steps to assume the role as the third most powerful official in the Texas state government. On November 5, Chairman Phelan said he had appointed the Honorable Tommy Williams to lead his transition team as he takes over as speaker. He also has established a bipartisan workgroup to form recommendations on legislative operations during the COVID-19 pandemic.

Despite an overwhelming amount of support from Republican and Democratic representatives, Texas GOP Chairman Allen West maintains that the party "will not support, nor accept" Dade Phelan for speaker of the Texas House. West reportedly is upset that Phelan broke with so-called protocol in approaching Democrats for affirmation to become leader of the House. Still, in spite of the criticism from West and his influence on Republican officials, West nonetheless is not a House member and will not ultimately have a vote on who becomes the next speaker.

BILL FILING KICKS OFF FOR TEXAS' 87TH REGULAR LEGISLATIVE SESSION

With the 87th Legislative Session drawing near, state lawmakers on Monday, November 9th began to file bills for consideration for Texas' next legislative cycle. Thousands of bills ultimately are expected to be filed at the capitol, though only a select number will progress through the bill-making process and be signed into law by the governor. TIPRO is closely tracking any bills filed of relevance to the Texas oil and gas industry. As of Wednesday, November 11, 12 bills so far had been filed which TIPRO flagged of significance for the association's membership. These bills in part include:

- **Senate Bill 127** by Senator Nathan Johnson that would phase out the high cost gas tax incentive by prohibiting any new applications for high cost gas tax exemptions after September 1, 2021. Senator Johnson filed this exact bill last session, which was only heard by the Senate Finance Committee and left pending.
- **Senate Bill 157** by Senator Charles Perry, an eminent domain bill which would remove the requirement for a particular county with a school district with a population less than 25,000 to have to refile their eminent domain status with the comptroller annually if nothing has changed.
- **Senate Bill 160** also by Senator Perry seeks to remove the requirement of a county to submit its previous year's road condition report in order to apply for grants under the County Transportation Infrastructure Fund (CTIF) program.
- **House Joint Resolution 21** by Representative Tom Craddick proposes a constitutional amendment creating the Generate Recurring Oil Wealth for Texas Fund, or "GROW Texas Fund" that allocates state money generated by oil and gas production back to energy-producing hotbeds to address concerns that relate to road infrastructure and other needs.
- And, **House Bill 448** by Representative Ernest Bailes, another legislative proposal relating to eminent domain, that concerns the right of property owners to file complaints against certain entities regulated by the Railroad Commission of Texas regarding alleged misconduct by the entities while exercising eminent domain authority.



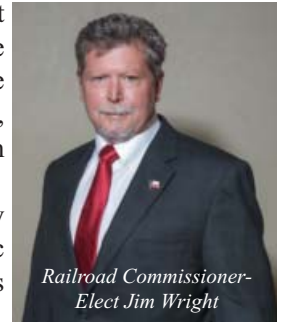
REPUBLICAN JIM WRIGHT WINS ELECTION TO THE TEXAS RAILROAD COMMISSION

Republican Jim Wright will become Texas' next oil and gas regulator, after defeating Democratic opponent Chrysta Castañeda in this year's race for the open seat at the Texas Railroad Commission. Wright won the November 3rd Election with 53 percent of the vote, surpassing Castañeda by 1 million votes, to join the three-member commission that oversees the state's oil and gas industry. Following his election night victory, Wright in early January will take the oath of office to replace outgoing Railroad Commissioner Ryan Sitton, whom Wright beat during the Republican primary election this past March.

Called a political newcomer by many, Wright has never held public office, though was able to successfully appeal to voters in this year's election cycle with his pro-business platform and promise to work to restore public trust and integrity at the state's Railroad Commission. He owns an oilfield waste services company in South Texas and lives with his family on a ranch outside of Orange Grove, Texas, near Corpus Christi.

This past September, Wright spoke before the TIPRO membership during the association's 2020 Summer Conference, outlining his priorities for the Railroad Commission if he were to be elected. He told TIPRO he would push to work in a fair and transparent manner with stakeholders and the public when developing industry rules. Wright also vowed to ensure consistent interpretations of existing regulations in order to make state rules "more predictable" and allow greater regulatory certainty for Texas oil and gas businesses. He said he would also advocate to ensure the agency was fully-funded, a topic guaranteed to come up with the state legislature in the 87th Legislative Session next year as Texas faces a massive budgetary shortfall.

Commenting on the outcome of last week's Railroad Commission election, TIPRO President Ed Longanecker said, "Jim Wright has committed to continue developing the state's energy resources in a responsible manner, while providing regulatory certainty to the hundreds of thousands of men and women that make up this industry, a sentiment shared by his fellow commissioners. We look forward to working with him as the next Railroad commissioner."



Railroad Commissioner-Elect Jim Wright

RAILROAD COMMISSION CHANGES APPLICATION FOR FLARING EXCEPTIONS... CONTINUED FROM PAGE 1

Form R-32 has already taken effect, but operators have the choice to file either the new Form R-32 or the existing data sheet until April 1, 2021, when an online exception filing system is ready, according to the commission. Once the online system is up and running, however, the current Rule 32 Data Sheet will be phased out and discontinued.

"Texans demand transparency and innovation from all levels of government," said Railroad Commissioner Ryan Sitton, "and this form will help collect more accurate data as we assess the role of flaring and look for ways to reduce it going forward."

The regulatory changes on flaring pursued by the commission followed analysis completed earlier this year by Railroad Commission staff on a report provided from the Blue Ribbon Task Force for Oil Economic Recovery regarding flaring (the report may be accessed at: <https://bit.ly/2IIQaIQ>). Led by TIPRO and other state oil and gas trade associations, the task force in June presented its recommendations to the Railroad Commission identifying solutions on how Texas could implement meaningful reforms that would lower flaring rates. On behalf of the task force, TIPRO President Ed Longanecker testified before the three Railroad Commissioners at the June 16th commission hearing to discuss the set of regulatory enhancements and other recommendations the group had proposed as opportunities to decrease flaring.

Furthermore, TIPRO is also proud to support the Texas Methane & Flaring Coalition, an alliance of Texas oil and natural gas trade associations and more than 40 Texas energy companies formed to bring industry players together with a common goal of minimizing methane emissions and flaring and achieving environmental progress. As part of its mission, the coalition remains committed to working with the Railroad Commission and other stakeholders on a pragmatic and positive approach to regulatory reform regarding flaring in Texas.

Leading up to the commission's regulatory action on November 4th to address flaring, the Texas Methane & Flaring Coalition and the Blue Ribbon Task Force jointly filed comments expressing support of the amendments as proposed for the Statewide Rule 32 Exception Data Sheet. In September, the industry groups wrote to the commission, "We recognize the importance of developing a more stringent framework for granting exceptions to Statewide Rule 32, enhancing reporting requirements, and providing more data to create opportunities for further analysis by the commission and build upon best practices that many operators have already incorporated." To review the full set of comments submitted by the Blue Ribbon Task Force and Texas Methane & Flaring Coalition, visit: <https://bit.ly/3pfGaS5>.

Otherwise, the newly-revised Form R-32 is available for download from the Railroad Commission website at <https://bit.ly/2IrdoNZ>.

TEXAS PRODUCERS SEE 25 PERCENT SEVERANCE TAX CREDIT EXTENDED FOR LOW-PRODUCING OIL WELLS

Texas Comptroller Glenn Hegar has approved a 25 percent deduction from severance taxes for eligible low-producing oil leases for the October reporting cycle. Whenever the comptroller-certified three month average of oil prices for a reporting period is calculated between \$25 to \$30, a 25 percent crude oil tax credit is then available for a qualifying low-producing oil lease in Texas. Accordingly, with the average price of oil for the last reporting period calculated as \$27.68 per barrel, the tax exemption will remain available at a 25 percent credit. As TIPRO has reported to the membership in past *TIPRO Target* newsletters, given this year's market volatility and crash in oil prices, the comptroller consequently has extended the tax exemption in varying levels each month since May.

Price conditions have also enabled the comptroller to grant a 100 percent tax credit for low-producing natural gas wells. With the average price of gas remaining well below the required threshold to receive a credit from the state's natural gas tax as stipulated under Texas law, producers of qualifying marginal wells throughout 2020 have been able to apply for the applicable tax credit.

Producers interested in learning more are encouraged to visit the comptroller's website at: <https://comptroller.texas.gov/taxes/>.

TCEQ LAUNCHES NEW “FIND IT AND FIX IT” AIR INITIATIVE IN THE PERMIAN BASIN

The Texas Commission on Environmental Quality (TCEQ) is launching a new program in the Permian Basin to encourage oil and gas companies to comply with air quality rules and regulations. Effective now through January 31, 2021, TCEQ's Office of Compliance and Enforcement is implementing a "find it and fix it" initiative to help oil and gas facilities operating in the 61 counties of the Permian Basin meet air quality standards and come into compliance with state rules and regulations.

Under the TCEQ's "find it and fix it" program, starting on the date an operator submits their notification form, they will have 180 days to return their facility to compliance as outlined in the compliance plan. The TCEQ has outlined other steps on how to participate in the temporary program, which are as follows:

- Notify TCEQ of your intent to participate in the program starting November 2, 2020, and ending January 31, 2021 by completing and submitting the *Permian Basin Find It and Fix It Notification Form* (see: <https://bit.ly/2JNYIsz>)
- After submitting the form, you will receive an email acknowledging receipt of your participation notice that includes instructions for submitting a compliance plan.
- Submit a compliance plan using the TCEQ's *Compliance Plan Submission Form* (<https://bit.ly/2GIhpNc>) within 30 days of the date you submit the notification form.
- TCEQ may grant an additional 30-day extension, for a maximum response time of 60 days. To request a 30-day extension, email PermianEE@tceq.texas.gov with the reason for your request and the proposed submittal date. If approved, you will receive a confirmation email with the deadline for submitting your compliance plan. If you do not submit a compliance plan within the specified time frame, you will be removed from the program.

The TCEQ reminds operators that participation in this initiative does not exempt any facility from other applicable rules, reporting, notifications, record keeping, or permit conditions. Emissions events that occur during participation with the program must be reported to TCEQ in accordance with state and federal rules. TCEQ reserves the right to withdraw from the participation agreement.

The agency will host a free online workshop on November 17th from 9:00 a.m. -11:30 a.m. CST to review the Permian Basin 'find it and fix it' initiative -- to learn more about this seminar, please visit <https://bit.ly/3pdFwVf>.

Other information on this program is available on the TCEQ's 'Oil and Gas Activities' webpage at: <https://bit.ly/3Ik38p0>. Questions may also be emailed to PermianEE@tceq.texas.gov.

JOIN TIPRO ON DECEMBER 1ST FOR THE ASSOCIATION'S 'TAKING BACK THE NARRATIVE' FORUM

The Texas Independent Producers & Royalty Owners Association on Tuesday, December 1st will host a special member-only virtual forum featuring Dr. Scott Tinker, director of the Bureau of Economic Geology (BEG) at the University of Texas at Austin, to unravel common beliefs and interpretations regarding society's energy supply from fossil fuels and renewable sources. Depending on economic development stage, political leanings, and many other factors, the energy future dialog varies widely. The evolving energy dialog represented by sectors in Western Europe and the United States suggests there is "clean, renewable" energy and "dirty, non-renewable" energy, and further that clean energy is now "cheaper" than dirty energy. In this narrative, "carbon neutral" is growing in popularity and the "solution" for companies, states and countries is to balance their own emissions by funding an equivalent amount of carbon "savings" or "offsets" somewhere "else." Further, some propose to eliminate coal, oil and natural gas altogether, and suggest that solar, wind and batteries can power the world and address climate change. In this EU/U.S. narrative, "clean" refers to CO2 emissions, "renewable" speaks to the sun and the wind, and "cheap" describes the cost of production. But are solar, wind and batteries really clean, cheaper, and renewable, and can they actually address climate change? If one includes the whole environment of land, air and water, and ponders whether the extensive mining of earth materials to construct turbines, panels and batteries is actually "renewable and clean"; examines the higher cost of electricity to the end-use customer because of redundant back up generation needed in wind and solar heavy regions; and considers the massive scale of energy demand and short time frame required to address climate change; then it is likely one would develop a different narrative.

That different narrative exists in much of the rest of the world, led most profoundly by China and Southeast Asia, where billions of people seek affordable and reliable energy to lift themselves into economic prosperity. Here, the energy narrative must be interpreted by examining actions, which often stand in stark contrast to the political rhetoric. Based on affordability and reliability, emerging and developing economies have mostly acted to power with coal, hydro, natural gas and nuclear, supplemented by solar and wind. Notwithstanding disingenuous pledges by President Xi to the United Nations regarding carbon neutrality by 2060, China, the largest economy in the world, and Southeast Asia more broadly, consume three times more coal than all other countries in the world combined, and will for many decades to come. Further, although the environmental concerns of the developing world include the climate, they are more acutely and sincerely focused on economic growth, and reducing local pollution of water, soil and air, all of which impact the health and safety of billions of citizens today.

Given these two representative narratives--and recognizing that the U.S. and Europe represent less than 7 percent of global population--coal and oil will remain important sources of global energy, plateauing in demand over the next several decades. Natural gas, hydro and nuclear will increase and will be supplemented by growing geothermal, solar and wind. Minimizing the broad environmental impacts of wood, coal and oil on atmospheric and local air emissions is important, and carbon capture and storage will be needed if players want to reduce actual emissions, rather than engage in the pretense of buying offsets, which are far too limited in availability to begin to address climate change. Finally, acknowledging and mitigating the considerable environmental impacts on land, water and air from mining and landfill disposal that will be caused by solar, wind and batteries at scale is vital to global environmental sustainability.

TIPRO's virtual forum on this subject matter will begin at 2 p.m. Central Time on December 1st -- register here: <https://bit.ly/3pftydR>.

PRESIDENT TRUMP SIGNS NEW EXECUTIVE ORDER ON FRACKING

Just days before the November 3rd General Election, U.S. President Donald Trump issued an executive order directing his administration to complete an economic analysis on hydraulic fracturing, or “fracking,” specifically examining implications of any potential type of government-imposed restriction or ban on the drilling technique. Making an appeal to the nation’s energy sector and its large voting base only days before the 2020 Election, through his executive order, the president on Saturday, October 31st promised to defend the jobs and interests of all American workers in energy.

At the order of President Trump, his administration will review the potential consequences of a fracking ban on Americans who are directly or indirectly benefiting from the energy industry, along with other industries, including mining for sand and other minerals. Further, as part of the economic study on fracking, the administration will also look at potential effects from a fracking ban on consumers, property owners, local governments, schools, hospitals, and medical clinics.

“Today President Trump once again reaffirmed his unwavering commitment to the American energy industry. It is technology like fracking that unleashed America’s natural resources and made us the number one producer of oil and gas in the world, bringing an eight-fold increase in natural gas productivity since 2007, while also creating millions of jobs and reducing the price of gas by 63 percent,” commented U.S. Secretary of Energy Dan Brouillette. “A ban on fracking would result in the loss of millions of jobs, the doubling of gasoline prices, and the quadrupling of electricity costs. The Department of Energy will swiftly and thoroughly execute our tasks as directed by President Trump today to evaluate the importance of maintaining this technology.”

An industry analysis completed earlier this year by the American Petroleum Institute (API) had projected a ban on fracking would cost 7.5 million American jobs, lead to a cumulative GDP loss of \$7.1 trillion by 2030, slash household incomes by \$5,000 annually, and increase household energy costs by more than \$600 per year.

NEIL CHATTERJEE REPLACED AS FERC CHAIRMAN

President Donald Trump unexpectedly announced the appointment of a new chairman to lead the Federal Energy Regulatory Commission (FERC) on Thursday, November 5, naming Republican FERC Commissioner James Danly as the new head of the agency responsible for regulating interstate transmission of electricity and energy infrastructure projects in the United States. Danly has only served on FERC’s leadership panel since March, and before worked as the commission’s general counsel for three years. He will take over as FERC chairman from Republican Neil Chatterjee, who will stay on as a commissioner through the end of his term in June 2021.

According to media reports, Chatterjee’s support of renewable energy and public calls advocating for action to address climate change had disenchanted administration officials at the White House and contributed to the decision to demote him, people with knowledge of the situation told the *Washington Examiner* news outlet last week.

Chatterjee issued a statement late Thursday concerning the leadership change at FERC and reflecting on his tenure as chairman. As part of his comments, Chatterjee recognized that many of the achievements by FERC in recent years had significantly contributed to making American energy more reliable, resilient and accessible. “Our work – my work – at the commission isn’t over,” he confessed. “I look forward to working with my friend, Chairman Danly, as well as the next administration to continue to carry out our important mission.”

Danly likewise expressed his pleasure at working alongside Chatterjee at the federal agency, who he said had “truly left his mark on FERC and the energy sector by brokering a significant agreement allowing us to move forward with liquefied natural gas (LNG) terminals, which helped secure our American energy independence.” Danly added, “[Chatterjee] also made a lasting impact through his commitment to protecting competitive markets, modernizing our policies under PURPA, expediting the approvals of much-needed critical energy infrastructure and so much more.”

Including Chairman Danly and Commissioner Chatterjee, FERC’s leadership panel is composed of up to five total commissioners who are each selected by the president of the United States with the advice and consent of the United States Senate. Currently, two other candidates are awaiting confirmation by the Senate to fill vacancies remaining at FERC. Mark Christie and Allison Clements were simultaneously nominated at the end of summer by President Trump to become members of the commission, though have not yet been formally approved by Congress members. Christie, a Republican, and Clements, a Democrat, have already been considered as candidates for FERC by the Senate Committee on Energy and Natural Resources, though both still are awaiting final confirmation by the full Senate to begin their roles at FERC.

To-date, there is currently just one Democratic commissioner at FERC, Commissioner Richard Glick. It is speculated that under a Biden Administration, the new president-elect could decide to name a new leader of FERC, overriding President Trump’s leadership selection. Technically, any sitting FERC commissioner would not require Senate approval to become chairman, likely indicating Commissioner Glick could be selected given his party affiliation, or Clements if she is confirmed by the Senate to join the federal agency.

REMINDER: TMFC HOSTING OIL & GAS TECHNOLOGIES SHOWCASE ON NOVEMBER 19TH

Don’t forget that later this month the Texas Methane & Flaring Coalition (TMFC) will present a special Oil & Natural Gas Showcase highlighting emerging technological solutions that support reductions to flaring and methane emissions for operators in the oil and natural gas industry. The showcase will take place virtually from 10 a.m. - 12 p.m. Central Time on Thursday, November 19. Attendance is open to coalition members, trade partners and their membership, including the members of TIPRO. Registration for the webinar is available at: <https://bit.ly/3oEBIMA>.

U.S. FORMALLY EXITS THE PARIS CLIMATE ACCORD

On Wednesday, November 4, the United States officially withdrew from the Paris Climate Accord, an international agreement signed by nearly every country in the world five years ago with the goal of addressing global impacts from climate change by substantially reducing greenhouse gas emissions.

When the United States first entered the agreement in 2015 under former President Barack Obama, the nation promised to reduce its emissions about 28 percent below 2005 levels by 2025. Once Donald Trump became president, however, he saw to it that America back out of the climate pact, which he said would impose “draconian financial and economic burdens” on the United States if America continued its participation in the environmental agreement. President Trump also heavily criticized the Paris Agreement for punishing the United States while imposing no meaningful obligations on the world’s leading polluters, like China. As such, in 2017, President Trump ordered the United States to withdraw from the Paris Climate Accord.

Legally the United States was unable to withdraw until three years after the deal entered force, which occurred last November. The White House at that time then began the formal process to leave the Paris agreement, though under the accord guidelines, no country could officially part from the agreement until one year from giving its formal notification of withdrawing from the accord, which occurred the first week of November in 2020. The United States becomes the first country to ever withdraw from an international climate change pact.

Though the United States has left the Paris Climate Agreement, its departure could be short-lived. President-elect Joe Biden has vowed on his first day in office to have the United States rejoin the Paris Agreement and recommit to global emission targets.

TEXAS RIG COUNT GOES UP FOR EIGHTH CONSECUTIVE WEEK

The latest reports show 139 rigs were operating in the Lone Star State the first week of November, after steady growth in drilling activity in Texas over the past two months. According to rig counts posted Friday, November 6th by oilfield services firm Baker Hughes and data analytics company Enverus, Texas gained six rigs in early November compared with last week of October, with the state’s most current rig count up by nearly 40 total rigs from when the rig count bottomed out in mid-August at just 100 rigs in operation. Despite eight consecutive weeks of gains in the oil and gas rig count, the state’s tally of rigs nevertheless is still well below levels recorded a year ago, when there were 413 rigs operating in Texas.

Drilling in the Permian Basin has largely accounted for growth in Texas’ rig count in more recent months, with the region seeing five more rigs come online in November for a total of 147 rigs in operation across the nation’s most productive shale formation. Altogether, the Permian Basin accounts for almost half of all the active rigs in the nation. Elsewhere, Texas’ Eagle Ford Shale also saw an increase of two rig units for a total of 19 rigs.

Meanwhile, the most recent rig count showed 300 rigs were at work across the entire United States last week. The country as a whole also saw rig counts plummet to record-lows three months ago when only 244 rigs were active nationwide in August. By comparison, last November there were 817 rigs deployed across the United States, long before the coronavirus pandemic hit and the oil market crashed.

TEXAS UNVEILS UPGRADED TECHNOLOGICAL ASSETS TO IMPROVE AIR MONITORING CAPABILITIES

Officials with the Texas Commission on Environmental Quality (TCEQ) announced on Tuesday, November 10th new mobile air monitoring systems and enhanced tools that will support the state’s response to natural disasters or tropical systems in the future. Using funds authorized by the state legislature, the agency has upgraded two existing TCEQ mobile air monitoring vans and purchased a third—a SMART (Strategic Mobile Air Reconnaissance Technology) Rapid Assessment Survey van—that allows the TCEQ to greatly expand the number of pollutants it monitors and more quickly analyze results.

The agency says that these vehicles will be particularly useful in monitoring air quality in densely industrialized areas like the Houston Ship Channel, the Beaumont-Port Arthur area, and Corpus Christi’s Refinery Row. TCEQ Executive Director Toby Baker called the infusion of nearly \$1 million in funds by state lawmakers to improve air monitoring “a significant investment in proven technology” that will aid investigators’ efforts to locate concentrations of emissions following hurricanes, fires, and other disasters.

TCEQ also has obtained upgraded handheld air monitoring devices that can take instantaneous readings of pollutants and reflect air quality at a particular location, which will assist in other air quality assessments. The upgraded version of the handheld devices—now capable of isolating benzene, critical for monitoring areas such as the Ship Channel—will be especially helpful to TCEQ staff in the wake of hurricanes, when stationary monitors may be taken offline to protect agency assets, according to the TCEQ.

Finally, state regulators report they have also recently purchased four unmanned aircraft systems, known more commonly as drones, to enhance surveillance capabilities following disasters. The drones, which will offer live stream video while investigators look into a post-disaster scene, will provide “a new platform for situational awareness during emergency responses,” Director Baker said. “Having eyes in the sky after these events will be useful, without putting our staff in danger.”

After Hurricane Harvey slammed into Texas in August 2017 and became the worst storm ever to impact the Lone Star State, the TCEQ faced criticism over how it handled air monitoring in Houston and along the Texas Coast in the days that followed. In reaction, the legislature agreed during the 86th Legislative Session to supplement additional funding sources to the state’s environmental agency to improve air monitoring after a natural disaster. Now, with the new air monitoring equipment, the TCEQ stands better prepared to collect pollutant data and in real-time locate areas of concern during a pollution event.

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