

**Texas
Independent
Producers and
Royalty Owners
Association**

OIL & GAS INDUSTRY HOPEFUL AFTER APPROVAL OF NEW COVID-19 VACCINE

The U.S. Food and Drug Administration (FDA) on December 11, 2020, issued the first emergency use authorization approving a vaccine for the prevention of the novel coronavirus disease (COVID-19), lifting hopes of a possible end to the global COVID-19 pandemic which could spur a pending recovery

for the oil and gas industry and the economy. As Americans across the country start receiving vaccinations for the virus in the months that follow, it will hopefully suppress the spread of the illness and allow for restrictions and lockdowns imposed by local and state governments to be lifted, permitting the economy to further open back up and driving a return of energy demands.

With Americans able to get back on the road and boost their fuel consumption, in 2021 the nation's energy sector could finally see a lift from the malaise of the COVID-19 outbreak. Accordingly, with expectations that the distribution of a COVID-19 vaccine will eventually lead to higher energy demands that in turn should rebalance global supplies back to more normal levels in the next year and support more stable market conditions, commodity prices in recent weeks have rallied. Prices for U.S. benchmark West Texas Intermediate (WTI) and Brent crude, for instance, last week marked their highest settlements since March.



Rig counts also have continued to see growth in December, strengthened by news of the COVID-19 vaccine. The latest rig count published by Baker Hughes on Friday, December 11th indicated the rig count had jumped by double digits from the previous week. The latest rig count report added 15 new drilling rigs for a total of 338 rigs in operation around the country. In Texas, specifically, there were 155 rigs deployed, a six-month high for the state's rig count. And though the state and national rig counts today remain drastically lower as compared with levels from the same period a year ago, recent gains were still an encouraging signal that more drillers were returning to the oilfield.

energy outlook and market forecast in mid-December projecting oil demand will rebound by more than 6 million barrels per day (b/d) next year, with growth largely anticipated in the second half of 2021.

“The positive news over the emergence of an effective COVID-19 vaccine has created a wave of optimism across commodity markets despite the fundamentals extensively being unchanged,” said Chris Midgley, global head of analytics for S&P Global Platts. S&P Global Platts released a new

TIPRO TO HOST AN OIL & GAS MARKET OUTLOOK IN JANUARY WITH ENVERUS VP BERNADETTE JOHNSON

TIPRO members are invited in January to participate in a live webcast and market outlook with the association, featuring guest speaker Bernadette Johnson, vice president of market intelligence for Enverus (formerly DrillingInfo). This TIPRO-Enverus presentation, scheduled to take place virtually on January 28th at 10 a.m. Central Time, will explore current supply and demand trends impacting the market and driving prices, with a detailed discussion on what recovery for the industry looks like. Specific presentation topics will include: demand destruction and recovery, global economic concerns, U.S. production growth and exports in this new environment, and the focus towards capital discipline. Johnson will also walk through the supply and demand balance for both crude and natural gas and discuss forecasts for the future and implied price ramifications.

Participation in this virtual forum is exclusive to TIPRO members, elected officials and their staff. To register for the presentation, please go to: <https://bit.ly/34d9XIO>.

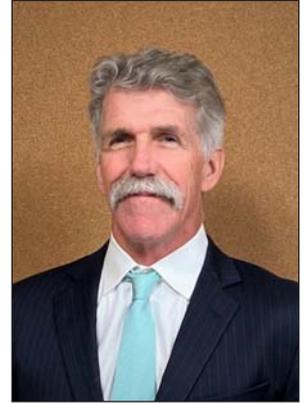
REGISTER TODAY

**TIPRO-Enverus
Market Outlook
January 28, 2021**

CHAIRMAN'S MESSAGE

TIPRO Members-

As we near the end of 2020, I think everyone will breathe a sigh of relief. 2020 has been a rough year for everyone involved in our industry. We started the year with the economy booming, demand was up and it looked like we were going to have a strong year. Then, we had a little price war followed by a pandemic that has thrown the world economy into a 5.2 percent contraction, according to a recent World Bank projection. Through these troubling times, the management and staff at TIPRO have done an excellent job staying the course, reinventing our annual convention, and adapting to virtual outreach to keep the membership engaged and informed. With the leadership of past TIPRO Chairman Eugene Garcia, the association's President Ed Longanecker and management of TIPRO's Vice President Joanne McCord-Reynolds, we have been able to do this without breaking the budget. TIPRO's lobbyist Ryan Paylor has kept his ear to the pulse in Austin and has informed the membership on a weekly basis to what is going on behind the scenes on Capitol Hill. Kelli Snyder, the association's communications director, has also made sure that the message TIPRO puts out is succinct and clear. In my case that is likely a lot more than she signed on for.... and finally, Anjelica Torres, TIPRO's membership coordinator, has ensured we get this message out to all who should get it. This task has been especially tricky with the consolidation happening across the industry on what seems a daily basis. Overall, TIPRO has put together an excellent team that I am proud to work with and if anything, the challenges from this past year have only reinforced that opinion. I think we all should thank them for their dedication and hard work.



Brent Hopkins

So, what will 2021 bring? Honestly no one really knows for sure, but with a COVID-19 vaccination in the works, oil prices are likely to increase, and more importantly, global energy demands will grow, allowing the table to be set for a healthy recovery for our industry and economy. With the Texas legislature also in session (or at least some semblance of in session), TIPRO's work becomes even more important. TIPRO will continue to be one of the most visible and vocal trade associations that advocates for our industry, will keep monitoring and reacting to any proposed legislation that will impact both producers and royalty owners, and will provide important facts and information to help legislators critically evaluate their decisions.

TIPRO, with the help of our creative staff, will use whatever venue necessary to make sure membership has the opportunity to network next year (when possible), learn and also engage in the issues that will impact our industry. I am personally looking forward to a very productive 2021. Thank you for your continued support and I wish everyone a blessed holiday season and prosperous new year. Let's all work together to make 2021 a banner year. Kind regards,

Brent Hopkins

TIPRO HOSTS FINAL POLICY ROUNDTABLE OF 2020 WITH STATE REPRESENTATIVE DREW DARBY

TIPRO was pleased to host a virtual policy forum on Tuesday, December 8th with Texas State Representative Drew Darby, vice chairman of the House Committee on Business & Industry and member of the House Committee on Energy Resources. A number of topics were covered with the representative at TIPRO's recent meeting, such as the current budget shortfall and possible taxation on the oil and natural gas industry to cover the state's budgetary deficit. Representative Darby noted to TIPRO that he had not heard any talk of increasing taxes on the industry or doing away with incentives. "Increased taxation in this period of economic crisis is not the wisest move and is not anticipated," he said. It was mentioned that there has been talk on the federal level about doing away with tax advantages, but "Texas' focus is on how to support the industry and not tear it down," he noted.

Other issues discussed with Representative Darby included the presumptive next speaker of the Texas House, House Bill 632 filed by the legislator to establish an advisory committee for the TexNet seismic monitoring program, the Economic Stabilization Fund and more.

TIPRO members can view the recorded session at: <https://bit.ly/37mrUQN>.

TEXAS STATE CAPITOL GROUNDS REOPEN

The Texas State Preservation Board announced in mid-December that state's capitol grounds were reopening after having been closed off to the public since the start of the coronavirus (COVID-19) pandemic in March. The actual capitol building for the time being remains closed, although elected officials and staff are being allowed to enter the capitol to continue their work.

TIPRO Calendar of Events

JANUARY 12, 2021
AUSTIN — First Day
of Texas'
87th Regular
Legislative
Session.

JANUARY 27, 2021
VIRTUAL EVENT — Hart Energy's
Executive Oil
Conference.
For information, please
call (713) 260-6400.

JANUARY 28, 2021
VIRTUAL EVENT —
TIPRO-Enverus
Oil & Gas Market Outlook.
For information, please
email rpaylor@tipro.org.

TEXAS LT. GOV. DAN PATRICK WANTS TO CHANGE HOW LEGISLATION IS BROUGHT TO THE SENATE FLOOR

Texas Lieutenant Governor and head of the state Senate Dan Patrick shared in December his hopes to see a procedural change approved next session that would lower the threshold for getting bills to the Senate floor, so as to match the size of the new, smaller Republican majority and help the GOP party still successfully pass policies into law. After the November election, the Republican party lost its supermajority in the legislature's upper chamber, prompting Patrick to make a renewed push for changing the Senate rules to have the threshold lowered in order to move a conservative legislative agenda forward without political opposition. Currently, 19 of the chamber's 31 members — or three-fifths — must agree to call up a bill for debate, though the lieutenant governor has recently made it known that he is recommending to scale back that threshold to 18 senators, aligning with the number of GOP senators who will serve in the Senate. At least 16 senators, or a simple majority, will need to vote in favor of the proposed threshold, which is not anticipated to be not be an issue, especially since the lieutenant governor reportedly has been reaching out to officials in advance to secure necessary backing of the procedural change.

SENATOR EDDIE LUCIO APPOINTED VICE CHAIRMAN OF THE SENATE FINANCE COMMITTEE

Texas Senator Eddie Lucio, Jr. (D-Brownsville) has been appointed vice chairman of the Senate Finance Committee by Texas Lieutenant Governor Dan Patrick. He will replace Senator Juan “Chuy” Hinojosa (D-McAllen), who has led the committee for years.

“I am proud to appoint Senator Lucio as vice chairman of the Senate Finance Committee. Senator Lucio’s commitment to principle, his past finance committee experience and his long record of service to the people of Texas make him the right senator to take on the budget challenges of the upcoming session,” said the lieutenant governor.

Senator Lucio was elected to the Texas Senate in 1991 and is third in seniority in the upper chamber. During his tenure on the Finance Committee, Lucio has worked to secure state funding for South Texas infrastructure, which contributed to the designation of the first interstates in the Rio Grande Valley, his hometown district and region where he grew up.

NEW DETAILS RELEASED ON OPERATIONAL PLANS FOR THE OPENING DAY OF SESSION

Just one month away from the beginning of the 87th Regular Legislative Session and state officials this week offered additional insights on what opening day of session will look like. Normally a day filled with political pomp and celebratory activities, the beginning of the 2021 session will look much different, as protocols and safety precautions are implemented to ensure the health of all individuals who participate from the coronavirus (COVID-19) pandemic. A memo distributed on Monday, December 14th by State Representative Charlie Geren (R-Fort Worth), chairman House Administration Committee, informed House members of the expectations for the first day of the legislative session, taking place on Tuesday, January 12, 2021.

Individuals entering the capitol will be required to wear masks and encouraged to take a COVID-19 test ahead of events, though additional screenings or temperature checks may be asked of any people going into the building. Access to the House floor will be restricted to lawmakers, essential staff, ceremony participants, temporary officers and approved guests, according to Chairman Geren, and members of the media, the public and other guests will be seated in the House gallery.

Additionally, UV disinfecting units will be used on the House floor and in the gallery, and hand sanitation stations will be placed outside all doors. Air purification units have also been installed and desks are spaced to allow for greater distancing.

TEXAS LAWMAKER SAYS COVID-19 PANDEMIC HAS SHOWN WHY THE LEGISLATURE SHOULD MEET EVERY YEAR

The Texas Legislature will convene for the 87th Regular Legislative Session next month, but one state lawmaker argues that this year’s coronavirus (COVID-19) health crisis has shown reasons why Texas’ legislative body should have gathered much sooner. In a new editorial, Texas State Representative Lyle Larson (R-San Antonio) in December wrote in the *Austin American-Statesman* newspaper the legislature needs to be meeting more often than just every other year. Instead, he recently suggested state officials should convene in Austin for a legislative session for 70 days each year, from mid-March to May, rather than 140 days every other year, to ensure Texas can address priority issues and react to any state crisis in a more timely manner.

“When the World Health Organization deemed the spread of COVID-19 a global pandemic in March, the legislature was more than half way through the biennial interim, nine long months away from convening for the next session,” observed Representative Larson. “We missed opportunities to address all aspects of the pandemic’s impact on the lives of Texans — everything from mask mandates, to food insecurity, to hospital capacity, to shutdowns, to public education challenges.”

Representative Larson continued, “Due to the archaic schedule set forth in the Texas Constitution, the Legislature was powerless to act, and the sole responsibility of addressing the pandemic fell upon our governor. The legislature is intended to act in times like these, but just as it has many times in the past, it will show up too late, working to address problems that have waited far too long for solutions.”

Citing serious events from just the past few years, including natural catastrophes like Hurricane Harvey, Representative Larson contends that the state “would be light years ahead from an effectiveness and efficiency standpoint” if the legislature did not have to wait so long between legislative sessions to handle its business. “No successful organization with a \$250 billion biennial budget and a gross domestic product of \$1.6 trillion can be actively managed for just five months every two years. No successful business, country or even 46 other U.S. states operate this way. But Texas still does.”

RRC ACCEPTING COMMENTS ON PROPOSED REVISIONS FOR THE *MONTHLY PRODUCTION REPORT*

The Railroad Commission of Texas is currently accepting public comment on proposed revisions to the instructions for Form PR, *the Monthly Production Report*. The changes, as proposed, will support the commission's regulation of flaring and venting of produced natural gas. Stakeholders should note that proposed revisions are to the Form PR instructions, how operators need to complete the form, and not to the structure of the form itself, regulators advise.

Specifically, the proposed revisions include the following changes to the Form PR instructions:

- First, "Disposition Code 4", which is currently used to report the volume of gas that was vented or flared, will be discontinued.
- Second, two new disposition codes will be implemented to allow operators to allocate gas. For gas that was flared, "Disposition Code 10" will be used. For gas that was vented, "Disposition Code 11" will be used. This change will allow the commission to quantify the legal disposition of gas that was flared and vented.
- Third, when an operator allocates gas to Disposition Codes 10 or 11, the operator will be required to enter one or more two-letter codes to the existing "REMARKS" field on the form. Those two letter codes correspond to the authority under which the gas was flared or vented, and include the following:
 - AR – Authorized by Rule
 - AE – Authorized by Exception
 - EP – Exception Pending
 - EX – Exempt

Also, the current Form PR instructions require an operator to "indicate why the gas was vented or flared in REMARKS on Form PR." The proposed instruction updates make these remarks uniform by requiring categorization of the authorization for the release.

Public comments on this update will be accepted by the Railroad Commission through January 8, 2021. To view the proposed revisions and submit a comment, visit the commission's website at <https://rrc.texas.gov/about-us/resource-center/forms/proposed-form-changes/>.

This latest effort follows recent changes approved by Railroad commissioners to Form R-32, *Application for Exception to Statewide Rule 32* (formerly, the *Statewide Rule 32 Data Sheet*). Last month, the three commissioners approved revisions to the form to greatly enhance the collection of critical data points related to flaring activities and significantly reduce flare durations as permitted in many cases. Form R-32 went into effect immediately, but until next April, operators will be allowed to file either the new Form R-32 or the prior data sheet as the agency works to develop an online exception filing system. Once the online system is implemented, expected this coming Spring, the current Rule 32 Data Sheet will be phased out and discontinued.

RAILROAD COMMISSION APPROVES UPDATES TO MULTIPLE OIL AND GAS FORMS

In December, the Texas Railroad Commission announced non-substantive updates have been adopted to a series of oil and gas forms required by the agency. The administrative changes were granted by the Railroad commissioners in an open meeting held December 8, 2020. Accordingly, TIPRO members should be mindful of modifications that have been made to the following forms:

- Form W-1, Application for Permit to Drill, Recomplete, or Re-Enter
- Form W-1H, Application for Permit to Drill Recomplete, or Re-Enter Supplemental Horizontal Well Information
- Form W-1D, Application for Permit to Drill, Recomplete, or Re-Enter Supplemental Direction Well Information
- Form P-1B, Producer's Monthly Supplemental Report
- Form G-3, Gas Data Storage Sheet
- Form P-7, New Field Designation and/or Discovery Allowable Application
- Form R-1, Monthly Report and Operations Statement for Refineries
- Form R-3, Monthly Report for Gas Processing Plants
- Form W-5, Packer Setting Report
- Form W-7, Bottom-hole Pressure Report

According to the Railroad Commission, the effort to review and update these forms was part of the Texas Oilfield Relief Initiative, which has allowed the commission's staff to work on identifying efficiencies and areas of improvement for the state's energy regulatory body. The recent changes to agency forms will ensure consistency with recently amended rules and updates to the agency's online system, as well as help reduce reporting errors and lower administrative burdens on the oil and gas industry and agency staff.

To view and download the updated forms, visit the Railroad Commission website at <https://bit.ly/3r2aMY6> or access via the commission's online system, as applicable.

TIPRO ASKS MEMBERS FOR INPUT ON CURRENT MARKET CONDITIONS AND EXPECTATIONS FOR 2021

TIPRO recently invited members to participate in an electronic association survey that takes account of priorities for the coming year, industry expectations and other concerns. We hope you had an opportunity to review our new Texas 'State of Energy' Survey, distributed on December 8, 2020, which will be used to help TIPRO develop its strategy and focus for effectively representing the Texas oil and natural gas industry at the state and federal level with key policymakers, agencies and other stakeholders, as well as guide the organization's communication and programmatic efforts. Your feedback is incredibly important. If you have not already responded to the TIPRO survey, you can access and answer the survey here: <https://www.surveymonkey.com/r/TIPROSTATEOFENERGY>.

JUDGE DENIES RAILROAD COMMISSION FROM ENFORCING COVID-19 ADMINISTRATIVE RULES

A state judge in Austin this month struck down emergency rules approved by the Texas Railroad Commission this past spring that granted exceptions to certain oil and gas regulations and industry fees as part of an effort to help operators impacted by unprecedented national and global economic conditions resulting from the coronavirus (COVID-19) pandemic and the 2020 oil price war. On Thursday, December 10, state District Court Judge Jan Soifer impugned state regulators for granting such rule exceptions in the spring without offering adequate forewarning to the public or giving stakeholders an opportunity to comment on adjustments for a number of substantive oil and gas rules. Citing the Texas Open Meetings Act, Judge Soifer found that the commission gave “insufficient notice to the public” when adopting its rule suspensions, and told the commission if it wants to suspend the rules again, it can do so only after posting proper notice of the rules at issue. As such, the commission will not legally be allowed to enforce its regulatory orders that had applied temporary exceptions to administrative rules.



In a statement, the commission said it “does not agree with the court’s order and has filed a notice of appeal.” It also acknowledged that all actions taken at the May 5th meeting “were approved in accordance with the open meetings act, state and federal law, and commission rules.”

TAX CREDIT REMAINS AVAILABLE FOR QUALIFYING LOW-PRODUCING OIL AND GAS WELLS

The Texas comptroller last week announced the crude oil tax credit for low-producing oil leases would remain in place for the November 2020 reporting period. The comptroller’s certified average price of oil for the latest reporting month, which discerns what level of tax exemption is allowed, if any, was \$28.60 per barrel of oil, providing eligibility for a 25 percent credit on crude oil severance taxes. This is the same level of credit authorized since the September reporting period, preceded by exemptions ranging up to the full 100 percent credit in correspondence with the crash of oil prices earlier this year. To review additional information on this tax credit, please see the comptroller’s website at: <https://comptroller.texas.gov/taxes/crude-oil/low-producing-leases.php>.

A 100 credit is also available for state natural gas taxes paid on low-producing gas wells. Though gains have been recorded over the course of the year in natural gas prices, prices nonetheless have overall remained suppressed, and therefore Texas will still allow producers to qualify for the complete credit on the natural gas tax.

To learn more, visit <https://comptroller.texas.gov/taxes/natural-gas/low-producing-wells.php>.

TEXAS LAND COMMISSIONER RELEASES NEWLY UPDATED, INTERACTIVE ‘ENERGY MAP OF TEXAS’

At the end of the year, Texas Land Commissioner George P. Bush, head of the state’s General Land Commission, released a newly updated Texas Energy Map, reflecting the present-day diversity of the Texas energy industry. The map offers interactive features to show the state’s abundant supply of natural resources, which include oil, natural gas, liquefied natural gas, hard minerals, wind, and solar sources that have made Texas a leader in energy production.

“There is no doubt that Texas’ economy is based on oil and gas. However, Texas has embraced an all-of-the-above energy approach, embracing our God-given natural resources while encouraging conservation and driving clean energy innovation,” said Commissioner Bush. “This unique, comprehensive approach has brought Texas to the forefront as an international energy producer. Texas leads the nation in innovation without government intervention, and our energy sector is no different.”

The new energy map is a detailed resource for energy producers and those interested in learning about all that Texas has to offer across the energy spectrum, according to the General Land Commission. Of note, the 2020 map features an update to Texas’ pipeline system and explores the generation of wind energy across the state. Visitors reviewing the map online can zoom in and out to explore the different features and learn about significant energy-related events throughout Texas history.

View the map online by visiting: <https://bit.ly/3gTIqLe>.

PAST TEXAS OFFICIALS PRESS INCOMING PRESIDENT JOE BIDEN TO KEEP UP SUPPORT FOR ENERGY SECTOR

Two former state lawmakers, Harvey Hilderbran and Doug Miller, are making a public plea to incoming president, Joe Biden, and members of his next presidential administration, to continue to back the energy industry in Texas. The Lone Star State remains the country’s top producer of crude oil and natural gas, and offers unmatched economic support, something needed now more than ever after a “notoriously difficult” year, the past representatives emphasize in a new commentary published recently in the *San Antonio Express* newspaper. Though veiled threats have come up in the past to potentially limit or ban new drilling permits on federal lands and waters as part of an effort to combat climate change, Hilderbran and Miller say it is critical that the new administration work the next four years “to promote an environment that allows Texas’ energy sector to continue to grow and fuel the American — and global — economy.”

“A recent Texas Tech University study found in 2019, the oil and gas industry provided more than \$48 billion in economic output, nearly \$3 billion in state and local revenue, and supported more than 238,000 jobs... With around 3.7 million Texans having filed for unemployment relief since March, we need to ensure the new administration will work to prioritize energy infrastructure projects that support thousands of jobs here in our state and other energy-producing states,” said Hilderbran and Miller.

To read more of the editorial, please visit: <https://bit.ly/3p1ETNT>.

U.S. ENERGY DEPARTMENT EXTENDS ANOTHER WAVE OF LNG EXPORT AUTHORIZATIONS THROUGH 2050

The U.S. Department of Energy announced on December 10th that the federal government has approved the extension of terms for seven long-term liquefied natural gas (LNG) export authorizations through the year 2050. The term extensions involve projects under development in Texas, including the Golden Pass facility currently under construction in Sabine Pass, Texas, as well as the Texas LNG project proposed for Brownsville, Texas.

“The success story of U.S. LNG continues to be written, and these extended authorizations will ensure that the benefits from these exports continue for decades to come,” said U.S. Secretary of Energy Dan Brouillette. “The United States just set a new all-time high record for LNG exports in November 2020, and the monthly rate of LNG exports has now quintupled since the beginning of the Trump Administration.”

Other LNG projects approved in December by the Energy Department for a term extension were the proposed Magnolia and Driftwood projects in Louisiana, the Delfin LNG export project proposed for offshore Louisiana, and an extended export term for Sempra Energy’s Costa Azul project in Mexico.

“Critical to our nation’s energy independence are the prospects presented by these long-term LNG export extensions,” said Deputy Secretary of Energy Mark W. Menezes. “LNG is and will continue to be a vital energy resource for our friends and allies around the world.”

This latest action by the Energy Department to allow long-term LNG export authorization to non-free trade agreement (non-FTA) countries through December 31, 2050, follows earlier LNG export term extensions granted in the Fall pursuant to an export term policy statement the Trump Administration finalized this past July.

The United States today remains the top global producer of natural gas and is currently in its fourth consecutive year as a net exporter of natural gas. To date, U.S. LNG exports have reached 38 countries across five continents. With policies that support future growth of the oil and natural gas industry, officials anticipate the country’s LNG operating export capacity will increase by more than 50 percent by the end of 2025.

“It is important for the Department of Energy to do everything to assure a long-term future for U.S. LNG exports, which will continue to meet global energy security and emissions reduction goals,” assured Acting Under Secretary of Energy and Assistant Secretary of Fossil Energy Steven Winberg.

OPEC+ AGREES TO GRADUALLY INCREASE ITS OIL OUTPUT BEGINNING EARLY NEXT YEAR

Members of the Organization of the Petroleum Exporting Countries (OPEC) and their allies (collectively known as OPEC+) reached an agreement earlier this month to ease production limits and start increasing oil output at the start of 2021. Beginning in January, the group’s current production cuts of 7.7 million barrels of oil per day (b/d) will drop to 7.2 million b/d, essentially raising collective production from OPEC+ by 500,000 b/d. Though global producers are navigating difficult market conditions after a tumultuous year, the group said it will hold monthly meetings beginning in January to “assess market conditions and decide on further production adjustments for the following month, with further monthly adjustments being no more than 0.5 million b/d.”

This past April, OPEC+ agreed to historic production reductions after the Saudi-Russian oil price war and outbreak of COVID-19 caused massive disruption to global oil markets. A record 9.7 million b/d was cut from production at the time in an effort to stabilize the market and rebalance supplies with lower demand.



TRUMP ADMINISTRATION FINALIZES NEW COSTS AND BENEFITS ANALYSES PROCEDURES

The U.S. Environmental Protection Agency (EPA) on December 9th finalized new requirements for performing analyses of costs and benefits of all significant Clean Air Act (CAA) rulemakings as part of a larger push by the government to create a more fair and transparent regulatory process. The EPA’s new procedural rule will help ensure all future significant regulations promulgated under the CAA are accompanied by a comprehensive benefit-cost analysis (BCA) using the best available scientific information, in accordance with best practices from the economic, engineering, physical, and biological sciences, and ensuring transparency of the BCA.

“Today’s action ensures that EPA is consistent in evaluating costs and benefits when developing broad-reaching policies that affect the American public,” said EPA Administrator Andrew Wheeler. “Thanks to President Trump’s leadership, we are ensuring that future rulemakings under the Clean Air Act are transparent, fair, and consistent with EPA governing statutes, the American public deserves to know the benefits and costs of federal regulations.”

According to the EPA, many policies and statutes, including the CAA, provide language on the consideration of costs for regulatory decisions, but before there were no regulations that ensure the EPA provides an analysis of the benefits and costs in a consistent manner across department offices. Consequently, this latest rule will offer more consistent and transparent benefit cost analyses for rulemakings by the federal agency under the CAA.

More information on this new EPA rule can be found at <https://bit.ly/37sw35G>.

U.S. OIL AND GAS COMPANIES ENGAGE IN NEW INITIATIVES TO FURTHER LIMIT FLARING

Oil and gas producers continue to take the lead to slow the flaring of natural gas. New goals and voluntary initiatives were announced in December that promise to bring further improvements to the industry's environmental performance and allow for additional reductions to the amount of flaring associated with oil and gas operations. The Environmental Partnership, a coalition of more than 80 large and small operators active in every major U.S. oil and gas basin, launched a new program at the end of the year focused on reducing flaring in upstream operations. The flare management program will build on the partnership's mission to share information on best practices, advance new and proven technologies, foster collaboration to reduce emissions and collect data to inform efforts to minimize flaring.

"Despite the challenges this year, The Environmental Partnership continues to grow and advance innovative solutions for a cleaner future," Matthew Todd, director for The Environmental Partnership, said. "This commitment to reduce flaring builds on the industry's progress in reducing methane emissions and is the latest example of how companies are constantly innovating to improve environmental performance while delivering affordable, reliable energy around the world."

To gauge progress from year to year, participants of the new flare management program have committed to report data to calculate flare intensity, a measurement of flare volumes relative to production. The program will analyze and aggregate the data collected and utilize the insights from the participant's combined actions and reporting to better understand and identify additional opportunities for the industry to further reduce flaring. "This new flare management program is another tool that will deliver invaluable data to better understand the cause, our progress, and inform the future actions needed to minimize flaring," commented Mike Smith, EHS professional at Devon Energy, and lead for the flare reduction effort.

ExxonMobil also said this month it plans to eliminate routine flaring in the next 10 years. Goals to phase out flaring by the year 2030 follow other meaningful actions pursued by the oil and gas company to decrease its greenhouse gas emissions. Since 2000, ExxonMobil has invested more than \$10 billion researching, developing and deploying lower-emission technologies, including nearly \$3 billion at cogeneration facilities that more efficiently produce electricity and reduce related emissions. Further, ExxonMobil announced plans in 2018 to achieve a 15 percent decrease in methane emissions and a 25 percent reduction in flaring by year-end 2020, compared with 2016 levels. The company reports that both goals are expected to be met.

BEFORE YEAR'S END, U.S. SEES RECORD EXPORTS OF LIQUEFIED NATURAL GAS

The United States this Fall achieved record-setting levels of liquefied natural gas (LNG) exports, in spite of the many challenges presented over the course of the last year to the natural gas market. The U.S. Energy Information Administration (EIA) said in December that LNG exports last month had surpassed the previous record set in January 2020, with 9.4 billion cubic feet per day (Bcf/d) of the resource sent abroad in November. This happened even after LNG exports in the Summer had dropped to their lowest levels recorded in 26 months, matching similar volumes of LNG exported in May 2018, when the available liquefaction capacity was about one-third of the nation's current capacity. This past July, monthly LNG exports averaged only 3.1 Bcf/d after global natural gas demands declined in response to COVID-19 mitigation efforts.

According to energy experts from the EIA, several factors contributed to the increase in U.S. LNG exports this past Fall. As COVID-19 restrictions were eased in nations around the world, global natural gas demand increased. Unplanned outages at LNG export facilities in Australia, Malaysia, Qatar, Norway, Nigeria, and Trinidad and Tobago also influenced international supply and demand dynamics, also leading to a rise in exports of LNG from the United States. The completion of new LNG facilities in 2020 and addition of more export capacity also supported higher exports, as well. The EIA estimates 2.7 Bcf/d of new U.S. LNG export capacity was added this last year.

WINTER NAPE EXPO MOVED TO AUGUST

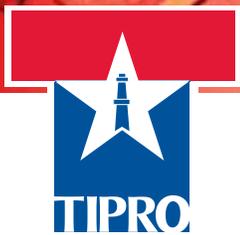
Event organizers for the North American Prospect Expo (NAPE) announced recently the annual oil and gas exhibition, typically held each February, will be postponed due to ongoing challenges from the coronavirus (COVID-19). Over the years, NAPE has grown to become the largest exhibition of its kind in the world, providing opportunities for oil and gas professionals to meet, network, connect and do business, including buying, selling and trading of oil and gas prospects. TIPRO is proud to be a supporting organization of NAPE, participating and exhibiting at each of the yearly NAPE events.

While originally plans were being made to allow the oil and gas trade show to take place in early February, this month leaders of NAPE said the expo would be moved to August instead and become a hybrid event, with in person as well as virtual features for participants. The in-person NAPE Summit will feature many of the NAPE staples — exhibits booths, prospect preview presentations, the Global Business Conference, the NAPE Charities industry event and much more, said organizers. Meanwhile, the NAPE Network, an online platform, will allow virtual attendees to livestream speaker events, browse the exhibit booths and prospects available at NAPE, as well as chat online with other attendees. All in-person attendees and exhibitors will also have access to the NAPE Network. "The decision to postpone NAPE Summit until August resulted from a very robust and heartfelt NAPE Operators Committee meeting discussion. While we wish we could host NAPE Summit in February as we've done for the past 27 years, we believe postponing to August offers the best opportunity for a successful industry event for all parties involved, especially since the lifeblood of NAPE is the face-to-face connections and networking," said Ron Munn, CPL/ESA, general manager of Land at Chevron U.S.A. Inc. and chairman of the NAPE Operators Committee.

NAPE Summit is scheduled to take place in person August 18-20, 2021, at the George R. Brown Convention Center in Houston and virtually August 9 – September 3, 2021, on the NAPE Network. More information is available at www.napeexpo.com.



*Season's Greetings and
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