



**Texas
Independent
Producers and
Royalty Owners
Association**

TEXAS LEGISLATURE PASSES RAILROAD COMMISSION SUNSET BILL

After failing to pass during two prior legislative sessions, the Texas legislature last week finally granted approval of legislation that will continue the state's primary oil and gas regulatory agency - the Railroad Commission of Texas (RRC) - for the next 12 years. House Bill 1818, known as the RRC Sunset bill, passed out of the Senate on May 9th with a vote of 29-2.

"I want to thank the legislature and our staff for their time and hard work on our agency's Sunset bill," said RRC Chairman Christi Craddick. "All of us at the RRC share in the commitment to protect the public and the environment in a way that allows the energy industry to remain an economic driver for our state. This Sunset review has spanned several legislative sessions and has resulted in an even stronger RRC today. We look forward to continuing the important work we do for the people of the great state of Texas."

After the legislature voted to pass the bill, RRC Commissioner Ryan Sitton said that he is proud the agency will continue to regulate the industry that remains the lifeblood of the Texas economy.

RRC Commissioner Wayne Christian also reacted to the bill's passage, saying, "Ensuring regulatory certainty for our booming energy sector by completing the Sunset process has been one of my top priorities, both as a candidate and now as a Railroad Commissioner. Now the energy sector can fully focus on what it does best, employing thousands of Texans, strengthening our economy and providing billions of dollars in tax revenue that fund schools, public safety and other critical functions of our state."

House Bill 1818 has now been sent to Texas Governor Greg Abbott for final approval.

"Passage of House Bill 1818 will provide the regulatory certainty and oversight needed to support the responsible development of oil and natural gas in the state of Texas and the enormous economic benefits provided by this industry."
TIPRO President Ed Longanecker

SHOWDOWN AT THE TEXAS LEGE, AS MANY ASK, WILL THERE BE A SPECIAL SESSION?

As the final days of the regular legislative session dwindle, legislative leaders squared off this week over one question that many have asked -- will there be a special legislative session called to prompt lawmakers to wrap up business at the Texas capitol? In a letter sent Monday, May 15th to Texas Lieutenant Governor Dan Patrick, Speaker of the House Joe Straus said a special legislative session can be avoided, if both legislative chambers can agree to work together. "The House wants to finish all of our work in the regular session, and we believe that this goal is well within reach," Straus wrote. "While I respect and defer to Governor [Greg] Abbott's right to call a special session on any topic, I believe that such a session will not be necessary if we work together to pass two critical bills." The bills referred to by Speaker Straus include Senate Bill 1 — the state budget — and Senate Bill 310 — known as the "catch-all Sunset bill" allowing those agencies under Sunset review to continue to function, should the legislature fail to pass respective Sunset bills, and keep the state entities open. "We certainly understand that some bills that are passed in one chamber will not have the support to move forward in the other," Straus added in his message to Patrick. "Still, as the House continues to pass priority Senate bills, I respectfully ask that the Senate also consider acting soon on issues that are priorities of the House, including public education, school accountability and testing reform, child protection, mental health, cybersecurity, and preserving health insurance for retired teachers."

In response to the speaker's letter, two days later, on Wednesday, May 17, the lieutenant governor called a special press conference to discuss end of session issues, threatening a special session if the legislature does not successfully pass "key bills the voters demand we pass," Patrick told reporters. On Patrick's list of must-pass legislation: Senate Bill 2, which would bring about the largest property tax reform in Texas history, and Senate Bill 6, known as the Texas Privacy Act. "If it doesn't pass I am prepared to go to a special session to get it passed," Patrick warned. Regarding the budget, the lieutenant governor said this week that the Senate "remains firm we will not spend Rainy Day money for ongoing expenses."

Texas' 85th Regular Legislative Session will conclude on Monday, May 29, 2017. Following final adjournment of 85th Regular Session, the governor will have until Sunday, June 18, 2017, to sign or veto bills passed during the state's regular legislative session.

CHAIRMAN'S MESSAGE

“You are a greedy tool of corporations that are ruining the planet, and I am an idealistic lover of nature and cartoon bluebirds.” Although maybe not an exact quote (I admit that I added the bit about the cartoon bluebirds), this is a pretty accurate rendition of what a disturbingly large subset of otherwise educated people say to me on social media when I expound on the benefits that our industry provides to humanity. I usually respond that I am a “power tool,” and, given their lack of greed, I ask for their money.

I recently shared a blog on my LinkedIn account discussing the number of abandoned wind mills in the U.S. and the problem they present (see: <http://bit.ly/1TWnaER>). I was told by a couple of readers that this was “fake news” and it had been thoroughly discredited. Not wanting to promulgate “fake news,” I decided to research this a bit with my trusty research assistant, Google. There are several articles that discuss this abandonment issue across the entire country. All of them cited a number ranging from 1,400 to as much as 14,000 (<http://bit.ly/2qjdXhi>). It turns out that the real number is, of course, very difficult to arrive at. In any case, it's not small, and not getting smaller. Wind turbines can be replaced if they were built in the right place to begin with, but it's a permanent problem if the wind just doesn't blow right where it's located (<http://bit.ly/2qka7Et>).

Unlike oil and gas wells, there isn't a state regulatory requirement to bond or otherwise show or have financial responsibility to remediate the remains of an abandoned wind turbine. Do any of our members have experience with this? It's quite a problem, actually. The typical foundation is five feet thick, and 24 feet in diameter reinforced concrete mat. Turbines larger than 2 MW require a more massive foundation. In other words, that foundation is going to be a surface expression for the next thousand years. Ridding an abandoned wind turbine itself isn't a job for two guys and a pick-up truck, either. Nor are these beasts actually recyclable in large part. In fact, so little of it fits into any definition of “sustainable” that I sometimes question whether anyone actually understands what “sustainable” actually means.

A million dollars spent on wind generation generates the equivalent of 100,000 barrels of oil equivalent (BOE) in energy over 30 years. Alternatively, a million dollars spent on an unconventional well generates 400,000 barrels oil or BOE over the same time frame, with a much higher IRR, since the return is front loaded rather than more or less linear. For grins, the same study shows that solar panels generate around 50,000 BOE today (<http://bit.ly/2qXVnfo>).

Lastly, these forms of energy need to carry the same tax burden as oil and gas per unit of energy created so that we can still do nice things like paying for our schools.

That's a lot to ask.

In fact, it's so much that Google and Bill Gates both decided that these weren't viable “next era” energy tech. It's not politics. It's physics.

I am not against alternative energies. I just want those that actually work.

Don't forget to ink in August 9th - 10th on your calendar for our TIPRO Summer Meeting. I guarantee a strong line-up of presenters, with an opportunity to be exposed to some brilliant new ideas. Watch for more details to be announced in the coming weeks on the association's summer conference.

Thank you,
Allen Gilmer



Allen Gilmer

SAUDI ARABIA, RUSSIA TO PUSH OPEC FOR CONTINUED PRODUCTION CUTS THROUGH 2018

With members of the Organization of the Petroleum Exporting Countries (OPEC) scheduled to meet next week in Vienna, leaders representing Saudi Arabia and Russia are reportedly pushing for the group to extend its agreement curbing OPEC's oil production output. Since January, OPEC has cut total oil production to offset oversupply in the market, which for years have suppressed oil prices. However, with OPEC's deal due to end in June, Russia and Saudi Arabia are said to be calling for the rest of the group to extend production cuts through March 2018.

Should OPEC agree to continue to limit crude output, experts say that U.S. shale oil producers could likely to be the biggest benefactors, as they can turn a profit with oil below \$40 a barrel and are able to quickly ramp up production as prices recover.

TIPRO Calendar of Events

JUNE 14, 2017	JULY 12, 2017	AUGUST 9, 2017	AUGUST 9-10, 2017
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 Summer Conference, Hyatt Hill Country Resort. For info, call: (512) 477-4452.

EIA: NEW PIPELINE INFRASTRUCTURE IN THE PERMIAN WILL ACCOMMODATE RISING E&P ACTIVITY

Experts with the U.S. Energy Information Administration (EIA) said in May that new pipeline infrastructure coming online will help to accommodate growing oil production from the Permian Basin region. Crude oil production levels in the Permian nearly doubled between 2010 and 2014, growing from 886,430 barrels per day (b/d) in January 2010 to nearly 1.5 million b/d in January 2014, reported the EIA in an analysis released on May 9, 2017. “This production level was more than could be accommodated by in-region refining capacity and pipeline capacity.”

Now, pipelines built in recent years in the Permian are helping to better handle new production. “Several pipelines that came online to accommodate rising Permian production in recent years, such as Magellan’s BridgeTex pipeline, Sunoco Logistics’ Permian Express pipeline, and Plains All American’s Cactus pipeline, are undergoing expansions that are set to come online later this year, adding approximately 340,000 b/d of capacity. In addition to expansions of existing pipelines, Enterprise Product Partners is building a new Midland-to-Houston pipeline with a capacity of 450,000 b/d, expected to come online later this year. Other pipeline expansions are planned for gathering systems and intra-Permian pipeline infrastructure to bring increasing volumes of oil to the larger pipeline origin points like Midland. After 2017, several more new pipelines and expansions are planned, or are in the planning stages, that could carry any additional increases in Permian production.”

CONGRESSIONAL PANEL LOOKS AT STATE SUCCESSSES WITH OFFSHORE RIGS-TO-REEFS PROGRAM

Members of the U.S. House Committee on Natural Resources’ Subcommittee on Energy and Mineral Resources met on Wednesday, May 17, to learn about environmental benefits of maintaining decommissioned oil and gas platforms as marine habitat and ways to optimize the program's use and benefits.

Texas Parks and Wildlife Department’s Artificial Reef Program Leader Dale Shively testified at the congressional hearing, telling lawmakers that “the Rigs-to-Reefs program is a win-win situation for all and puts older resource materials to good use.” Shively added that the program is “good for business, government and especially the environment.”

Dr. Greg Stunz’s, professor and endowed chair for Fisheries and Ocean Health at the Heart Research Institute for Gulf of Mexico Studies at Texas A&M University – Corpus Christi, also reinforced the benefits of the Rigs-to-Reefs program, explaining how academic research has shown ecosystems flourish around decommissioned rigs that have been repurposed as artificial reefs. “We observe higher densities of fish, faster growth or at least the same growth rate, and even similar reproductive output when compared to natural bottom,” Dr. Stunz stated. “By all measures... Rigs-to-Reefs are functioning equivalently or better, and contribute similarly on a per-capita basis as natural habitat.”

“Since the program’s formal inception in 1984, over 500 platforms of artificial reef have been established and maintained, giving rise to a collection of marine species and supporting local commercial and recreational fishing industries,” observed Subcommittee Chairman Paul Gosar (R-Arizona).

Though the Rigs-to-Reefs program has provided wide-ranging ecological and economic success, there are ways to better streamline and improve permitting processes for the program, suggested witnesses at the hearing. One offshore operator from Houston, Texas, said that his company has been waiting for approval for over three years on a single application for the program. Vice President of Drilling, Completions and Facilities at W&T Offshore, Inc. David Bump said, “The current process involves multiple federal and state agencies, all with their own required internal review processes that must be completed.” A memo distributed to subcommittee members further explains: “The rig jacket W&T is attempting to donate supports an eight inch thick layer of marine life, and is home to hundreds of species. To donate this particular rig, United States Army Corps of Engineers required the company to obtain a “Letter of Authorization” from the United States Fish and Wildlife Service (USFWS), an unprecedented step in the donation process for this company. All the while, the company has received several Incidents of Noncompliance (“INC”) notifications from Bureau of Safety and Environmental Enforcement (BSEE) for failure to remove the rigs in time. Due to this arduous permitting scheme, W&T may be forced to scrap the rig and its ecosystem. By resolving discrepancies in the permitting process, operator liability and exposure will be reduced.”

TCEQ AWARDED EPA GRANTS TO SUPPORT AIR MONITORING, HELP PROTECT TEXAS WATER

The Texas Commission on Environmental Quality (TCEQ) has received a \$2 million grant from the federal government to support the state’s water pollution control program. The U.S. Environmental Protection Agency (EPA) announced on May 15th that it recently awarded Texas regulators with the grant to help prevent, reduce and eliminate water pollution through monitoring, standard setting, enforcement and compliance activities.

“Protecting America’s water resources is one of the highest priorities for the EPA and the Trump Administration,” commented EPA Administrator Scott Pruitt. “This grant empowers Texas to protect their cherished water resources.”

“Texas continues to demonstrate the value of state and federal partnerships. This initiative will help water related environmental issues in the state,” Acting EPA Regional Administrator Sam Coleman said.

This week, the EPA also announced it is giving the TCEQ an additional \$1.6 million to support air monitoring programs in Texas. The latest federal grant to the TCEQ will protect public health by further supporting the state’s monitoring network for fine particulate pollution. The state will also use the funds for air quality data management systems, data analyses, and reporting information to the Air Quality System national database.

EPA ASKS STATE LEADERS FOR INPUT ON REVISING 'WATERS OF THE U.S.' RULE

As federal regulators seek to revise the controversial 'Waters of the U.S.' (WOTUS) rule, state leaders have been asked provide input on how the government should rework its regulation of water resources. The U.S. Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers sent a letter to governors on May 9th soliciting feedback from states on a new definition of federally protected waters that will be in-line with Supreme Court Justice Antonin Scalia's opinion as issued in the 2006 *Rapanos v. United States* case, according to the agencies. The EPA and U.S. Army note that Scalia's definition had explained that federal oversight should extend to "relatively permanent" waters and wetlands with a "continuous surface connection" to large rivers and streams.

"EPA is restoring states' important role in the regulation of water," said EPA Administrator Scott Pruitt. "Like President Trump, I believe that we need to work with our state governments to understand what they think is the best way to protect their waters, and what actions they are already taking to do so. We want to return to a regulatory partnership, rather than regulate by executive fiat."

"The Army, together with the Corps of Engineers, is committed to working closely with and supporting the EPA on these rulemakings. As we go through the rulemaking process, we will continue to make the implementation of the Clean Water Act Section 404 regulatory program as transparent as possible for the regulated public," said Douglas Lamont, senior official performing the duties of the assistant secretary of the Army for Civil Works.

The WOTUS regulation, promulgated by the EPA and Army Corps of Engineers in 2015, expanded the jurisdiction of federal regulatory authority over streams and wetlands, which many characterized as a power grab. Weeks after taking office, President Trump in late February ordered a full review of the federal water policy, directing the heads of the EPA and Army Corps to publish for notice and comment a proposed rule rescinding or revising the rule, as appropriate and consistent with law.

NEW WEBSITE LAUNCHED BY EPA FOCUSING ON REGULATORY REVIEW OF "WOTUS"

A new website has been created by the U.S. Environmental Protection Agency (EPA) to provide the public with more information about the EPA's current review of the definition of 'Waters of the U.S.' (WOTUS). The EPA's new site, launched on May 15, 2017, may be accessed at: www.epa.gov/wotus-rule.

With regulatory changes expected to be made to the policy in the near future, the EPA says the site will house relevant information explaining the agency's actions on the water rule, along with the Department of the Army and the Army Corps of Engineers, to review the WOTUS rule, including how the agencies are working with our local, state and tribal partners, to examine the government's role in the regulation of water under the Clean Water Act. The WOTUS website replaces the prior website developed for the EPA's 2015 rulemaking process, though the EPA notes all of the pages, information and documentation from the previous Clean Water Rule site will remain available in the EPA archived site, at archive.epa.gov.

"EPA is restoring states' important role in the regulation of water by reviewing WOTUS," commented EPA Administrator Scott Pruitt. "The president has directed us to review this regulation to address the concerns from farmers and local communities that it creates unnecessary burdens and inhibits economic growth. This website aims to provide the public with information about our actions to meet the president's directive."

In accordance with an Executive Order issued by President Donald Trump in February, the executive branch has begun the process of formally rescinding the WOTUS rulemaking. Officials from the EPA and Army Corps of Engineers say they intend to follow an expeditious, two-step process to rework the WOTUS regulation in order to provide certainty across the country: 1) an initial rulemaking will be issued to rescind the 2015 Clean Water Rule and recodify the regulatory definition of "Waters of the U.S." that had been in place for decades and is currently being used in light of a nationwide stay of the 2015 rule, and thus maintains the status quo; and 2) a separate rulemaking will be prepared to revise the federal government's definition of "Waters of the U.S." as consistent with the president's directive.

EPA ADMINISTRATOR DISMISSES MEMBERS OF BOARD OF SCIENTIFIC ADVISORS

Earlier this month, officials at the U.S. Environmental Protection Agency (EPA) dismissed several members of the agency's Board of Scientific Counselors, a federal advisory committee that provides advice and recommendations to EPA's Office of Research and Development on technical and management issues of its research programs.

Traditionally, members of the advisory panel serve two three-year terms, though according to media reports, the EPA recently elected not renew the terms of half of the 18-member scientific counselor board's members. EPA Administrator Scott Pruitt defended the decision in an interview on Thursday, May 11th with talk show host Hugh Hewitt, saying that advisors were not fired, as reported, but rather the academic scientists were being reevaluated with the completion of their first term on the board, and were welcome to reapply for a seat on the board if they wish.

"The Board of Scientific Counselors that we have at the EPA, they serve three year terms. And so those are reviewed every three years. Those same individuals can apply through the competitive process... There was no firing that took place," Pruitt explained. "These individuals can apply, will apply, I'm sure, in some instances, and very well could be put back on the board. But it's the right thing to do to ensure transparency, its activity, peer-reviewed science and geographical representation on the board."

Meanwhile, Congress has separately been considering making changes to another EPA scientific review board, with the U.S. House passing a measure six weeks ago that would modify the structure of the EPA's Science Advisory Board.

INDEPENDENTS SUBMIT COMMENTS TO EPA OVER UNNECESSARY INDUSTRY REGULATIONS

Addressing a wide array of regulatory issues of concern to America's independent oil and gas producers, TIPRO joined a coalition of trade organizations from across the nation in submitting comments to the U.S. Environmental Protection Agency (EPA) in May regarding the agency's current evaluation of environmental and energy regulations.

In accordance with President Donald Trump's Executive Order 13777, "Enforcing the Regulatory Reform Agenda," which was signed in February, the EPA solicited public input over current and potential federal regulations that may be appropriate for repeal, replacement, or modification, particularly those rules that may be considered as overly burdensome, could inhibit job creation or be viewed as outdated, unnecessary, or ineffective.

In response to the request for input, a group of nearly 50 oil and gas associations, including TIPRO and led by the Independent Petroleum Association of America (IPAA), jointly filed comments with the EPA specifying the direct impact of federal regulations and supplying additional insight as to how several EPA regulatory actions adversely affect independent oil and natural gas producers.

In the comments submitted to the EPA, industry leaders emphasized how America's independent producers seek a predictable, cost effective regulatory system. The EPA needs to assure states and the regulated community that they will be protected against aggressive political efforts of the past aimed at amassing regulatory power, and should take action to rebalance the federal government's partnership with state regulators who are best equipped to develop and manage direct regulatory programs that not only meet national standards but also can reflect differing local circumstances and accommodate unique geologic conditions, emphasized the coalition. Further, the EPA needs to thoroughly review and revise its federal enforcement process, urged the industry, so as to create an enforcement program that will treat the regulated community with fairness, respect and dignity. The agency "needs to eliminate the use of excessive threatening tactics, egregious fine proposals and enforcement to compel regulation where EPA has no authority," said the group.

Altogether, the EPA received 69,000 comments total over its deregulation efforts. Submissions will be given to a task force for review and consideration, after which the EPA's Regulatory Reform Task Force will then provide a report to the agency leader detailing those rules that have been identified in need of repeal, replacement or modification. "We are supporting the restoration of America's economy through extensive reviews of the misaligned regulatory actions from the past administration... Moving forward, EPA will be listening to those directly impacted by regulations, and learning ways we can work together with our state and local partners, to ensure that we can provide clean air, land, and water to Americans," EPA Administrator Scott Pruitt said recently on regulatory reform efforts at the agency.

RRC COMMISSIONER RYAN SITTON CALLS ON EPA TO ADOPT RESPONSIBLE, REASONABLE RULES

In a letter sent May 15th to the head of the U.S. Environmental Protection Agency (EPA), Scott Pruitt, Texas Railroad Commissioner Ryan Sitton advised the EPA to execute its regulatory responsibilities in manner that is "regular, responsible and reasonable." Commissioner Sitton's letter to Administrator Pruitt followed an open request by the EPA for feedback on regulations that may be appropriate for repeal, replacement, or modification. "In my role as a Texas energy regulator, I interact with energy producers on a constant basis. They provide valuable insight into what regulations work well (i.e. serve their intended purpose of protecting the public and environment) and which ones are overly burdensome and do not support our shared mission to ensure that energy is produced in an environmentally responsible way," said the commissioner.

Commissioner Sitton urged the EPA to consider adopting changes to the following policies during the agency's review of regulations:

- *Subpart W reporting requirements of 40 CFR Part 98:*

The commissioner described his apprehension that this rule "mandates the collection and reporting of significant amounts of data which don't appear to be used for anything." Citing costly expenses for the industry to collect and produce information, the commissioner said that the reporting requirements should not be obligatory if the governmental entity mandating the collection and production isn't using the data. Commissioner Sitton advised this requirement instead be made optional or eliminated altogether.

- *40 CFR Part 60 Subpart OOOOa:*

Commissioner Sitton expressed his hope that the EPA will give complete consideration to the impact of this rule on Texas oil and gas producers. "Operators have expressed a desire to have more time and more reasonable reporting and record keeping requirements under this rule," he said.

- *Unconventional Oil and Gas (UOG) Pretreatment Effluent Limitation Guidelines (ELG) under 40 CFR part 435:*

The commissioner suggested under the guidelines, the EPA is practicing a one-size-fits-all approach to very diverse situations. Instead, Commissioner Sitton recommends that the EPA develop an actual technology-based ELG to acknowledge the highly diverse technologies being utilized in oil and gas development across the country.

ENERGY DEPARTMENT TO SEEK INPUT ON WHICH RULES TO AXE

A spokeswoman for the U.S. Department of Energy said on May 16th that the agency will soon solicit input from the public, stakeholders and members of Congress on what department regulations should be rolled back, replaced or changed. Following in the steps of the U.S. Environmental Protection Agency (EPA) -- which just ended its own comment period over regulatory reform efforts -- the Energy Department is expected in the coming days to post a request for public comment over what rules department officials should consider for repeal, replacement or modification.

FEDS PROMISE TO RESCIND FLARING RULES AFTER CONGRESS FAILS TO SCRAP REGULATION

Taking many by surprise, on May 10, 2017, the U.S. Senate rejected a resolution that would have rescinded a controversial rule on methane emissions from oil and gas sources on federal and Indian land. With a vote of 51-49, the measure, which would have invoked the Congressional Review Act (CRA), was defeated, allowing the Bureau of Land Management's (BLM) Methane and Waste Prevention Rule to live on.

The rule, finalized by the BLM in November 2016, modified regulations governing flaring, venting and natural gas leaks from oil and gas production in efforts to curb waste of public resources, reduce methane emissions, and provide a fair return on public resources for federal taxpayers, tribes and states. Under the rule, oil and gas producers will be required to use currently available technologies and processes to cut flaring in half at oil wells on public and tribal lands. Operators also have to limit venting from storage tanks, use best practices to limit gas losses when removing liquids from wells, and must periodically inspect their operations for leaks, as well as replace outdated equipment that vents large quantities of gas into the air. The rule also lent clarification on when operators owe royalties on flared gas, and restored the government's congressionally authorized flexibility to set royalty rates at or above 12.5 percent of the value of production.

Opponents have called the BLM's methane rule duplicative, overly burdensome and unnecessary, and have argued that the BLM lacks the authority and expertise to regulate air quality.

Despite the Senate's failure to overturn the regulation, the U.S. Department of Interior nevertheless vowed it will take action to overturn the methane rule. "As part of President Trump's America-First Energy Strategy and executive order, the department has reviewed and flagged the Waste Prevention rule as one we will suspend, revise or rescind given its significant regulatory burden that encumbers American energy production, economic growth and job creation. The rule is expected to have real and harmful impacts on onshore energy development and could impact state and local jobs and revenue. Small independent oil and gas producers in states like North Dakota, Colorado and New Mexico, which account for a substantial portion of our nation's energy wealth, could be hit the hardest," Kate MacGregor, acting assistant secretary of the Interior for Land and Minerals, said in a statement. "The vote in the Senate doesn't impact the Administration's commitment to spurring investment in responsible energy development and ensuring smart regulatory protections."

UNITED STATES INKS DEAL WITH CHINA THAT WILL PROMOTE SALE OF AMERICAN NATURAL GAS

The United States and China reached a deal in May that will help promote market access to American-made natural gas. During a recent visit by President of the People's Republic of China Xi Jinping to President Donald Trump's Mar-a-Lago estate in Florida, the two leaders agreed to advance the U.S.-China trade relationship with a 100-day action plan aimed at addressing issues in areas of energy, agricultural trade, financial services and investment. Secretary of the Treasury Steven T. Mnuchin, Secretary of Commerce Wilbur Ross of the United States and Vice Premier Wang Yang of China have negotiated intensively to make progress on initial commitments, reported the White House, leading to the agreement of the new trade deal.

In mid-May, U.S. officials said in a news release, "The United States welcomes China, as well as any of our trading partners, to receive imports of Liquefied Natural Gas (LNG) from the United States. The United States treats China no less favorably than other non-FTA trade partners with regard to LNG export authorizations. Companies from China may proceed at any time to negotiate all types of contractual arrangement with U.S. LNG exporters, including long-term contracts, subject to the commercial considerations of the parties. As of April 25, 2017, the U.S. Department of Energy had authorized 19.2 billion cubic feet per day of natural gas exports to non-FTA countries."

The new U.S.-China trade agreement is expected to open additional market opportunities for U.S. LNG producers.

INTERIOR DEPARTMENT CONTINUES TO ADVANCE OFFSHORE ENERGY INITIATIVE

In keeping with President Donald Trump's America-First Offshore Energy Executive Order, the Interior Department has moved forward with the evaluation of applications from six companies seeking permits to conduct geological and geophysical (G&G) activities in the Atlantic Ocean. The action, announced on May 10, 2017, reverses a decision by the previous administration that had ordered the Bureau of Ocean Energy Management (BOEM) to deny the permit applications.

"Seismic surveying helps a variety of federal and state partners better understand our nation's offshore areas, including locating offshore hazards, siting of wind turbines, as well as offshore energy development," said Secretary of the Interior Ryan Zinke. "Allowing this scientific pursuit enables us to safely identify and evaluate resources that belong to the American people. This will play an important role in the president's strategy to create jobs and reduce our dependence on foreign energy resources."

"BOEM's mission is to manage the development of our nation's offshore resources in an environmentally and economically responsible way," said BOEM's Acting Director Dr. Walter Cruickshank. "We will continue to keep the public informed as we renew our efforts to evaluate these permits."

Information gained from possible seismic surveys conducted in the Atlantic will be used to help inform future decision-making over offshore oil and gas development, according to the Interior Department. Per the executive order from the president, and a corresponding secretarial order issued from Secretary Zinke, the BOEM has been directed with developing a new five-year leasing program for oil and gas exploration in offshore waters and tasked with reconsidering a number of regulations governing related activities.

U.S. CUSTOMS AND BORDER PROTECTION BACKTRACKS ON CHANGING OFFSHORE VESSEL RULES

The U.S. Customs and Border Protection (CBP) division of the U.S. Department of Homeland Security is withdrawing plans that would have modified rules relating to the use of certain vessels in offshore operations, officials announced on May 10, 2017. The proposal, which was unveiled in January during the final days of the Obama Administration, would have altered decades-old interpretations of requirements for vessels transporting specialized equipment used by the offshore oil and gas industry, under a U.S. law titled the Jones Act.

Last month, several state oil and natural gas trade associations, including TIPRO, weighed in on the CBP's proposal, submitting a letter to U.S. Department of Homeland Security Secretary John Kelly regarding the proposed regulatory action. At a minimum, the group recommended that CBP withdraw its notice and replace it with a proper notice-and-comment rulemaking process so that all potential regulatory impacts can be thoroughly examined and understood. "Texas is home to a strong oil and natural gas industry which is a significant contributor to our state's economy. Industry's success is based on putting safety first. From the boardroom to the rig floor, industry's commitment to safety reaches every corner of Texas oil and natural gas production and is central to everything we do. The Obama Administration's spontaneously-proposed revocation of these rulings present a number of technical and policy challenges that could compromise offshore safety and environmental protections," wrote the associations. "These are areas that urgently need to be discussed and weighed within a rulemaking process, which will fairly allow all stakeholders to engage and provide robust information to CBP before it embarks on a policy shift of this magnitude. The stakes are simply too high."

Texas Railroad Commissioner Ryan Sitton also expressed concerns over the proposal's impact, saying in a letter to CBP Acting Commissioner Kevin K. McAleenan that he believed the measure "would stifle offshore energy production, cost the state [of Texas] millions of dollars, and cost jobs on the Gulf Coast." Commissioner Sitton also pointed out that the CBP's proposal would clash with President Donald Trump's agenda for enhancing U.S. energy development. "President Donald Trump has made clear his vision for U.S. energy security. Both his America First Energy Plan and Energy Independence Executive Order prioritize onshore and offshore energy production and recognize America's unique opportunity to lead the world in energy development. President Trump has also made clear his intention to repeal regulatory actions 'that unduly burden the development of domestic energy resources.' It is evident that the CBP proposal directly conflicts with our president's plan for national energy security," explained Commissioner Sitton. Same as the trade associations, Commissioner Sitton also encouraged the CBP to withdraw its proposal, adhere to President Trump's call to eliminate burdensome, unnecessary federal regulations, and if need be, pursue a formal administrative proceeding governed by the Administrative Procedure Act to ensure that all stakeholders can participate in the process.

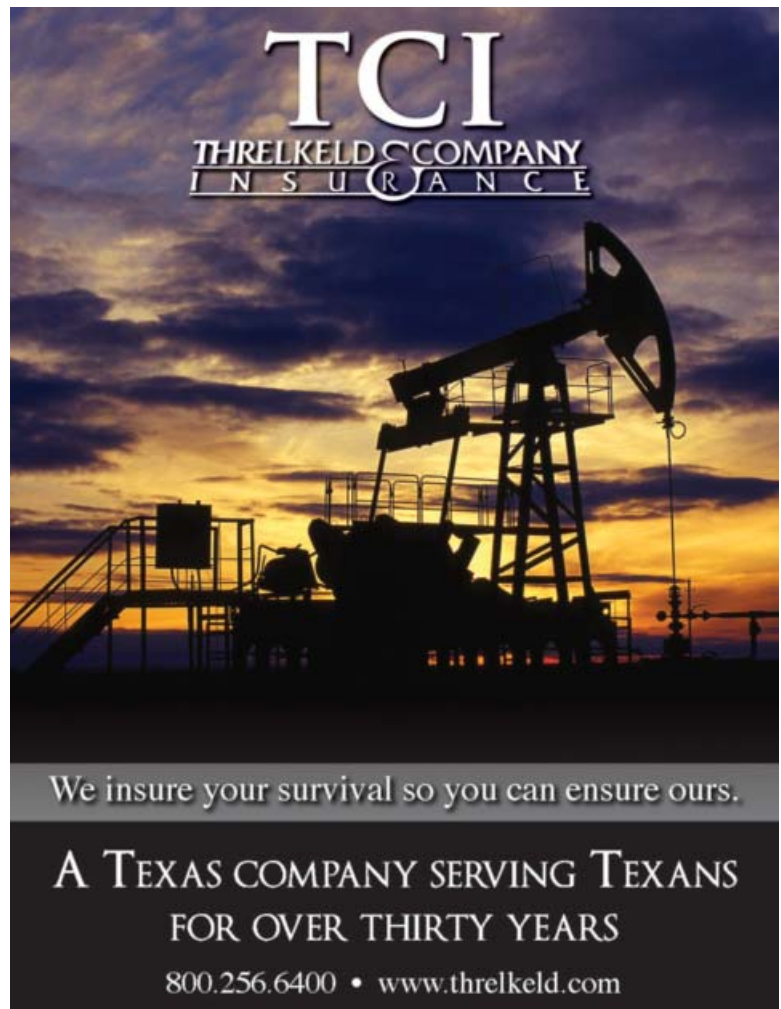
In a notice posted in May by CBP, the agency announced: "Based on the many substantive comments CBP received, both supporting and opposing the proposed action, and CBP's further research on the issue, we conclude that the agency's notice of proposed modification and revocation of the various ruling letters relating to the Jones Act should be reconsidered. Accordingly, CBP is withdrawing its proposed action relating to the modification of HQ 101925 and revision of rulings determining certain articles are vessel equipment under T.D. 49815(4)."

INDUSTRY GROUP PRESSES GOOGLE TO CLASSIFY ANTI-FRACK SITES AS "FAKE NEWS"

Invoking a catchphrase often used by President Donald Trump, one industry group is calling on search engine company Google to combat "fake news" by purging or demoting anti-fracking websites housing content that is misleading, false, or offensive. An online petition by the Texans for Natural Gas group says that Google should specifically target anti-fracking websites promoting bogus claims on hydraulic fracturing and energy production that spread lies on everything from water contamination to air pollution.

"We believe Google needs to target anti-fracking websites specifically, which have needlessly instilled fear in the general public by making claims unsupported by data or evidence... Google must purge or demote this kind of information from its algorithm, which in turn will encourage a more honest public discussion about hydraulic fracturing, and oil and natural gas development in general," the petition reads.

To sign the petition, visit: <http://bit.ly/2pXu7ZV>.



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