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TIPRO

Texas Independent Producers and Royalty Owners Association

Biden Administration releases long-awaited report on federal oil and gas program

On a day many Americans usually reserve for gathering with family or shopping for popular 'Black Friday' deals, the White House on Friday, November 26th quietly released its comprehensive report examining oil and gas leasing and fossil fuel development on public lands and waters. Officials with the Biden Administration had promised to complete the federal report by early summer, but only six months later actually published the report with initial findings on the state of the federal conventional energy programs. The report, compiled by the U.S. Department of Interior (DOI), was prepared in response to Executive Order 14008, signed by President Joe Biden in January that also ordered the pause of new oil and natural gas leases on public lands or in offshore waters pending completion of the Interior's review and reconsideration of federal oil and gas permitting and leasing practices.

As widely expected, the Interior Department's report lays out an overhaul of the federal oil and gas program and calls for a reform of energy programs managed by the U.S. government. Royalty rates should be increased, and to the extent allowed by statute, so should the current minimum levels for bids, rents, royalties and bonds to improve the return to taxpayers from oil and gas development on federal lands and properties, suggested the report. Furthermore, the report asserts that the DOI should solicit greater public input and more generally undertake meaningful Tribal consultations regarding its leasing and permitting processes in an effort to ensure that management of public land and waters is inclusive, adequate, fair and equitable.

Of note, the report by the Interior Department does not recommend an end to oil and gas leasing on public lands, nor does it seem to indicate a forthcoming drilling moratorium or ban blocking oil and gas companies from producing on public land and water. "The DOI will continue to seek out honest and pragmatic paths forward—in concert with communities; Federal, state, local and Tribal leaders; businesses and labor; and other stakeholders—to bring a common purpose to the management of America's public lands and waters, and the value they hold," concludes the report.

"In what has become a clear pattern with the Biden Administration, DOI is quietly releasing this report the Friday of a holiday weekend, months after they promised it, in the hopes that no one notices their continued attacks on domestic energy. Ironically, this is also coming mere days after President Biden announced he was releasing 50 million barrels of oil from the Strategic Petroleum Reserve in a last-ditch effort to stabilize the energy crisis of his own making," U.S. House Committee on Natural Resources Ranking Member Bruce Westerman (R-Arkansas) said of the report in a statement. "After keeping the entire energy industry in limbo for months, DOI's report shows they have only just begun their war on safe, reliable, domestic energy. They won't say that outright - they'll veil their attacks behind the guise of 'increased reviews,' 'necessary reforms,' 'adjusting royalty rates,' and more, but we know the real story. They will bog small energy companies down in years of regulatory gridlock, place millions of acres of resources-rich land under lock and key, ignore local input, and sell out to overseas suppliers. Ultimately, the American consumer will pay the price. Look no further than the skyrocketing prices you are already paying at the gas pump. We have every tool available to make America lead the world in energy reliability and environmental standards," added Congressman Westerman.

Read more on Page 4...

President Biden orders oil release from the Strategic Petroleum Reserve

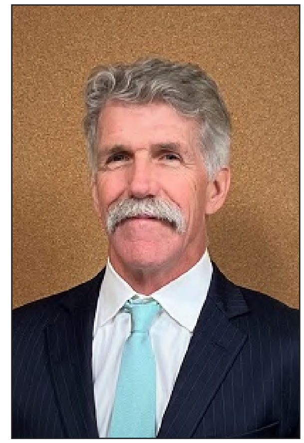
Before the Thanksgiving holiday, President Joe Biden authorized the U.S. Department of Energy to release 50 million barrels of crude oil from the nation's Strategic Petroleum Reserve (SPR) in a move seeking to respond to high gasoline prices impacting American consumers around the country. The SPR is the world's largest supply of emergency crude oil, and the federally-owned oil stocks are stored in underground salt caverns at four storage sites in Texas and Louisiana.

According to the White House, 32 million barrels of the planned release from the SPR will be an exchange of oil that will be returned in the years ahead, and 18 million barrels will be the acceleration of a sale of oil previously authorized by Congress.

"As we come out of an unprecedented global economic shutdown, oil supply has not kept up with demand, forcing working families and businesses to pay the price," commented U.S. Energy Secretary Jennifer Granholm. "This action underscores the president's commitment to using the tools available to bring down costs for working families and to continue our economic recovery."

Story continued on Page 6...

Chairman's message



Brent Hopkins

TIPRO Members-

It is the time of year when we look back and give thanks for all the things that have gone our way, show resolution with our conviction to correct the things that didn't and ultimately accept what is beyond our control. This past year, commodity prices have been on our side; oil, which last year dipped to sub-$50, will likely end the year above $75 while natural gas prices at the well head have more than doubled during the course of 2021. Obviously this is good for Texas producers and royalty owners, as well as the schools, roads and everything else that is paid for in this great state by petro dollars.

Another thing we ought to be thankful for is that TIPRO, in conjunction with other oil and gas advocacy groups, helped steer the legislators in both Austin and Washington D.C. away from unnecessary and cost-prohibitive upstream weatherization demands from the former and punitive tax policies from latter. So far we have been successful on both fronts. Another bright spot in 2021 is that the industry is putting people back to work -- we have over 190,000 working in the industry and have brought on more than 21,000 this year. In a state that is as dependent on the oil and gas industry as Texas, this is certainly a positive note.

Of everything that happened in 2021, one remaining challenge we'll collectively face leading into the next year is continuing to spread the word on the positive impact energy - and just as importantly fossil fuel energy - has on the world. This sediment has been preached by Alex Epstein and others but was demonstrated very succinctly by Chris Wright in Liberty Oil Services ESG report. The industry historically does a poor job of promoting our business and I hope that we start to follow Liberty's example and make sure everyone understands the consequences of choices they are making.

An example of making the wrong trade-off can be seen in the World Bank restricting loans to fossil fuel projects. When installed wind capacity averages $1,661\Kw (according to the U.S. Energy Information Administration), solar capacity averages $2,921\Kw and natural gas electric capacity can be added for only $696\Kw, it is obvious a lot more people can be lifted out of poverty by adding a natural gas plant than with wind or solar, without even considering the fact that capacity on the renewable options are not close to actual generation. This falls under in the unintended consequences category…

As an industry, we produce more hydrocarbons with fewer emissions than anywhere else on Earth, but we can still do a better job. We need to continue to reduce flaring down to what is only necessary for safety issues, and we need to plug abandon non-commercial wells. Let's make a concerted effort as an industry to continue to minimize our footprint!

As far as things we can't control, the recent coronavirus variant is a great example. The ultimate impacts this will have on the economy are completely unknown, but I am confident (hopeful, at least) that the government response to the problem will not be as prohibitive as the past. We all know that we will get through this, but nothing is ever easy…

To finish for 2021, I would like to express my thanks to Ed, Ryan, Joanne, Kelli and Anjelica. TIPRO is blessed with a first-rate staff who are very dedicated to our cause. Working with them through the year has been a privilege and I don't think the membership could have a better group representing them in Austin.

Happy holidays,
Brent Hopkins

More than $2.91 billion transferred to State Highway and Rainy Day Funds

Texas Comptroller Glenn Hegar on November 30th announced the recently completed transfer of more than $2.91 billion into the State Highway Fund (SHF) and the Economic Stabilization Fund, commonly known as the Rainy Day Fund. Each fund received nearly $1.46 billion, or 50 percent of the total transfer, using revenue primarily generated from oil and gas production in the state of Texas, reported the comptroller.

"The Rainy Day Fund and the SHF are key components of Texas' long-term economic success and help provide the foundation needed for our future growth," said Comptroller Hegar. "Texas is experiencing a strong economic recovery, and our population continues to boom as more and more people and businesses seek out the jobs and opportunities created here in Texas. It is critical that we continue to invest in the infrastructure needed to maintain our fiscal health and keep our economy growing while at the same time acknowledging the uncertainty that remains and setting aside dollars to ensure we are able to weather future downturns."

With this transfer, the new balance of the Rainy Day Fund will be about $11.4 billion, not accounting for currently outstanding spending authority of approximately $1.43 billion, noted the comptroller.

TIPRO CALENDAR OF EVENTS

DECEMBER 14-15, 2021	JANUARY 12, 2022	FEBRUARY 9, 2022
HOUSTON — 2021 UTA Oil & Gas Conference. For information, please email oshasafetyconference@uta.edu.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon. For information, please email adoremus@ipaa.org.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon. For information, please email adoremus@ipaa.org.

Texas Railroad Commission adopts new rules on critical designation of natural gas infrastructure

Texas Railroad commissioners voted unanimously at a commissioners' conference on Tuesday, November 30th to approve new state regulations regarding the critical designation of natural gas infrastructure to help protect Texans during future energy emergencies. The rules come after February's historic Winter Storm Uri, which left millions of Texans without power for days in subfreezing temperatures. Since February's winter weather emergency, state officials, including regulators at the Railroad Commission, have been committed to passing reforms that will help Texans prepare for the next major arctic blast.

The commission's new rules for 16 Texas Administrative Code §3.65, *relating to Critical Designation of Natural Gas Infrastructure*, and amendments to §3.107, relating to *Penalty Guidelines for Oil and Gas Violations*, implement provisions included in House Bill 3648 and Senate Bill 3 passed by state lawmakers during the 87th Regular Legislative Session. The new rules will define natural gas facilities that would be designated as critical gas suppliers and critical customers, and provide clarification as to what facilities may be eligible to apply for an exception to critical designation.

"This rulemaking and other substantive policy measures passed during the 87th Legislative Session will ensure that the state is better prepared for future extreme weather conditions, something the Texas oil and natural gas industry remains fully committed to. We applaud the work of the Railroad Commission and the Texas legislature on this important issue."
— TIPRO President Ed Longanecker

"The commission adopted a 'critical designation' rule to ensure our natural gas supply is prepared for future energy emergencies," Chairman Wayne Christian explained. "With the passage of this rule, critical facilities including more than 19,000 of the state's natural gas production facilities will be required to weatherize and be prepared to operate in future winter weather events. Despite what you may read in the news, no one is getting a bailout, and no one is getting a loophole."

"Meaningful and responsible implementation of Winter Storm Uri legislation has been a top priority for myself and the Railroad Commission of Texas since February," affirmed Railroad Commissioner Christi Craddick. "I appreciate the efforts of agency staff and stakeholders, whose hard work and diligence will benefit all Texans."

Railroad Commissioner Jim Wright also noted the rulemaking strikes an appropriate balance to ensure those operators that are substantially contributing to the natural gas supply chain are identified and designated as critical while also recognizing the need for electric utilities to have flexibility during load shed events to ensure that electricity is available to the residents and families who need it.

To view the final rules, go to https://bit.ly/3ltQoOI. The rule has also been filed with the Texas Register and should be published in the Friday, December 17th issue, with an effective date of Monday, December 20, 2021.

Otherwise, TIPRO members may learn more about this rulemaking by visiting the Railroad Commission website at: https://bit.ly/3df66Zu.

Railroad Commission plans webinars on new state tracking and reporting system, LoneSTAR

The Railroad Commission of Texas announced this week that the agency will host two free upcoming webinars focused on LoneSTAR, the commission's new regulatory tracking and reporting system that will go live early next year. The webinars, scheduled for December 8, 2021, and January 5, 2022, will inform and train oil and gas and pipeline operators on actions needed to prepare for the approaching release of the LoneSTAR application.

According to the commission, presentation topics during the webinar will include:

- what data is being collected for existing officers and filing agents to ease LoneSTAR account setup;
- how the Railroad Commission's Access Management Process (RAMP) and online system accounts are different; and,
- how RAMP access to LoneSTAR is related to RAMP access to the commission's Case Administration Service Electronic System (CASES) and Pipeline Inspection, Permitting, & Evaluation System (PIPES).

The Railroad Commission said that the initiative to develop LoneSTAR marks "its largest information technology project in agency history," as the new program will allow users to make online filings, view records and track various regulatory functions.

The first LoneSTAR release, scheduled for early 2022, will include the process for filing a new Form P-5, *Organization Report*, which is required to become an oil or gas operator or pipeline operator under the jurisdiction of the Railroad Commission. Also included as part of the first LoneSTAR release is the Form W-3C for Certification of Surface Equipment Removal for an Inactive Well.

To register for one of the webinar sessions, please visit:

- Wednesday, December 8, 2021: https://bit.ly/3d4VpIN or,
- Wednesday, January 5, 2022: https://bit.ly/3d7jgaK.

TIPRO members are advised that both webinars will begin at 10 a.m.

~ Last chance to submit your video tribute for TIPRO's 75th Anniversary! ~

TIPRO would like to thank the association's members and elected officials that have submitted congratulatory videos and tributes honoring TIPRO's 75th anniversary. Since 1946, TIPRO has remained dedicated to its mission advocating to preserve the ability for independents to explore for and produce oil and natural gas.

Before the year's anniversary celebrations come to a close, all additional members are encouraged to submit their videos to TIPRO by December 15th via the following link: https://www.tribute.co/tipro-75th-anniversary/. We hope you will join us in contributing a video that shares your thoughts about your experience as a TIPRO member or working with TIPRO as an elected official. TIPRO's tribute will help the association capture an invaluable collection of those that have played a role in TIPRO over the last 75 years. Please take a moment to join TIPRO in celebrating our history and welcome our future by preparing your video today.

TIPRO plans to send out a link to view the compilation of videos and historical photographs before the end of the year.

Biden Administration formally proposes revised WOTUS definition

Federal regulators are proceeding with plans to again revise the government's definition of "waters of the United States" (WOTUS) and formally scrap the Navigable Waters Protection Rule promulgated by the Trump Administration which established the scope of waters federally regulated under the Clean Water Act. After announcing over the summer an intent to redefine WOTUS, the U.S. Environmental Protection Agency (EPA) and U.S. Department of Army (the agencies) on November 18th proposed a rule to re-establish the more restrictive pre-2015 WOTUS definition and at the same time rescind the Navigable Waters Protection Rule, which was finalized in 2020.

"In recent years, the only constant with WOTUS has been change, creating a whiplash in how to best protect our waters in communities across America," said EPA Administrator Michael Regan. "Through our engagement with stakeholders across the country, we've heard overwhelming calls for a durable definition of WOTUS that protects the environment and that is grounded in the experience of those who steward our waters. [This] action advances our process toward a stronger rule that achieves our shared priorities."

Court rulings by the U.S. District Courts for both Arizona and New Mexico had already vacated the Navigable Waters Protection Rule, leading the Biden Administration to implement the pre-2015 WOTUS regulatory regime nationwide since early September 2021. The agencies say such court decisions reinforce the need for a "stable and certain" definition of "waters of the United States" that protects public health, the environment, and downstream communities while supporting economic opportunity, agriculture and other industries that depend on clean water.

"The Army recognizes the importance of our nation's water resources and the role water plays in our communities across the nation," said Acting Assistant Secretary of the Army for Civil Works Jaime Pinkham. "We remain committed to working with EPA to develop a rule that is informed by our experience and expertise, as well as that of our co-regulators, is mindful of implementation practices, and is shaped by the lived experience of local communities and stakeholders."

The proposal to revise WOTUS is open to public comment for 60 days upon being published in the Federal Register. Virtual public hearings regarding the proposed WOTUS definition will also be hosted in January by the agencies at the following times: January 12, 2022, from 10 a.m. to 1 p.m. Eastern; January 13, 2022, from 2 p.m. to 5 p.m. Eastern; and January 18, 2022, from 5 p.m. to 8 p.m. Eastern.

For more information on submitting written comments on the proposal or to register for the virtual public hearings on the WOTUS rule, see www.epa.gov/wotus.

A second rule on WOTUS is also anticipated from the Biden Administration that will build on the regulatory foundation and technical expertise set forth by the newly updated WOTUS regulation. According to the agencies, this regulatory effort will be guided by priorities that include protecting water resources and communities consistent with the Clean Water Act, the latest science and data concerning effects of climate change on U.S. waters and a practical implementation approach. The agencies maintain a commitment to meaningful stakeholder engagement to ensure that respective WOTUS regulations consider essential clean water protections, as well as weigh how the use of water supports key economic sectors. Further details of the agencies' plans, including opportunity for public participation, will be conveyed in a forthcoming action, the agencies note.

Government report calls for reforms of federal oil and gas program... continued from Page 1

U.S. Senator Lisa Murkowski (R-Alaska), the former chairman of the U.S. Senate Committee on Energy and Natural Resources, also criticized the Interior's new report on the federal oil and gas leasing and permitting program, warning that policy proposals from the Biden Administration included in the report would restrict access and make energy production less viable in federal areas. "This report is exactly what we thought it would be: a series of preordained conclusions that are designed to end federal oil and gas production. President Biden campaigned on that, and his administration is now advancing what amounts to a death-by-a-thousand-cuts strategy to achieve it," Senator Murkowski said. "What is especially upsetting is that it took Interior 10 months to produce a document that is just 15 pages long, lacking any meaningful analysis, and that repeatedly misrepresents how development actually works. The policies it calls for won't maximize returns for taxpayers or even reduce emissions—instead, they will hurt production in states like Alaska, further raise energy prices, and increase our nation's import dependence. This won't build back any barrels, but it is – yet again – music to OPEC+'s ears."

The head of the U.S. House Natural Resources Committee, Chairman Raúl M. Grijalva (D-Arizona), countered that the newly released Biden Administration report showed a need for the federal government to initiate more rulemakings on energy development and also reinforced that Congress must pass leasing reform bills and other fundamental legislation to improve the onshore and offshore oil and gas programs. "The administration needs to manage public lands and waters consistent with its climate commitments, and [this] report does not offer a plan to do that. What it does offer is a set of important and long overdue reforms to the federal fossil fuel leasing program, which until now has been a public subsidy for oil and gas drilling and extraction. We need new industry financial requirements and greater public transparency around leasing, and the administration should start making these welcome changes as soon as possible. Congress needs to end wasteful subsidies and advance leasing reform bills while that's happening because every American sees climate change all around them, and we all know that impermanent policy changes at the margins won't reduce emissions enough to protect our quality of life."

Ironically, just weeks before the Interior Department's report was made public, the federal government hosted its first offshore oil and gas lease sale of the year in the Gulf of Mexico, with strong results. It was one of the largest oil and gas lease sales in American history, with the federal auction of oil and gas leases generating more than $190 million - the highest since 2019.

TIPRO members may review the Interior's new report on the federal oil and gas leasing program by visiting the link that follows: https://on.doi.gov/3D8hAIL.

Science-Based Emissions Standards Act filed in Congress to protect independent producers

New legislation introduced in Congress seeks to protect the country's independent energy producers from hasty, overly-burdensome regulations in a policy environment that otherwise threatens to crush many of America's small oil and gas companies. In mid-November, Texas Congressman Jodey Arrington (TX-19) introduced H.R. 5991, the *Science-Based Emissions Standards Act*, in the U.S. House of Representatives, a bill which would force the U.S. Environmental Protection Agency (EPA) to consider the best and most current data available when developing methane regulations that have a major impact on American energy.

In early November, EPA regulators proposed revised New Source Performance Standards (NSPS) and emissions guidelines for the oil and natural gas industry which would apply expanded emissions reduction requirements for new, modified and reconstructed oil and natural gas sources and would require states for the first time to reduce methane emissions from hundreds of thousands of existing sources nationwide. Before the rule package was announced, Congressman Arrington and nine other leaders in the U.S. House had requested the forthcoming oil and gas rules be postponed in a letter to EPA Administrator Michael Regan, explaining that the Department of Energy was due to soon release its study on methane emissions from marginal oil and gas wells. This information was deemed vital by the congress members for the development of NSPS regulations and revamped emissions guidelines for the oil and gas sector to ensure that new federal rules were reasonable and based on the best available information. "Approximately 75 percent of the existing oil and natural gas wells in the United States are low-producing wells. Any regulatory change will affect the business of thousands of operators, their dependents, as well as state and local revenues that rely on robust energy production," said the letter to Administrator Regan. "To ensure the EPA promulgates a rule relating to emissions in good faith, publication must be postponed until the ongoing study is finalized, and the study's findings must be taken into consideration during the drafting process."

Despite the efforts of federal lawmakers, the Biden Administration proceeded with its rulemaking efforts before the Department of Energy's study was completed and therefore prevented the data from being taken into consideration. "Instead of emission standards based on science provided by the Department of Energy, President Biden made a rash and arbitrary decision to appease climate alarmists departing from long standing cost-benefit analysis which protect smaller, independent energy producers from burdensome regulation," remarked Congressman Arrington. "The *Science-Based Emissions Standards Act of 2021* will force the EPA to slow down a rushed process and ensure the best and most current data available is considered when developing methane regulations that have a major impact on American energy."

The legislation specifically would:

- Bar finalization of any replacement rule until the secretary of Energy publishes the results of the quantification study;
- Require EPA to provide at least 90 days for public comment from when the study is published to allow consideration by the public; and,
- Instruct the EPA to take the results into consideration in the final rule.

Joining Congressman Arrington in backing this federal legislation are U.S. Representatives Jake Ellzey (TX-06), Roger Williams (TX-25), Ron Estes (KS-04), Ronny Jackson (TX-13), Tom Cole (OK-04), Randy Weber (TX-14), Liz Cheney (WY-AL), Chris Stewart (UT-02) and Brian Babin (TX-36).

TIPRO members may view a copy of House Resolution 5991 by visiting: https://bit.ly/3rgN4tP.

16-state coalition pushes back on bank boycotts of fossil fuel industry

Texas has joined a multi-state coalition, led by West Virginia State Treasurer Riley Moore, that will consider curtailing future business with banks that adopt corporate policies to cut off financing for the oil, natural gas and coal industries. Collectively, the coalition represents more than $600 billion in public assets under management and will begin considering whether financial institutions are engaged in boycotts of America's traditional energy industries when awarding state banking contracts. "I'm proud to continue to stand with my colleagues against these attacks on our states' coal, oil and natural gas industries," Treasurer Moore said. "These industries – which are engaged in perfectly legal activities – provide jobs, paychecks and benefits to thousands of hard-working families in our states and we will not stand idly by and allow our peoples' livelihoods to be destroyed to advance a radical social agenda."

In an open letter dated November 22nd that was sent to banking industry leaders by the coalition, officials from each of the involved states advise that they will take concrete steps toward selecting financial institutions that are not engaged in harmful fossil fuel industry boycotts for the states' future financial services contracts. Though actions from each individual state may vary, the overarching objective remains the same amongst all of the states – to protect states' economies, jobs and energy independence from unwarranted attacks on critical industries.

The letter cites "misguided political schemes" which state officials maintain have "impeded economic growth, driven up consumer costs, and regressed our country to foreign energy dependence." As such, and with a compelling interest acting as participants in the financial services market on behalf of residents of each respective state, the financial officers say that they will take concrete steps to select financial institutions that support a free market and work with banks not engaged in any type of boycott of U.S. fossil fuel companies.

TIPRO members may view a copy of the letter at: https://bit.ly/3r0A3EM.

White House announces oil release from Strategic Petroleum Reserve... continued from Page 1

According to the Energy Department, crude oil will be pulled from all four SPR storage sites -- specifically, withdrawals from each SPR site will be executed as follows:

- Approximately 10 million barrels from Big Hill, Texas
- Approximately 10 million barrels from Bryan Mound, Texas
- Approximately 7 million barrels from West Hackberry, Louisiana
- Approximately 5 million barrels from Bayou Choctaw, Louisiana

The Biden Administration's announcement comes in parallel with other major energy consuming nations including China, India, Japan, South Korea and the United Kingdom, which also agreed to release oil supplies from reserves to support global markets. The president emphasized that the coordinated action will help deal with the lack of supply and in turn ease prices.

Experts have criticized the action to deplete the SPR, calling it a political move that is largely symbolic and won't offer real, long-lasting relief to energy prices, maintaining that oil reserves should be saved only for times of emergency like natural disasters or war. Energy and Commerce Republican Leader Cathy McMorris Rodgers (R-WA), Energy Subcommittee Republican Leader Fred Upton (R-MI), and Republican Whip Steve Scalise (R-LA) issued a joint statement last week, saying: "Americans are paying dramatically more at the pump than they have in years, and home heating costs are escalating as we brace for a cold winter. These surging energy costs across America are the result of the Biden Administration's anti-American energy policies. Releasing oil from the SPR is not a long-term solution that will help hard-working families devastated by these failed policies."

The lawmakers continued, "President Biden should be focused on working with American energy producers to boost production here at home – not begging OPEC countries and Russia to produce more oil or coordinating with China to release strategic reserves. If they want to help Americans and ease this self-created energy crisis, the Biden Administration should reverse course on its devastating decisions to cancel and halt pipelines in the U.S., close off federal lands and waters to oil and gas development and production, and delay permitting for energy infrastructure projects. There is no excuse for ignoring American workers and turning to foreign nations for more energy when we could produce more here at home to lower energy costs for families."

During a November 16th hearing of the U.S. Senate Committee on Energy and Natural Resources, Stephen Nalley, acting administrator of the U.S. Energy Information Administration (EIA), testified that analyses by the EIA found that a release of SPR oil reserves of "between 15 million barrels to 48 million barrels for a short period of time would bring down the price of crude oil about $2 per barrel and about five to 10 cents at the pump." Nalley also indicated that tapping the SPR would "only have a short-lived impact on oil markets."

"The Biden Administration knows that any impact of an SPR release is a temporary, inadequate quick fix for addressing higher energy prices. The only real long-term solution to address energy prices is to support the build out of additional pipeline infrastructure and work with U.S. operators to responsibly produce oil and natural gas here to meet our own energy needs, while exporting our environmentally conscious product to our allies abroad," said TIPRO President Ed Longanecker. "Short-sighted policy decisions like an SPR release or asking OPEC to increase production will have serious and long-lasting implications for our national security, economy and the environment."

Following the November 23rd announcement by the White House, a senior advisor with the U.S. State Department told CNBC days later that the Biden Administration stands ready to release even more barrels of oil from the SPR should the nation need to stymie surging fuel prices again. "We wanted to do something that was impactful for the market and that also had the ability and the flexibility to allow us to do that again should the need arise for the American economy," suggested Amos Hochstein, senior advisor for energy security, in a November 29th interview.

Will oil prices fall in 2022? Federal analysts think so.

Though crude oil prices have steadily risen the past year and this past Fall topped levels not recorded in years, the U.S. Energy Information Administration (EIA) indicates the trend may be interrupted by 2022. Tracking pricing trends, the EIA in November projected crude oil prices will in fact come down next year. "We forecast that global oil inventories will begin building in 2022, driven by rising production from OPEC+ countries and the United States and slowing growth in global oil demand. We expect this shift will put downward pressure on the Brent price, which will average $72 per barrel during 2022," EIA analysts said.

Low crude oil inventories, both globally and in the United States, have put upward price pressure on near-dated crude oil contracts, whereas longer-dated crude oil contract prices are lower, likely reflecting expectations of a more balanced market, said the EIA. "Low crude oil inventories in the United States—particularly in the transportation and storage hub of Cushing, Oklahoma, where NYMEX WTI futures contracts are physically settled—have likely contributed to additional backwardation in WTI compared with Brent. According to our *Weekly Petroleum Status Report*, crude oil inventories in Cushing were 26.6 million barrels on November 12, which was 49 percent below the previous five-year average and 32 percent of the working storage capacity."

Before the end of November, oil prices were already on shaky ground amid concerns of a new coronavirus (COVID-19) variant first detected in South Africa that has been named omicron by the World Health Organization. As countries reacted around the world in the final week of November to news of omicron, crude prices fell sharply, dropping more than $10 a barrel on November 26th in the steepest one-day decline since early in the pandemic. After news of omicron broke, financial firms quickly lowered crude price forecasts for the first quarter of 2022 -- on Monday, November 29, Morgan Stanley for instance cut its first quarter 2022 Brent crude price forecast to $82.50 per barrel from $95 on market expectations that the newly discovered, highly mutated omicron variant could turn into a major headwind for oil demand. Despite the drop in commodity prices, oil prices seemed to somewhat stabilize before the beginning of December.

OPEC+ elects to maintain production plans for January 2022

At a December 2nd meeting of the Organization of the Petroleum Exporting Countries (OPEC), the oil group and its allies decided to stick with previously agreed upon plans to increase oil output by 400,000 barrels in January, despite pressures from other major oil consuming nations, including the United States, to release more oil into the market. In a statement, OPEC+ said on Thursday that they will “make immediate adjustments” to production policy should market conditions shift.

Reminder: EPA currently accepting public comment on oil and gas NSPS regulatory rewrite

The U.S. Environmental Protection Agency (EPA) at this time is collecting public input from stakeholders regarding the Biden Administration’s proposed rulemaking that will revise the New Source Performance Standards (NSPS) for greenhouse gases (GHGs) and volatile organic compounds (VOCs) for the crude oil and natural gas source category under the Clean Air Act (CAA). Under the proposed rule package, the EPA also is seeking to issue new emissions guidelines under the CAA for states to follow in developing, submitting and implementing state plans to establish performance standards to limit GHGs from existing sources in the crude oil and natural gas source category. TIPRO members should note that comments on the EPA’s proposed regulations must be received by the agency on or before January 14, 2022.

Comments, identified by Docket ID No. EPA-HQ-OAR-2021-0317, may be submitted for consideration by any of the following methods:

- Federal eRulemaking Portal: https://www.regulations.gov/ (the preferred method). Follow the online instructions for submitting comments.
- Email: a-and-r-docket@epa.gov. Include Docket ID No. EPA-HQ-OAR-2021-0317 in the subject line of the message.
- Fax: (202) 566-9744. Attention Docket ID No. EPA-HQ-OAR-2021-0317.
- Mail: U.S. Environmental Protection Agency, EPA Docket Center, Docket ID No. EPA-HQ-OAR-2021-0317, Mail Code 28221T, 1200 Pennsylvania Avenue NW, Washington, DC 20460.

On behalf of the association’s membership, TIPRO remains engaged with this regulatory effort and continues to work with federal regulators at the EPA to minimize the impact of these regulations on smaller producers, particularly as other measures are being considered at the federal level.

To review additional information on the EPA’s proposed rule, please see: https://bit.ly/31msYn6.

Texas oil and gas producers add more jobs in October

The Texas Independent Producers and Royalty Owners Association (TIPRO) recently highlighted ongoing job expansion in the Texas upstream sector. Citing the latest Current Employment Statistics (CES) report from the U.S. Bureau of Labor Statistics (BLS), TIPRO reported that Texas upstream employment for October 2021 totaled 183,400, an increase of 2,300 jobs from revised September numbers, and the sixth consecutive month of job growth for the industry since April. Texas upstream employment in October 2021 represented an increase of 22,800 positions compared to October 2020, reflecting a rise of 21,900 jobs in the services sector and increase of 900 jobs in oil and natural gas extraction in the past year, added TIPRO.

Houston remained the leading city in the state for total unique oil and natural gas job postings, according to the association. Among the 14 specific industry sectors TIPRO uses to define the Texas oil and natural gas industry, Support Activities for Oil and Gas Operations ranked the highest in October with 2,265 unique job postings, followed by Crude Petroleum Extraction (1,650) and Petroleum Refineries (1,217), noted TIPRO. Top posted occupations for October included heavy tractor-trailer truck drivers (530), maintenance and repair workers (518) and industrial engineers (360).

"Following a tumultuous year for the energy markets in 2020 and the lingering effects of a global pandemic, the law of supply and demand has driven commodity prices higher this year with a growing consensus around a new, multi-year super cycle for oil and natural gas," said Ed Longanecker, president of TIPRO. "Increasing global demand for our product and higher commodity prices will continue to drive industry activity and rising employment numbers in Texas. The greatest risk to this positive momentum, and our nation's energy security, is anti-oil and natural gas policies being pursued in Washington, D.C."

President Biden asks FTC to open an inquiry into oil and gas companies over high energy prices

In a move many have labeled as deflection over high gas prices, U.S. President Joe Biden in mid-November asked the Federal Trade Commission (FTC) to immediately open an investigation on U.S. oil and natural gas companies and probe whether companies were engaging in illegal conduct by profiting from rising prices at the gas pump. In a letter sent on November 17, the president told FTC Chair Lina Khan he was writing to “call attention to mounting evidence of anti-consumer behavior by oil and gas companies.”

"The bottom line is this: gasoline prices at the pump remain high, even though oil and gas companies' costs are declining," the president wrote. “I therefore ask that the commission further examine what is happening with oil and gas markets, and that you bring all of the commission's tools to bear if you uncover any wrongdoing."

The White House has faced increased pressures and scrutiny in recent months over how the Biden Administration has addressed increases to energy costs, which are impacting Americans around the country. The president’s request has been called a distraction by representatives of the energy industry, who say that the effort is a political ploy to lift focus off of poor policy planning and regulatory conditions otherwise instigated by the federal government which have deterred domestic development in U.S. shale basins. With restrictions to production, deferred lease sales and a substantial “pause” by the U.S. government to new drilling opportunities, in the midst of an unstable regulatory environment, oil and gas companies have been cautious to expand development. Meanwhile, energy demands have skyrocketed as economics continue to recover from the coronavirus (COVID-19) pandemic, creating an unbalanced market and contributing to higher energy prices.

Texas Independent Producers & Royalty Owners Association

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

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