



**Texas
Independent
Producers and
Royalty Owners
Association**

TIPRO RELEASES “STATE OF ENERGY REPORT”

The Texas Independent Producers & Royalty Owners Association (TIPRO) this week released the third edition of its “State of Energy Report,” offering a detailed analysis of national and state trends in oil and natural gas employment, wages and other key economic factors for 2017. TIPRO’s “State of

Energy Report” series was developed to further quantify and track the economic impact of domestic oil and natural gas production at the state and national level.

According to the association’s new report, the U.S. oil and gas industry employed 832,777 professionals in 2017, an increase of 3,060 jobs compared to 2016. This represents the first year showing employment growth in the sector since 2014. The industry also paid a national annual wage averaging \$109,498 in 2017, 103 percent more than the average private sector wage and higher than average wages for construction, manufacturing, wholesale trade, information, professional services, health care, financial services and education services. Payroll in the U.S. oil and gas industry totaled \$91 billion in 2017, down by 3 percent compared to 2016.

In 2017, the state of Texas led the country in oil and gas industry employment with a total of 325,439 jobs, a slight increase from 2016 numbers and the first year showing employment growth in the state since 2014. Texas oil and gas employment also represented 39 percent of all oil and gas jobs nationwide last year.

Texas Governor Greg Abbott said, “Texas is blessed with an abundance of resources, but it is because of the determination and innovation of the men and women in the industry that the Lone Star State leads the nation in oil and gas production and may soon lead all nations in the world in oil production. Despite the volatility in pricing and markets just a few years back, the industry responded with true Texas grit, unleashing technology to improve efficiency and production. I look forward to continuing to work together to ensure that Texas remains the jobs, energy and economic engine of America.”

Texas was followed by other oil and gas producing states in terms of industry employment, including: Oklahoma (61,562 jobs), Louisiana (51,507 jobs), California (35,956 jobs), and Pennsylvania (27,943 jobs), rounding out the top five states as ranked by oil and gas employment.

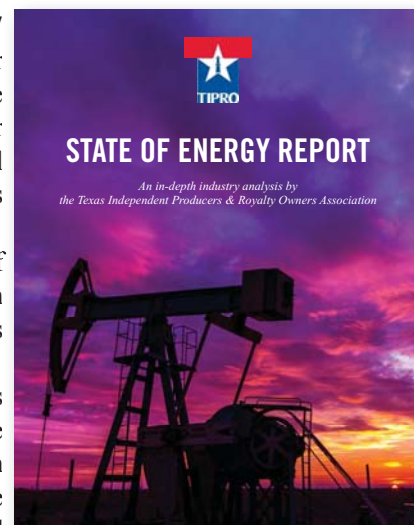
Continuing improvements and efficiencies gained in exploration and production methods during the industry downturn have helped to increase the production of crude oil to historic levels, which officially reached 10.066 million barrels of oil per day in 2017, exceeding a previous record set in the 1970s. Independent oil and gas producers, who collectively drill up to 95 percent of the oil and natural gas wells in America, continue to lead the industry in this growth.

“Our state’s independent oil and gas producers have proven they are some of the most resilient in the world, driving Texas energy production to all-time highs and launching the U.S. to the forefront of global oil production,” Railroad Commission Chairman Christi Craddick said. “From a regulatory standpoint, I’m proud to say that we’ve developed an environment that allows our state’s energy industry to thrive, which translates to significant revenue for state coffers and high-quality jobs for Texans.”

Total production figures for Texas included 1.27 billion barrels of oil in 2017, an increase of 105 million barrels compared to 2016, and total natural gas production of 8 trillion cubic feet in 2017 for the state, compared to 8.2 trillion cubic feet in the previous year. The second largest producer of oil in 2017 was North Dakota with 384 million barrels, followed by Alaska with 180 million barrels of oil. Behind Texas, the second largest producer of natural gas in the nation in 2017 was Pennsylvania with 5.5 trillion cubic feet, followed by Alaska with 3.3 trillion cubic feet of natural gas produced last year.

“In Texas, the Permian Basin alone holds between 70 to 700 billion barrels of oil equivalent (BOE), followed by the Eagle Ford Shale in South Texas with 15 to 25 billion BOE. At \$50 oil, the value of these vast reserves ranges between \$3.85 trillion to \$36 trillion. This equates to approximately \$400 billion in severance and ad valorem taxes alone that would be paid to the state of Texas using conservative estimates, bestowing wealth greater than any political entity on the planet,” commented TIPRO Chairman Allen Gilmer.

To download the association’s complete report, visit <http://bit.ly/TIPRO2018EnergyReport>.



PRESIDENT'S MESSAGE

TIPRO members-

Our association has published another installment of TIPRO's "State of Energy" series, which has revealed several positive trends for our state and national industry. From TIPRO's new analysis, we're pleased to see that employment in the Texas oil and gas industry was officially on the rebound last year, with industry employment in the Lone Star State showing growth for the first time since 2014. In fact, Texas led the country in oil and gas industry employment with a total of 325,439 jobs in 2017. Employment opportunities in our sector have continued to provide strong wages as well, offering high-paying salaries to professionals working for the energy industry.

Of course, the Texas oil and natural gas industry delivers so much more than just high-paying jobs. In Fiscal Year 2017, Texas oil and gas companies paid \$11 billion in state and local taxes and royalty payments, an increase of \$1.6 billion in funding compared to 2016. These funds have continued to support all aspects of the state economy, including infrastructure investment, water conservation programs, schools and education, and first responders. Additionally, we can't forget that Texas is home to approximately 2.5 million mineral owners of the 12.5 million mineral owners in the United States, with oil and gas royalties generating income for nearly 600,000 families in our state.

Below please see some other key findings from our new report that helps showcase what the oil and gas industry means from an economic perspective:

- The U.S. oil and gas industry supported a total of 832,777 direct jobs in 2017, an increase of 3,060 jobs from 2016.
- With 325,439 industry employees based in the Lone Star State, Texas supported 39 percent of all oil and gas jobs nationwide in 2017.
- The oil and gas industry on average continues to pay more than construction, manufacturing, wholesale trade, information, professional services, health care, financial services and educational services.
- Texas offered the highest industry wages in the nation last year. Oil and gas jobs in Texas paid on average 132 percent more than the average private sector job in the state (\$128,635 compared to \$55,380 for 2017).
- Texas also led the nation last year in the number of related businesses (11,681), accounting for 29 percent of all oil and gas businesses nationwide.
- Texas had the top oil and gas payroll in the U.S. at \$41.9 billion in 2017, representing 46 percent of total oil and gas payroll nationwide.

Despite challenging market conditions in recent years, we all should be proud of the fact that domestic production has continued to rise, allowing the U.S. to chart a new path forward towards energy independence and national security. Production statistics confirm that the U.S. is pumping crude oil at historic levels, reaching a threshold of more than 10 million barrels of oil per day before the end of 2017 [which officially surpassed a previous record for daily production set in 1970]. We also have had strong production of natural gas from our nation's shale plays. Combined, the soaring levels of oil and gas production has enabled our nation to better meet America's energy demands and accordingly, allowed for the reduction of imports from other producing entities like OPEC. Over the past decade, the United States cut its imports of oil by 773 million barrels, while increasing exports to allies abroad, further enhancing national security and America's geopolitical strength. The end of a ban on U.S. crude oil exports in 2015, coupled with the growth in drilling of prolific shale formations, including Texas' own Permian Basin, Delaware Basin and Eagle Ford Shale, has literally and figuratively changed the flow of petroleum around the world. Net imports of petroleum products to the United States declined from approximately 2 million barrels per day (b/d) in 2008 to -2.88 million b/d in 2017, as the U.S. changed from net importer to net exporter in less than a decade.

These facts are all ones which need to be shared with our friends, neighbors, and also the officials who have been elected to represent us. We must continue to educate those around us on the powerful economic impact provided from the oil and gas industry, and how this industry helps each of us in our daily lives. Through TIPRO's latest 'State of Energy Report,' and other outreach efforts from our association, we're committed to spreading the word to the legislature, regulatory agencies, and the public at-large.

Regards,

Ed Longanecker



Ed Longanecker

REMINDER: EARLY VOTING FOR PRIMARY RUN-OFF ELECTIONS BEGINS MAY 14TH

Early voting for Texas' Primary Run-off Election will take place from Monday, May 14, 2018 – Friday, May 18, 2018. The Primary Run-off Election will be held the following Tuesday, May 22, 2018. To see which candidates are in the Republican and Democratic Party run-off races for statewide, congressional and legislative offices, visit: <https://bit.ly/liHjc1s>.

TIPRO Calendar of Events

MAY 9, 2018	JUNE 13, 2018	JULY 11, 2018	AUGUST 8, 2018
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.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.

REPRESENTATIVE LANDGRAF PENS OP-ED ON PERMIAN ROADS

Texas Representative Brooks Landgraf (R-HD81) recently weighed in on highway infrastructure issues that have been impacting the Permian Basin, saying in a new editorial that legislative committees will soon be making their recommendations on solutions to help improve roads in energy-impacted areas of the state. The representative wrote in an op-ed published in April that rising drilling activity in the oil patch is putting a significant strain on Texas roads that is creating repair costs and other public safety concerns. He added, "Increased oilfield and sand mine activity means that more traffic is traveling on Permian Basin highways. Our region has two percent of the state's population, but we have ten percent of the fatal automobile accidents. That has to change." Landgraf promised to fight to make sure West Texas receives a fair return on the resources the Permian provides for the benefit of the entire state.

Recently, the Texas House Energy Resources Committee, of which Representative Landgraf sits on, reviewed this issue at an interim hearing held April 18th in Austin. Likewise, members of the Texas House Transportation Committee also convened for a legislative hearing on April 17th in Austin to evaluate the impact of energy exploration and production on state and county roads. TIPRO President Ed Longanecker testified before the committee on behalf of the association's membership and the state's oil and gas industry.

GOVERNOR CALLS EMERGENCY SPECIAL ELECTION FOR TEXAS' 27TH CONGRESSIONAL DISTRICT

Texas Governor Greg Abbott has ordered an emergency special election to elect a United States Representative for Texas Congressional District 27. The move follows the abrupt resignation of U.S. Representative Blake Farenthold in early April, which was effective immediately -- leaving the district lacking representation in D.C. "All counties contained within this district continue to be under the state disaster declaration related to the devastation of Hurricane Harvey, making it imperative that we fill this vacancy as soon as possible," commented Governor Abbott. "Hurricane relief efforts depend heavily on action at the federal level, which can only occur if Texans residing in disaster zones have full and effective representation in Congress. I remain committed to ensuring that the 27th Congressional District is fully represented as the recovery process continues."

Prior to calling the special election last week, the governor asked Texas Attorney General Ken Paxton to provide a legal opinion on his ability to call a special election to fill the seat that had been vacated in Congressional District 27, citing concerns over certain requirements found in some state and federal laws that would limit his authority to set aside statutes if they interfere with disaster recovery. Days later, Paxton issued a response, finding that if the governor determined the situation in Congressional District 27 constituted an emergency warranting a special election before November 6, 2018 [the date of the General Election], a court would likely side with the governor's decision and conclude section 41.0011 of the Election Code authorizes calling an expedited special election to fill the vacancy.

Therefore, the emergency special election has been scheduled for June 30, 2018. Early voting will begin on June 13, 2018, and end on June 26, 2018. Whoever wins the election will serve only until January 2019.

Additionally, Governor Abbott had demanded former Congressman Blake Farenthold cover all costs for the upcoming emergency special election for the 27th Congressional District of Texas. "This seat must be filled, and the counties and taxpayers in the 27th Congressional District should not again pay the price for your actions," said Abbott in a letter to Farenthold. The governor explained that funds misused by the congressman while in office to settle a sexual harassment claim should be returned back to the counties Farenthold once served. That can be accomplished if Farenthold covers the funding for the June 30th special election. Farenthold responded May 2nd to the governor saying he will not foot the bill for the special election.

REP. LARRY PHILLIPS RESIGNS; GOVERNOR CALLS SPECIAL ELECTION TO FILL OPEN SEAT

Texas Representative Larry Phillips (R-HD62) announced in late April he is resigning from his post in the Texas House. Phillips previously decided he would not seek re-election, though in a letter to House Speaker Joe Straus, the representative said he is stepping down early, effective Monday, April 30. This spring, Phillips won a three-way Primary race for the Republican nomination for an open district judge seat in Grayson County. He is favored to win the seat in the general election, and was appointed on May 1st by the governor to serve as judge of the 59th Judicial District Court in Grayson County for a term that will expire December 31, 2018.

In the meantime, Governor Greg Abbott has issued a proclamation to set November 6, 2018, as the special election date to fill the Texas House of Representatives District 62 seat recently vacated by Representative Larry Phillips.

TEXAS EXPRESSES SUPPORT OF EPA'S REPEAL OF THE CLEAN POWER PLAN

In late April, Texas Governor Greg Abbott, Lieutenant Governor Dan Patrick and Attorney General Ken Paxton praised efforts by the U.S. Environmental Protection Agency (EPA) to repeal the Clean Power Plan (CPP) and review the closely related New Source Performance Standard (NSPS), both policies which the Texas officials call "unlawful and institute job-killing regulations." As the EPA works to rescind the CPP and NSPS, in February, the public comment period was reopened until April 26, 2018, to allow additional opportunities for stakeholders to provide feedback. Accordingly, Governor Abbott, Lieutenant Governor Patrick and Attorney General Paxton together sent a 12-page letter last week to EPA Administrator Scott Pruitt, detailing how the federal air regulations would have imposed unprecedented costs on Texas businesses and consumers for little or no environmental benefit. See their full comments here: <https://bit.ly/2Jyuwfo>.

Leaders of the Texas Railroad Commission, Texas Commission on Environmental Quality and Public Utility Commission of Texas also jointly submitted comments on April 26th to the EPA in support of the repeal of the Clean Power Plan.

SENATE BUSINESS & COMMERCE COMMITTEE REVIEWS GRID RELIABILITY IN TEXAS

The Texas Senate Committee on Business & Commerce met this week to discuss the interim charges relating to electric grid reliability, the impact that an expected diminished reserve margin may have on electric rates, and the impact that government programs have on the competitiveness of free market electricity in Texas. The committee heard invited testimony from representatives of the oil and natural gas industry, electric generators, electric cooperatives, municipal utilities, and renewable energy sources, as well as from members of the Public Utility Commission and Electric Reliability Council of Texas. Most notably from the hearing were discussions surrounding distortions on the retail market for electricity caused by renewable energy subsidies, as well as testimony regarding recent instances where some electric cooperatives have blocked oil & natural gas operators from building their own distribution systems despite not being able to develop and provide necessary infrastructure in a timely manner. Committee Chairman Kelly Hancock was complimentary of the industry for providing reliable natural gas resources for electric generation, especially during times of critical need.

RAILROAD COMMISSION PROPOSES AMENDMENTS TO TESTING REQUIREMENTS FOR OIL WELLS

The Texas Railroad Commission has proposed amendments to 16 Tex. Admin. Code §3.52 and §3.53 relating to testing requirements for oil wells. The regulatory proposal comes as part of the Texas Oilfield Relief Initiative, spearheaded by commission Chairman Christi Craddick. The measure would allow well operators -- with certain exceptions -- to choose not to file annual well production capability tests, known as the Oil Well Status Report (W-10), after an initial test has been filed with the Railroad Commission. "Under the proposal, if a well operator elects not to perform an annual well production capability test, the commission would then use the results of the most recent test or optional allocation on file with the commission. This proposal would still require operators to file a Form W-10 Oil Well Status Report annually," explains the commission.

Under the updated regulation, annual well production capability tests would still be required when:

- the well is recompleted into a different regulatory field;
- the well is reclassified from gas to oil;
- an inactive well is returned to production; or
- necessary to reinstate an allowable.

The Railroad Commission is now accepting public comment on the proposed amendments to §3.52 and §3.53 -- to submit your comments online, visit: www.rrc.texas.gov/general-counsel/rules/comment-form-for-proposed-rulemakings/. The deadline to submit comments will be Friday, June 1, 2018.

IN NEW ENERGY OUTLOOK, RAILROAD COMMISSIONER RYAN SITTON FORECASTS STRONG 2018

In a new outlook for the energy sector, Texas Railroad Commissioner Ryan Sitton shared his predictions for market conditions for the remainder of the year. With more than 20 years of experience in the oil and gas industry, and as the first engineer to serve on the commission in 50 years, the Texas oil and gas regulator released the market forecast April 26 to lend his perspective on expectations for crude oil, natural gas, and other energy sources. "With Texas poised to shatter energy production levels, it is more important than ever to be closely monitoring activity and using economic fundamentals to drive decisions about where we need to dedicate resources," Sitton said. "Understanding where the market is headed helps inform what we do at the Railroad Commission from a regulatory standpoint, allowing us to better plan and prepare for increased permit activity, inspection and monitoring requirements and other resource demands on the commission. This analysis makes clear that the Texas energy industry is well positioned but infrastructure investment is needed to ensure we realize our full potential."

Commissioner Sitton expects 2018 to be a good year for American energy, with WTI prices hovering between \$58-\$66 per barrel the majority of this year. Natural gas prices are likely to remain low, which is incentivizing more exports of liquefied natural gas (LNG) from the United States. "Increased global demand for U.S. natural gas could life prices in the future, but increased U.S. demand alone will not," Sitton suggested.

The full report is available for download at: <https://bit.ly/2w5PXCR>.

RAILROAD COMMISSION ANNOUNCES NEW ABILENE DISTRICT DIRECTOR, OIL & GAS MANAGERS

Doug Allmand has been named as the new director of the Railroad Commission's Abilene Oil and Gas District Office. Allmand replaces Joe Cress, who retired from the agency in November 2017. Allmand spent 23 years working for industry before starting with the commission in 2007 in a technical staff position. He previously was serving as the assistant director for the Abilene Oil and Gas District Office before recently being promoted to the role of director.

In addition, the Railroad Commission's Oil and Gas Division also recently introduced two new managers with the agency's Technical Permitting Department. Sean Avitt has been named manager over the Injection-Storage Permits Unit, responsible for ensuring groundwater and energy resources are protected through permitting and monitoring of injection and storage wells. Also, Paul DuBois is now the manager of the commission's Engineering Unit. In the role, DuBois will guide the review and approval of horizontal well completions, well classification, tight gas area designations, enhanced recovery operations, gas flaring applications and several other technical matters, including regulatory issues that may arise from time to time.



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Active Wells

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circa 1920

The Wildcat plays across Texas are marked with derricks; and producing fields like the Trans Pecos, Spindletop and Burk Burnett are recorded with groups of dots. Seventeen different geologic formations are colorfully identified. Published on the eve of the massive Permian Basin discovery in 1924 and the East Texas field six years later this historic replica map also lists active producing wells county by county.

This framed museum replica measuring 41" on both sides is accompanied by a descriptive plaque and makes an outstanding addition to any office, conference room or reception area.

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PRESIDENT TRUMP AGREES TO AGAIN POSTPONE STEEL AND ALUMINUM TARIFFS FOR ALLIES

Ahead of a May 1st deadline, President Donald Trump agreed late Monday, April 30th to extend exemptions to recent steel and aluminum tariffs for several nations, including the European Union, as well as Mexico and Canada while negotiations over the North American Free Trade Agreement (NAFTA) continue. For now, the president has authorized an additional 30-day delay against levies on steel and aluminum product imports for the countries.

Before the president's decision was announced Monday, the Texas Independent Producers & Royalty Owners Association (TIPRO) pushed for the continuation of the exceptions for the steel and aluminum tariffs. "TIPRO and our members have expressed concern over the tariffs on numerous occasions, emphasizing the unintended consequences for domestic energy producers. We maintain that the tariffs could significantly increase costs for domestic oil and natural gas producers who rely heavily on steel and aluminum products in their operations, including drilling equipment and pipelines," commented Ed Longanecker, president of TIPRO.

Earlier this year, President Trump approved tariffs of 25 percent on steel imports and tariffs of 10 percent on imported aluminum products. He later allowed Canada and Mexico to be exempted from the tariffs while discussions over the NAFTA policy carried on. "As stated during the initial exemption announcement on March 8, 2018, due to the unique nature of our nation's relationship with Canada and Mexico, President Trump rightfully held off on tariffs pending successful negotiations," said Longanecker. "Given the energy industry's heavy trade with the NAFTA countries, especially the import of steel products from Mexico, we believe it is not only in our industry's best interest but also the interest of our entire country for the steel tariff exemption for Mexico to be reauthorized and extended until NAFTA is fully and successfully negotiated."

TIPRO encouraged President Trump to continue to pursue policies that advance U.S. energy dominance and further promote growth of this vital sector of the economy, reiterating the powerful economic impact that the U.S. oil and gas industry provides. "As the nation's leading producer of oil and natural gas, and most prominent benefactor of the president's 'Energy Dominance Agenda,' the state of Texas would bear an inordinate burden of the steel and aluminum tariffs if the exceptions had not been continued, further hindering the industry's recovery and the positive economic contributions of the oil and gas sector," concluded Longanecker.

EPA PROPOSES RULE TO BRING AN END TO AGENCY'S "ERA OF SECRET SCIENCE"

The U.S. Environmental Protection Agency (EPA) is taking action to strengthen the transparency of science utilized to promulgate federal regulations. Last Tuesday, April 24, EPA Administrator Scott Pruitt issued a proposed rule that seeks to ensure that the regulatory science underlying agency actions is fully transparent, and will provide for underlying scientific information to be made publicly available in a manner sufficient for independent validation. "The era of secret science at EPA is coming to an end," remarked Pruitt. "The ability to test, authenticate, and reproduce scientific findings is vital for the integrity of rulemaking process. Americans deserve to assess the legitimacy of the science underpinning EPA decisions that may impact their lives."

U.S. House Science, Space, and Technology Committee Chairman Lamar Smith (R-Texas) commended the EPA's proposed rule, saying that "Administrator Pruitt's announcement ensures that data will be secret no more." He continued, "For too long, the EPA has issued rules and regulations based on data that has been withheld from the American people. It's likely that in the past, the data did not justify all regulations. Today, Administrator Pruitt rightfully is changing business as usual and putting a stop to hidden agendas." While head of the House Science Committee, Chairman Smith has in the past supported legislation that would require scientific information relied upon by EPA for regulations to be made publicly available for independent analysis. "Open access to scientific data fosters good policymaking. The American people have a right to understand how and why regulatory decisions are made," argued Chairman Smith.

Public comments on the EPA's proposal must be received by the EPA on or before May 30, 2018, for consideration.

EPA ANNOUNCES NEXT STEPS FOR OZONE DESIGNATIONS

The U.S. Environmental Protection Agency (EPA) announced on Tuesday, May 1st an updated list of areas that do not meet federal ozone requirements as the agency works to implement national air quality standards for ozone that were issued in 2015 under the Clean Air Act. The EPA has identified 51 total nonattainment areas in 22 states and the District of Columbia. For now, eight counties in the San Antonio, Texas, area have not been designated, but the agency will complete designation for these counties by July 17, 2018. This will warrant monitoring given these counties include the Eagle Ford Shale. Counties surrounding Dallas-Fort Worth and Houston have also been classified in nonattainment status. According to the EPA, once areas are designated, state and local governments must then develop implementation plans outlining how these areas will meet the standards by reducing air pollutant emissions. To see additional information on the EPA's designations, including a complete list of the Texas counties designated as nonattainment, visit: <https://bit.ly/214ifCx>.



EPA LAUNCHES NEW STUDY OF WASTEWATER MANAGEMENT FOR OIL & NATURAL GAS INDUSTRY

The U.S. Environmental Protection Agency (EPA) is initiating a new study to evaluate how the EPA, state agencies and stakeholders regulate and manage wastewater from the oil and gas industry. According to the EPA, the study will focus on available approaches to managing wastewater from both conventional and unconventional oil and gas extraction at onshore facilities. EPA's study will also address questions such as how existing federal approaches to produced water management under the Clean Water Act can interact more effectively with state regulations, requirements or policy needs, and whether any potential federal regulations that may allow for broader discharge of treated produced water to surface waters are supported.

Additional information on this study can be found at: <https://www.epa.gov/eg/study-oil-and-gas-extraction-wastewater-management>.

INTERIOR DEPT. DISTRIBUTES ENERGY REVENUES TO GULF OIL & GAS PRODUCING STATES

The U.S. Department of Interior has disbursed nearly \$188 million to the four Gulf oil and gas producing states, including Texas, Louisiana, Alabama and Mississippi, and their coastal political subdivisions (CPS). The funding is a part of Phase II of the Gulf of Mexico Energy Security Act of 2006 (GOMESA), which generates revenue from qualified oil and gas leases on the Outer Continental Shelf, and is disbursed in accordance with the revenue-sharing provisions of the GOMESA legislation. According to the Interior Department, the \$188 million to be disbursed in FY 2018 is over five times more than the total amount disbursed to states and CPS during the entirety of Phase I of GOMESA, which lasted from FY 2009 through FY 2017. The agency attributes the increase in disbursements to the significant increase in the number of leases included under Phase II and the revenues these leases generated. Approximately \$37 million was shared by states and coastal political subdivisions from the Phase I. Interior Secretary Ryan Zinke advised that this cycle, the \$188 million will be dedicated to coastal restoration and other projects important to many communities in the Gulf.

“As the state of Texas continues to recover from the damage and devastating flooding that impacted 240 miles of Texas coastline, we are grateful for the GOMESA funds that will help strengthen and restore the state’s vibrant coastal region,” said Texas Governor Greg Abbott. “We look forward to using these funds for projects that reinforce our conservation and restoration efforts, and will allow generations of Texans to enjoy.”

Congressman Pete Olson (R-Texas), vice chair of the U.S. House Energy Subcommittee, also commented, “This distribution of GOMESA funds demonstrates the importance of American energy independence. The benefits it brings to our nation and the Gulf coast community both economically and by powering our nation through energy are a win-win all around. I appreciate the collaboration of the federal, state and local governments in reaching this revenue sharing agreement and thank President Trump and Secretary Zinke for their leadership on this critical issue.”

BSEE PROPOSES UPDATES TO OFFSHORE OIL & GAS DRILLING REGULATIONS

The Bureau of Safety and Environmental Enforcement (BSEE) proposed regulatory revisions on April 27th to the Blowout Preventer Systems and Well Control Rule in efforts to improve reliability, safety, efficiency, and environmental stewardship for offshore oil and gas drilling operations, while also reducing unnecessary regulatory burden on operators.

In response to executive orders issued previously by President Donald Trump and corresponding Secretary’s Orders, the bureau has reviewed existing federal rules to identify possible areas to ease unnecessary regulatory burdens while still ensuring that offshore oil and gas drilling operations are conducted in a safe and environmentally responsible manner. “Using innovation and best science to increase safety and reliability, BSEE took a careful and deliberate approach to reduce unnecessary regulatory burdens,” explained BSEE Director Scott Angelle. “These reform efforts are part of the Trump Administration’s push for smart and safe energy development. We’ll continue to work to do our job smarter and to ensure industry is exploring and operating safely.”

BSEE reports that after methodical analysis of all 342 provisions of the federal 2016 Well Control Final Rule, 59 of those provisions were deemed appropriate for proposed updating and revision. The bureau says that proposed regulatory changes would amend the testing protocol for blowout preventers, modify capability requirements for remotely operated vehicles, remove duplicative verification requirements, and codify recent revisions to industry standards. “The result of this analysis is proof that our regulatory reform efforts continue to be careful, tailored, and balanced,” stated Angelle. “We have been successful in developing a solid set of proposed revisions. We look forward to the public comment dialogue and to providing America with smart regulations that ensure safe exploration for America’s energy future.”

To see more information on proposed revisions to these regulations, please visit: <https://on.doi.gov/2w961DS>.

FEDERAL JUDGE CONTINUES STAY OF INDUSTRY METHANE WASTE RULE

U.S. District Judge Scott Skavdahl rejected a request on Monday, April 30th to overturn an earlier decision that put in place a stay against implementation of the Bureau of Land Management’s (BLM) methane venting and flaring rule for public and tribal lands. On April 4, 2018, the judge had ruled a stay was appropriate to provide certainty and stability for the regulated community and the general public while BLM completes its rulemaking process to change the policy. Though environmental groups and some states appealed the delay, the judge has decided not to resume adoption of the policy. The BLM is working to change the venting and flaring regulation, finalized in 2016, and expects to publish the final replacement rule by this August.



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Texas Independent Producers & Royalty Owners Association

With nearly 3,000 members, TIPRO is the nation's largest statewide association representing both independent producers and royalty owners. Our members include small family-owned companies, the largest publicly traded independents and large and small mineral estates and trusts.

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