



**Texas
Independent
Producers and
Royalty Owners
Association**

EIA LOWERS OIL AND GAS PRODUCTION FORECASTS FOR UNITED STATES

The U.S. Energy Information Administration (EIA) is now projecting U.S. crude oil production to decline this year and next due to suppressed market conditions and severely weakened demand following the coronavirus (COVID-19) outbreak. In a new analysis released in mid-May by the EIA, analysts have forecasted that oil production in the United States will average 11.7 million barrels per day (b/d) in 2020 and 10.9 million b/d in 2021. These levels would be 0.5 million b/d and 1.3 million b/d, respectively, lower than the 2019 average of 12.2 million b/d, according to the EIA. EIA also forecasts 0.8 million b/d decline in U.S. crude oil production in 2021, which would represent the largest annual decline in U.S. crude oil production on record, notes the agency.

The nation's rig count has been cut in half between February and May, with just 318 rigs deployed across the Lower 48 states as of May 22, 2020, reports Baker Hughes. In Texas, the most current rig count shows only 138 active rigs in operation.

"EIA's crude oil production forecast is highly uncertain given the still-evolving impacts of the COVID-19 mitigation efforts and the resulting economic effects. In addition, members of the Organization of the Petroleum Exporting Countries (OPEC) and other partner countries announced significant production reductions through 2022 which, if realized, would affect oil prices and U.S. producer investment decisions," advised the EIA in its latest assessment.

The EIA has also lessened production calculations for U.S. marketed natural gas for this year, estimating domestic natural gas production to average 97.1 billion cubic feet per day (Bcf/d) in 2020, down from 99.2 Bcf/d in 2019. "Before the economic contraction caused by mitigation efforts in response to COVID-19, EIA expected natural gas production would flatten in 2020 because of the oversupplied market created as natural gas production growth has outpaced demand growth. The United States set annual natural gas production records in 2018 and 2019, largely because of the increase in drilling in shale and tight oil formations. This increase in production led to higher volumes of natural gas in storage and a decrease in natural gas prices," said EIA experts. "Declines in crude oil and natural gas prices in March and April have led producers to announce plans to further reduce capital spending and drilling levels, as well as curtail production from some existing wells. Most of the expected decline in natural gas production is from associated gas in oil-directed plays, particularly in the Permian Basin that spans parts of western Texas and eastern New Mexico."

Though natural gas spot prices fell to a four-month low in April to an average \$1.74 per million British thermal units (MMBtu), the EIA indicates that prices will slowly start to increase by the third quarter of 2020 as industrial and business activity resumes in communities impacted by COVID-19. By next year, projected natural gas prices will rise to an average of \$2.89/MMBtu because of upward pricing pressure from declining growth in natural gas production, said the EIA.

U.S. RIG COUNT FALLS TO LOWEST LEVELS ON RECORD

The number of active U.S. rigs drilling for oil and gas has continued to plummet throughout the month of May, bringing the total rig count to all-time lows as energy companies slash spending and halt drilling operations. According to Baker Hughes company, the U.S. rig count fell by 21 last week to a record low of 318. Year-on-year, drillers have cut rigs by 68 percent in the United States. Drilling in unconventional formations has decreased substantially since March after the outbreak of the novel coronavirus (COVID-19) which caused a drastic decline in petroleum demand. A subsequent price war driving oil commodity prices down at the same period of time has also forced many U.S. energy producers to pull back on production of crude oil and natural gas until economic conditions can stabilize.

In Texas, there were just 138 rigs deployed in late May, down 343 rigs from counts reported a year ago. There were 162 rigs working in the Permian Basin, whereas a year ago there were 451 rigs drilling throughout the formation. Like the Permian, the Eagle Ford Shale in South Texas has also experienced similar declines in rig count totals from current economic challenges, with only 22 rigs in operation in the play last week, a drop of nearly 70 percent from this time last year.

Analysts with the U.S. Energy Information Administration (EIA) acknowledge that despite historic trends, decreases in the number of oil rigs in operations has occurred more precipitously with this year's downturn contrasted with other rig count declines of the past. After a steep decline in oil prices in the month of March, the rig count began to decrease sharply as well. Meanwhile, rig activity in natural gas-focused plays has also experienced declines in recent months though this pattern has occurred over a longer period of time than the quick changes made to oil rig counts. Record high production of natural gas combined with relatively low demand this past winter had already pushed natural gas prices down in early 2020, supporting reduced rig counts in the first quarter of the year.

CHAIRMAN'S MESSAGE

TIPRO Members-

It's a difficult time for so many in our industry and I know we are all feeling distress to try to overcome the unprecedented hardships which have been caused by this year's drop in commodity prices and the global coronavirus pandemic. Right now, Texas producers are being forced to pursue budget-saving measures such as cutting capital expenditures, deferring drilling activity, idling rigs, and protecting investment returns until market conditions can recover. Though of course we are focused on adapting as best we can to this low-price environment, we can't help but also wonder what the status of our industry will be in the months to come.

I, like many of you, am anxious to learn what could be in store for our industry the latter part of this year and even try to grasp what conditions could look like for our business in 2021. To help members of our association gain foresight on expectations for the future of the Upstream E&P sector, TIPRO invites our membership to join us for our upcoming Summer Conference, where we will welcome seasoned experts and industry leaders to discuss what changes should be expected leading into next year. I want to strongly encourage all of our members to save the date and block your calendar to attend this industry meeting that'll take place in my hometown of San Antonio at the Hyatt Hill Country Resort. Please be aware that the meeting dates for this TIPRO event have been moved to September 23-24, one month later than originally promoted.

In addition to sharing market forecasts and analytical projections, TIPRO presenters will also give an outlook at the conference on significant state and federal political races worth watching as we approach November's General Election. TIPRO is also looking forward at the summer meeting to welcoming the candidates who are running in this year's election for Railroad Commissioner. We will hear their positions on regulatory oversight and management of the Texas oil and gas industry, as well as ascertain their stance on other key energy issues presently under the microscope. In conjunction with the TIPRO Summer Conference, TIPRO members will also vote during the association's membership meeting to confirm candidate nominations for TIPRO's Board of Directors.

We will follow a similar meeting format as in the past, which will include a full-day of speaker presentations along with networking breaks and other opportunities to meet fellow TIPRO members and professionals in the oil and gas industry. I do, however, want to reassure all of our members of the extra precautions being put in place to ensure the health and safety of all TIPRO conference attendees. The hotel venue will be strictly following guidelines and protocols established by the Centers for Disease Control (CDC). TIPRO will also be providing personal hand sanitizers and optional face masks, amongst other measures in order to maintain a healthy environment. This year, TIPRO is also exploring a virtual option for the conference for those members unable to attend in person.

Because our membership base was unable to convene this past Spring for TIPRO's Annual Convention, again, I want to stress how important it will be for our members to participate in the TIPRO conference this coming September. Now more than ever, it is vital for us all to come together at this signature TIPRO meeting and review priority issues facing the industry today. Please keep an eye out in the coming weeks for further meeting announcements and other registration details.

Thank you,
Eugene Garcia



Eugene Garcia

BOOK YOUR HOTEL RESERVATION EARLY FOR THE TIPRO SUMMER CONFERENCE

This September, the Texas Independent Producers & Royalty Owners Association (TIPRO) will bring together members for the organization's 2020 Summer Conference. TIPRO looks forward to hosting this signature industry event on September 23-24, 2020, at San Antonio's beautiful Hyatt Hill Country Resort & Spa. The association encourages members to act early to secure your hotel reservation with the Hyatt Hill Country Resort and take advantage of the TIPRO group rate at the hotel property.

Members of TIPRO may book your hotel room online for the TIPRO event via the following link: <https://www.hyatt.com/en-US/group-booking/SANHC/G-TIPP>. Please note that reservations at the Hyatt Hill Country for the TIPRO meeting may also be made with the hotel by calling (210) 647-1234.



TIPRO Calendar of Events

JULY 8, 2020	AUGUST 12, 2020	SEPTEMBER 9, 2020	SEPTEMBER 23-24, 2020
HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	SAN ANTONIO — TIPRO's 2020 Summer Conference, Hyatt Hill Country Resort and Spa. For info, call: (512) 477-4452.

STATE AGENCIES ORDERED TO CUT BUDGETS TO BRACE FOR “ECONOMIC SHOCK” FROM COVID-19

Texas’ trio of top leaders -- including Governor Greg Abbott, Lieutenant Governor Dan Patrick and Speaker of the Texas House Dennis Bonnen -- have directed all state agencies to submit plans that identify reductions of general revenue spending by at least five percent for the 2020-2021 biennium, as the state prepares for an economic downfall caused by this year’s coronavirus (COVID-19) outbreak. In a letter distributed to agency heads and executive directors on Wednesday, May 20, the three officials cited significant economic uncertainty from COVID-19 that has prompted a direct need for the state government to explore solutions that will conserve capital expenditures and support prudent fiscal management.

“We are confident that Texas will get back to work and continue leading the nation in job growth, economic innovation, and business creation. However, it will take months until we know the true extent of the economic ramifications of COVID-19, and how combating this virus will impact state finances. To prepare for this economic shock, we must take action today to ensure that the state can continue providing the essential government services that Texans expect,” reads the letter from the governor, lieutenant governor and House speaker.

At the request of the state leaders, agencies are also being asked at this time to pursue other strategies that will save costs, such as forgoing capital expenditures that can otherwise be deferred, stopping any avoidable travel expenditures, refraining from any administrative expenses that are not mission critical, and keeping unfilled any open positions that are not essential to Texas’ COVID-19 response.

Exceptions from the five percent budgetary reduction will be allowed for appropriate causes and to ensure continuity of critical government functions. For example, as the state continues to battle COVID-19, appropriations will remain fully intact for the Texas Division of Emergency Management, the Texas Department of State Health Services, the Texas Workforce Commission, the Texas Military Department, and the Texas Department of Public Safety.

The governor and other leaders advised that plans to shave expenditures from budgets shall be submitted from state agencies to the Legislative Budget Board and the office of the Governor no later than June 15, 2020.

And while the state is hoping to immediately identify cost-saving measures to help buffer government coffers, attention is also already being paid to future budgets that will need to be considered for the upcoming budgetary cycle. “In the coming weeks, the Legislative Budget Board and the office of the Governor will issue instructions for the Legislative Appropriations Request that each state agency and institution of higher education will submit for the 2022-2023 biennium,” noted the letter. “While the exact final instructions are still being determined, every state agency and institution should prepare to submit reduced budget requests as well as strategies to achieve further savings. Furthermore, when the state revenue picture becomes clearer in the coming months, it may become necessary to make additional budget adjustments.”

The latest moves from Texas’ leadership to trim budgets comes after House Speaker Bonnen last month encouraged the governor to consider implementing budget cuts for state agencies to offset the pandemic’s economic impact. As reported in the April 30th issue of *The TIPRO Target*, Speaker Bonnen previously wrote a memo on April 9th to Governor Abbott and Lieutenant Governor Patrick indicating that the House would like “to initiate a discussion” on issuing an all-agency directive to immediately execute a five percent budget cut that would help to cushion the state budget as legislative appropriations committees begin to plan for Texas’ next budget cycle.

RAILROAD COMMISSION OFFERS ANOTHER REGULATORY FORM FOR ONLINE FILING

The Texas Railroad Commission in May announced that another administrative form has been made available for online filing, allowing operators the chance to more efficiently submit regulatory information to the state agency responsible for overseeing the oil and gas industry. Form H-15, *Test on an Inactive Well More than 25 Years Old*, is a new online filing option through the commission’s online system at <https://webapps.rrc.texas.gov/security/login.do>. This test, which serves to protect ground water quality, is performed on wells older than 25 years old, and must be conducted each year that the well is inactive to ensure that it does not pose a pollution threat to ground water in the surrounding area. According to the commission, more than a thousand of these forms are mailed on average to the agency each month.

“Operators have been asking for an easier filing option for these important forms and we delivered. This is another step in our long-term goal to make the agency’s operations efficient and reduce administrative burdens for both the agency and the operators,” said Wei Wang, the commission’s executive director. “Online filing is also beneficial in unique situations such as the current COVID-19 pandemic in which we try to minimize in-person contact to maintain the safety of staff and the public,” added Wang.

The commission advises that Form H-15 must be filed 30 days after a Fluid Level (FL) or Mechanical Integrity (MIT) test is conducted. Please be reminded that operators are required to contact the appropriate district office at least 72 hours prior to testing to receive testing approval. For more information on the online Form H-15, view an instructional video on the RRC’s YouTube channel at <https://youtu.be/YOR0d-dLK3w> or the user guide, *H-15 Older Inactive Well Test Reports*, available on the RRC website at <https://rrc.texas.gov/media/57509/h-15-user-guide-external.pdf>.

The commission’s full notice to operators, which includes instructions for online filing, can also be found on the agency’s website at https://rrc.texas.gov/media/57836/notice-to-operators_form-h-15-online.pdf.

The transition of this form to the commission’s online platform is part of the Texas Oilfield Relief Initiative, a multi-phased effort spearheaded by Railroad Commissioner Christi Craddick to streamline regulation work at the agency. The initiative implements technology upgrades, including increased use of online forms for filing administrative paperwork, to modernize agency operations and help save staff time and costs to conduct business at the commission. Expanding use of online forms have also accommodated easier compliance procedures and simplified transmittal of information and data.

UT-AUSTIN PARTNERS WITH EXXON & PIONEER NATURAL RESOURCES TO IMPROVE METHANE MANAGEMENT

Researchers from the University of Texas at Austin are working with oil and gas companies in Texas to come up with new ways to detect methane emissions at well sites and develop innovative techniques to support emission reductions. A new collaboration, being called Project Astra, will involve UT, ExxonMobil, Pioneer Natural Resources Company, the Gas Technology (Institute) and Environmental Defense Fund (EDF) to use advanced technologies to measure methane emissions from oil and gas production sites with the goal of minimizing its release into the atmosphere. Project Astra will establish a first-of-its-kind network of sensors across oil and gas producing regions to provide near-continuous monitoring of emission levels. This systematic approach will also enable producers enhanced opportunities to identify and fix significant methane releases at or below the cost of current monitoring technologies.



“Pioneer cares deeply about our environmental impact, and we have a long-term focus on reducing emissions in our operations,” said Mark Berg, executive vice president of corporate operations for Pioneer Natural Resources. “We look forward to participating in Project Astra. It offers significant opportunities to advance technology in detecting and reducing methane emissions and help our industry address this critical issue.”

“Project Astra is an ambitious and innovative collaboration to develop comprehensive, continuous monitoring of methane emissions, a potential new capability that can be achieved with industry-wide participation,” commented Staale Gjervik, senior vice president of unconventional at ExxonMobil. “ExxonMobil is committed to the development of technologies and partnerships that advance cost-effective solutions to reduce methane emissions.”

The first phase of the project, including installation of methane sensing technologies and network development, will be focused on the Permian Basin region of West Texas, say university representatives. The findings and analyses prepared from the project, which will be published in peer-reviewed journals and made publicly available, could later help guide how companies, states and the federal government measure, monitor and manage methane emissions in the future.

“This project has incredible potential and will open new pathways for companies to find and reduce methane emissions from the more than 1 million existing oil and gas wells in the United States,” said David Allen, lead investigator on the project, professor of chemical engineering at UT Austin and the director of the Cockrell School of Engineering’s Center for Energy and Environmental Resources. “Cost-effective, high-frequency monitoring for these assets will require innovative and disruptive techniques. The goal of Project Astra is to design, develop and deploy a prototype, next-generation monitoring network.”

For a full overview of this initiative and more detailed information on the project, please visit <http://dept.ceer.utexas.edu/ceer/astra/>.

TEXAS’ UNEMPLOYMENT RATE RISES TO 12.8 PERCENT, WORST ON RECORD

With significant contraction of economic activity this past Spring as a result of the coronavirus (COVID-19) pandemic, there has been a collapse in the job market, causing the unemployment rate in Texas to swell to 12.8 percent in April, according to the Texas Workforce Commission (TWC). Though still below the national unemployment average of 14.7 percent, the state’s unemployment rate is the worst ever on record, as officials estimate the Texas economy lost as many as 1.298 million positions last month. Before now, the state’s worst-ever monthly unemployment rate was 9.2 percent recorded in November 1986.

“The COVID-19 pandemic has had a measurable effect on the Texas economy” said TWC Chairman Bryan Daniel. “While we will continue to provide assistance to those seeking unemployment benefits, many employers are hiring and TWC is working to provide resources to job seekers as well as employers as the state opens up.”

Communities in the Permian Basin, which have long held the lowest unemployment rates in the state due to expanding energy development in the region, have been drastically impacted this year not only from the coronavirus pandemic but also the downturn of the oil and natural gas industry in recent months, which has led to waves of layoffs. The latest unemployment figures from the TWC show Midland, for instance, recorded a 10.2 percent unemployment rate in April, compared with the city’s unemployment rate of 3.4 percent one month prior in March. Last April, Midland had an unemployment rate of just 1.2 percent - one of the lowest in the nation even. Similarly, Odessa saw its unemployment rate shoot up from 4.7 percent in March to 13.5 percent in April.

Now, due to the pandemic and other economic disruptions, jobless rates have grown to levels on par with those experienced during the Great Depression. As cities begin to “reopen” for business, it still remains unclear how long it may take for employment levels to bounce back, with many experts forecasting only a gradual stabilization of the labor market leading into 2021.

“We are here to not only help Texas employers match up with the skilled workers they need to recover but also to provide them with answers and the best information available as they safely and strategically reopen,” said TWC Commissioner Representing Employers Aaron Demerson. “TWC is committed to engaging with all businesses across Texas as we continue to strengthen our relationships and proactively work to create and expand opportunities for all. My office remains available to continue helping Texas employers navigate through this pandemic.”

INTERIOR DEPARTMENT ISSUES NEW AIR QUALITY REGULATIONS FOR OFFSHORE ACTIVITIES

The U.S. Interior Department's Bureau of Ocean Energy Management (BOEM) announced on May 14, 2020, it has finished updating new regulatory standards to protect air quality in offshore areas, including sections of the Gulf of Mexico that host oil and gas drilling operations. The final rule brings into statutory code important technical and compliance-related measures, including new modeling requirements for criteria air pollutants classified as "total suspended particulates (TSP)." Under the regulatory changes, there are also modified significance levels - which had dated from 1980 to values set forth in other policies implemented by the U.S. Environmental Protection Agency (EPA). The regulation also adds a definition of the National Ambient Air Quality Standards (NAAQS) as well as deletes outdated lists of specific criteria air pollutants from the previous form of the rule.

"Under the president's leadership, the department has taken numerous, commonsense actions resulting in billions of dollars in deregulatory savings, and we will continue to take actions to better serve the American people," said Interior Secretary David Bernhardt. "The final rule incorporates current standards, creates consistency with the statutory authorities and is one more step in the right direction."

"Offshore energy development accounts for 18 percent of our nation's oil production and billions of dollars in revenues for the states, the Land and Water Conservation Fund, and the American people," said Deputy Secretary of the Interior Kate MacGregor. "This commonsense update brings the department's regulations in line with current standards and within our distinct, statutory mandate."

The BOEM originally proposed the updated package of air policies in April 2016 under the direction of the Obama Administration. When first announced, it was the first major re-write in 36 years of the federal government's offshore rules relating to air quality measurement, evaluation and control with regard to offshore energy operations. Under the regulatory proposal, as originally outlined, companies would have been required to report and track the emissions of all pollutants that affect human health and public welfare, meet new criteria for recordkeeping of emissions and performance measures, satisfy updated NAAQS for all facilities and related support vessel missions, and more.

The next year, in 2017, after President Donald Trump took over the executive branch, he instructed the secretary of the Interior to review the Obama-era "Rule on Air Quality Control, Reporting, and Compliance," along with any related rules or guidance, to determine if such federal regulations should be revised or withdrawn. Consistent with the president's directive, the BOEM was then tasked with the execution of this policy review and ordered to assess whether any other additional actions may be appropriate to promote responsible exploration and development in the Outer Continental Shelf offshore. After careful analysis and comprehensive review, BOEM has now promulgated this final rule - although it does not include some key provisions that had been sought under the Obama Administration's proposal. Still, the changes incorporated into the rule will strengthen federal authority over offshore air while at the same time updating

irrelevant and obsolete standards otherwise part of the federal air regulations.

More information on the final rule can be found here: <https://www.boem.gov/overview-air-quality-regulations>.

WATCH FOR YOUR COPY OF THE NEW ISSUE OF TIPRO'S *UPSTREAM TEXAS* MAGAZINE

The new 'Summer' issue of TIPRO's *Upstream Texas* magazine is now available -- keep an eye out for your copy in the mail! Inside the latest edition of the *Upstream Texas* publication, hear directly from analysts and experts on how Texas operators are surviving this year's oil crash. Oil and gas data analytics firm Enverus shares with TIPRO how producers have reacted to this year's downward shift in the market by modifying capital and operational plans. Also read in TIPRO's magazine insights from world-renowned energy markets expert and researcher Dr. Anas Alhajji, who explores motivating factors that prompted the Organization of Petroleum Exporting Countries (OPEC) to try to reclaim market share in 2020 by provoking a massive upheaval to the world's energy sector. TIPRO, as always, is proud to profile key industry leaders in our magazine - in this edition of *Upstream*, take a moment to learn more about Texas Congressman Lance Gooden, EPA Region 6 Administrator Ken McQueen and RigUp CEO and TIPRO member Xuan Yong.

TIPRO members are encouraged to also review the new *Upstream Texas* magazine online - access the digital issue of *Upstream Texas* now by visiting the link that follows: https://bit.ly/Summer2020_UpstreamTexas.



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EPA PROPOSES NEW RULE TO IMPROVE FEDERAL REGULATORY GUIDANCE DOCUMENTS

The U.S. Environmental Protection Agency (EPA) is taking additional action to reform and enhance federal practices relating to the issuance of guidance documents. On Tuesday, May 19, regulators from the EPA announced the agency's first-ever proposed rule that will establish consistent requirements and procedures for the issuance of guidance documents. The proposed rule creates the first formal petition process for members of the public to request that EPA modify or withdraw a guidance document. It also will ensure that the agency's guidance documents are developed with appropriate review and are accessible and transparent to the public.

"For the first time ever, EPA is proposing a rule that codifies procedures to ensure the public can engage in the development and review of agency guidance," commented EPA Administrator Andrew Wheeler. "Historically, EPA has issued many more guidance documents than most federal agencies. [This] action is a major step toward increasing transparency in EPA processes and ensuring that EPA is not creating new regulatory obligations through guidance."

Guidance documents often have been used by government entities and regulatory bodies to explain how government rules are to be interpreted, clarify existing policies, inform stakeholders and decipher statutory priorities and initiatives. Guidance documents are not legally binding.

Though they are an important means for communicating to the regulated community, guidance documents have long been criticized for promulgating out-of-control and arbitrary bureaucratic measures that hold vast scope and reach while providing limited transparency to the regulatory community or public at large. As part of the administration's ongoing efforts to overhaul the nation's regulatory system, last Fall, President Donald Trump signed Executive Order 13891, "Promoting the Rule of Law Through Improved Agency Guidance Documents," which directed federal agencies to finalize regulations that "set forth processes and procedures for issuing guidance documents." A central principle of the president's executive order is that guidance documents should clarify existing obligations only -- they should not be a vehicle for implementing new, binding requirements on the public.

The EPA's proposed rulemaking addresses the points articulated by President Trump under his executive order and will help provide greater accountability for the agency's use of guidance documents. Public comment will be accepted on the proposed rule for 30 days after it has been published in the Federal Register.

Energy and Commerce Committee Republican Leader Greg Walden (OR-02) and Environment and Climate Change Subcommittee Republican Leader John Shimkus (IL-15) praised the EPA for its efforts to promote public engagement in the development of guidance documents and other processes to provide greater transparency of regulatory work on the federal level. "This announcement is terrific news for the EPA, our federal government, and most importantly, American taxpayers. The Trump Administration has made great strides in righting the wrongs of the previous administration by making our federal government more efficient, transparent, and accessible," Congressmen Walden and Shimkus said in a statement. "For far too long, EPA circumvented the rulemaking process through its use of guidance documents, which often led to significant burdens on American communities, businesses, and workers. Guidance documents typically have not been subject to a fair and transparent process for public review and comment, such as the last administration's Waters of the U.S., or WOTUS, guidance. [This] proposal creates more accountability and transparency in the guidance process, and we look forward to working with the Trump Administration to make sure the executive branch interprets and implements laws consistent with the intent of Congress and the will of the American people."

For additional information on the proposed rule: <https://bit.ly/2XxGRcE>.

In accordance with Executive Order 13891, earlier this year the EPA also launched an online portal to provide the public with greater access to active guidance documents. The digital system provides an indexed database that allows the public to search for documents based on a range of criteria that include date of issuance, general subject matter, and summary of contents. To access the guidance portal, visit www.epa.gov/guidance.

STATE ISSUES NEW GUIDANCE FOR RECOMMENDED VOTER PROTOCOLS FOR UPCOMING ELECTIONS

With voters set to hit the polls in less than two months for the state's next slate of elections, the Texas Secretary of State's office on Tuesday, May 26th released new guidance on recommended health protocols for Texas election officials and voters as communities continue to work to minimize transmission of the contagious respiratory virus known as the novel coronavirus or COVID-19. This guidance reflects the minimum recommended health precautions to be followed to ensure the health and safety of all voters, election office personnel, polling place workers, and poll watchers in Texas, according to the secretary of state's office. The protocols do not impose a limit on the measures which can or should be taken to protect the health and safety of voters, and individuals are encouraged to adopt additional protocols applicable to their specific needs and circumstances to prevent exposure to infected persons with COVID-19.

Amongst the recommendations shared by state officials, voters should wash or disinfect hands upon entering a polling place, and also after any interaction with an election worker, poll watcher or using any voting system equipment. Voters should also maintain at least six feet separation from other individuals at their polling location, to the extent feasible, and consider bringing their own marking instruments - such as a pen or pencil - to mark their ballot. Texans should also consider wearing a cloth face covering or mask (over the nose and mouth) to prevent the spread of germs, although if the identity of the voter wearing a face covering cannot be determined, the voter should be prepared to lower or remove this covering when checking-in at the polling location.

Officials also advise that should a voter contract COVID-19 after the deadline to submit an application for a ballot by mail, the individual should contact their county election officer for more details about submitting an application for emergency early voting ballot due to sickness or physical disability.

NEW EXECUTIVE ORDER FROM PRESIDENT TRUMP HOPES TO SUPPORT ECONOMIC RECOVERY

While the number of cases of coronavirus (COVID-19) in the U.S. ticks up daily, a new executive order issued this month by President Donald Trump is seeking to fast-track the nation's economic recovery by directing federal agencies to use any and all authority to waive, suspend or eliminate regulatory requirements to ease burden on American businesses, as appropriate and consistent with applicable laws and in consideration of the protection of public health and safety. Under the president's orders, agencies shall give businesses, especially small businesses, the confidence needed to re-open after the COVID pandemic by providing guidance on what the law requires and recognizing genuine efforts of businesses to comply with often-complex regulations in complicated and swiftly changing circumstances such as those presented during this year's COVID outbreak. The heads of all agencies have also been encouraged by President Trump to promote economic recovery during the coronavirus pandemic through non-regulatory actions and to speed up regulation cuts that will support job creation and prosperity.

"Just as we continue to battle COVID-19 itself, so too must we now join together to overcome the effects the virus has had on our economy," said President Trump. "Success will require the efforts not only of the federal government, but also of every state, tribe, territory, and locality; of businesses, non-profits, and houses of worship; and of the American people. To aid those efforts, agencies must continue to remove barriers to the greatest engine of economic prosperity the world has ever known: the innovation, initiative, and drive of the American people."

With more than 36 million Americans filing for unemployment relief since the COVID outbreak began earlier this year, the effort from the president and his administration to scale back regulatory burdens on the business community and grant flexibility to compliance measures for companies is just one approach taken in hopes of accelerating recovery of the economy. The president also continues to work closely with cabinet members and federal officials to implement other solutions that will stimulate economic activity.

In addition to the president's recent mandate, earlier this spring the U.S. Environmental Protection Agency (EPA) previously approved a temporary policy to allow greater discretion with enforcement of environmental legal obligations and compliance violations during the COVID-19 pandemic. The policy says that EPA will not seek penalties for noncompliance with routine monitoring and reporting requirements, if, on a case-by-case basis, EPA regulators agree that such noncompliance was caused by the COVID-19 pandemic. Regulated parties must document the basis for any claim that the pandemic prevented them from conducting routine monitoring and reporting and present it to EPA upon request. This action was necessary, says the EPA, to avoid tying up staff time with questions about routine monitoring and reporting requirements and instead allow EPA to focus on continued protection of human health and the environment. The agency reinforces that its policy does not enable companies to cite the COVID-19 pandemic as an excuse for exceeding pollutant limitations in permits, regulations, and statutes. EPA officials indicate regulated entities are expected to comply with all obligations and if they do not, EPA will consider the pandemic, on a case-by-case basis, when determining an appropriate response, according to its temporary enforcement policy. Further, in cases that may involve acute risks or imminent threats, or failure of pollution control or other equipment that may result in exceedances, EPA's willingness to provide even that consideration is conditioned on the facility contacting the appropriate EPA region, or authorized state or tribe, to allow regulators to work with that facility to mitigate or eliminate such risks or threats. More information on the EPA's COVID-19 regulatory enforcement policy can be found through the EPA website by visiting: <https://bit.ly/2M5YnPD>.

TRUMP ADMINISTRATION OFFERS OIL COMPANIES ROYALTY RATE RELIEF

The Trump Administration's Bureau of Land Management (BLM) agreed in late May to temporarily grant reductions to royalty payments owed by ailing oil and gas companies operating on federal lands. Producers will have to first submit an application that shows economic hardship in order to receive approval for lowered mineral royalty payments. The lowered royalty rate will apply for 60 days from the date that the BLM approves the application for a temporary royalty rate reduction and the terms will thereafter revert to the original royalty rate stipulated in the lease instrument. If a company needs to extend their royalty rate reduction past the 60-day timeframe, applicants will then have to file another application for consideration.

The decision to grant interim relief to royalty payments came only days after a coalition of federal lawmakers - including several Texas congressmen - urged the action to help domestic energy producers impacted from the recent global oil price war and the outbreak of the coronavirus (COVID-19) pandemic that has led to a drop in oil demand by 30-40 percent this year. In a joint letter sent last Thursday, May 21st by members of the House Energy Action Team (HEAT), legislators requested federal regulators expedite the royalty relief process to help America's energy producers. "We are concerned that the current process is unnecessarily onerous and lacks the clarity needed to provide swift relief," read the letter. "We urge you to consider options like allowing a company to 'batch' a series of leases in a singular application and setting a timeline by which applications must be acted upon by the agencies. Further, it is our understanding that the offshore royalty relief guidance narrows what can be used as an 'allowable expense' when determining if a lease is entitled to royalty relief. We urge you to define such expenses in a manner consistent with Generally Accepted Accounting Principles. While the current process is a good first step, we would like to work with you to implement these additional reforms to help keep businesses afloat."

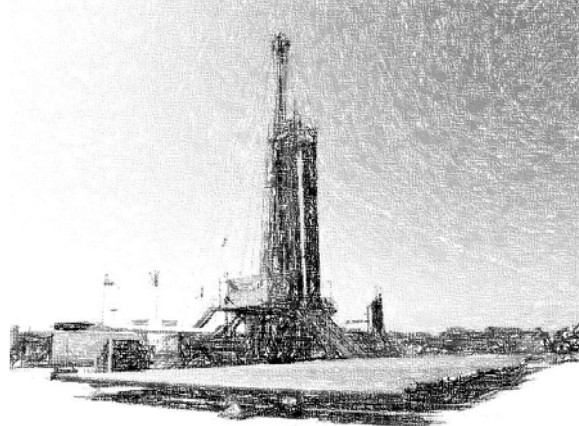
Additional information and guidance on the federal government's royalty rate reductions can be found at: <https://on.doi.gov/2XaXCeC>.

Beyond giving companies the additional flexibility on royalty payments, the BLM also continues to consider under "force majeure" oil and gas lease suspensions - which effectively pauses terms of a lease agreement. Lessees must also submit an application through the appropriate BLM state office to render such relief as a result of the COVID-19 national emergency. To read more on the steps operators need to take to apply to suspend their oil and gas lease on federal lands, visit: <https://on.doi.gov/3etd3Vu>.



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