



# THE TIPPRO TARGET

## Texas confronts an energy emergency as arctic blast grips the Lone Star State



In mid-February, an unusually powerful arctic cold front swept across the Lone Star State, delivering some of the coldest winter weather Texas has experienced in decades and causing frigid temperatures to shatter low-temperature records around the state. At one point, all 254 Texas counties were placed under a winter storm warning and Texas Governor Greg Abbott issued a disaster declaration for all counties in response to the severe winter weather impacting Texas. A major disaster declaration was also approved for parts of Texas by President Joe Biden on Saturday, February 20, following the recent winter weather event.

The extreme temperatures recorded around the Lone Star State left nearly 4 million Texans without power, causing some to lose electricity for days. Weather also forced oil and gas operators, especially in the Permian Basin and Panhandle, to face unprecedented freezing conditions that significantly affected producers' ability to drill for energy. The winter storm in particular crippled natural gas production, which supports electricity generation in Texas and is the largest source of power generation used by the Electric Reliability Council of Texas (ERCOT). After the winter weather system moved through, natural gas wells in some parts of Texas froze over and pipeline compressors lost power, reducing deliveries. Refineries in Texas also were forced to halt production following the freezing cold weather, resulting in major disruptions in the energy market.

"With a massive arctic storm sweeping across Texas, we are again reminded of the critical importance of having affordable, reliable energy sources that keep Texans safe and warm, provided in large part by oil and natural gas," said TIPPRO President Ed Longanecker. "Throughout this significant winter event, TIPPRO has remained in close contact with our membership base, including producers and midstream companies operating in the Permian Basin in West Texas. We've heard accounts from the field that poor road conditions prevented some haulers from getting out to locations, combined with reports of several gas processing plants going down which also interrupted operations. Some oil and gas employees struggled with issues involving power and experienced unreliable service from the electrical grid, which caused further trouble accessing electronic meter information, online data and other necessary reporting. Over the past several days, TIPPRO has also been in close contact with leaders of the Texas Railroad Commission and other state officials, sharing feedback on conditions on behalf of producers in West and South Texas."

Throughout the duration of Texas' historic winter storm, the Texas Railroad Commission worked diligently to support energy producers, pipeline operators and electric regulators to ensure deliveries of natural resources, including natural gas supplies, for human needs. Before the harsh winter system moved through Texas, the commission put out a notice encouraging oil and gas operators to take safety precautions, secure all personnel, equipment and facilities, and closely monitor and maintain operations as safety permitted. During an emergency meeting on Friday, February 12, the commission also temporarily amended Rule 2 of Order 489 to elevate electric generation facilities serving human needs customers to a higher priority. This action was taken to ensure the availability of gas supplies to gas-fired generation facilities in Texas during this critical period and prioritize the protection of public health and safety during the extreme weather event. This order to elevate natural gas deliveries to electric generation facilities was later extended by the Railroad Commissioners, lasting until Tuesday, February 23, 2021. Railroad Commissioners continue to actively engage in daily calls with other state agencies, oil and gas producers, pipeline systems, and utilities throughout the state's energy and electricity supply chain to stay abreast of regulatory matters and the state's response to winter weather. TIPPRO members may review additional information, notices sent to oil and gas operators, emergency orders and other resources on the Railroad Commission's website at: <https://rrc.texas.gov/>.

Since the severe winter weather, prolonged freezing temperatures, heavy snow and ice began impacting the Lone Star State, Texas Governor Greg Abbott also has used his regulatory authority to issue a series of proclamations, orders and other mandates to help Texans overcome emergency conditions and other challenges associated with the winter storm. Of note, on February 17, 2021, Governor Abbott provided to the chairman of the Railroad Commission a letter stating that "all sourced natural gas be made available for sale to local power generation opportunities before leaving the state of Texas, effective through February 21, 2021." In response to the governor's directive, the commission issued a Notice to Operators regarding this mandate. The request was later terminated and rescinded on February 19. Meanwhile, on February 19, the governor also held a call with oil and gas refinery organizations to discuss efforts to support refineries following the severe winter weather and water and power outages. The governor was joined for the call by refinery representatives who explained the challenges and needs facing their industry as they work to get their operations up and running to provide gasoline for Texas families and businesses. The governor closed out the call by thanking members of the oil and gas refinery industry for their tireless work and by promising that the State of Texas will use all available tools and resources to help the industry supply Texas families and businesses with the fuel they need.



## Chairman's message

Fellow TIPRO Members,

The focus of this month's letter to the TIPRO membership was actually contemplated before the arctic weather took hold of our state, but the discussion seems even more relevant since it will address the policy of making natural gas for residential use illegal in some cities. This topic will certainly be on everyone's mind now more than ever before, especially for those that spent time in their cars to stay warm and charge their phones during last week's winter storm.

As of today, 47 percent of the U.S. uses natural gas for heat and 42 percent use it for cooking. Before last week, the public was split on whether they would back banning natural gas in new construction in their communities. However, before drastic measures like this are taken, it will be important to look at the impacts this policy will have, and maybe reevaluate policy positions having lived through the great winter storm of 2021. There are obviously a number of considerations that need to be addressed when deciding on a departure from an "all of the above" energy policy of the past - let's review some of those concepts.

First and foremost, we must look at reliability of our power sources. The power disruption events Texas faced in the last week point out that the direction we have moved to provide our baseload electricity are in fact not reliable. Some proponents of the renewable policy suggest that Texas electricity suffers from lack of connectivity that makes bringing electricity in from the outside prohibitive. I would advise that weather events such as the extreme cold blast leave everyone in the same cold boat as the entire Mid-continent area, which was suffering from the same problem as us with unreliable baseload power but largely not to the extent felt in Texas.

Further, we need to also recognize how removing natural gas from the mix will influence costs for many Americans. In an effort to understand the economic implications of this transition, I have relied heavily on data compiled by an associate of mine - Robert Maxwell. Mr. Maxwell has spent countless hours putting together information for a session he gives at Florida State University on Geoscience and Energy. In his research, he looked specifically at 2019 residential gas use, broke it down further into BTUs of energy, and ultimately converted the BTUs into Watt hours. The goal of this massive conversion exercise was to calculate how much electricity is needed to replace the natural gas consumption for residential use and break that information down further to understand the associated cost differential between the two sources of energy.

According to the EIA, the United States used +/- 5 trillion cubic feet (TCF) of residential gas in 2019 and it had an average city gate price of \$9.50 per thousand cubic feet (MCF), which equates to approximately \$47.5 billion in annual cost. To replace the 5 TCF or 5.18 quadrillion BTUs provided by natural gas would require 1.52 quadrillion Watt hours of electricity (1 Watt hour = 3.41214 BTUs). Using the 2019 average cost of \$0.106 per kWh, this energy would cost \$161.1 billion annually. The net cost to replace residential gas energy with electric energy will cost the American families an additional \$113.6 billion annually at 2019 prices. To put it in perspective, a home that costs \$100 to heat in the winter with natural gas would cost \$339 to get the same BTU equivalent from electric heat.

After our latest energy crisis and assessing the economics, I am sure a lot of us wish we heated our homes with natural gas instead of electricity. Recent events will cause many in Austin to take a hard look at our energy grid and try to come up with a plan to eliminate the risks of power disruptions impacting the lives and the wellbeing of our fellow Texans. It is very apparent that the track we are on is not the answer.

As always, I would encourage everyone to thoroughly examine the policy choices being suggested related to this issue and evaluate the long-term impacts these proposed policies may have.

This month's quote:

*"Unfortunately, America is absurdly supplied with citizens, politicians, and environmentalist whose professed passion for climate science and renewable energy is not matched by a desire to know anything about it" -- Holman Jenkins, Jr.*

Kind regards,  
Brent Hopkins



**Brent Hopkins**

## LNG trade upended as major freeze stops tankers from loading at U.S. export terminals

An especially powerful arctic blast stopped liquefied natural gas (LNG) tankers from docking and loading last week at any of the six U.S. export terminals. According to reports from *Bloomberg*, the freeze spell that took hold of the South, especially in Texas, kept vessels out of U.S. ports and terminals along the Gulf Coast for days, forcing tankers to remain anchored at sea as they waited to dock at Sabine Pass, Corpus Christi and Freeport.

In response to the extreme weather situation, the Freeport LNG export facility and Cheniere Energy Inc.'s Corpus Christi LNG terminal were said to have cut their natural gas consumption to almost zero at one point, allowing billions of cubic feet of gas supplies to flow to power plants and homes as Texas' energy grid faced skyrocketing demand. Other LNG facilities in Louisiana also went down as a result of power failures caused by the February storms.

## TIPRO CALENDAR OF EVENTS

**MARCH 1, 2021**

CONFERENCE CALL — TIPRO  
State Issues Committee meeting.  
For information, please email  
[rpaylor@tipro.org](mailto:rpaylor@tipro.org).

**MARCH 8, 2021**

CONFERENCE CALL — TIPRO  
State Issues Committee meeting.  
For information, please email  
[rpaylor@tipro.org](mailto:rpaylor@tipro.org).

**MARCH 15, 2021**

CONFERENCE CALL — TIPRO  
State Issues Committee meeting.  
For information, please email  
[rpaylor@tipro.org](mailto:rpaylor@tipro.org).

## Comptroller's office extends due date for taxes and fees

Because of the winter storm and widespread power outages impacting Texans across the state, the February 22<sup>nd</sup> due date for state taxes and fees that are to be reported and paid will be extended by one week, to March 1, Texas Comptroller Glenn Hegar announced last week. The due date extension applies to all state taxpayers. It is automatic, and taxpayers do not need to file any additional forms. For reference, a list of the affected taxes and fees can be found on the Comptroller's website at: <https://bit.ly/2ZBrQrL>.

"In coping with this unprecedented weather event and the resulting blackouts, we understand the difficulty Texas businesses may face in filing returns by the February 22 due date," Comptroller Hegar said. "Right now, we want business owners to focus on their own safety and ensuring their families, friends, neighbors and loved ones get through this dangerous and challenging time."

For more information, call the Comptroller's toll-free tax assistance line at (800) 252-5555.

## House Energy Resources Committee calls first hearing of the legislative session

The Texas House Energy Resources Committee will meet for the first time this legislative session on Thursday, February 25<sup>th</sup> to examine the recent statewide electrical blackouts experienced during Texas' unprecedented weather event in mid-February. At the request of House Speaker Dade Phelan, the committee plans to convene for joint public hearing alongside members of the House Committee on State Affairs later this week to investigate the response by industry, suppliers and grid operators throughout the energy crisis, and look at what changes may be necessary to avoid future power interruptions.

The committee will receive invited testimony only during Thursday's hearing. A live video broadcast of this legislative hearing will be available at <https://house.texas.gov/video-audio>. Texas residents who wish to electronically submit comments for consideration can do so until the hearing is adjourned using the following link: <https://comments.house.texas.gov/?c=c450>.

## Big changes to House committees after new speaker announces member assignments

As activity at Austin's capitol building continues to ramp up for the 87<sup>th</sup> Regular Legislative Session, new Speaker of the Texas House Dade Phelan (R-Beaumont) recently announced his assignments for members to serve on influential policy committees in the House of Representatives. Speaker Phelan this session has made notable changes to the leadership of House committees, breaking from past speaker selections, in hopes of making a push for what he calls "fresh perspective" during a legislative cycle that "will be anything but status quo," according to Speaker Phelan. He added that he believes the House would collectively stand to benefit from members assuming new roles and responsibilities on the 34 standing committees in the legislature's lower chamber.

Twelve members have been selected by the speaker to chair committees for the first time. Speaker Phelan also has picked committee leaders of greater diversity than past sessions, with five chairs and 14 vice chairs being women; 14 chairs and 21 vice chairs are Black, Hispanic, or Asian-American; 11 chairs and seven vice chairs represent rural areas of the state; and 24 chairs and 27 vice chairs represent urban areas of the state. Including the Speaker Pro Tempore, a leadership position equivalent to a chair, 21 of the committee chairs picked by Speaker Phelan are Republican and 14 chairs are Democrat.

So, who's now chairing key committees in the Texas House?

- State Representative Craig Goldman (R-Fort Worth) will lead the House Energy Resources Committee as chairman. Representative Abel Herrero (D-Robstown) has been named vice-chairman of this powerful committee. The House Energy Resources Committee is a key policy committee in the legislature that TIPRO engages, and specifically holds jurisdiction over all matters pertaining to the conservation of the energy resources of Texas, including the production, regulation, transportation and development of oil, gas and other energy resources.
- On the House Land & Resource Management Committee, Representative Joe Deshotel (D-Beaumont) will manage committee activities. This legislative panel is likely to lead eminent domain reform this session.
- Representative Tracy King (R-Uvalde) will chair the House Natural Resources Committee, a key committee holding jurisdiction over all matters pertaining to the conservation of natural resources in Texas, including policies dealing with water resources and other environmental concerns.
- Representative Brooks Landgraf (R-Odessa) will chair the House Environmental Regulation Committee.
- Representative Terry Canales (D-Edinburg) will continue to serve as chairman of the House Transportation Committee, the first Latino to hold that position. This is Chairman Canales' second consecutive session chairing the committee. As the chair of the House Transportation Committee, Canales oversees Texas' highways, airways, waterways, and railways, which are vital to the economic prosperity of the fastest growing state in the nation.
- Representative Greg Bonnen (R-Friendswood) will oversee the budget-planning process as chairman of the House Appropriations Committee.
- Representative Dustin Burrows (R-Lubbock) has been named chairman of the House Calendars Committee. The Calendars committee schedules when specific bills will be considered by members of the House.
- And lastly, Representative Morgan Meyer (R-Dallas) will serve as chair of the tax-writing House Ways & Means Committee.

For the current legislative session, Speaker Phelan has elected not to form Select Committees in the Texas House.

To see the complete list of House committee assignments, please visit: <https://bit.ly/2ZHnbV0>.

***"The state of Texas has arrived at a pivotal moment in its history – one that requires us as lawmakers to work with one another, build consensus, and leverage the diverse strengths and backgrounds of those within our chamber to confront the unique challenges ahead. I have dedicated my speakership to creating a member-driven process that affords each of my colleagues a seat at the decision-making table, and have made these committee assignments to reflect their preferences, talents, and where I believe they will have the greatest impact on the issues to come before this body."***  
--House Speaker Dade Phelan

## Nearly 40 Texas House members sign pledge for COVID-19 testing

With concerns remaining high across Texas over the spread of the novel coronavirus (COVID-19), a new pledge has been signed by 39 state representatives committing the officials to take a COVID-19 test on any day they plan to be on the floor of the Texas House of Representatives, participate in a committee hearing or otherwise in close proximity to other legislators.



After the legislative session began a month ago in Austin, it only took a handful of days before a COVID-19 case was reported by a member of the state legislature. Texas Representative Joe Deshotel (D-Beaumont) shared that he tested positive for COVID-19 three days after lawmakers gaveled in for the start of the 87<sup>th</sup> Legislative Session on Tuesday, January 12. Representative Deshotel said he did not opt to complete a COVID-19 test the first or second days of session, though did deduce to take a rapid test as he was heading home from the capitol later that week, he told the *Texas Tribune*. State Representative Carl Sherman (D-DeSoto) also said in late January he too had tested positive for COVID-19.

Both chambers of the Texas legislature agreed to special rules and protocols this session to help avoid an outbreak at the capitol, though specific measures being practiced do differ between the House and Senate. The Senate, for instance, elected to implement a rigorous testing program requiring all senators and staff with access to the Senate floor, where the 31 members transact business, to test negative for COVID-19 each day before entering. Down the hall, in the House, such requirements, however, are not mandated. House leadership argued that requiring COVID-19 tests would supposedly send the wrong message and cause state lawmakers to use up valued testing resources not available to courthouses and public schools in Texas, which don't have the same access to quick testing for the virus.

Still, nearly a quarter of the House body have agreed to take a COVID-19 test out of an abundance of caution to ensure a safe environment and help prevent the transmission of the COVID-19 virus during the pandemic. The pledge acknowledges that while the legislature's work is important, COVID-19, and the more recent strain, is extremely contagious, and individuals may have COVID-19 without showing any symptoms. Therefore, the representatives will take a COVID-19 test when they will be nearby fellow lawmakers, and if they test positive, promise to notify the Speaker's office and give permission for their COVID result to be shared with all House members. See who signed the pledge here: <https://bit.ly/3bpenZs>.

Though not mandatory to enter the capitol building itself, TIPRO members are reminded that free COVID-19 testing is offered for members of the public at a tent located on the north plaza of the capitol grounds. No personal data is collected at the testing site. Those who test negative will be given a wristband. Wristbands will also be provided to anyone showing proof of vaccination. Please remember that masks must also be worn at all times inside the capitol building.

For more information about the protocols for public access to committee meetings of the 87<sup>th</sup> Texas Legislature, please see: <https://bit.ly/37zagsv>.

## Bill filed to block implementation of any new overreaching federal rules on Texas oil and gas

A new bill being called the "Texas Energy Independence Act" has been proposed in the Texas House of Representatives that seeks to prohibit state offices from implementing any overreaching federal statute, order, rule, or regulation regarding oil and gas production that does not already exist in the laws of this state. The legislation was filed in early February as House Bill 1683 by State Representative Brooks Landgraf (R-Odessa), and comes as part of a coordinated effort to protect Texas' oilpatch and the state's prized oil and gas industry, particularly at a vulnerable time for the energy sector as new federal orders threaten the ability to develop fossil fuels.

"This is about protecting jobs in the Permian Basin," Representative Landgraf said of his new bill. "Like no other time in history, American energy operations are being threatened and Texas must be prepared to resist overreach in the oilpatch. I filed House Bill 1683 to defend our oilfields, to defend Texas jobs and businesses from the tentacles of federal bureaucracy."

House Bill 1683 prohibits Texas state agencies and officials from contracting with or providing assistance to any federal agency or official regarding the enforcement of a federal statute, order, rule, or regulation regulating oil and gas operations if the regulation is not already in existing state law. HB 1683 also prohibits any political subdivision in Texas from receiving any state grant funding if the political subdivision adopts any such rule or regulation of oil and gas operations. Finally, the bill provides a process for any Texan to be able to submit a report to the Texas attorney general regarding a political subdivision that enforces a federal regulation of oil and gas operations that is not in state law.

"The oil and gas industry provides billions of dollars in revenue that helps fund construction of highways and bridges all over the state, along with public education and a hundred other state services over the years," Landgraf added. "The Texas Energy Independence Act will serve as a bulwark against overreaching federal policies that value the opinions of a vocal minority over the livelihood of hardworking Texans."

Representative Landgraf recently authored an editorial in the *Odessa American* newspaper elaborating on his reasons for filing this bill and detailing his efforts to defend oil and gas producers based in the Permian Basin -- read more from the representative by seeing: <https://bit.ly/37FGH90>.

Much like Representative Landgraf's House Bill 1683, other state leaders have also recently set in motion other similar measures to push off threats of federal overreach to Texas' oil and gas industry. Last month, Texas Governor Greg Abbott signed an executive order to combat President Biden's energy and climate policies, and Land Commissioner George P. Bush has formed a task force supporting the governor's order.

## A new task force to defend the Texas oil and gas is formed by Texas' land commissioner

As part of a collaborative effort by Texas leaders to defend the oil and gas industry from federal overreach and preserve Texas' energy independence, the state's land commissioner, George P. Bush, announced this month the formation of a new task force that will be dedicated to fighting federal policies which threaten to hurt the Texas oil and gas industry and economy. The new Texas Defense Task Force will be led by Commissioner Bush, who oversees the Texas General Land Office (GLO), and will also partner with other private entities to pose legal challenges to policies promulgated by the federal government that have a direct impact on Texas.

During the first few weeks of the Biden Administration, U.S. President Joe Biden issued a record-setting 45 executive orders, actions, and memorandums that have consequential impacts to domestic fossil fuel development, including a pause on new leases for oil and gas drilling on federal lands, stopping the construction of the Keystone XL Pipeline and recommitting the United States to rejoin the Paris Climate Accord. In response, Texas Governor Greg Abbott signed his own Executive Order on January 28<sup>th</sup> prompting every state agency to use all lawful powers and tools available to challenge any federal action that jeopardizes the continued strength, vitality, and independence of the energy industry. At the direction of Governor Abbott, each state agency has also been asked to work to identify potential litigation, notice-and-comment opportunities, and any other means of preventing federal overreach within the law. TIPRO members interested in reviewing the governor's complete Executive Order should visit: <https://bit.ly/2NuxiKr>.

Accordingly, as the oldest agency in the state, the GLO states it has a constitutional duty to defend Texas' mineral-rich lands set aside for Texas's school children and protect the state's energy dominance. As such, the office has made it known it intends to take action to support Governor Abbott's executive order and will work to safeguard the oil and gas economy that is fundamental to Texans' independent way of life and critical to the state's success.

"Texans have a deep-rooted history of defending our livelihoods, and we have every intention to carry on this proud tradition. The unprecedented pace at which the Biden Administration is attempting to wipe out jobs through executive orders will be met with the full force of the law," said Commissioner Bush. "The Texas Defense Task Force is prepared to aggressively pursue every legal avenue to slow down and stop this alarming onslaught of executive orders and defend the hundreds of thousands of good-paying jobs and our economy at large."

In announcing the new Texas Defense Task Force, Commissioner Bush also hinted a series of related lawsuits against the Biden Administration will be announced in coming weeks.

## Texas Methane & Flaring Coalition announces goal of ending routine flaring by 2030

The Texas Methane and Flaring Coalition (TMFC) issued an update the second week of February expressing support of the industry's continued progress in reducing flaring volumes and minimizing emissions. Based on an extensive review of regulatory requirements and operational best practices that include maintaining the accessibility of flaring for safety and environmental protection, the coalition announced a shared industry goal to see routine flaring end by the year 2030. Routine flaring is considered to be flaring of natural gas from new and existing wells/ facilities during normal production operations when gas gathering, processing, or infrastructure are insufficient or unavailable.

The TMFC was established in December 2019 and involves seven trade associations, including TIPRO, along with more than 40 Texas operators. The coalition was formed to develop industry-led solutions designed to mitigate and reduce methane emissions and flaring. The TMFC stands ready to help Texas independent oil and gas producers reduce unnecessary flaring and eliminate it by 2030.

"The Texas oil and natural gas industry has made its commitment to reducing emissions and routine flaring well known and has achieved measurable results through voluntary actions, industry best practices, and ongoing investment in greenhouse gas mitigating technologies throughout the oil and gas value chain. The TMFC is one of several examples of the collaboration that's occurring with many of the leading oil and gas producers in Texas to build upon the industry's success in improving its environmental footprint and sustainable operations," commented Ed Longanecker, president of the Texas Independent Producers & Royalty Owners Association (TIPRO).

To learn more about the Texas Methane & Flaring Coalition, or to review a new "Myth vs. Fact" sheet prepared by the coalition on flaring, TIPRO members are encouraged to visit the coalition's website at: [www.texasmethaneflaringcoalition.org](http://www.texasmethaneflaringcoalition.org).



## Energy Department plans sale of crude oil from the Strategic Petroleum Reserve

The U.S. Department of Energy's Office of Fossil Energy will soon sell off 10.1 million barrels of crude oil from the Strategic Petroleum Reserve (SPR) in an effort to draw down supplies, department leaders announced on February 11, 2021. The sale will pull crude oil from the following three SPR sites (with the maximum amount to be sold from each site listed):

- Up to 5 million barrels from Bryan Mound (located in Freeport, Texas)
- Up to 5 million barrels from Big Hill (located near Winnie, Texas)
- Up to 5 million barrels from West Hackberry (located in Louisiana)

The SPR, managed by the U.S. Department of Energy, holds the world's largest supply of emergency crude oil. The federally-owned reserve has a long history of protecting the economy and American livelihoods in times of emergency oil shortages, which include hurricanes, natural disasters and geopolitical events, as well as circumstances when there are oil surpluses, such as situations experienced in more recent times by COVID-19-related demand destruction.

The sale of SPR crude will fulfill the requirements of Section 403(a)(4) of the Bipartisan Budget Act of 2015 (5 million barrels) and the Consolidated Appropriations Act of 2018 (5.1 million barrels), which require a mandatory sale of 10.1 million barrels during Fiscal Year 2021. The proceeds of the sale will be deposited in the U.S. Treasury by the end of the Fiscal Year.

The Department of Energy must receive bids for the SPR oil sale no later than 9:00 a.m. Central Time on February 24, 2021.

## New speaker added to the agenda for TIPRO's 75<sup>th</sup> Convention - A Virtual Industry Summit

The Texas Independent Producers & Royalty Owners Association (TIPRO) invites members to its 75<sup>th</sup> Annual Convention - A Virtual Industry Summit, taking place Tuesday, April 6. TIPRO is pleased to announce that joining the agenda is Dr. Ed Morse, managing director and global head of commodities research at Citi. Morse will share an oil and gas market outlook for members of TIPRO, during the association's convention, highlighting important market trends and discussing expectations for the future.

Please mark your calendar for this important association meeting and watch for sponsorship and registration details to be released in the coming weeks.

## Diamondback Energy hosts congressional leaders for rig tour in West Texas

As cold winter winds whipped in the background, Texas Congressman August Pfluger (TX-11) joined Republican Minority Leader Kevin McCarthy (CA-23) and House Natural Resources Committee Ranking Member Bruce Westerman (AR-4) for a rig tour on Thursday, February 11<sup>th</sup> hosted by TIPRO member company Diamondback Energy in heart of the Permian Basin. Congressman Pfluger, whose district includes Midland and Odessa, spoke after the tour to members of the media about the importance of protecting America's oil and gas industry and issued a stern warning on the harmful impacts of federal orders signed by President Joe Biden to the U.S. energy sector. Click here to watch a recap of the rig tour and remarks provided from Congressman Pfluger: <https://bit.ly/3kc9DdG>.

"It was a privilege to bring Republican Leader Kevin McCarthy and the top Republican on the House Natural Resources Committee, Bruce Westerman, home to Midland and show them first-hand the work that is being done on the ground here every single day," commented Congressman Pfluger. "The Permian Basin is the epicenter of oil and gas production—keeping our nation from being cold, dark, and hungry. The industry also supports 2 million jobs in Texas and 10 million jobs nationwide. We came here today to say we are going to defend these jobs and American energy independence from the Biden Administration's harmful agenda."

Congressman McCarthy, who during the event praised Texas' "first-class workforce" for making America a global energy superpower, highlighted proposed legislation that's already been filed in D.C. to support domestic oil and natural gas development. Since the beginning of the year, McCarthy has traveled around the country to talk with small and independent oil and natural gas producers about ways in which anti-oil and gas policies may burden their ability to operate, and push for collective support of common sense policies that will not destroy the energy industry.

Congressmen Pfluger and McCarthy, along with Congressman Westerman, have worked with more than 100 House Republicans in trying to pressure President Biden to rescind his recent executive orders hurting the energy sector and join larger efforts to address global environmental concerns while pushing policies that sustain growth of domestic energy production. The group of GOP lawmakers earlier in February sent a letter outlining concerns and urging the president to reverse his executive order on climate, maintaining it harms both the economy and the environment.

## New leadership takes control of Congressional energy committee

In early February, U.S. Senator Joe Manchin (D-West Virginia) took over as chairman of the powerful U.S. Senate Committee on Energy and Natural Resources for the new session of Congress. During the 116<sup>th</sup> Congress, Senator Manchin served as ranking member of the committee and has been a member of the Energy and Natural Resources panel since being elected to the Senate in 2010. Previously, the committee was led by U.S. Senator Lisa Murkowski (R-Alaska), who remains a member of the committee in the 117<sup>th</sup> Congress and will retain her role as the lead Republican on the Senate's Interior-Environment Appropriations Subcommittee.

U.S. Senator John Barrasso (R-Wyoming) meanwhile has been confirmed as the lead Republican on the Senate Energy and Natural Resources Committee. In a statement, Senator Barrasso said, "As ranking member, my focus will be on promoting American energy security, economic strength, and environmental stewardship. What we have seen in the first weeks of the Biden administration is a direct attack on America's energy workers. The president has used executive orders to kill American jobs and raise energy costs for American families."

Fresh into his new chairmanship of the Senate Energy and Natural Resources Committee, Senator Manchin has already approached President Joe Biden out of concern for certain decisions being made by the executive branch that relate to the nation's energy industry. In a letter to the president dated February 12, 2021, Chairman Manchin stressed to the president the benefits of responsible production for the United States. "I am an ardent advocate of an all-of-the-above energy policy coupled with technological innovation to solve both our country's energy challenges and the global climate challenge. Responsible production of natural gas and practices like hydraulic fracturing have improved our nation's energy security while supporting the nearly 1.5 million hard working Americans the industry employs, including in rural communities across our great nation," wrote Chairman Manchin. "I encourage you to bear in mind the many benefits of responsible domestic natural gas production as you consider any future executive or administrative action, and I look forward to working with you to achieve our shared goals of energy security, economic growth, and global emissions reductions."

Only days earlier, Chairman Manchin separately reached out to President Biden about other concerning actions tied to U.S. energy infrastructure, including the president's executive order signed his first days in office that revoked the cross-border permit for the Keystone XL pipeline. Placing great emphasis on the nation's need for development of critical infrastructure, Chairman Manchin wrote in a February 9<sup>th</sup> letter to President Biden that he must take account of the potential impacts of the order to safety, jobs, and America's energy security, and reconsider his order blocking construction of the Keystone pipeline. "I am writing today to express my support of responsible energy infrastructure development, including oil and natural gas pipelines. Pipelines continue to be the safest mode to transport our oil and natural gas resources and they support thousands of high-paying, American union jobs," stated Chairman Manchin. "The U.S. Pipeline and Hazardous Materials Safety Administration noted that pipelines have a 99.999 percent safety record. From a safety perspective, we should be encouraging the transport of energy via our vast network of pipelines and facilitate the responsible expansion of that network."

## Senate Energy Committee holds its first hearing of the new Congress focused on climate change

As climate change becomes a central focus for the new administration, members of the U.S. Senate Committee on Energy and Natural Resources met in Washington D.C. this month to examine global climate trends from energy-related sectors and review progress being made in addressing climate change. “Global trends in fossil fuel use should make us all recognize that fossil fuels aren’t going anywhere anytime soon, particularly in countries that are seeking to expand access to electricity and energy in order to address poverty,” U.S. Senator Joe Manchin (D-West Virginia), chairman of the committee, said. “By pursuing an all-of-the-above energy policy and a broad array of emissions reducing technologies, we can simultaneously build our technology export opportunities and diplomatic relationships with those countries who choose to utilize their own fossil resources.”

The hearing featured witnesses that included Dr. Fatih Birol, executive director of the International Energy Agency (IEA), Dr. Scott Tinker from the Bureau of Economic Geology (BEG) at the University of Texas-Austin and Mark Matthews with the Manhattan Institute, along with other experts.

In his testimony before the committee, Dr. Tinker encouraged officials to critically think of the impact all forms of energy have on the environment, not just fossil fuels. He argued that despite common notions, solar, wind and batteries have a role to play in our energy supply chain, but they are not “clean, renewable, or cheaper” as often labeled. “The U.S. can lead through investment in technology, federal and state incentives, and efforts to find scalable, affordable, timely solutions,” concluded Dr. Tinker. “And although tempting, we must resist well-intended efforts to restrict market optionality—with vehicles, energy production and delivery systems, and more -- which often result in unintended consequences,” he advised committee members.

To watch the hearing in full and download testimony from witnesses, please click here: <https://bit.ly/3kcnaBQ>.

## U.S. Representative Ron Wright dies after COVID-19 diagnosis and ongoing battle with cancer

Texas Congressman Ron Wright (R-Arlington) passed away on Sunday, February 7, after having recently contracted the novel coronavirus (COVID-19) while also fighting lung cancer. He is the first sitting congressman and highest ranking U.S. official to die as a result of the COVID-19 virus.

Wright, who was only 67 years old, represented Texas' Sixth Congressional District, in the Dallas-Fort Worth area. Before being elected to Congress in 2018, he held local office serving as an Arlington City Council member, Tarrant County tax assessor, and as a congressional staffer for Texas' Sixth Congressional District, the same district he would come to represent as a member of the U.S. House of Representatives.

Wright shared on January 21<sup>st</sup> he had tested positive for COVID-19 and was quarantining with supervision of his doctors and medical professionals. He reported at that time only experiencing mild symptoms though would later be hospitalized at Baylor Hospital in Dallas, alongside his wife, Susan, who also became infected with COVID-19.

Following the death of Congressman Wright, Texas Governor Greg Abbott called the lawmaker “a principled leader who fought to preserve Texas values and was an exemplary representative of his district.” Texas Lieutenant Governor Dan Patrick also offered his condolences last week, commenting in a statement, “Ron was a dedicated Christian, a committed conservative and a great Texan. He worked tirelessly for the people of Tarrant County throughout his career. This is a loss for his district and for our great state.” Other state lawmakers in the Texas Legislature paused for a moment of silence in honor of the Congressman Wright, while other members of the Texas Congressional delegation also remembered Wright as a dedicated colleague and proud Texan, praising his work that made the country a better place because of his service to the American people.

A special election will be called by Governor Abbott to fill the vacant seat left in District 6, but timing of the election remains unclear.

## EPA publishes its draft *Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2019*

The U.S. Environmental Protection Agency (EPA) released a draft of its annual *Greenhouse Gas Inventory* on Friday, February 12, which has been made available for public review. The EPA report summarizes annual U.S. emissions between the years 1990 through 2019, presented by sector, including source and sink categories. Specifically, the EPA inventory contains estimates of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>) emissions. The technical approach used in this report to estimate emissions and sinks for greenhouse gases (GHG) is consistent with the methodologies recommended by the Intergovernmental Panel on Climate Change (IPCC), and reported in a format that is consistent with the United Nations Framework Convention on Climate Change (UNFCCC) reporting guidelines.

From the draft report, please find below a few quick takeaways:

- In 2019, overall GHG emissions fell 12.9 percent since 2005 and 1.8 percent year-over-year. While emissions in 2019 are still up 2 percent since 1990, they are down from the high in 2007. EPA credits this to “a 1.3 percent decrease in total energy use and reflects a continued shift from coal to less carbon intensive natural gas and renewables.”
- Methane from natural gas systems and petroleum systems both increased from 2018 to 2019, but the 2019 numbers are still lower than 2005 – at 4.5 percent and 1 percent, respectively.
- Methane emissions from abandoned oil and gas wells have remained unchanged since 2005.

The EPA is accepting recommendations for improving the overall quality of the inventory report, which is expected to be finalized in April 2021, as well as used to support subsequent inventory reports. Please be mindful the deadline to submit comments for consideration is March 15, 2021. Submit your comments, identified by Docket ID No. EPA-HQ-OAR-2021-0008, to the Federal eRulemaking Portal: <https://www.regulations.gov>. Comments may also be emailed to [GHGInventory@epa.gov](mailto:GHGInventory@epa.gov).

The draft report is available at <https://bit.ly/3kjtqk3>. Other details concerning this EPA report are posted in the Federal Register at: <https://bit.ly/3qKzbnH>.

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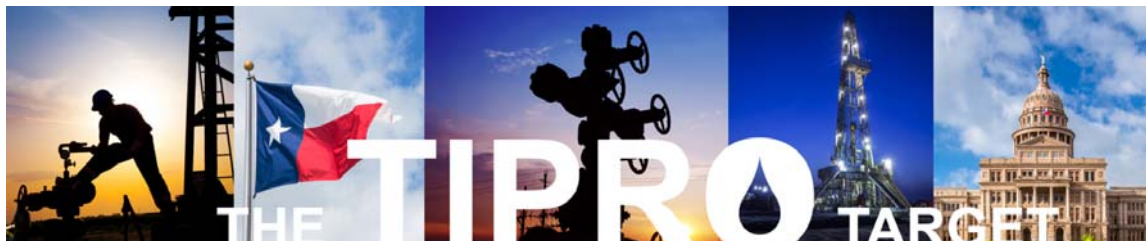
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