



**Texas  
Independent  
Producers and  
Royalty Owners  
Association**

## **U.S. District Court overturns Biden Administration's pause on oil and natural gas leasing for federal lands and waters**

The U.S. Department of Interior's suspension this year of new oil and gas leasing on federal land and waters was blocked earlier this month by a federal judge, who has ordered the executive branch to resume oil and gas lease auctions. On Tuesday, June 15, Judge Terry A. Doughty of the United States District Court for the Western District of Louisiana issued a ruling against the Biden Administration's pause of new oil and gas leases on public lands and waters, granting a preliminary injunction to Texas and 12 other states which had sued President Joe Biden and the Interior Department over the freeze on new oil and gas drilling leases.

During the initial weeks of his presidency, President Biden issued Executive Order 14008, which directed the secretary of the Interior to pause on granting new oil and natural gas leases on public lands or offshore waters to the extent possible under law, while the federal executive branch launched a rigorous review of all existing leasing and permitting practices related to fossil fuel development on federal lands, and identify steps that could be taken to double renewable energy production from offshore wind by 2030.

"We are reviewing the judge's opinion and will comply with the decision," read an Interior Department statement made to the *Associated Press* by the Interior's communications director Melissa Schwartz.

Judge Doughty in his ruling agreed with the states suing the federal government that the pause in drilling leases would harm the states as it prevented the collection of leasing bid revenue and bonuses from oil and gas producers. "I am pleased that the court recognized this federal overreach and worked promptly to end the implementation of this ill-advised moratorium that would harm the U.S. economy and cost many their livelihoods," said Texas Attorney General Paxton. "President Biden does not have the authority to revise Congressionally-mandated statutes on a political whim. Alongside Louisiana, and the 11 other states who joined our cause, we will continue to challenge any unconstitutional executive orders that this Administration tries to implement."

TIPRO members may view Judge Doughty's ruling at: <https://bit.ly/3zBXhTD>.



## **'Waters of the U.S.' rule back in the spotlight as regulators push to rework regulation**

The U.S. Environmental Protection Agency (EPA) and U.S. Department of the Army announced in June the agencies' intent to again modify the definition of "waters of the United States," commonly referred to as "WOTUS," which establishes the boundaries and geographic scope of federal jurisdiction over bodies of water under the Clean Water Act (CWA). The renewed effort to change the federal WOTUS definition follows Executive Order 13009, signed by President Joe Biden in January, directing federal agencies to review all existing regulations, orders, guidance documents, policies, and any other similar agency actions promulgated, issued or adopted between January 20, 2017, and January 20, 2021, under the previous administration. Accordingly, after thorough examination of the WOTUS regulation, the EPA and Army Corps of Engineers indicate they will now initiate a new rulemaking process that restores the previous protections in place when WOTUS was updated in 2015 during the Obama Administration.

After the WOTUS rule promulgation six years ago, the regulation faced an onslaught of lawsuits, including motions filed by the state of Texas seeking to end the 2015 WOTUS rule. Last year, the Trump White House finalized its own rewrite of the definition of what bodies of water that qualify for protections under the CWA through the Navigable Waters Protection Rule. The rulemaking was said to put an end to decades of uncertainty over federal jurisdiction for water systems, and adhere to statutory limits of authority for federal entities, a long presented concern stemming from WOTUS rules. With four distinct categories identifying waters that were subject to federal protection, the Trump-era rule sought to strike the proper balance between Washington and the states in efforts to protect the nation's navigable waters while at the same time supporting the economy and accelerating critical infrastructure projects.

"After reviewing the Navigable Waters Protection Rule as directed by President Biden, the EPA and Department of the Army have determined that this rule is leading to significant environmental degradation," said EPA Administrator Michael Regan. "We are committed to establishing a durable definition of 'waters of the United States' based on Supreme Court precedent and drawing from the lessons learned from the current and previous regulations, as well as input from a wide array of stakeholders, so we can better protect our nation's waters, foster economic growth, and support thriving communities."

The term "waters of the United States" is not defined by the CWA but rather has been established by the EPA and the Army in regulations since the 1970s and jointly implemented in the agencies' respective programmatic activities.

**Story continued on Page 3...**

## President's message

TIPRO Members,

With the conclusion of the 87<sup>th</sup> Regular Legislative Session at the end of May, TIPRO's government affairs team has been diligently monitoring policy measures that have since been signed into law by the governor, and tracking those bills that Governor Greg Abbott has chosen to veto. Altogether, of the 7,148 bills and constitutional amendments filed by Texas legislators this past legislative session, the governor ultimately signed or allowed 1,060 legislative proposals to become effective, and vetoed a total of 21 bills.

In an effort to keep the members of TIPRO informed on the bills introduced this year by lawmakers deemed of greatest significance to the Texas oil and natural gas industry, the association has compiled and just released its '2021 End-of-Session Legislative Report,' now available on the association's website at: <https://bit.ly/3zViqbr>. Through TIPRO's new legislative report, I hope you find value in learning more about the legislative proposals considered, and in some cases implemented, by the 87<sup>th</sup> Legislature pertaining to Texas' upstream oil and gas sector.

Building on our advocacy efforts at the state level, rest assured that TIPRO is also working hard to defend the interests of our members before federal regulators and policymakers. Our team will be participating in a small business panel and outreach meeting next week hosted by the U.S. Environmental Protection Agency (EPA) on the Biden Administration's anticipated rulemaking, "Oil and Natural Gas Sector New Source Performance Standards." This upcoming regulation by the EPA, which focuses on strengthening previously issued standards to reduce methane emissions from the oil and gas sector, will undoubtedly have large implications on regulatory requirements for the oil and gas industry, and could prove most burdensome to small and mid-sized operators. At this stage of its rulemaking process, the EPA is seeking out information from stakeholders as it works to develop its new rule package. The agency has made it known it would like to minimize duplication of federal, state and local regulations.

Meanwhile, TIPRO has also continued to connect with members of the Texas congressional delegation to review priorities for the Texas oil and natural gas industry, as well as discuss elevated challenges presented from policies that are being promulgated by the Biden Administration. TIPRO leadership enjoyed meeting with Congresswoman Lizzie Fletcher (D-Houston) earlier in June, and also appreciated the opportunity to host a conversation this week with Congressman Henry Cuellar (D-Laredo). Numerous issues were discussed, including the importance of maintaining intangible drilling costs and percentage depletion in the U.S. tax code, Carbon Capture, Utilization, and Storage (CCUS), and others. Maintaining our nation's energy security, economic growth and employment opportunities for Americans in the oil and natural gas industry, should not be a partisan issue. We look forward to our continued interaction with policy leaders on both sides of the aisle to ensure that our voice is heard on these important issues.

Regards,

Ed Longanecker



**Ed Longanecker**

## Apache Corporation opens applications for company's Tree Grant Program

Apache Corporation, a member of the Texas Independent Producers & Royalty Owners Association (TIPRO), has opened the application season for its 2021-2022 Tree Grant Program. For over 15 years, Apache has donated trees through its Tree Grant Program, helping not only beautify communities and preserve wildlife habitat but also support other important conservation efforts, including reforestation in areas affected by natural disasters. Last year, the company donated more than 64,000 trees through partnerships with 56 non-profit organizations across Texas, Louisiana and New Mexico. Some of the 2020-2021 Apache Corporation Tree Program partners included: the Galveston Bay Foundation for the reforestation of its new 30-acre headquarters site in Kemah, Texas; the University of Houston to support municipal parks throughout Houston's Third Ward community; the Fields Edge in Midland, Texas, for trees planted in support of its newly constructed tiny-home community for the chronically homeless; the City of Edinburg for reforestation of community parks in South Texas which were devastated during Hurricane Hanna; the U.S. Fish and Wildlife Service to benefit habitat restoration and reforestation at its U.S. FWS South Texas Refuge Complex; and, the Texas Parks and Wildlife Department for the establishment of wildlife habitats and reforestation at a number of Texas state parks and facilities. Altogether, since 2005, when the Tree Grant Program launched, Apache has donated more than 4.8 million trees to nonprofit organizations and government agencies in 17 states.

"Trees play an invaluable role — beautifying our neighborhoods, providing wildlife habitats, and conserving our environment. As we kick off the 16<sup>th</sup> year of the Apache Tree Grant Program, we are excited to continue working with partners dedicated to planting and caring for trees in communities across our U.S. operating areas," said John J. Christmann IV, Apache's chief executive officer and president.

The Tree Grant Program is open to U.S. nonprofit organizations and government agencies in states where Apache has operations — currently Texas, New Mexico, Louisiana and Wyoming. The 2021- 2022 Apache Corporation Tree Grant Program application is available until August 16, 2021. After the application window has closed, grant awards will be announced by the company in September. For more information and to apply for Apache's Tree Grant Program, please visit [www.apachelovestrees.com](http://www.apachelovestrees.com).

## TIPRO CALENDAR OF EVENTS

**JULY 12-14, 2021**

FORT WORTH — Hart Energy's  
DUG Permian & Eagle Ford  
Conference and Expo.  
For information, call (713) 260-6400.

**JULY 15-17, 2021**

HOUSTON — 2021 NARO Texas &  
New Mexico Convention.  
For information, please email  
[jfleet@naro-us.org](mailto:jfleet@naro-us.org).

**AUGUST 17, 2021**

HOUSTON — IPAA/TIPRO/HPF  
"Leaders in Industry" Luncheon.  
For information, please email  
[adoremus@ipaa.org](mailto:adoremus@ipaa.org).

## Keeping to his warning, governor vetoes funding for Texas legislature

Texas Governor Greg Abbott last Friday, June 18, followed through with an earlier threat to veto a section of the state budget which supplements funding for the Texas Legislature, its staffers and legislative agencies. The Republican governor took such action as a form of punishment to Democratic lawmakers who abandoned the legislative House chamber during one of the final days of the legislative session as part of an effort to block passage of Senate Bill 7, legislation focused on election integrity that was a priority for the governor this legislative cycle. The Democrats' infamous walkout also killed bail legislation that the governor had likewise earmarked as a priority.

In a statement, the governor said that "Texans don't run from a legislative fight, and they don't walk away from unfinished business." He added, "Funding should not be provided for those who quit their job early, leaving their state with unfinished business and exposing taxpayers to higher costs for an additional legislative session. I therefore object to and disapprove of these appropriations." According to the Legislative Reference Library and the *Texas Tribune*, Governor Abbott's move is unprecedented in Texas.

The budget is otherwise set to take effect on September 1, 2021, the beginning of the state's new Fiscal Year. After the governor's line-item veto of Article X, the section of the budget extending legislative funding, legislators from the Democratic Party expressed frustration, and said the House Democratic Caucus was considering all options, including immediate legal pursuits to restore legislative funding. "Vetoing the legislative branch will cause direct harm to Texans," stated Texas Representative Chris Turner (D-Grand Prairie), who also chairs the House Democratic Caucus. "Members of the legislature provide vital services in our districts -- helping single parents receive child support payments, assisting a family with healthcare enrollment for their children or resolving a driver license issue. Our constituent services are the lifeblood of our public service, something Abbott should try learning about. By placing a termination date on the employment of all legislative staff, the governor is cutting off services to millions of Texans."

Meanwhile, legislative initiative to address election integrity and bail reform will resurface again later on this year when state lawmakers return to Austin for a special legislative session that has been called by Governor Abbott for the summer. Already, Governor Abbott has gone on record confirming his intent to add both issues to his legislative agenda for the special session, acknowledging his expectation for political leaders to have worked out the details of policy proposals when they arrive at the capitol.

## RRC offers guidance on designations for operators supporting critical load for electricity

In a June notice to the state's oil and natural gas operators, the Railroad Commission of Texas (RRC) provided guidance on how oil and gas producers can apply for critical load designations indicating they support the state's electric grid. As provided from legislation passed this year by the Texas legislature during the 87<sup>th</sup> Regular Session in response to Winter Storm Uri, the state is seeking to identify critical oil and gas infrastructure that generates electricity for the state's power system and appropriately register it with the Electric Reliability Council of Texas (ERCOT) and electric utilities. To accomplish this, oil and gas companies are being advised to review the *Application for Critical Load Serving Electric Generation and Cogeneration*, now being accepted, and apply for critical load designation as appropriate.

When the extreme arctic weather system, known as Winter Storm Uri, moved across Texas in February, millions were left without power after electric transmission companies shut off electricity units to conserve power and ease demands on the energy grid. This impacted not only homes and businesses across the Lone Star State, but also hampered natural gas producers. To prevent this problem from repeating itself again in the future, the Texas government is now calling on oil and natural gas providers, as appropriate, to declare themselves as critical infrastructure to help Texas avert blackouts. The designation shall only be requested for individual premises (meters) that provide electricity to natural gas production, saltwater disposal wells, processing, storage, or transportation, such as a natural gas compressor station, gas control center or other pipeline transportation infrastructure.

The RRC in its latest notice reminds operators that it does not have jurisdiction over electricity generation, and questions related to critical load designation should be directed to electric utility providers or ERCOT. Otherwise, the *Application for Critical Load Serving Electric Generation and Cogeneration* can be found on the ERCOT website at <https://bit.ly/3iLL08V>.

## New WOTUS rule coming... continued from Page 1

A review this year of the Navigable Waters Protection Rule led the EPA and Army Corps to determine that the regulation was significantly reducing clean water protections. This conclusion has prompted the Department of Justice to file a motion requesting remand of the rule, action which will lead the federal government to develop a new rule defining WOTUS. In this process, the EPA and Army Corps of Engineers emphasize their commitment to stakeholder engagement to ensure that a revised definition of WOTUS considers essential clean water protections, as well as accounts for how the use of water supports key economic sectors. Further details of the agencies' plans, including opportunity for public participation, will be conveyed in a forthcoming action. TIPRO members can learn more about this anticipated rulemaking by visiting [www.epa.gov/wotus](http://www.epa.gov/wotus).

The announcement from the Biden Administration has elicited concern by many GOP officials worried that Obama-era water rules will be reinstated, and potentially burden industries such as energy, construction and agriculture. "With this move, President Biden is foolishly revisiting controversial regulations that were widely criticized as overly broad and burdensome and not in line with Congressional intent under established law," warned Congressman Andy Harris, M.D. (R-Maryland). Congressman Glenn 'GT' Thompson (R-Pennsylvania), ranking member of the U.S. House Agriculture Committee, also said the EPA's decision to rewrite WOTUS would create regulatory confusion and was another instance of federal overreach. "President Trump's Navigable Waters Protection Rule provided long-overdue certainty and clarity for landowners affected by the scope of WOTUS jurisdiction. The process laid out by the EPA and Army Corps is a step backward that will return farmers and ranchers to regulatory confusion," described Congressman Thompson. "I implore the Biden Administration to retain the current WOTUS definition and to not engage in another massive land grab through government overreach."



## Keystone XL oil pipeline project dropped by developer after permit blocked from President Biden

TC Energy Corporation, the developer behind the \$8 billion Keystone XL Pipeline project, confirmed in mid-June it was terminating development plans for the pipeline following the revocation of its Presidential permit on January 20, 2021, by U.S. President Joe Biden. In January, after President Biden blocked the Keystone pipeline, construction activities to further advance the project were suspended. TC Energy explains that after its decision, it will continue to coordinate with regulators, stakeholders and Indigenous groups to meet its environmental and regulatory commitments and ensure a safe termination and exit from the project.

"TC Energy's infrastructure plays a critical role in powering the North American economy, delivering the energy people need every day, safely and responsibly," commented the company. TC Energy also said that going forward it would build its businesses in shipping and storing natural gas, liquid fuels and power to meet growing North American demand for cleaner fuels. "We value the strong relationships we've built through the development of this project and the experience we've gained," TC Energy Chief Executive François Poirier remarked.

At 1,210-miles in length, Keystone XL was expected upon completion to safely deliver 830,000 barrels per day of crude oil from Hardisty, Alberta, to Steele City, Nebraska, where it would then connect with TC Energy's existing facilities to reach U.S. Gulf Coast refiners and meet critical needs for transportation fuel and useful manufactured products. Throughout Keystone's lifespan, thousands of well-paid jobs were supported, in addition to other substantial economical benefits generated in states and communities near the energy infrastructure project. Altogether, Keystone XL underwent six comprehensive scientific reviews by the U.S. Department of State over the past decade, concluding that the project could be built and operated in an environmentally sustainable and responsible way, and was also described as safer and less-GHG intensive than current methods of transporting crude oil to market. In January, before the new administration took office, TC Energy Corporation also had announced a new sustainable energy initiative for the Keystone XL Project that would have achieved net zero emissions across the pipeline operations when it was placed into service in 2023, also committing operations to be fully powered by renewable energy sources no later than 2030.

Though Keystone XL was carefully studied by federal, state and provincial agencies for more than a decade, and expected to provide a \$3.4 billion boost to U.S. GDP while safely delivering 830,000 barrels of oil per day to the United States, in one of his first actions in the Oval Office, President Biden pulled the Presidential permit allowing for the construction, connection, operation and maintenance of pipeline facilities associated with Keystone XL at the international border of the United States and Canada, contending that leaving the Keystone XL pipeline permit in place would not be consistent with his administration's economic and climate imperatives.

"President Biden killed the Keystone XL Pipeline and with it, thousands of good-paying American jobs," commented U.S. Senator John Barrasso (R-WY), ranking member of the Senate Committee on Energy and Natural Resources, in a statement issued in response to TC Energy's announcement it would terminate the Keystone XL Pipeline project permanently. "On Inauguration Day, the president signed an executive order that ended pipeline construction and handed one thousand workers pink slips. Now, ten times that number of jobs will never be created. At a time when gasoline prices are spiking, the White House is celebrating the death of a pipeline that would have helped bring Americans relief."

U.S. Representative Markwayne Mullin (R-Oklahoma) also expressed disappointment at the Keystone XL Pipeline being cancelled, alongside members of the House Energy Action Team (HEAT). "Make no mistake, this is a direct result of President Biden revoking the permit on his first day in office," said Representative Mullin. "Now, thousands of workers will be permanently out of a job, billions in economic activity will be lost, and American energy independence is in jeopardy. President Biden's attack on fossil fuels will continue to be a disaster for the American people."

Before the company's decision earlier this month to drop the Keystone XL Pipeline, the state of Texas, joined by Montana and 21 other states, had filed legal challenges in federal court fighting President Biden's cancellation of Keystone XL. In early June, two more state attorneys general from Florida and Alaska had added their support to a lawsuit pursued by the coalition of states which sought to have portions of Executive Order 13990 cancelling the Keystone XL's cross-border permit declared unconstitutional and unlawful, and asked to prevent the Biden Administration from taking any action to enforce the permit revocation. The lawsuit stated that President Biden did not have the unilateral authority to change energy policy that Congress has set, and maintained that the power to regulate interstate and international commerce, including granting or rejecting permits for oil pipelines that cross an international border, resides with Congress—not the president. "Our nation needs secure, reliable, and independent energy. We cannot afford to deprive Americans of vital energy resources while chasing an unrealistic Utopian vision," said Texas Attorney General Paxton last month after a cyberattack suspended other vital service through the Colonial Pipeline located on the East Coast. Attorney General Paxton, unified with other attorneys general, cited that predicament as a powerful reminder to the need of pipelines to move fossil fuels around the country, while also supporting American jobs, bolstering U.S. energy independence and global leadership for the country, in addition to building on economic opportunities.

The cancellation of the Keystone XL Pipeline will also raise pressure on other developers hoping to build infrastructure projects in the U.S. and Canada, discouraging energy companies that will for the time-being be forced to continue relying on the country's aging infrastructure network.



### BE SURE NOT TO MISS TIPRO'S SUMMER 2021 UPSTREAM TEXAS MAGAZINE!

Inside the new issue of the association's magazine, learn about TIPRO's long history and established legacy of protecting independent producers and royalty owners in Texas, and also read more about this year's great freeze that's since led to an honest evaluation of the state's energy system. Also be sure to take some time to read TIPRO's profiles inside the *Upstream Texas* publication of Texas Governor Greg Abbott, Railroad Commissioner Jim Wright and Killam Oil's Cliffe Killam. Visit [bit.ly/3v8nuGu](http://bit.ly/3v8nuGu) to read TIPRO's *Upstream Texas* magazine online!

## Texas congressmen urge Interior to reverse proposed ESA designation for lesser prairie-chicken

Members of the Texas congressional delegation, led by U.S. Representative August Pfluger who represents Texas' 11<sup>th</sup> congressional district covering Midland in the U.S. House of Representatives, have called on leaders of the U.S. Department of Interior to abandon regulatory efforts seeking to expand federal protections of the lesser prairie-chicken under the Endangered Species Act (ESA). As TIPRO reported to members in the June 10<sup>th</sup> edition of *The TIPRO Target* (accessible at <https://bit.ly/3qaFMpa>), the Department of Interior's U.S. Fish & Wildlife Service (USFWS) announced last month it is proposing to list the Southern Distinct Population Segment (DPS) of the lesser prairie-chicken as endangered under the ESA and also is proposing the Northern DPS of the bird be recognized as a threatened species with a rule issued under section 4(d) of the ESA. If both subspecies receive final protections as proposed, then the two DPSs of the lesser prairie-chicken will be added to the List of Endangered and Threatened Wildlife and be covered by protections from the ESA.

Highlighting successes from voluntary public-private conservation partnerships, in a letter sent June 17<sup>th</sup> to Secretary of the Interior Deb Haaland, the group of elected leaders argue that the lesser prairie-chicken population has stabilized, and in fact, as captured from recent aerial surveys, population counts of the species appear to have doubled since levels recorded in 2013. "The Western Association of Fish and Wildlife Agencies' (WAFWA) Range-wide Candidate Conservation Agreement with Assurances (CCAA) for the lesser prairie-chicken has been effective in conserving and growing the species. Under the lesser prairie-chicken Range-wide CCAA, more than 180 oil and gas, agriculture, pipeline, electric transmission and wind energy companies have enrolled in conservation agreements to avoid, minimize or mitigate impacts to the lesser prairie-chicken from their operations," said the congressmen. "Private industry has invested more than \$64 million in enrollment and mitigation fees for conservation and over 6 million acres are enrolled in the partnership."

**"Voluntary public-private conservation partnerships for the lesser prairie chicken's habitat are working as recent surveys indicate that the lesser prairie chicken population has more than doubled since 2013. I am proud to lead this letter to urge the Biden Administration to not list the lesser prairie chicken, which will harm our rural economies and threaten the livelihoods of ag and energy producers."**  
Congressman August Pfluger

The letter also underscores: "Agriculture and energy production are the foundation and lifeblood of our states... the Permian Basin accounts for more than 35 percent of total U.S. crude oil production and more than 15 percent of total U.S. natural gas production. This proposed action will result in significant job losses while diminishing American energy security, forcing us to rely on other countries who do not have our best interests in mind and have less stringent environmental standards. Similarly, U.S. agriculture contributes \$7 trillion to the U.S. economy and supports 40 million jobs nationwide. Unnecessary, unsound decisions stemming from Washington, D.C. will only serve to harm the livelihoods of the constituents we represent."

The letter was cosigned by Representative Pfluger, as well as five other Texan congressmen, including: Representatives Kevin Brady, Randy Weber, Ronny Jackson, Louie Gohmert and Michael Cloud. Ranking Member on the House Natural Resources Committee Representative Bruce Westerman (R-Arkansas) also signed the letter, as well as Representative Yvette Herrell (R-New Mexico), Chairman of the Congressional Western Caucus Representative Dan Newhouse (R-Washington), and Representatives Doug Lamborn (R-Colorado), Lauren Boebert (R-Colorado), Scott Perry (R-Pennsylvania), Markwayne Mullin (R-Oklahoma), Tracey Mann (R-Kansas), Stephanie Bice (R-Oklahoma) and Cliff Bentz (R-Oregon).

TIPRO members interested in reviewing the full text of the letter can visit <https://bit.ly/3iRhGOI>.

A reminder to TIPRO members that the USFWS is now accepting public comments until August 2, 2021, regarding the proposed rule to list two DPSs of the lesser prairie-chicken. Comments may be submitted electronically using the Federal eRulemaking Portal, available at [www.regulations.gov](http://www.regulations.gov), and referencing docket number FWS-R2-ES-2021-0015. The USFWS also will hold two virtual public hearings this summer on July 8<sup>th</sup> and July 14<sup>th</sup> to gather public comments on the listing proposal. Additional details on how to participate in these hearings can be found at: <https://www.fws.gov/southwest/es/LPC.html>.

## EIA: U.S. dry natural gas production, drilling rig activity increasing from pandemic lows

New statistics released in mid-June by the U.S. Energy Information Administration (EIA) capture the growth of natural gas production and rig counts since the COVID-19 pandemic gripped the country last year, causing production to be shut-in and interrupting energy development. EIA experts report that during the month of May 2021, production of dry natural gas in the United States averaged 92.2 billion cubic feet per day (Bcf/d), marking strong growth since May 2020 when natural gas production totaled 87.8 Bcf/d. The EIA noted that with an exception for February 2021, when weather-related well freeze-offs contributed to natural gas production going offline, May 2020 marked the low point for U.S. natural gas production through the COVID-19 health emergency. Mitigation efforts to deter rising cases of COVID-19, combined with warmer weather across the country, lowered demands for natural gas, and in turn caused pricing for the commodity to decrease, explained the EIA. Building on more recent production growth, EIA analysts have forecasted in the June *Short-Term Energy Outlook* (STEO) that output of dry natural gas will continue to rise in the United States through the end of 2022, averaging about 94.8 Bcf/d for November and December 2022.

Higher counts of active rigs directed at drilling for natural gas also shows recovery for the natural gas industry since the onset of the COVID-19 pandemic, said the EIA. Citing data from Baker Hughes Company, EIA referenced the lowest level of active rigs since at least 1987, which fell to 244 in August 2020, compared to the 461 active drilling rigs reported in the United States as of June 8, 2021. Of that total, 96 were categorized as natural gas rigs, a significantly higher threshold to the low of 68 active natural gas rigs in July 2020.

Altogether, natural gas prices are also improving at the onset of this year's summer season, with prices nearly 96 percent higher from a year ago, as of Friday, June 18, 2021. International markets also are experiencing higher pricing for natural gas. European nations have seen prices double over the past year, while in Asia, imported liquefied natural gas (LNG) is reportedly fetching more than five times what it did last June. As a result of anticipated growth in natural gas consumption and higher natural gas exports, the EIA is forecasting the 2021 Henry Hub natural gas spot price to average \$3.07 per million British thermal units (MMBtu), an increase of \$1.04/MMBtu from the record lows of 2020.

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CONFERENCE & EXHIBITION

# DUG PERMIAN +EAGLE FORD

## Texas' Largest Shale Event

July 12-14, 2021

Fort Worth Convention Center  
Fort Worth, Texas

Hart Energy's **DUG Permian Basin and Eagle Ford Conference & Exhibition** returns to its standard *in-person* format at the Fort Worth Convention Center. **TIPRO** members will find this combined conference and exhibition provides a comprehensive view of what's happening for Texas' crude oil and natural gas producers.

### Attend the Carbon Management Forum

On July 12, prior to the main conference, Hart Energy will host a **Carbon Management Forum** with in-depth presentations about technologies and strategies making significant impacts. The focus is helping Permian producers continue to thrive with responsible, streamlined and profitable operations.

### Industry Leading Speakers



Mark Mills

#### Mark Mills

Senior Fellow, Manhattan Institute; Faculty Fellow, McCormick School of Engineering and Applied Science at Northwestern University; Co-Founder & Partner



Jack Harper

#### Jack Harper

President, Permian Business  
**ConocoPhillips**

#### Montrose Lane

For complete agenda with speakers and to register, scan this QR code or visit: [DUGPermianBasin.com](https://DUGPermianBasin.com)

HARTENERGY



## Texas Independent Producers & Royalty Owners Association

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

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