



THE TIPRO TARGET

Energy production in the Permian Basin projected to reach record highs in November



Oil and natural gas production will continue to grow in Texas' largest shale formations in November, energy experts from the U.S. Energy Information Administration (EIA) projected in the agency's latest *Drilling Productivity Report*. Throughout much of the year, domestic oil and gas output in the country's key basins has pushed higher, including plays located in Texas. Energy production is on track to keep increasing further through the end of the year and leading into 2023.

Oil output in the Permian Basin, one of the nation's largest drilling regions, is forecasted to increase by 50,000 barrels per day (bpd) in November, said the EIA, which would push overall oil production in the basin next month to a record-high of 5.453 million barrels per day (bpd). Natural gas production in the Permian Basin also will rise by 127 million cubic feet per day (mcf/d) in November, estimated the EIA, bringing total output from the basin to 21.1 billion cubic feet per day (bcf/d).

Production from Texas' Eagle Ford Shale will also jump in November. Oil output in the play will go up 18,000 bpd, and supply 13 percent of the U.S.'s total monthly oil production. Natural gas production from the Eagle Ford, meanwhile, will average 7.3 bcf/d and account for 8 percent of total monthly production in November, according to the EIA.

This growth in oil and gas production from the Lone Star State will continue helping the nation keep up with rising energy demands heading into the winter season. Many officials, including leaders from Texas, have rallied around the boost in domestic drilling and energy development, and continue to call on the Biden Administration to step up and do more to expand U.S. oil and gas production, particularly in light of geopolitical instability, ongoing market upheaval and OPEC's significant cuts to production quotas which take effect in November.

U.S. Senator Joe Manchin (D-West Virginia), chairman of the powerful U.S. Senate Energy and Natural Resources Committee, wrote to President Joe Biden on October 11th urging the president to take all immediate actions within his authority to further increase domestic energy production. "It is unconscionable for America, with our abundant natural resources that can be produced cleaner than anywhere else in the world, to continue relying or consider increasing reliance on authoritarian regimes to do for us what we can do for ourselves. I urge you to take all actions within your authority to increase all types of U.S. energy production and signal to the free world that they should do the same," wrote Chairman Manchin in his outreach to the president. "Rather than turning to Saudi Arabia, Iran, or Venezuela to bring oil and gas supplies online to meet demand, we should support our producers in the Marcellus and Utica, the Permian, Alaska, our neighbors in Alberta, and in the many other producing regions that Americans and our allies can rely on," the chairman continued. TIPRO members may read Chairman Manchin's full letter at: <https://bit.ly/3CZx9Eo>.

U.S. Congressman August Pfluger (R-TX11) in mid-October also issued a statement, saying the president "misunderstands" energy markets and should refocus his policy agenda to restore American energy independence. "A sane energy policy allows for long-term investments to be made—ensuring America will always be energy dominant and not reliant on foreign actors... It is past time to admit that U.S fossil fuels produced by American blue-collar workers are good for humanity, our economy, and our national security."

In letter, U.S. representatives from Texas stress importance of strong domestic energy production

In a recent letter to U.S. Interior Secretary Deb Haaland, four federal lawmakers from Texas pushed for the Biden Administration to open up offshore drilling and allow for more energy development in the Gulf of Mexico. The letter, sent by Democratic Congress members Vicente Gonzalez (TX-15), Henry Cuellar (TX-18) Sylvia Garcia (TX- 29) and Lizzie Fletcher (TX-7), was delivered as the Interior Department is working to finalize the 2023-2028 National Outer Continental Shelf (OCS) program.

"At a time when our nation is still suffering from high energy costs and inflation, tapping into our domestic natural resources is a significant way to help alleviate hardships on American families, workers, and businesses. Maximizing our domestic energy fortifies our national security by reducing our dependence on foreign adversaries for oil and natural gas," emphasized the officials. As such, they declare the U.S. should offer the maximum number of offshore oil and gas lease sales as part of the forthcoming final OCS leasing program.

In their outreach to Secretary Haaland, the group of legislators also emphasized America's important position of leadership in developing and producing energy in the cleanest way possible, including through offshore operations. "We support the importance and urgency of addressing the climate crisis. Studies have shown, including one released by the 2016 Obama-Biden Administration, the United States is perhaps the best positioned nation in the world to produce oil and natural gas in the least climate-intrusive manner," observed the representatives. "By ending lease sales in the United States, we would likely experience an outcome where other nations' increased production actually hurts our progress toward a carbon-neutral world."

TIPRO members may read the full letter to Secretary Haaland here: <https://bit.ly/3W4TPvJ>.

President's message

TIPRO members,

As the winter months approach, experts are warning Americans are likely to have to pay more on energy and heating bills. Global dynamics and market instability will continue to affect energy commodities and in all probability lead to higher U.S. prices for heat this winter, according to a new forecast released in October from the U.S. Energy Information Administration (EIA). Compared with the 2021-2022 winter season, U.S. households this upcoming winter will spend up to 28 percent more for natural gas, 27 percent more for heating oil, 10 percent more for electricity and 5 percent more for propane.

Higher costs for energy continue to have a deep impact on everyday consumers. Not only is it more expensive to heat homes and establishments, filling up on a tank of gas is also costly, with fuel prices stubbornly clinging to near-record highs. And with ongoing burden caused by inflation, even the amount of disposable income available to Americans has been reduced from recent years, lowering extra money that otherwise would benefit the American people and economy.

Low-income families and seniors on fixed incomes have been hit particularly hard from the circumstances.

One thing Americans shouldn't have to worry about is affordable energy. Here in the states, we have enough supplies to meet demands, but we need our government leaders to incentivize domestic energy development to help keep prices in balance, not promulgate policies which discourage oil and gas output and squander investments for those in the fossil fuel business.

Many in our industry are already looking at business plans for 2023, though heightened regulatory uncertainty is impacting strategies from decision-makers. It is challenging for company executives to project how compliance with new rules and federal regulations will affect operations, but overly burdensome requirements and extreme standards make it harder by the day to drill for oil and gas in our country.

As TIPRO has reported on to members this year, the EPA notably is considering reclassifying parts of Texas' prolific Permian Basin as a non-attainment area, which would subject the region to a variety of regulations that could stifle exploration and production activities. Texas' Governor Greg Abbott, amongst other officials and the industry at large, has recognized that such a move could lead to "draconian regulations that would directly interfere with the nation's most prolific oilfield" and cause prices at the pump to skyrocket further. As part of TIPRO's regular communication with policymakers, our organization recently sent a letter to the full Texas Congressional delegation outlining our concerns with the Biden Administration's potential "discretionary redesignation" of the Permian Basin.

The U.S. Interior Department, meanwhile, is still continuing its review of federal oil and gas programs, and has yet to finalize the Outer Continental Shelf Oil and Gas Leasing Program for 2023-2028. And the Securities and Exchange Commission (SEC) is also working on rules that would require publicly traded firms to publish their emissions. These are just a few of the many federal regulatory challenges facing energy producers today, as companies try to sustain operations and keep up with other influencing factors impacting the oil and gas sector.

Given the United States is the world's top producer of oil and natural gas, Americans deserve to be able to utilize our plentiful domestic natural resources. To do so, we continue to encourage government leaders to implement policies that open up opportunities for energy development and ensure affordable and reliable supplies of energy for the American consumer. We should all work together to strengthen America's energy leadership.

Regards,

Ed Longanecker



Ed Longanecker

Early voting happening now in Texas for the 2022 midterm elections

Voters in Texas are encouraged to hit the polls early and cast their ballot for the 2022 midterm elections. The in-person early voting period began at the start of the week on Monday, October 24th and will continue through Friday, November 4. Election day will happen on Tuesday, November 8.

To vote early in person, you don't need to meet any special qualifications as long as you are registered for the November 8th election. Registered and eligible voters also are allowed to vote at any early voting location located in their county of residence. See more information about voter ID requirements and find your closest polling location by going to www.votetexas.gov.

At the polls, Texans this year will cast their votes in races for congressional, state and local elected positions. Statewide races notably dominate the ballot this year, as voters will decide between candidates in elections for governor, lieutenant governor, railroad commissioner, attorney general, commissioner of the Texas General Land Office and comptroller of public accounts.



TIPRO CALENDAR OF EVENTS

NOVEMBER 15, 2022

HOUSTON — TIPRO/IPAA/HPF
"Leaders in Industry" Luncheon.

For information, email

info@houstonproducersforum.org.

JANUARY 17, 2023

HOUSTON — TIPRO/IPAA/HPF
"Leaders in Industry" Luncheon.

For information, email

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FEBRUARY 21, 2023

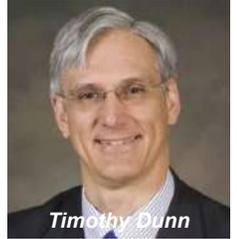
HOUSTON — TIPRO/IPAA/HPF
"Leaders in Industry" Luncheon.

For information, email

info@houstonproducersforum.org.

Network with industry executives at the next 'Leaders in Industry' luncheon

The Texas Independent Producers & Royalty Owners Association (TIPRO), Independent Petroleum Association of America (IPAA) and Houston Producers Forum invite industry professionals to attend the next 'Leaders in Industry' luncheon, happening November 15th at the Petroleum Club of Houston. The event will feature remarks from CrownQuest Operating Chief Executive Officer Timothy Dunn.



Timothy Dunn

In addition to co-founding and leading CrownQuest Operating, Dunn holds decades of oil and gas management experience. Dunn began his career as an engineer at Exxon Production Research Company, where he worked from 1978 to 1980. He went on to work in banking at First City Bancorporation where he stayed until 1987. During his time with First City, he was senior vice president and manager of oil and gas lending. He then joined Parker & Parsley Petroleum where he became a founding general partner of Parker & Parsley Development which later became Pioneer Natural Resources. Dunn held multiple positions at the company, including director, executive vice president and chief financial officer. For his leadership, Dunn was previously honored in 2013 as a CEO of the year by TIPRO and *Texas Monthly* magazine as part of the Texas Top Producers program in the Large Company category.

To sign up to hear from Dunn at the upcoming "Leaders in Industry" luncheon, and enjoy networking opportunities with other energy professionals, go to <https://bit.ly/3fZrh6p>.

Texas takes the lead becoming first state to use federal grant funding to plug orphaned wells

Texas has started utilizing federal grant money to support work on plugging, capping and reclaiming orphaned oil and gas wells across the state. The Biden Administration announced in August that Texas would be awarded an initial grant of \$25 million as part of the *Infrastructure Investment and Jobs Act* to clean up abandoned oil and gas sites and plug orphaned wells. This funding disbursement, approved by the U.S. Interior Department, will ultimately be used to help plug approximately 800 abandoned wells, estimates the Texas Railroad Commission, in addition to the other wells also being plugged by the successful State Managed Plugging Program (SMP) that is also administered by the Railroad Commission.

According to the Railroad Commission, plugging work using the recently distributed federal dollars kicked off earlier in the month of October on an abandoned oil and gas well located in Refugio County in South Texas. With the initiation of the work, Texas has now become the first state in the nation to begin plugging abandoned oil and gas wells using the federal grants provided from the *Infrastructure Investment and Jobs Act*.

"The Railroad Commission's success and expertise with SMP was instrumental in quickly standing up the plugging project using federal funds," said Clay Woodul, assistant director of the oil and gas division for field operations at the commission. "Our established workplans and contracting will continue to help ensure neighborhoods and the environment across Texas are kept safe through our well plugging work."

Additional funding from federal grants will be forthcoming to the state of Texas to address other orphaned oil and gas wells. Based on current estimates, in addition to the \$25 million initial grant provided from the Interior Department, Texas will be eligible to receive at least \$318,695,000 in formula funds to plug, remediate, and reclaim orphaned wells. This amount is subject to change.

Railroad Commission accepting comments on rule amendments for CNG and LNG regulations

The Texas Railroad Commission has begun accepting public comments on the agency's proposed rulemakings to its Chapter 13 regulations relating to compressed natural gas (CNG) and Chapter 14 regulations for liquefied natural gas (LNG). The proposed amendments revise provisions in those chapters as directed by Senate Bill 1582 from the 87th Legislature, as well as update, clarify and ensure consistency among alternative fuel regulations. During the last legislative session, TIPRO supported Senate Bill 1582, which streamlines the licensing examinations for liquid petroleum gas and CNG activities.

To view the proposed rules amendments and submit comments online, visit the Railroad Commission website at www.rrc.texas.gov/general-counsel/rules/proposed-rules/. Please note the deadline to provide comments to the agency on this proposed rulemaking is 5 p.m. on Monday, November 28, 2022.

TxDOT reminds motorists to drive smart and slow down in energy-producing regions



Through its statewide campaign, the Texas Department of Transportation (TxDOT) is reminding drivers in Texas to slow down, focus on the road and obey traffic laws to prevent car accidents and end traffic deaths in the state. For the past several years, about 10 people have died every day in crashes across the state, according to TxDOT. The state's major energy production areas, in particular, tend to see elevated cases of traffic situations and crashes, as oil and gas activity brings more large trucks to communities near oil and gas basins and also can result in higher traffic patterns with more vehicles on area roads. As such, officials want to remind drivers to be extra cautious when driving through Texas energy zones and observe the following precautions to keep all drivers safe on state roads:

- Follow the posted speed limit and adjust your driving to match road conditions.
- Focus 100 percent on driving and put your phone away: no talking or texting when behind the wheel.
- Give large trucks plenty of space. Be patient and pass only when it's safe and legal to do so.
- Obey stop signs and traffic signals.
- Always buckle up—drivers and passengers, day and night.
- Never drive under the influence of alcohol or other drugs.

Texas Congressman Jodey Arrington tours critical energy infrastructure along state's Gulf Coast

As energy output and exports from the Lone Star State keep rising, Congressman Jodey Arrington (R-TX19) made a visit to the state's Gulf Coast region to get a first-hand look at the operations and industry processes followed to deliver critical energy supplies to consumers. Congressman Arrington, whose district covers sections of the Texas panhandle, in mid-October toured Cheniere Energy's liquified natural gas (LNG) facility in Corpus Christi, as well as the Port of Corpus Christi and the Valero Bill Greehey refinery.

"Without the processing of oil and gas produced in West Texas, America's security and the global fuel supply would suffer mightily. As the energy port of the Americas, the Port of Corpus Christi — due to customers like Cheniere and Valero — is the largest crude oil and LNG export gateway in North America," stated Congressman Arrington. "The U.S. and our allies around the globe depend on the Lone Star State's oil and gas industry, which is why it's critical to give regulatory certainty to producers and refiners, alleviate the barriers to new investment and expansion, boost job creation, and lower costs for hardworking families."

Throughout his terms in Congress, Representative Arrington has been an outspoken advocate and vocal proponent of unleashing domestic oil and gas production. Earlier this year, the congressman introduced legislation in the U.S. House seeking to bolster American production by nullifying the president's punitive climate executive orders and reauthorizing the Keystone pipeline.

"We thank Congressman Arrington for his continued support of U.S. LNG and the economic, energy security, and environmental benefits that it provides around the world, especially during this critical time. We are well underway with our expansion at our Corpus Christi LNG facility to deliver more American natural gas to heat homes, light buildings, and power factories," said Julie Nelson, Cheniere's senior vice president of policy, government and public affairs.

At the Port of Corpus Christi, the representative met with the Port Authority to talk about the role that the Port plays in facilitating commerce with Texas' trading partners and ensuring the state extends its 20-year streak as the nation's leading export state. "Congressman Arrington's visit to the Port of Corpus Christi is a testament to the crucial role energy exports play in our national and global energy security," remarked Sean Strawbridge, CEO of the Port of Corpus Christi Authority. "The Port very much appreciates Congressman Arrington's shared support of the critical infrastructure needed to accommodate the world's top-producing oil fields."

The congressman concluded his Gulf tour by visiting Valero's Bill Greehey Refinery, where he met with company executives to discuss Texas' indispensable role in the oil and gas industry.

Permian pipeline constraints cause Texas natural gas prices to go negative

Waha hub natural gas prices dipped into negative territory on Tuesday, October 25th as infrastructure limitations strain energy producers in the Permian Basin and cut off options to transport or ship supplies, which has led to a sudden glut in the region and caused natural gas pricing to plunge this week. Other pressures including unseasonably warm weather, higher output and pipeline maintenance have also led Waha prices to collapse.

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MAP4264784 | AD-07-22-0253 | 470948PM-0322 | 07/2022

TIPRO stresses EPA regulations will put economic opportunities at risk in letter to lawmakers

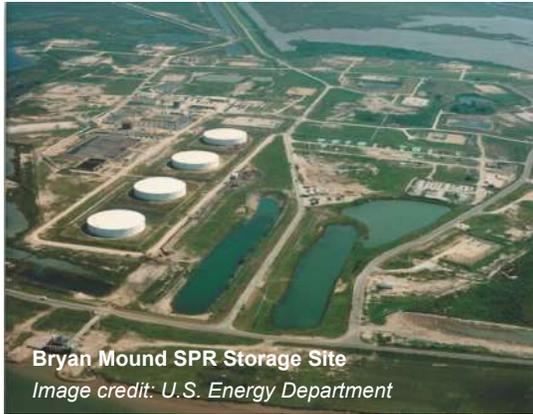
The Texas Independent Producers & Royalty Owners Association (TIPRO) last week sent a letter to all members of the Texas congressional delegation emphasizing the industry's concerns over the potential "discretionary redesignation" of the Permian Basin by the Environmental Protection Agency (EPA).

As TIPRO has previously shared with the association's membership, the EPA earlier this year announced that it might impose a "discretionary redesignation" on the Permian Basin for air quality violations – pushing new onerous regulations on the oil and gas industry as gas prices remain near record highs. "The basis for a nonattainment designation for Texas counties is unclear because there are no air quality monitors, which are the typical source of data for nonattainment designations. Instead, EPA would likely rely on modeling. The decision is highly dependent upon the source data and assumptions for EPA's assessment. This is extremely troubling when trying to determine the source of high ozone levels," wrote TIPRO in its letter to federal policymakers.

Read the full letter sent from TIPRO at: <https://bit.ly/3z1JXJq>.

President Biden authorizes another 15 million barrels of crude oil to be released from the SPR

Following OPEC's drastic production cuts announced at the beginning of the month, U.S. President Joe Biden in mid-October ordered the U.S. Department of Energy to pull additional oil supplies from the Strategic Petroleum Reserve (SPR) to address significant market supply disruptions and keep energy prices from surging. As a result, officials from the U.S. Department of Energy said on October 18th that 15 million barrels will be released from the country's emergency oil reserves, with deliveries scheduled to be made in December.



"With my announcement today, we're going to continue to stabilize markets and decrease the prices at a time when the actions of other countries have caused such volatility," commented President Biden last week during a White House event. The administration has also hinted that additional releases from the nation's oil reserves are possible this winter, "if needed due to Russian or other actions disrupting global markets."

Industry groups, as well as Republican leaders in Congress, condemned the president's action that will further lower the nation's oil reserves, which currently has approximately 400 million barrels remaining in storage sites. House Republican Whip Steve Scalise (R-Louisiana) in an interview last week with *Fox Business Network* slammed President Biden for raiding the SPR in an attempt to counter his administration's "self-created" energy crisis. House Energy and Commerce Committee Republican Leader Cathy McMorris Rodgers (R-WA) also warned that under President Biden, the SPR—once the world's largest stockpile of oil—is now at its lowest level in nearly

four decades. "American oil and natural gas are the cleanest in the world, and it's why America has led in reducing emissions. Flipping the switch and unleashing American energy production is the best way to bring down prices at the pump, keep us secure, and deliver the affordability and reliability that people need," emphasized McMorris Rodgers.

Oil and gas trade associations also expressed opposition to the Biden Administration's decision to release more oil from the SPR, saying the measure was merely a short-term fix for prices. Instead, industry representatives emphasize the United States should focus on expanding domestic energy development and promoting more drilling in America's oilfields to reduce the nation's dependence on foreign oil and mitigate impacts of market volatility. Streamlining the permitting process and supporting infrastructure growth also would help add more oil to the marketplace, boost domestic supplies and strengthen the nation's energy security.

The forthcoming withdrawal from the SPR will fulfill the historic 180 million barrels of crude oil authorized by President Biden to be disbursed back in March. The president's directive issued this past Spring represented the largest release of oil reserves in history from the SPR, and put one million additional barrels on the market per day on average – every day – for a six month timespan.

In addition to the massive release from the SPR that's occurred over the course of the year, President Biden also notably ordered a drawdown of emergency oil stockpiles last November, when he asked the Department of Energy to sell 50 million barrels from the SPR in response to the highest oil prices experienced in seven years and in an effort to ensure adequate supply following the coronavirus pandemic and unprecedented global economic shutdowns.

The Energy Department said recently it continues to remain committed to replenishing the SPR to previous levels. White House officials last week shared that the administration is supposedly planning to replenish the SPR when world oil prices have fallen at or below \$67 to \$72 a barrel. The Department of Energy at a later date will release further details on how it will eventually buy the oil back.

Energy Department finalizes rule allowing fixed-price forward purchases of crude oil to replenish SPR

Senior officials with the U.S. Department of Energy last week announced the agency has finalized a rule that will allow the government to enter "fixed-price" contracts with producers for forward purchases of crude oil to replenish the Strategic Petroleum Reserve (SPR) at lower prices than the barrels sold. Relative to conventional purchase contracts that expose producers to volatile crude prices, the fixed-price contracts can give producers the assurance to make investments today, knowing that the price they receive when they sell to the SPR will be locked in place, providing them with some protection against downward movements in the market, explained department leaders.

TIPRO members may view the new rule at: <https://bit.ly/3DvXATE>.

31 U.S. representatives back resolution condemning Biden's withdrawals of oil from the SPR

U.S. lawmakers are demanding President Joe Biden stop sales of crude oil pulled from the Strategic Petroleum Reserve (SPR) and instead act immediately to replenish oil supplies in the nation's emergency stockpiles. A new congressional resolution, filed on October 21st by Texas Congressman Randy Weber (R-TX14), was introduced in the U.S. House of Representatives just days after the president announced his administration would release more crude oil from the SPR to offset imbalances in energy markets. Considering the president has drained more than a third of the U.S. SPR to help quell gas prices, the bill formally condemns President Biden's withdrawal of petroleum products from the SPR.

Other Texas representatives also co-signing the legislation were Van Taylor (TX-03), Brian Babin (TX-36), August Pfluger (TX-11), Troy Nehls (TX-22), Michael Burgess (TX-26), Dan Crenshaw (TX-02), Beth Van Duyne (TX-24), Jake Ellzey (TX-06), Pat Fallon (TX-04), Tony Gonzales (TX-23), Mayra Flores (TX-34), Ronny Jackson (TX-13), Louie Gohmert (TX-01), Roger Williams (TX-25) and Chip Roy (TX-21), as well as officials from other states, including: Yvette Herrell (NM-02), Daniel Webster (FL-11), Steve Chabot (OH-1), Mary Miller (IL-15), Tom McClintock (CA-04), Tim Burchett (TN-02), Drew Ferguson (GA-03), Warren Davidson (OH-08), Julia Letlow (LA-05), Nicole Malliotakis (NY-11), Buddy Carter (GA-1), David Valadao (CA-21), Madison Cawthorn (NC-11), Andy Biggs (AZ-05) and Bill Posey (FL-08).

"Since he took office, Biden's disastrous energy policies have weakened our energy independence," said Representative Tony Gonzales, who supported the resolution. "We should be unleashing American energy, not draining our oil reserves. This politically motivated decision is a reckless move that puts our national security at risk."

"President Biden shouldn't open the spigot of our strategic petroleum reserves, meant for national emergencies, to hide his failed energy policies or to serve his political purposes," added Representative Mayra Flores. "Doing so, not only puts our national security at risk but also negatively impacts energy jobs across our state and country, and American energy production."

TIPRO members may read the resolution [here](#).

Enverus: U.S. upstream deals top \$16 billion in third quarter of the year

Merger and acquisitions (M&A) across the U.S. upstream sector increased during the third business quarter, with dealmaking activity topping \$16 billion in value, reported Enverus Intelligence Research (EIR), a subsidiary of oil and gas analytics firm and TIPRO member Enverus. The transaction value was the highest quarterly amount of the year, said EIR, in spite of market volatility and fewer Upstream deals in the typically red-hot Permian Basin, which saw less than 10 percent of total M&A value directed its way in transactions. "While the business environment for E&Ps has been mostly great in 2022, that hasn't translated to a bonanza of dealmaking," explained EIR Director Andrew Dittmar. "Companies are using the cash generated by high commodity prices to pay down debt and reward

shareholders rather than seeking out acquisitions. And when companies do make offers on assets, the bids are often disappointing to potential sellers. To reach \$16 billion of M&A value in 3Q22 required not only a couple more typical operated shale deals, but also transactions like a public mineral company merger and the largest California deal in decades."

The largest transaction of the third quarter was EQT's \$5.2 billion purchase of West Virginia producer Tug Hill and associated XcL Midstream, noted EIR. In Texas, the biggest Upstream deal last quarter came from Devon Energy's \$1.8 billion purchase of Eagle Ford operator Validus Energy. Devon's acquisition of Validus was also the largest M&A deal to occur within the Eagle Ford play in four years, EIR highlighted.

The nearly \$2 billion acquisition of Brigham Minerals by Sitio Royalties during the third quarter was also notable and represented the first merger between public mineral and royalty companies, said EIR. "These two companies were poised to go head-to-head for the best M&A opportunities driving up prices," described Dittmar. "Instead, they will now have the power of a larger platform in the competitive minerals space."

Market challenges including negative investor sentiment, growing recessionary risks and concerns about cost inflation could impact dealmaking for the Upstream oil and gas sector, though EIR said there are reasons to be positive on upstream M&A potential going forward. "Despite rising costs, E&Ps are still generating a lot of cash and some companies may decide to direct portions of that toward M&A. Additionally, OPEC looks willing to reinsert itself into oil markets, which could bring stability and help buyers and sellers come together on pricing. Most helpful though would be for E&P equities to gain ground with investors. That would give management more breathing room to negotiate with private sellers on price, particularly for future inventory. Unfortunately, that may still take some time," concluded Dittmar.

WEDNESDAY
NOVEMBER 9TH

Town Hall Meeting

Register at www.naro-us.org/event-4960370

GOLF TOURNAMENT

MIDLAND, TX 11-10-2022

SPONSORED BY TEXAS PACIFIC LAND CORPORATION

**THURSDAY
NOVEMBER 10TH**

Ranchland Hills Golf Club, Midland TX
Shotgun Start at 1:00 p.m.

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U.S. appeals court upholds Biden Administration's "social cost of carbon" metric

On Friday, October 21, the U.S. Court of Appeals for the 8th Circuit issued a ruling that will allow the Biden Administration to continue its use of the controversial 'social cost of carbon' measure to calculate the impact of greenhouse gas emissions on climate change. The court found the plaintiffs, which included attorneys general from Texas and 12 other states, cannot rely on "generalized grievances" to challenge the metric absent a specific action taken by a federal agency. Since federal agencies have yet to apply the social cost of carbon metric in a rulemaking process and actually incorporate the measure into regulatory decisions, the appeal case was dismissed.

Following executive orders from the president, the Biden Administration sharply increased the pricing of carbon dioxide emissions to be around \$51 per metric ton, five times the roughly \$10 figure that was implemented under the Trump Administration. A multi-state coalition filed legal challenges to block the administration from using the carbon metric, arguing the extreme environmental pricing system was a severe risk to the economy, would threaten jobs and put vital sectors like energy and manufacturing at risk. In February, a federal court issued a preliminary injunction against President Biden's Executive Order 13990, which would have forced the social cost of carbon analysis on nearly every meaningful federal action. The court ruling temporarily stopped the order from being followed, though the 5th U.S. Circuit Court of Appeals later reversed that sweeping injunction. In May, the U.S. Supreme Court affirmed the ruling provided by the appeals court and rejected efforts by states to prevent the administration from raising the cost estimate for the impact of greenhouse gases.

U.S. government sets date for offshore oil and gas lease sale for next spring

In mid-October, the U.S. Bureau of Ocean Energy Management (BOEM) announced the federal government's intent to hold its next offshore oil and gas lease sale for the Gulf of Mexico on March 29th of next year. The planned drilling auction, Lease Sale 259, will comply with provisions set under the *Inflation Reduction Act of 2022* (IRA), which was signed into law in August by President Joe Biden. The policy mandates the federal government hold an offshore lease sale before the end of March 2023.

Accordingly, the BOEM has published the *Proposed Notice of Sale for Gulf of Mexico OCS Oil & Gas Lease Sale 259*, which may be reviewed online – TIPRO members can see this notice at: www.boem.gov/sale-259. Leading up to the offshore lease sale, stakeholders and members of the public will have an opportunity to submit comments and recommendations to the BOEM regarding the size, timing and location of the upcoming lease sale.

Administration officials earlier in October also released *Draft Supplemental Environmental Impact Statements* (EIS) for two Gulf of Mexico oil and gas lease sales: Lease Sale 259 as well as Sale 261, both of which are expected to take place in 2023 pursuant to congressional direction. The public comment period for the BOEM's *Draft Supplemental EIS* began on October 7, 2022, and all comments must be received by November 21, 2022. To comment on the BOEM's *Draft Supplemental EIS*, go to www.regulations.gov and enter in the search function BOEM-2022-0048. Please note anonymous comments will not be accepted.

Lease Sale 259, happening next spring, will be only the second offshore drilling auction held for the Gulf of Mexico under the current administration. Lease Sale 257 took place in November 2021, though a federal judge later issued a ruling revoking leases sold from the offshore drilling auction, which otherwise was the largest oil and gas lease sale in U.S. history. In spite of the court decision, the new IRA law passed this year mandated that the lease sale be reinstated within 30 days of passage. As such, in September, the BOEM confirmed it had accepted 307 highest valid bids from Lease Sale 257 in the Gulf of Mexico.



Schlumberger rebrands, announces new company name SLB

Oilfield service giant Schlumberger announced on October 24th the company is taking a new name – SLB – as the corporation looks to promote a refreshed visual identity and embrace a revitalized brand focused on the energy future. The service provider said on Monday it will also now use a different, updated logo.

The move to rebrand and adopt a new company name serves SLB's larger transition from the world's largest oilfield services company to a global technology company focused on driving energy innovation for a balanced planet, according to an SLB press release.

"Today we face the world's greatest balancing act—providing reliable, accessible and affordable energy to meet growing demand, while rapidly decarbonizing for a sustainable future," described company CEO Olivier Le Peuch. "This dual challenge requires a balance of energy affordability, energy security and sustainability. It requires a balance of innovation and decarbonization in the oil and gas industry as well as clean energy solutions. It requires a balanced energy mix for a balanced planet. Our new identity symbolizes SLB's commitment to moving farther and faster in facilitating the world's energy needs today and forging the road ahead for the energy transition. It's a bold challenge. But the legacy of our people, technology and performance are unmatched, and we are ready to answer this challenge."

In recent years, the company has increasingly focused on developing low- and zero-carbon energy technology solutions while continuing to drive innovation and delivering new technologies for the oil and gas industry. Building on its decades of technology advancement, SLB said it will continue innovating new products, services and technologies that make the exploration and development of oil and gas assets cleaner, more resilient and more efficient, with lower carbon and less impact on the environment.



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