



THE TIPRO TARGET



**Texas
Independent
Producers and
Royalty Owners
Association**

TIPRO joins coalition of oil and gas trades expressing adamant opposition to nomination of NHTSA administrator

The Texas Independent Producers & Royalty Owners Association (TIPRO) in early May joined over 40 oil and natural gas trade associations from across the country in urging members of the U.S. Senate to reject the nomination of Ann Carlson to serve as administrator of the National Highway Traffic Safety Administration (NHTSA). The coalition of oil and gas groups, led by the Western Energy Alliance, described Carlson’s leadership focus as centered on limiting greenhouse gas emissions, rather than managing the most pressing concerns of NHTSA – improving traffic safety and addressing increasing rates of highway fatalities. In a new letter sent on May 3rd to leaders of the U.S. Senate Committee on Commerce, Science, and Transportation, the oil and gas associations asked for Carlson to be disqualified from becoming the permanent administrator of the NHTSA.

“We strongly oppose President Biden’s nomination of Ann Carlson as administrator of the NHTSA. Her multiple public statements reveal a clear agenda to go beyond NHTSA’s congressionally mandated mission on vehicle performance and safety standards and turn it into a climate change enforcement body. We are also concerned by Carlson’s lack of transparency about her work promoting spurious climate change litigation,” the oil and gas trades stated in their letter.

“Carlson’s expressed focus on climate falls outside of NHTSA’s congressional mandate, ‘to help reduce the number of deaths, injuries, and economic losses resulting from motor vehicle crashes on the nation’s highways.’ Nowhere in NHTSA’s statute is climate change addressed. Yet she is running point on a proposed rulemaking on new restrictive vehicle fuel economy standards designed to achieve the president’s aggressive goal of compelling a switch to electric vehicles,” the trade groups also noted. Read the associations’ full letter [here](#).

Carlson, who was nominated to become NHTSA administrator in February, has served as the acting administrator for the vehicle safety agency since September 2022. She also has worked as chief counsel of the NHTSA, overseeing the agency’s legal services and statutory authorities. Since joining the agency, Carlson helped oversee the issuance of the strongest year-over-year increases in fuel economy standards in NHTSA’s history, as directed by President Biden’s Executive Order 13990.

On Monday, U.S. Senator for Texas Ted Cruz and U.S. Representative August Pfluger (TX-11) responded to the letter submitted from the oil and natural gas organizations, agreeing that Carlson’s appointment to head NHTSA must be stopped. Both told the *Odessa American* newspaper this week that Carlson’s nomination represented another attempt from the Biden Administration to change the focus of federal agencies from their congressionally authorized responsibilities towards tackling climate change.



The legislature has less than a month left to decide on plans to create a specialized business court

With just weeks remaining in Texas’ 88th Regular Legislative Session, lawmakers are making their final push to pass laws and adopt new policies before legislative deadlines hit. One bill seeing movement and recently debated at the Texas capitol would create a new state district court to address and resolve business cases involving transactions larger than \$10 million. [House Bill 19](#), filed by Texas Representative Andrew Murr (R-Junction), would establish a new court in Texas specializing in resolving complex business disputes, which could help expedite cases and lower costs for Texas businesses on litigation. The court would have seven judges appointed by the governor every two years with advice and consent of the Senate, and appeals would be heard by the new appeals court.

As of 2021, 29 states in the U.S. were operating some form of business or complex litigation court or court system, though Texas currently does not have such a court. Bill proponents argue that Texas can strengthen its legal system and reputation as the best state in which to do business by creating a specialized business court. Bill supporters also note that the new court would help to address backlogs in other district court dockets across the state. Other cases often receive priority over business litigation, which can lead many business conflicts to remain unheard in the Texas court system for years – a business court could help to remove complex or lengthy business cases from existing court dockets, which could facilitate quicker resolutions for all cases.

The legislation, which was included on House Speaker Dade Phelan’s list of legislative priorities this session, was passed by the Texas House on May 2, and then assigned to the Senate Committee on Jurisprudence, where it was advanced by lawmakers on May 10. It still must be voted on by the full Senate before it can be sent to the governor to be signed into law.

Chairman's message

TIPRO members,

Continued commodity price volatility coupled with the regional banking crisis and looming federal overreach have tempered, but not completely stifled activity and performance in the upstream sector for the first quarter of the year. While natural gas prices continue to flounder below \$2.50 per MMBtu, oil prices have cycled through a series of peaks and troughs since the beginning of the year. Initial concerns of global recession and demand destruction as we entered the year have lessened in recent weeks. Recently, the financial jitters associated with lingering anxiety that the Silicon Valley Bank and First Republic contagion will spread to other regional banks has pushed oil prices lower. The overall response from operators is a fairly conservative “wait and see” approach on everything from capital programs to M&A.

The gas-directed rig count continues to fall in this low-price environment and major projects from the Haynesville to the dry-gas Eagle Ford / Austin Chalk play are under pressure. There is general consensus around long-term demand growth globally and forthcoming U.S. Liquefied Natural Gas (LNG) infrastructure creating a durable price floor for natural gas starting in late 2025 to early 2026. Until then, we will need Mother Nature's help with hot summers and cold winters to put a dent in our growing supply of domestic gas. Otherwise, the oil-directed rig count has not been immune to the recent volatility. Last week, U.S. onshore rig count dropped by 12, a mix between public and private operators. Pressure on the cost-side of the equation appears to be flattening but remains high to historic comparisons. This has put significant pressure on the profitability of projects, even within core oil-producing areas.

On the M&A front, Q1 2023's 16 deals completed was a far cry from Q1 2022's 45 deals completed. The focus on cost-cutting and a lack of committed capital are likely driving these reductions, however, \$1.7 billion in deals were announced last week as a surge of M&A in the Eagle Ford trend picks up speed. We will likely continue to witness larger companies aggregate positions that add much-needed inventory to their books throughout the year. Beyond these types of deals, expectations for the balance of the year in the M&A market are fairly muted.

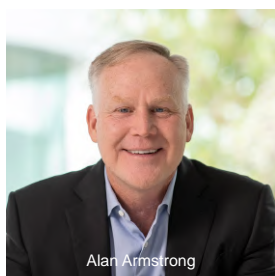
Closer to home, Texas operators are prudently adjusting capital plans and managing inventory through this tight period. Job creation within the industry continues to rise modestly, as reported last month by TIPRO. The future forecasts for rising demand and LNG exports should have us all excited. With the abundance and quality of reserves in Texas combined with our experienced workforce and infrastructure, we have many good days ahead.

Thank you for your membership and dedication to TIPRO,
Jud Walker



Jud Walker

May 'Leaders in Industry' luncheon with Williams CEO Alan Armstrong is SOLD OUT



Alan Armstrong

Williams President and Chief Executive Officer Alan Armstrong will present at the upcoming 'Leaders in Industry' luncheon hosted by the Texas Independent Producers and Royalty Owners Association (TIPRO), the Independent Petroleum Association of America (IPAA) and the Houston Producers Forum. The luncheon is scheduled for Tuesday, May 16, at the Petroleum Club of Houston.

Armstrong began his career at Williams more than 30 years ago and has led the company since January 2011. During Armstrong's tenure, Williams has expanded its reach, currently handling about 30 percent of all U.S. natural gas volumes, through gathering, processing, transportation, and storage services. Prior to being named CEO, Armstrong led the company's North American midstream and olefins businesses through a period of growth and expansion as senior vice president – midstream. Previously, Armstrong also served as vice president of gathering and processing from 1999 to 2002; vice president of commercial development from 1998 to 1999; vice president of retail energy services from 1997 to 1998 and director of commercial operations for the company's midstream business in the Gulf Coast region from 1995 to 1997. He joined Williams in 1986 as an engineer.

Armstrong serves on the board of directors of the American Petroleum Institute (API) and is a member of the National Petroleum Council. In 2019, he chaired the National Petroleum Council's Energy Infrastructure Study on Changing Dynamics of Oil & Gas Infrastructure. He also serves as a member of the board of directors of BOK Financial Corporation and the Energy Infrastructure Council.

Registration for the event is now closed and the luncheon is sold out.

TIPRO CALENDAR OF EVENTS

MAY 16, 2023

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

For information, email

info@houstonproducersforum.org.

MAY 29, 2023

AUSTIN — TIPRO Sine Die
Legislative Celebration.

For information, email

info@tipro.org.

JUNE 20, 2023

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

For information, email

info@houstonproducersforum.org.

Legislation to help cover the needs of Texas' oil and gas producing areas passes in the House

With nearly unanimous approval, in early May, several bills passed in the Texas House that aim to address critical needs in major energy producing areas of the Lone Star State, including the Permian Basin, and improve quality of life for those living in Texas' oilfield communities.

[House Joint Resolution 111](#) and [House Bill 2207](#), authored by state Representative Brooks Landgraf (R-Odessa), would amend the Texas Constitution to establish the Texas Severance Tax Revenue and Oil and Natural Gas (STRONG) Defense Fund. The fund would receive a portion of severance tax revenue for the purpose of supporting transportation infrastructure, workforce and economic development, public education, healthcare and public safety needs in regions of the state with the highest oil and gas production. "My Texas STRONG plan will keep more of the state taxes generated in the oilpatch invested in the schools, colleges, health care institutions and first responders that serve our underserved energy-producing communities," described Representative Landgraf earlier this year. HJR 111 and HB 2207 now head to the Texas Senate for consideration. HJR 111 must receive support from two-thirds of the Senate to pass, along with a majority of Texas voters in the November 2023 Constitutional amendment election. In order for HB 2207 to be implemented into law, it must obtain a simple majority vote in the upper chamber, the governor's signature, and voter approval of HJR 111.

Otherwise, [House Joint Resolution 27](#) and [House Bill 1392](#) by Midland lawmaker Tom Craddick, creating the Generate Recurring Oil Wealth (GROW) for Texas Fund, also were passed by members of the Texas House last week. This fund also would redirect oil and gas severance taxes for specific reinvestment in the Texas oil patch and help pay for roads, education, broadband, law enforcement, and other needs.

Both the GROW Texas legislation and STRONG fund have been supported by TIPRO during this year's legislative session.

Since passing out of the House chamber, each of these bills have been assigned to the Senate Committee on Finance for consideration. Versions of the GROW legislation have reached the Senate Finance Committee in past sessions but have failed to move further in the legislative process. TIPRO will continue meeting with Senate Finance Committee offices this week to push for passage of the legislation.

TIPRO members invited to association's End-of-Session Sine Die celebration

When Texas' legislative session concludes on Monday, May 29, we hope you will join TIPRO at the association's Sine Die celebration as we applaud legislative victories for the state's oil and natural gas industry. The event, open only to TIPRO members, elected officials and their staff, is sponsored by Chevron, Matador Resources, Oxy, Pioneer Natural Resources and U.S. Carbon Capture Solutions. The Sine Die reception will be held from 4:30 p.m. to 7:00 p.m. in the lobby of the Capitol Center building, located at 919 Congress Avenue in downtown Austin.

Registration is required — to sign up, please email info@tipro.org. Note: sponsorship for the Sine Die celebration is still available. See additional details below to become a sponsored co-host of the event.



**TIPRO's End-Of-Session
Sine Die Celebration**
Capitol Center Lobby
919 Congress Avenue Austin, Texas
May 29th, 2023
4:30-7:00 pm



Join TIPRO as a Sponsoring Host for the 2023 Sine Die Reception. Help welcome over 300 members of legislative offices and regulatory agencies as they wrap up the bi-annual Legislative Session.

\$1000 Sponsorship will include the following:

- Company Logo Featured on all reception emails and signage.
- Company Name listed on formal invitation* and Koozies.
- Wristbands for sponsor attendees.
- Sponsors will also be provided with a set of printed invitations for personal distribution to legislative and regulatory offices.
- Open Bar, BBQ and Music

* May 15th deadline for printed invitations to legislative and regulatory offices

Please email joanne@tipro.org with your commitment.

Yes, please add me as a Host

Name:

Company:

Email me an invoice:

Texas Railroad Commission accepting comments on changes to Form P-18

The Railroad Commission of Texas is currently accepting public comments on proposed revisions to Form P-18, *Skim Oil/Condensate Report*, and associated instructions. According to the commission, the proposed revisions include several changes to the form as well as comprehensive updates to the filing instructions:

- Purpose of Filing: 2 additional options have been added – Initial and Final report.
- A new question: “Is this a consolidated P-18?” In addition, a new filing section, VI(B) was created to accommodate this question if answered “Yes.”
- Enhanced options for location information.
- API number(s) is required or the specific disposal well(s).
- “Injection into a reservoir productive of oil or gas” has been removed.
- “Does this system receive salt water from more than one operator?” has been removed.
- “Out of State Water” has been added. In addition, a new filing section, VI(A), was created to accommodate this requirement.
- New item – “Total liquid hydrocarbons that are transferred from one facility to another.”
- New item - “Basic sedimentation and Water (BS&W) collected during the reporting period.”

Public comments on Form P-18 changes will be accepted through May 31, 2023. To view the proposed revisions to Form P-18 and submit a comment, visit the Railroad Commission’s website at <https://www.rrc.texas.gov/forms/proposed-form-amendments/>.

Railroad Commission to host annual regulatory conference July 31 - August 2

The Texas Railroad Commission recently announced that the agency is planning to host its annual regulatory conference July 31 - August 2, 2023, at the AT&T Hotel and Conference Center in Austin, Texas. The event is hosted each year for oil and gas and pipeline operators and other industry representatives to learn about applicable laws, rules and procedures for hydrocarbon production in Texas. For the first time, the conference this year will also feature exhibitors.

Registration for the conference will open in early June. To learn more, view the event webpage by visiting: <https://bit.ly/44BQVD9>.

U.S. Senate passes congressional resolution of disapproval for LPC ESA listing

During the first week of May, the U.S. Senate narrowly passed a congressional resolution that seeks to strike down the Biden Administration’s listing of the Lesser Prairie-Chicken under the Endangered Species Act (ESA). The measure was passed on May 3rd by a vote of 50-48.

The resolution of disapproval using the Congressional Review Act (CRA) seeks to nullify the government listing of the Lesser Prairie-Chicken as a threatened and endangered species. The legislation (S.J. Res. 9) was introduced in the U.S. Senate by U.S. Senator Roger Marshall, M.D. (Kansas), with companion legislation (H.J. Res. 29) filed in the U.S. House by Representative Tracey Mann (KS-01). Both congressmen argue that the ESA listing of the Lesser Prairie-Chicken imposes overly burdensome regulations for the nation’s agriculture and energy sectors. They also point to the destabilizing economic impact of the listing, which comes as hardworking Americans are already struggling with high costs and inflation.

“With a population that is on the rise and tens of millions of acres conserved, the evidence doesn’t support designating the Lesser Prairie-Chicken as a threatened species. In fact, the Lesser Prairie-Chicken is better protected now than ever, with a population that has been growing since 2014,” Senator Marshall said. “The ESA is just another weaponized tool Biden is using to attack rural America.”

U.S. Senate Republican Leader Mitch McConnell (R-KY) last week speaking on the Senate floor also warned the bird’s ESA listing was holding American farms, ranches, and other small businesses “hostage.” He emphasized that Americans were already striking a careful balance between prosperity and conservation of the Lesser Prairie-Chicken “without Washington meddling.” McConnell argued that local landowners and officials already have saved millions of acres of potential habitat for the bird, and ongoing efforts will continue to help support the population of the Lesser Prairie-Chicken.

Meanwhile, before the end of April, lawmakers serving on the U.S. House Committee on Natural Resources also voted to advance H.J. Res. 29, the House’s version of the Lesser Prairie-Chicken CRA resolution, which now will go to the floor of the U.S. House of Representatives for a vote.

“I am honored and excited that this resolution passed out of committee as it pushes back on an unnecessary and burdensome regulation that threatens the livelihoods of people in rural America,” remarked Representative Mann. “Producers deserve urgent action by Congress on this resolution. The designation of the lesser prairie-chicken as a threatened species in places like Kansas is unacceptable, and this rule should have no force or effect until Congress is consulted. I have been working hard on this issue since being elected to Congress, and I am encouraged to see that it passed in the U.S. Senate. Now, it’s time for my colleagues in the House to decide whether they want to stand for big government overregulation that will put producers out of business, or stand up for producers’ rights to private property and self-determination.”

The White House has said that if the resolution makes it out of Congress and is sent to the president’s desk, President Biden intends to veto the legislation. “The Lesser Prairie-Chicken serves as an indicator for healthy grasslands and prairies, making them an important measure of the overall health of America’s grasslands, a treasured and storied landscape. Overturning common-sense protections for the Lesser Prairie-Chicken would undermine America’s proud wildlife conservation traditions, risk the extinction of a once-abundant American bird, and create uncertainty for landowners and industries who have been working for years to forge the durable, locally led conservation strategies that this rule supports,” read a statement issued last week by the executive office of the president.

GOP senators tell NHTSA nominee to reject green agenda and radical standards for auto vehicles



Ann Carlson

Led by U.S. Senator Ted Cruz (R-Texas), Republicans serving on the U.S. Senate Commerce Committee recently expressed serious concerns over the nomination of Ann Carlson to become administrator of the National Highway Transportation Administration (NHTSA), particularly given her past record pushing for strict fuel economy standards and electric vehicle (EV) mandates. Thirteen republicans from the committee sent a letter dated May 1st to Carlson, telling the acting NHTSA administrator that if she is confirmed to permanently lead the NHTSA, she should dismiss plans by the Biden Administration that would force more Americans to use EV cars and impose strict fuel emissions standards disproportionately impacting low-income Americans.

“Following California’s extreme push to ban gas-powered vehicles, the Environmental Protection Agency (EPA) recently proposed emissions standards for new vehicles that are so stringent they effectively mandate automakers produce EVs even if Americans do not want them. The EPA projects these standards would result in two-thirds of all new passenger car and light truck sales being EVs by 2032, even though EVs account for just 6 percent of new vehicle sales today. Based on your record, we are deeply concerned that the NHTSA will follow the EPA’s lead and propose similarly radical vehicle fuel economy standards that run contrary to the law, diminish vehicle choice, impose higher costs on American families, and undermine our national and energy security all while benefiting China,” wrote lawmakers.

The senators noted that Carlson’s past work at the federal agency and earlier career experience suggest NHTSA intends to mimic the EPA’s draconian EV mandate and push aggressive climate and emission policies which would “run contrary to the law,” according to the officials. The full text of the letter sent to Carlson can be read [here](#).

House and Senate energy leaders ask for investigation of possible mismanagement of SPR

This week, U.S. Senator John Barrasso (R-WY), ranking member of the Senate Committee on Energy and Natural Resources (ENR), and House Energy and Commerce Committee Chair Cathy McMorris Rodgers (R-WA) asked the U.S. Government Accountability Office (GAO) to open an investigation examining the Department of Energy’s (DOE) possible mismanagement of the Strategic Petroleum Reserve (SPR). In a letter sent to Gene Dodaro, comptroller general of the United States and head of the GAO, the two Republican officials explained that given concerns on the department’s handling of national oil reserves and the importance of the SPR as an energy security asset, the GAO should complete a full audit of SPR operations, maintenance, modernization, and acquisition and sales relating to the reserve.

“Today, the SPR inventory is at the lowest level since 1983. Under President Biden, DOE has overseen the largest SPR drawdown in history, selling off more than 250 million barrels, equivalent to 42 percent of the reserve, with no credible plan to replenish the stockpile. DOE has failed to establish long-term plans for the optimal size, configuration, maintenance, and operational capabilities of the reserve,” wrote the lawmakers in their letter to Dodaro. “We are concerned that the rapid depletion of the SPR may have caused structural damage to the SPR’s pipelines and caverns, compromising its ability to meet its energy security mission in the event of a true energy supply disruption.” Senator Barrasso and Congresswoman Rodgers also mentioned that the DOE has put on hold a congressionally required SPR modernization program as well as recently created new rules, without Congressional authorization, for ‘fixed-price’ purchases of crude oil, rather than conventional purchase contracts. “The failure of DOE to secure contracts to purchase oil under the new ‘fixed-price’ bidding scheme raises serious questions about DOE’s replenishment strategy and the ability of the SPR to protect the American consumers and the economy in times of emergency.”

Accordingly, the two energy leaders have requested the congressional watchdog office in part to address the following questions:

- What damage and increased maintenance requirements, including well remediation, cavern closure, and both pipeline and pump replacements, have resulted from the recent drawdowns?
- What physical or cybersecurity threats are there to the SPR facilities?
- How thorough are DOE’s studies and assessments of the SPR’s structural integrity?
- Has the DOE developed an adequate plan for replenishing the SPR? If so, please explain.

Democratic legislators push for more stringent review process of U.S. LNG infrastructure

Dozens of Democratic legislators in May called on the Biden White House to consider new guidelines that impose greater scrutiny on the entire LNG supply chain —from wellhead, through export outside the United States, to combustion – as part of guidance being developed by federal officials. Oregon’s U.S. Senator Jeff Merkley, along with U.S. Representatives Jared Huffman (D-CA-02), Raul Grijalva (D-AZ-07), and Nanette Barragán (D-CA-44), led 40 colleagues in a letter dated May 8th to Brenda Mallory, chair of the White House Council on Environmental Quality (CEQ). The lawmakers explained in their message that as the CEQ finalizes the National Environmental Policy Act (NEPA) Guidance on Greenhouse Gas (GHG) Emissions and Climate Change, the federal government should act to strengthen the LNG infrastructure approval and permitting process. Officials called for more opportunities for community engagement throughout environmental reviews for LNG infrastructure and said that CEQ’s forthcoming guidance should ensure that adverse impacts to environmental justice communities and cumulative impacts are determinative on permitting decisions for LNG infrastructure and facilities. The CEQ also in its guidance needs to tie in the full emissions footprint of LNG, said the congressional Democrats.

“CEQ should have a specific review process for LNG, starting by assembling a cross-agency team to carry out a solid assessment of the comprehensive impacts of any proposed LNG buildout. The assessment should examine the combined climate and environmental justice impacts of the totality of the LNG process from upstream emissions (including methane leaks) from fracking, transport, and liquefaction, as well as downstream emissions from LNG combustion,” wrote lawmakers. “CEQ must play an active role in ensuring that the agencies governing LNG take into account the full lifecycle and direct, indirect, and cumulative emissions when making decisions about whether to permit LNG export facilities.”

New PHMSA rule seeks to slash methane leaks from nation's natural gas pipelines

The U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) in May proposed new rules that aim to reduce leaks of methane from a network of nearly 3 million miles of natural gas pipelines crisscrossing the country. The new rulemaking from PHMSA seeks to update federal leak detection and repair standards to impose new requirements that would add an additional layer of safety by deploying commercially available, advanced technologies to find and fix leaks of methane and other flammable, toxic, and corrosive gases. According to PHMSA, these regulatory improvements will also advance environmental justice in communities where gas pipeline infrastructure is disproportionately sited.

"This rule will deploy pipeline workers across the country to find and repair leaks that will improve safety for the public—and will ensure America continues to be the global leader in methane mitigation, which is one of the most potent greenhouse gases threatening the economy and our planet today," PHMSA Deputy Administrator Tristan Brown said.

Under the proposed rule, pipeline operators would be required to establish advanced leak detection programs aimed at detecting and repairing all gas leaks. This is to be achieved by increasing the frequency of surveys of pipes and requiring the use of commercially available, advanced leak detection technology—such as aerial or vehicle surveys, handheld detection devices, and continuous monitoring systems. Pipeline operators also under the new regulations could face tougher criteria and timeframes for the timely repair of all leaks that pose a risk to public safety or the environment.

The proposed rule has been submitted to the Federal Register and soon will open for public comment. See more [here](#).

After PHMSA last Friday published its draft rule, members of Congress have since asked for leaders of the pipeline safety agency to submit more information regarding factors considered by the agency in crafting the new rule, including estimated compliance costs of the proposed regulation, whether PHMSA used the Social Cost of Carbon in its rulemaking and determination of whether any price impact on consumers had been accounted for. Cathy McMorris Rodgers, chair of the House Energy and Commerce Committee, and Jeff Duncan, chair of the Subcommittee on Energy, Climate and Grid Security, sent a letter to Acting Administrator Brown on Tuesday, May 9, outlining the committee's interest in PHMSA's pipeline safety programs, the agency's implementation of the *Protecting Our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2020*, and PHMSA's new proposed rule for gas pipeline leak detection and repair.

TIPRO members can read the full letter [here](#).

Upstream M&A in the Eagle Ford resurges in Q1 while dealmaking elsewhere in the oilpatch slows

While upstream merger and acquisition (M&A) activity was down in the first quarter of the year, a new analysis from Enverus shows the Eagle Ford Shale in South Texas broke trends and was a region of interest for companies wanting to pick up assets in the oil and gas play. More than \$5 billion of a total \$8.6 billion transacted in deals for the first quarter were in the Eagle Ford.

"Last quarter was an outlier in terms of the deal targets and types for upstream transactions," explained Andrew Dittmar, director at Enverus. "Rather than public E&Ps focusing on buying undeveloped inventory in the Permian Basin from private companies, most of the deals targeted mature assets in the Eagle Ford and included more public-to-private transactions plus a corporate merger."

"The Eagle Ford has a lack of home-grown consolidators and has remained fragmented," added Dittmar. "Over the years, it has also been a reliable target for buyers from outside the U.S. drawn by its established production and ease of access to Gulf Coast markets. That is continuing with a modest gas acquisition by Mitsui already in April. We view the Eagle Ford as an optimal place to buy production-heavy assets, and some inventory, but it is generally not the ideal play for companies needing a big chunk of undeveloped acreage to be looking."

The top upstream deal made during the first quarter was the acquisition of Eagle Ford operator Ranger Oil by Calgary-based Baytex Energy, which brought Baytex into the Eagle Ford. Baytex was the second new entrant to buy its way into the Eagle Ford (and the second from outside the U.S.), according to Enverus, as U.K.-based INEOS also made its debut as a North America shale operator with its agreement in February to purchase Chesapeake's South Texas assets for \$1.4 billion.

In addition, in its assessment, Enverus advised that the value of future deals likely would rise in the Permian Basin, noting that top-tier locations now sell for \$2 million and up to \$3 million meaning only companies with deep pockets will be able to expand into the basin. "M&A may have slowed, and shale may be in its later innings, but there are still opportunities to be had," concluded Dittmar. "The scramble for dwindling inventory is on, and oil prices are in a good place for M&A where both buyers and sellers feel comfortable transacting. Gas deals are likely to remain challenged as pricing is low and volatile, a murderous combination. However, gas may be poised to pick up the slack in the future when buyers start eying recovering prices driven by increasing U.S. LNG exports and offer buyouts that are acceptable to sellers."

Haynesville shale play achieved record production in March 2023

Dry natural gas production from the Haynesville shale play in northeastern Texas and northwestern Louisiana averaged 14.5 billion cubic feet per day (Bcf/d) in March of this year, a new record high and roughly 10 percent more than the 2022 annual average of 13.1 Bcf/d, according to data recently published by the U.S. Energy Information Administration (EIA) and Enverus. Altogether, Haynesville natural gas production currently accounts for about 14 percent of all U.S. dry natural gas production.

Experts cite higher natural gas prices in 2022 for motivating more producers to develop new wells, adding more rigs and increasing production in the Haynesville. "The rise in active natural gas-directed rigs in the Haynesville in 2022, as reported by Baker Hughes, followed rising natural gas prices. In the Haynesville, an average of 65 rigs were in operation in 2022, a 43 percent increase compared with 2021. In the first three months of 2023, as natural gas prices fell, the number of active rigs in the Haynesville plateaued at about 68 rigs," explained EIA analysts.

TIPRO board member T. Grant Johnson honored with AAPL's lifetime achievement award

T. Grant Johnson, RPL, recently was named the recipient of the American Association of Professional Landmen's (AAPL) 2022-23 Lifetime Achievement Award. Johnson, who is president of Lone Star Production Company in Houston, is an involved member of the Texas Independent Producers & Royalty Owners Association (TIPRO) and a regional representative serving on the TIPRO Board of Directors.

In addition to his membership with TIPRO and AAPL, Johnson is also involved with the Houston Association of Professional Landmen, Permian Basin Landmen's Association (PBLA), West Houston Association of Professional Landmen, Houston Producers Forum, Independent Petroleum Association of America (IPAA), ADAM-Permian and ADAM-Houston. Currently he also serves on the NAPE Expo Operators Committee and is chairman of the NAPE Advisory Board. Johnson is a past chairman of AAPL's Annual Meeting Committee, Forms Committee and NAPE Operators Committee.

After receiving a BBA in petroleum land management from The University of Texas in 1981, Johnson began his career as a contract field landman where he gained experience in courthouse records and oil and gas leasing. From 1983 to 1991, he served as land manager for Alcorn Exploration, Inc., before forming Lone Star Production Company in 1991. He has had an incredible impact on the industry over the past four decades.

Johnson will be recognized for his many career accomplishments and important industry contributions at AAPL's 69th Annual Meeting this June in Huntington Beach, California.

Pioneer Natural Resources announces leadership change as company's CEO plans to retire

Scott Sheffield, the founding chief executive officer of Pioneer Natural Resources, recently announced he will retire from the company at the end of the year. Taking over for Sheffield as CEO of the company will be Pioneer's President and Chief Operating Officer Richard ("Rich") P. Dealy, effective January 1, 2024. Sheffield is expected to continue to serve on Pioneer's Board following his retirement.

"I'm honored to succeed Scott as CEO and look forward to working with him on the Board," remarked Dealy. "For over 30 years, Pioneer and its amazing people, along with this exciting and vitally important industry, have defined my professional life. I am thrilled by the opportunity to lead our world-class company—delivering on the strategy that we've laid out, creating value for our shareholders, and continuing to nurture a culture that makes Pioneer one of the best and most rewarding places in our industry to work."

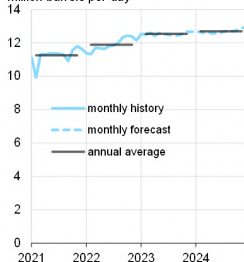
Dealy, who holds industry experience in roles spanning nearly all operations and business functions at Pioneer and its predecessor company, was appointed president and chief operating officer of the company in January 2021. In his role as president and COO, Dealy has been pivotal to securing Pioneer's leading operational and financial position, Pioneer said in a company press release. During his tenure, Pioneer built one of the strongest investment grade balance sheets in the industry, became the largest oil producer in the State of Texas, had five consecutive years of operational efficiency improvements and successfully integrated the acquisitions of Parsley Energy and Double Point Energy.



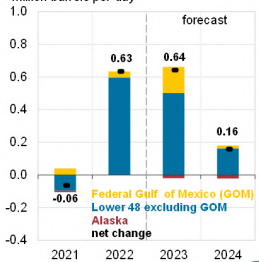
Photo: Pioneer Natural Resources

In new outlook, EIA forecasts U.S. crude production will rise approximately 5 percent in 2023

U.S. crude oil production
million barrels per day



Components of annual change
million barrels per day



This year, U.S. crude oil production is expected to rise 5.1 percent to reach 12.53 million barrels per day (bpd), new projections released Tuesday from the U.S. Energy Information Administration (EIA) show. In the EIA's May edition of the *Short Term Energy Outlook (STEO)*, energy experts said domestic production of oil will increase, despite lowered estimates for Brent and U.S. crude prices.

The Brent crude oil spot price fell from an average of \$85 dollars per barrel (b) in April to close at \$73/b on May 4, noted the EIA in its new assessment, in part caused by last month's announcement from OPEC and its partners that the group would cut crude oil production through the end of 2023. "Ongoing considerations about weakening global economic conditions, perceived risk around the global banking sector, and persistent inflation outweighed the initial increase in oil prices and have led to lower prices," explained the EIA. "Although demand growth for liquid fuels faces downside risks through the end of 2024, we expect the seasonal rise in oil consumption and a drop in OPEC crude oil production to put some upward pressure on crude oil prices in the coming months," detailed analysts. As such, the EIA said that between the third quarter of 2023 and the first quarter of 2024, Brent prices could be pushed up from current levels back to between \$75/b and \$80/b.

Voters in El Paso reject aggressive climate proposition calling for all renewable energy use

El Pasoans this month voted down a local proposition that would have set the city of El Paso on a path to using 100 percent renewable energy. The controversial ballot initiative, known as "Proposition K," was spearheaded by Sunrise El Paso, the local climate justice organization. The proposed climate policy would have amended the city constitution to ban the use of municipal water for fossil fuel activities outside city limits, enshrine a goal of sourcing 80 percent of electricity from renewables by 2030 and going 100 percent renewable by 2045, create a climate department within city government and mandate a review of taking its utility into the public's hands. Environmentalists who campaigned in favor of the ballot measure likened the proposition to the "Green New Deal for El Paso." Meanwhile, analysis capturing the economic impact of the climate initiative showed that Proposition K would lead to a loss of \$9.2 billion in business earnings, 170,000 jobs and an overall contraction of the city's economy by up to 40 percent.

At the ballot box during El Paso's municipal elections last week, 81 percent of voters firmly rejected the proposition.

SAVE THE DATE



SUMMER CONFERENCE

August 9-10 | Hyatt Hill Country Resort



The Texas Independent Producers and Royalty Owners Association looks forward to returning to the newly remodeled Hyatt Hill Country Resort & Spa in San Antonio for our 2023 Summer Conference! Join TIPRO this August for insightful conversations focused on the biggest priorities for the Texas oil and natural gas industry. This year, TIPRO's Summer Conference will begin with a welcome reception on August 9, followed by a full day of speakers, Chairman's Dinner, and entertainment on August 10. Attendees will also have the option of golfing with TIPRO on August 11.

Additional details, including registration and sponsorship opportunities, will be announced soon.



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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