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TIPRO

Texas Independent Producers and Royalty Owners Association

Railroad Commission of Texas considers prorating state's oil production for the first time in nearly 50 years

State regulators with the Railroad Commission of Texas held an open meeting virtually on Tuesday, April 14th to consider imposing limitations on oil production in the state of Texas for the first time in nearly half a century, as energy producers struggle against relentless market conditions. The high-stakes hearing, which lasted nearly 11 hours Tuesday, brought opinions arguing both for and against proration of oil production in the Lone Star State. Forty-seven participants presented during the hearing, and at one point, more than 20,000 individuals from 86 countries and 49 states were tuned in to the broadcast.

In the days leading up to the commission's meeting, the Texas Independent Producers & Royalty Owners Association (TIPRO) submitted written comments to the agency for consideration, outlining the association's position on proration. TIPRO President Ed Longanecker also provided testimony during the open Railroad Commission meeting this week to further explain the association's viewpoint on the matter of proration.

"TIPRO has gone to great lengths to evaluate the topic of proration and gain insight from a wide range of our members, including large and small operators, mineral owners and service companies. Based on those discussions and TIPRO's transparent, consensus-driven model for evaluating policy proposals, an overwhelming number of our members do not support a mandatory curtailment of oil production in Texas," Longanecker told the three Railroad commissioners. "Given the size and diversity of our organization, we understand and respect that there are some members that do support this approach, but we must rely on our consensus model and ask the Railroad Commission to vote against this motion," advised Longanecker.

He continued, "The Texas oil and natural gas industry is at present facing an unprecedented array of challenges, including ongoing capital constraints, the spread of the novel coronavirus (COVID-19) and related decline in demand for oil and natural gas, and the intentional flooding of global markets with oil by Saudi Arabia and Russia. In response to current market conditions, operators in Texas and across the nation are being forced to shut-in wells, lay off employees and dramatically reduce capital expenditures."

During his remarks, Longanecker highlighted the organization's projection of a 2.5-3 million barrel of oil per day decline in the U.S. this year, with over 40 percent of the reduction coming from Texas without government intervention. Longanecker also emphasized that large and small operators are suffering under current market conditions and stressed the need for continued dialogue on solutions to protect operators and mineral owners. "TIPRO supports regulatory certainty for oil and natural gas producers, free market principals and continued dialogue with all stakeholders to identify solutions to protect U.S. energy producers and mineral owners," said Longanecker.

Stricter limits to natural gas flaring was one issue explored by many testifying during the commission's hearing as a way to deter production of oil in Texas and reduce waste, though at this time it remains unclear if the commissioners would pursue this recommendation as a method of facilitating any sort of production cuts in order to address oversupply in the market.

Commissioners adjourned Tuesday's meeting with no announcement of further discussion or a formal conclusion to the matter. The motion to prorate has been included on the Railroad Commission's agenda for their regularly scheduled meeting taking place next week on Tuesday, April 21. Until then, the commissioners will continue to weigh the pros and cons of implementing any sort of proration policy, and must also assess legalities as well as appropriate procedures for prorating oil production if the state were to move forward with a mandated reduction in the state's oil output.

In an interview Wednesday with CNBC's *The Exchange*, one day after the commission's hearing, Railroad Commission Chairman Wayne Christian discussed his thoughts on various efforts to stabilize the worldwide market for crude oil, including the possibility for oil production limits in Texas. "I think the agreement is we have got to do something," said the chairman. "The industry is suffering. What we did hear is many small families are losing jobs, hundreds of thousands of jobs, unless we stabilize and come to the rescue."

Chairman Christian also affirmed that no decision has yet been made by state regulators with regards to prorating oil. "We are looking at all our options," he observed. Christian added that other oil producing states would need to cooperate, as well as the federal government, on any type of action to limit oil production. "I will continue to visit with our officials in the Trump Administration and my fellow regulators on the Interstate Oil and Gas Compact Commission about what can be done," vowed Chairman Christian. "Whether or not proration is the answer, it is imperative we stabilize the international crude market to protect hundreds of thousands of Texas jobs and preserve the national security that comes with American Energy Dominance."

On behalf of the association's membership, TIPRO will continue to engage and track any developments surrounding this issue.

President's Message

Ed Longanecker

TIPRO Members,

While the oil and gas industry has in recent weeks been battered from destructive market conditions and extremely low commodity prices, energy companies and members of TIPRO are still finding ways to step up and help communities close to home that have been impacted by the coronavirus (COVID-19) pandemic. Through charitable contributions and generous donations, our industry is supporting local healthcare systems, first responders, food banks and other vital services helping those who need it most right now.

Apache Corporation, for instance, provided much-needed personal protective equipment (PPE) earlier this month to health care facilities in the Houston area, and also gave out unused food from its office cafe to the Houston Food Bank.

Similarly, Waste Management Texas Energy Services has been working with Feeding America, the largest hunger-relief organization in the United States, to ensure food backs across the country have adequate supplies as the need for food assistance continues to grow. Through April 13, Waste Management matched dollar contributions from their employees made to Feeding America and Food Banks Canada. The company also donated one million meals to those experiencing food insecurity due to the impacts related to the COVID-19 virus.

Meanwhile, at the beginning of April, Chevron announced it has contributed $230,000 across Permian Basin nonprofits responding to the COVID-19 pandemic. Organizations receiving funding include the West Texas Food Bank and Eddy and Lea County United Ways.

Another member of TIPRO, Parsley Energy, has also taken action to ensure protection of health care workers in the Permian Basin where the company largely focuses its drilling operations. In early April, Parsley donated 330 gallons of True-Chem hand sanitizer to medical workers at hospitals in and around the Permian Basin region, and gave away 2,000 face masks for first responders in Midland and Odessa.

Furthermore, ConocoPhillips, another member of TIPRO, is supplying medical supplies to area hospitals and first responders on the front lines fighting against COVID-19. The company already has donated 6,500 respirator masks to local hospitals and first responders in Houston, Texas; Casper, Wyoming; and Riverton, Wyoming. The company also has given 6,000 pairs of medical exam gloves to medical centers in Odessa, Texas; Andrews, Texas; and Casper, Wyoming, as well as provided 500 personal hand sanitizers for area first responders in Karnes and DeWitt, Texas, in addition to other activities supporting healthcare workers.

To help children who have seen their education disrupted from COVID-19 and been forced to transition to distance learning, loyal TIPRO member Marathon Oil has partnered with Houston-based nonprofit Comp-U-Dopt to prepare 25 laptops for families without access to a working device at home. Taking retired computers from corporations and individuals, Comp-U-Dot refurbishes the device and loads the system with learning software to help K-12 students continue their education online. Marathon Oil also has organized the donation of more than 8,000 N95 masks from company warehouses to be given to healthcare organizations located in Texas, Oklahoma and North Dakota.

And finally, to assist global healthcare researchers and medical experts working towards a solution to slow the spread of COVID-19, BP has joined forces with the White House, leading universities and the world's largest technology companies to provide access to its supercomputer. By offering access to some of the world's most powerful high-performance computing resources, the company hopes to do its part in significantly advancing the pace of scientific discovery to fight to stop the virus.

These are just a few examples of the larger industry response to give back and uplift those in the community who have been directly affected from COVID-19. At times when it counts the most, I am proud to know that members of this association maintain their deep commitment to serve the community and are dedicated to making social investments whenever possible to help those in need.

I wish you all the best in these uncertain times.

Ed Longanecker

May Leaders in Industry luncheon cancelled

Due to threat of the coronavirus (COVID-19) disease to the general public and protocols established by local and state officials to enforce "social distancing," the May 13th IPAA/TIPRO "Leaders in Industry" luncheon has been cancelled. Please reach out to Brittney Green at 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 June and forthcoming months. On behalf of TIPRO and IPAA, thank you for your understanding as we try to navigate this unprecedented situation.

TIPRO Calendar of Events

JUNE 10, 2020	JULY 8, 2020	AUGUST 12, 2020	AUGUST 19-20, 2020
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.	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.

OPEC, WORLD PRODUCERS AGREE TO HISTORIC DEAL TO CUT PRODUCTION

Members of the Organization of the Petroleum Exporting Countries (OPEC), Russia and other countries struck a monumental agreement over the weekend to cut oil production output by 9.7 million barrels per day (b/d), representing the single largest oil production cut in history. The deal initially provided for a reduction of 10 million b/d — amounting to nearly 10 percent of global oil supply - although this figure was later lowered to 9.7 million b/d. Production cuts will begin on May 1, and extend through the end of June.

Though global oil markets have been hammered in recent months from crashing commodity prices and a vast oversupply of oil, OPEC's historic deal seeking to pull millions of barrels of oil from the market nearly crumbled. As energy ministers from OPEC late last week and through the weekend reviewed solutions to bring stability back to oil markets, leaders from Mexico showed unexpected resistance to implementing production cuts at the threshold originally asked by OPEC, threatening to defeat the entire production cut deal desperately needed to deliver relief to the world's oil industry. After four days of negotiation, however, Mexico finally accepted terms to cut 100,000 b/d, in place of its initial allocation to slash 400,000 b/d off its total output. Mexican President Andres Manuel Lopez Obrador later credited U.S. President Donald Trump for resolving its standoff with OPEC, saying America's president reached out to mediate the dispute over oil cuts and offered to "help out." Speaking at the White House last Friday, President Trump said the United States would "pick up the slack" for Mexico and make up for their nation's production cuts in other capacities. The president did not offer further details on how exactly he expects the United States would move to adopt further reductions to domestic oil production, although U.S. production is already forecasted to fall between 2-3 million b/d this year from economic contractions caused by the novel coronavirus (COVID-19) and the price war involving Saudi Arabia and Russia.

"Thanks to President Trump's leadership, Russia and Saudi Arabia have finalized a historic deal, ending a price war that has caused unprecedented uncertainty in global oil markets," reacted Secretary of Energy Dan Brouillette. "I commend the president for his strong leadership and all parties for coming to a consensus that will benefit nations around the globe who are feeling the impacts of this serious market instability. Under the Trump Administration, America has ushered in a historic era of growth in energy production. While the demand disruption caused by COVID-19 and the price war have greatly harmed the industry, I am confident it will soon bounce back stronger than ever before," affirmed Secretary Brouillette.

OPEC delegates and its allies are scheduled to meet again June 9th in Vienna and there will review the impact of its latest production deal. Saudi Arabia's energy minister already has suggested that at this meeting further oil production cuts could be considered by the oil cartel, as nations around the world handle the fallout of oil demand destruction as a result of COVID-19 and other economic challenges. "Flexibility and pragmatism will enable us to continue to do more if we have to," Prince Abdulaziz bin Salman said Monday, April 13th during a call with reporters. "We have to watch what's happening with demand destruction or demand improvement, depending on how things evolve."

GOP LEADERS, INCLUDING 12 TEXAS CONGRESSMEN, CALL ON SAUDI PRINCE TO STABILIZE OIL MARKETS

Earlier this month, nearly 50 U.S. congressmen joined together to press the Crown Prince of Saudi Arabia Mohammad bin Salman to take immediate action to stabilize global oil markets that have been rocked in recent weeks from the Kingdom's price war against Russia. Before Saudi and Russian energy ministers agreed to a deal with other OPEC members on April 12th to reduce oil production levels and rebalance oversupply, the coalition of U.S. congressmen sent a joint letter expressing concerns over the Kingdom's deliberate actions to artificially distort global crude oil markets, which has hurt U.S. producers and is threatening the livelihood of thousands of energy workers directly and indirectly employed by the energy industry in America.

"As recently as January, the Kingdom claimed that it would do all it could to ensure stability in the global oil market. But as a result of the Kingdom's March decision to artificially depress global crude prices, thousands of American workers employed directly by our country's oil and gas producers, as well as thousands more employed in related industries, face increased financial and economic uncertainty," wrote the congressmen in their letter to Prince Salman. "While other global actors use oil and gas markets as political leverage, the Kingdom must be a model of leadership at a time when a global pandemic drives down demand resulting in significant market volatility. In the United States, the oil and natural gas industry is based on free market principles that resist anticompetitive conduct or government manipulation of markets. The Kingdom, however, can change course, reduce production, and restore balance to a market that has seen the most drastic price drop in years."

The group of U.S. lawmakers also had a stern warning in their letter for Prince Salman, should the Kingdom reject efforts to cut oil production and fail to address volatility in global crude oil markets. "Failure to address this energy crisis will jeopardize the joint efforts between our nations to collaborate economically and militarily. The U.S. military presence in the Middle East region has maintained the stability that provides for the economic prosperity and ensures the security of our two nations. As Members of Congress, we have rejected efforts to undermine or undo this partnership. But if the Kingdom fails to act fairly to reverse this manufactured energy crisis, we would encourage any reciprocal responses that the U.S. government deems appropriate."

The letter was signed by members of the House Energy Action Team or "HEAT," a caucus of House Republicans lead by Republican Whip Steve Scalise (R-La.), Representative Jeff Duncan (R-S.C.), and Representative Markwayne Mullin (R-Okla.) Members of the Texas delegation also signing off on HEAT's letter included Representatives Michael Conaway, Chip Roy, Jodey Arrington, Brian Babin, Kevin Brady, Michael Cloud, Dan Crenshaw, Bill Flores, Louis Gohmert, Pete Olson, Randy Weber and Roger Williams.

TIPRO members may read the full letter sent to Prince Salman here: https://bit.ly/2yVD3Jn.

Updated outlook suggests U.S. will again become a net importer of oil, petroleum products

The latest energy forecast from the federal government shows U.S. crude oil production will average 11.8 million barrels per day (b/d) in 2020, a drop of half a million barrels per day from 2019 levels. Inside the U.S. Energy Information Administration (EIA) new *Short Term Energy Outlook* (STEO), released last Tuesday, April 7, energy experts said this production decline combined with other trends was likely to cause the United States to again become a net importer of crude oil and petroleum products in the third quarter of 2020 and remain a net importer in most months through the end of 2021. If realized, it also would mark the first annual decline in production recorded in the U.S. since 2016.

"In September 2019, the United States exported 89,000 b/d more crude oil and petroleum products than it imported and became a net exporter of crude oil and petroleum products for the first time since monthly records began in 1973. The United States continued to be a net exporter through February when net exports reached 1.79 million b/d, and the April *STEO* forecasts that net exports will continue through May 2020," said the EIA. "However, as a result of recent significant changes in global oil market dynamics, EIA is revising its March *STEO* forecast that U.S. net exports would average 0.6 million b/d in 2020 and 0.3 million b/d in 2021. EIA now forecasts in the April *STEO* that U.S. imports and exports will be nearly equal in 2020 and that U.S. net imports will average 1.4 million b/d in 2021."

The EIA also forecasts declines in natural gas production, with the largest drops coming from the Appalachian and Permian regions. In the Permian Basin, low oil prices have reduced associated gas output from oil-directed wells, explained EIA analysts, while low natural gas prices have discouraged producers in the Appalachian play from engaging in natural gas-directed drilling. Consequently, EIA expects dry natural gas production will average 91.7 billion cubic feet per day (Bcf/d) in 2020, with monthly production falling from an estimated 94.4 Bcf/d in March to 87.5 Bcf/d by December. In 2021, forecast dry natural gas production averages 87.5 Bcf/d, rising in the second half of 2021 in response to higher prices.

The EIA also has lowered its forecasts for U.S. liquefied natural gas (LNG) exports this year, due to market conditions and weakened demands for natural gas caused by the coronavirus (COVID-19) pandemic. Federal analysts said U.S. LNG exports will average 6.6 Bcf/d in the second quarter of 2020 and 6.0 Bcf/d in the third quarter of 2020. LNG exports in the third quarter 2020 are 0.3 bcf/d lower compared with levels projected by the EIA in its March *STEO*. "Under the first three years of the Trump Administration, America experienced a historic period of growth in our energy industry which put us on track to become a net energy exporter this year," said Energy Department spokesperson Shaylyn Hynes. "[Last week's] *STEO* projects that growth has been stalled due to the unexpected and unprecedented worldwide demand impacts of COVID-19 coupled with the disruptive actions of the ongoing dispute between OPEC + nations. The secretary is confident that both of these forces are temporary, and the market will recover."

Texas congressmen support new legislation to fund SPR oil purchases

New bipartisan legislation introduced in Congress in early April looks to provide $3 billion in federal funding for the purchase of crude oil to fill the Strategic Petroleum Reserve (SPR). U.S. Senators John Cornyn (R-Texas), Kevin Cramer (R-N.D.), Lisa Murkowski (R-Alaska), Dan Sullivan (R-Alaska), and Reps. Kelly Armstrong (R-N.D.) and Henry Cuellar (D-Texas) are original cosponsors of the bill, while U.S. Senators Ted Cruz (R-Texas) and John Hoeven (R-N.D.), along with Reps. Lizzie Fletcher (D-Texas) and Michael Burgess (R-Texas), introduced the policy in the U.S. Senate and House. "The SPR is a critical asset to ensure America's energy security, and President Trump is right to request the SPR be filled while prices are low," said Representative Burgess. Through timely and prudent purchases by the Department of Energy, the United States will be able to improve its energy resilience, temporarily stabilize energy markets, and save taxpayers money over the long run." The text of the legislation is available here: https://bit.ly/2yYX2qF.

Energy Department looks to fill Strategic Petroleum Reserve to help out U.S. producers

At the direction of the president, the Trump Administration is making room in the nation's Strategic Petroleum Reserve (SPR) to fill the SPR to its maximum capacity, in a move geared towards helping U.S. oil producers currently struggling from harsh market conditions. A solicitation from the U.S. Department of Energy (DOE) issued in April offers to immediately make SPR storage available for 30 million barrels of oil, with the intent to offer another 47 million barrels of storage capacity at a later time.

The SPR holds emergency oil reserves in underground salt caverns at four major oil storage facilities located across the Gulf Coast region, with two sites in Texas (Bryan Mound and Big Hill) and two sites in Louisiana (West Hackberry and Bayou Choctaw). These four sites have a combined authorized storage capacity of 713.5 million barrels, providing the world's largest supply of emergency crude oil.

The DOE announced on Tuesday, April 14th that it is in the process of negotiating contracts with nine U.S. companies to store their oil in the nation's SPR. According to DOE, contracts under negotiation are for approximately 23 million barrels of crude oil storage, which will be distributed into all four SPR sites. These nine unnamed companies will be storing oil aggregated from numerous small, medium, and large U.S. producers at the SPR, notes the DOE. Most of these deliveries will be received in May and June 2020, department officials add, with possible early deliveries in April.

"When producing oil you have two options – you either use it or you store it. With the impacts caused by the COVID-19 pandemic, we are seeing an enormous decrease in demand as our country works to contain the virus," commented U.S. Secretary of Energy Dan Brouillette. "This is why making storage capacity available in the SPR is so important. Providing our storage for these U.S. companies will help alleviate some of the stress on the American energy industry and its incredible workforce."

EPA reaches out to Congress to correct the record on its temporary enforcement policy

In early April, leaders of the U.S. Environmental Protection Agency (EPA) sent a letter to the entire U.S. congressional delegation to clarify misleading allegations over its temporary enforcement discretion policy for environmental legal obligations during the coronavirus (COVID-19) pandemic. The EPA originally announced its temporary enforcement policy on March 26th giving companies temporary relief from non-essential compliance requirements, though since then has been met with criticism and accusations that its decision to suspend enforcement of certain regulatory requirements as a result of COVID-19 was providing "an open license to pollute." Federal regulators, however, want to make it clear that the regulated community will not be permitted to use COVID-19 as an excuse to exceed pollutant limitations and regulated entities are still expected to comply with regulatory obligations, as best possible. The temporary policy also does not provide any degree of leniency for intentional criminal violations of law, asserts the EPA.

"EPA's enforcement authority and responsibility remains active," said EPA Administrator Andrew Wheeler. "This is not a nationwide waiver of environmental rules. We will continue to work with federal, state and tribal partners to ensure that facilities are meeting regulatory requirements, while taking appropriate steps to protect the health of our staff and the public."

As reinforced by the EPA's April 2nd letter to congressional members, the EPA's temporary policy is designed to provide regulatory flexibility under current extraordinary conditions as the nation faces unprecedented situations from COVID-19.

"It is not unusual for EPA to exercise enforcement discretion to address emergency situations that disrupt normal operations, such as hurricanes. What is unusual is that the current crisis caused by the COVID-19 pandemic affects the entire nation, rather than a discrete geographic area," said the agency.

"EPA expects regulated facilities to comply with regulatory requirements, where reasonably practicable, and to return to compliance as quickly as possible, once the COVID-19 threat subsides... The measures in this Temporary Policy are temporary and will be lifted as soon as normal operations can resume, which may occur sooner in some locations than others. EPA takes its environmental mandate to protect human health and the environment very seriously and will continue to carry out our mission during this time," advised the agency.

TIPRO members can read more about the EPA's policy on enforcement during the COVID-19 outbreak by visiting the following page: https://www.epa.gov/enforcement/enforcement-policy-guidance-publications. At this site, the EPA will also post a notification at least seven days prior to termination of its temporary policy.

TCEQ chairman affirms state's commitment to protecting the environment during COVID-19

In an effort to connect with the regulated community, concerned citizens and other environmental advocates, Jon Niermann, chairman of the Texas Commission on Environmental Quality (TCEQ), published an open letter Monday, April 6th reviewing the agency's response to the coronavirus (COVID-19) pandemic. Niermann, who has led the state's chief environmental agency for more than two years, emphasized in his letter that the state will continue to fulfill its mission to protect public health and the environment, while the state works to mitigate the tremendous impact of COVID-19.

The chairman clarified, "TCEQ has not relaxed any limits on air emissions or discharges to water. TCEQ has not relaxed the requirement to report emissions or discharges that exceed these limits. TCEQ has not relaxed any requirement to ensure safe drinking water or the safe management of waste. TCEQ continues to monitor air quality and drinking water supplies."

Niermann continued, "Our investigators are still in the field responding to complaints and helping ensure compliance. Our watermasters remain in the field as well. Our enforcement office continues to develop cases both for administrative enforcement and for referral to the office of the attorney general. TCEQ staff stand ready to respond to any emergency within our jurisdiction, whether that be a disruption to a public drinking water supply, a chemical release, or an industrial fire. In numerous other ways, TCEQ has maintained the continuity of the services it provides to all Texans. In short, TCEQ is fully engaged in its mission to protect public health and the environment."

Though the agency is taking protocols seriously in order to slow the spread of the virus, the TCEQ has adjusted work practices to continue to serve the agency's mission and deliver important government services to all Texans, as regulated industries in Texas also practice their own adjustments to maintain social distancing. In some cases, this has made it more challenging for companies to keep up with certain compliance activities and audits required by the TCEQ. Consequently, TCEQ's executive director previously determined that it may be inappropriate to pursue enforcement for violations that were unavoidable due to the pandemic or where compliance would create an unreasonable risk of transmitting COVID-19 or otherwise impede an appropriate response to the pandemic. The executive director also has determined that the deadlines for certain routine reporting requirements should be extended to provide administrative relief. Chairman Niermann articulated his support of these policy decisions to grant regulatory flexibility and said he backs other measures by the agency to provide continuity in its services during the pandemic and to fulfill the TCEQ mission to protect public health and the environment. "We are here to serve all Texans as we see our way through this deadly pandemic. That includes working with members of the regulated community to help them slow the transmission of this virus, comply with environmental regulations, and keep critical services and supply chains flowing," said Chairman Niermann.

Members of TIPRO can view the chairman's complete letter here: https://bit.ly/2V95oVx.

TIPRO also reminds members that the TCEQ also continues to share regulatory guidance through a dedicated resource page available on its website at: https://www.tceq.texas.gov/response/covid-19.

Members from Texas legislature volunteer to help Texas Workforce Commission

As unemployment claims continue to grow in communities throughout Texas in wake of the coronavirus (COVID-19), nearly 200 legislative staffers and other workers from the lieutenant governor's office are providing additional support to the Texas Workforce Commission (TWC) to help answer calls from those seeking guidance on unemployment benefits. Legislative staffers completed training last Thursday, April 9, announced the lieutenant governor's office, and are now able to begin sharing information on unemployment options with out-of-work Texans seeking relief.

According to the TWC, unemployment claims filed with the state topped 361,000 the first week of April. Harris County, home to the metropolitan city Houston, held the highest volume of unemployment claims in the state, with approximately 45,924 claims submitted to TWC during the final week of March. Dallas, Tarrant, Bexar and Travis Counties also registered some of the largest number of unemployment claims, as well. Altogether, over the last four weeks, more than 760,000 Texans have applied for unemployment insurance, an all-time high and greater than the 700,000 individuals in Texas who filed for unemployment assistance in all of 2019.

"Senators that I spoke with wanted to make sure the TWC responds to as many calls as possible from Texans regarding unemployment benefits. Senators agreed to allow their staff members to volunteer at the TWC," shared Lieutenant Governor Dan Patrick. "The president and Congress have allocated substantial additional resources for those who are unemployed as a result of the coronavirus, and we must do all we can to make sure Texans get those resources as soon as possible," he added.

Speaker of the Texas House Dennis Bonnen (R-Angleton) also has called on staff of Texas House members to consider volunteering their time to help the TWC at its call centers. "There are no public servants better trained to be in the trenches fighting this battle for Texans than those who already dedicate themselves each day to serving our constituents, and who are familiar with the processes and duties of being responsive to them," Bonnen wrote in an email sent to the House last week.

The TWC also says it has expanded its workforce to handle increased demand from unemployed workers and struggling Texas businesses affected from the economic impact of the COVID-19 pandemic. The TWC hired over 100 new employees at the end of March, and moved over 200 staff members from different departments to address increased needs from Texans. "We are working extended hours. We are working on the weekends. We are monitoring systems and making changes where we can enhance services for people who are trying to call in or use the website for unemployment insurance," said Cisco Gamez, spokesman for the TWC. "We are hiring people right now, as well, to help in unemployment insurance. We have over 1,000 people working in unemployment insurance services, and we are adding more to help with the demand and need for people applying."

In the meantime, the TWC has implemented a program to stagger access to its unemployment system, asking Texans to utilize its adopted approach by using their area code when calling about unemployment claims. "The outbreak of COVID-19 has reminded each of us the importance of acting with others in mind," said TWC Executive Director Ed Serna. "Just as with the virus, we can treat this problem far more effectively if we work together and space out the demand rather than having everyone call at the same time. I know there are Texans worried about being out of work and missing their paychecks. We keep working until every Texan that needs help gets help. We are asking for you to join the effort."

Texans seeking more information on COVID-19 and unemployment benefits should visit: https://bit.ly/2REyMAD.

New legislative task force formed to help Texas restart its economy after COVID

Texas Lieutenant Governor Dan Patrick announced on Tuesday, April 7th he has established a new task force from his Business Advisory Council that will review strategies to stimulate the economy once local, state and federal orders are lifted and businesses are allowed to resume operations. The state's new task force will develop recommendations for re-starting the economy after Texans can go back to work. Brint Ryan, Dallas businessman and founder and CEO of Ryan International, will lead the task force as chairman, announced the lieutenant governor last week. Ryan also currently chairs Lieutenant Governor Patrick's Advisory Board on Tax Policy.

"We know it will take us much longer to start the economy back up than it did to shut it down for the coronavirus pandemic emergency," said the lieutenant governor. "I have spoken to hundreds of business leaders across the state since the pandemic began, and I know they are already thinking about steps that will need to be taken to put the economy back together when the time comes. I am confident Texas can lead a strong economic recovery both in our state and nationwide and I want to make sure we are ready to go as soon as possible."

Comptroller pushes deadline for state franchise taxes to July 15th

Texas Comptroller Glenn Hegar announced earlier this month that the deadline for businesses to file their 2020 franchise tax reports has been extended to July 15, consistent with the modified tax date approved by the Internal Revenue Service (IRS). "We recognize that the information aggregated from taxpayers' federal tax returns comprises the building blocks for their Texas franchise tax returns," said Comptroller Hegar. "In addition to coping with the unprecedented impacts of the growing pandemic, we understand the difficulty Texas businesses will face in filing franchise tax returns now that the federal deadline has moved, and so we thought it appropriate to align the state's franchise tax deadline with the IRS deadline." The due date extension applies to all franchise taxpayers. It is automatic, and taxpayers do not need to file any additional forms, reports the comptroller's office.

The Texas franchise tax is a tax imposed on each taxable entity formed or organized in Texas or doing business in Texas. Unlike the sales and use tax, the franchise tax is not collected from the consumers of those taxable entities.

Texas Railroad Commissioner Christi Craddick asks comptroller to delay severance taxes

In a plea to Texas Comptroller Glenn Hegar, one of the state's leading oil and gas regulators is pushing for Texas to offer producers a break by extending deadlines to file crude oil and natural gas production taxes. Texas Railroad Commissioner Christi Craddick requested in a letter sent April 6th to Comptroller Hegar that a three to six month extension be granted for monthly severance taxes, granting a reprieve similar to that permitted by the comptroller for the state's franchise tax filing deadline.

"I applaud your measure to extend the franchise tax filing deadline in line with the Internal Revenue Service extension of income tax filings. I ask you to also consider extending the monthly deadline to file crude oil and natural gas production taxes for three to six months to weather this storm," wrote Commissioner Craddick. "These taxes, like others the state imposes, have been deducted from mineral payments and held in trust to be remitted to your office. Other oil producing states have taken similar measures in the past week. A delay in filings may make the difference for companies giving them time and the needed flexibility to get through this crisis."

Commissioner Craddick reinforced the significant economic contributions provided from the Texas oil and gas sector in her letter to the comptroller, noting the industry paid more than $14 billion in state and local taxes last year on top of over $2 billion made in state royalty payments in 2019. Global demand destruction from the coronavirus and shifts to the global market this year, however, are posing a real threat to decimate the domestic oil and gas industry, warned the commissioner. "These are unprecedented times and if we can give Texas businesses time and flexibility to weather this storm, policymakers should employ every avenue to do it," said Commissioner Craddick.

A copy of Commissioner Craddick's letter can be accessed at: https://bit.ly/2VzJ86e.

RRC extends certain expirations and filing requirements until Sept. 30 in response to COVID

The Texas Railroad Commission issued an updated notice to state oil and gas operators on April 3rd announcing the extension of deadlines for certain filing requirements and other filing requirements. Operators now will have until the end of September to submit certain administrative paperwork for select permits, licenses and registrations. According to the commission, all current permits, licenses, registrations, and rule exceptions (except Form P-5) issued by the commission's Oil & Gas Division with termination or expiration dates between March 1, 2020, and September 30, 2020, are hereby extended so that the new termination or expiration date will for all purposes be September 30, 2020. This relief does not apply to matters granted and/or required by a Commission Final Order.

Meanwhile, a state operator who has received a Notice of Violation ("NOV") issued by the Administrative Compliance, or Technical Permitting Sections of the Oil & Gas Division, between March 1, 2020, and September 30, 2020, shall resolve the violation(s) on or before the response date indicated on the NOV or September 30, 2020, whichever is later.

This extension does not apply to violations identified as a result of inspections, complaints, tests, or incidents that may cause health, safety, waste, or environmental concerns. Operators must timely resolve these violations as required by the NOV and/or applicable rule or regulation, the commission emphasizes.

More information is available at: https://bit.ly/2XAlvg9. If you have any questions, please contact TIPRO.

In a first, the U.S. Supreme Court will hear oral arguments by telephone conference

The U.S. Supreme Court will hear oral arguments next month virtually, the first time the nation's highest court has done so as the legal system navigates constraints from the coronavirus (COVID-19) pandemic. In light of developing health concerns from COVID-19 and government-imposed distancing orders, the court postponed oral arguments scheduled for late March and April. The only other time the Supreme Court has been forced to postpone arguments was in October 1918 in response to the Spanish flu epidemic. The court now says it expects to proceed with oral arguments by telephone conference the first two weeks of May. "In keeping with public health guidance in response to COVID-19, the Justices and counsel will all participate remotely. The court anticipates providing a live audio feed of these arguments to news media," the court said in a statement on Monday, April 13.

During the May court hearings, justices will take up several high profile cases pertaining to President Donald Trump's financial documents, the Electoral College and religious freedoms.

ExxonMobil tests new methane detection technologies to further reduce emissions

On April 9, ExxonMobil shared it is now conducting field trials of eight emerging methane detection technologies at nearly 1,000 sites in Texas and New Mexico to find ways for oil and gas operators to further reduce methane emissions in the oilfield. Using next-generation detection technologies in addition to other aerial surveillance provided from drones, planes, helicopters, ground-based mobile and fixed-position sensors, the oil and gas company said it is working on identifying improved solutions for detecting leaks and lowering emissions. "By testing the most promising methane detection technologies in a field environment, we are providing viable solutions that can be adopted by other producers to detect and reduce methane emissions," said Staale Gjervik, senior vice president of unconventional at ExxonMobil. "We are applying scientific rigor and taking aggressive steps to find commercially scalable and affordable solutions for all operators."

ExxonMobil has invested nearly $10 billion in projects to research, develop and deploy lower-emission energy solutions since 2000, and continues to build on previously announced emission reduction initiatives decreasing methane emissions from its oil and gas operations. As of year-end 2019, the company has reduced emissions by nearly 20 percent in its U.S. unconventional operations compared to 2016 levels.

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.

919 Congress Avenue, Suite 1000
Austin, Texas 78701
Phone: (512) 477-4452
Fax: (512) 476-8070
www.tipro.org