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Association**

With new report, U.S. Energy Information Administration projects a 50 percent increase in global energy consumption by the year 2050

A new report released on Wednesday, October 6th from the U.S. Energy Information Administration (EIA), a division of the federal U.S. Department of Energy, laid out expectations for future energy trends through the year 2050, with a forecast projecting surges in world energy use in the decades ahead. In the EIA's new *International Energy Outlook 2021 (IEO2021)*, the agency said increasing populations and strong economic growth, particularly with developing economies in Asia, will drive global increases in energy consumption in the future. Accordingly, oil and natural gas production is expected to grow to support the higher world demands and elevated energy consumption in countries around the world. The EIA noted that to meet increasing demand, "countries will need to rely on increased exploration (to identify additional resources), increased drilling (to harvest new and proven reserves), and technology advances (to achieve greater production yields)."

The outlook published from the EIA this week highlights the important role of oil and natural gas, said Ed Longanecker, president of TIPRO, who also argued that projections of climbing energy demands reinforce the necessity of fossil fuel development and production, especially given that petroleum and other liquid fuels are expected to remain the world's largest energy source in 2050. "EIA's findings show why we cannot let politicians prevent the United States from supplying the fuels necessary for economic growth domestically and abroad. Oil produced here in Texas will be critical to meeting global energy demand for decades to come. If it is not produced here, Russia or OPEC -- which have lower environmental standards -- will happily fill the void," explained Longanecker.

Of note, the EIA predicted in the *IEO2021* report that by 2023 global use of petroleum and other liquids will return to pre-pandemic (2019) levels as a result of rising energy consumption in non-OECD (Organisation for Economic Co-operation and Development) nations. The EIA also pointed to higher consumption of petroleum liquids by the industrial sector as feedstock in the expanding chemicals industry. In OECD countries, liquid fuel consumption in the industrial sector will grow three times as fast as liquid fuel consumption in the transportation sector, EIA analysts said.

The EIA also acknowledged that demand for natural gas will remain strong through 2050 as it plays a meaningful role ensuring future grid reliability. The industrial sector, largely in non-OECD countries, will be the main contributor to the growth in global natural gas consumption, according to the EIA. "Unfortunately, many policies under consideration in Washington, D.C. -- including a devastating new tax on natural gas -- could cripple U.S. production and prevent us from leveraging our strategic energy assets," Longanecker said.

The full *IEO2021* is available on the EIA website at: <https://www.eia.gov/outlooks/ieo/>.

Wayne Christian becomes chairman of Railroad Commission of Texas for a second time

Texas energy regulator Wayne Christian was unanimously elected chairman of the Railroad Commission of Texas at an open meeting of the commission on Tuesday, September 28. It's the second time that Christian is leading the commission as chairman, having previously served in the leadership role from June 2019 until September 2020.

Christian, who was elected as the 50th Texas Railroad Commissioner in November 2016, notably directed the commission through the 2020 oil market crash, establishing a Blue Ribbon Task Force for Oil Economic Recovery last year -- of which TIPRO was a participating entity -- to develop solutions providing relief for producers and business owners during the oil and gas downturn. During his past chairmanship, Christian also prioritized reforms to curtail flaring in Texas and spearheaded initiatives to increase transparency of regulatory functions at the Railroad Commission.

"It has been an honor of my lifetime to serve on the Railroad Commission during a historic time for our state and nation," Christian stated. "Now, it is my privilege to serve as chairman at a point when our nation's energy security is under threat by those in the media, the education system, and most of all, the federal government."

"I want thank Commissioners Craddick and Wright for their hard work and trust in me to lead our great agency," Christian continued. "As chairman, I will work tirelessly to ensure the commission continues its long history of responsible energy production that creates good-paying jobs and provides a consistent and predictable regulatory environment that allows businesses to succeed while preserving public safety and protecting the environment."

Former Railroad Commission Chairman Christi Craddick said last week she was honored to pass the chairmanship back to Christian, who, as Craddick described, had proved himself to be a steadfast leader. "I am confident that his expertise and work ethic will successfully guide this agency through the important issues that lie ahead," remarked Commissioner Craddick.

Railroad Commissioner Jim Wright also commended Christian for his election to become chairman of the commission. "I know Chairman Christian will be a forceful advocate on behalf of our agency and domestic energy production here in Texas, and I look forward to working with him to advance our shared goals."

Chairman's message

Dear TIPRO members,

As everyone in the oil and gas industry is aware, the plates are spinning out of control in Washington, D.C., but thanks to a strong push from some more energy-realistic congressional leaders, it looks like the majority of the proposed punitive tax treatment for the industry in the Build Back Better Act will not materialize. Thankfully the rhetoric classifying Intangible Drilling Costs (IDCs) and percent depletion tax deductions as "subsidies" is not believed by everyone, and those policies may be maintained. As of today, we might have dodged that bullet, though the congressional leadership is still looking at a methane tax exclusive to the oil and gas industry that will prove extremely damaging to energy producers and consumers but will have a negligible impact on Greenhouse Gas (GHG) warming. A recent study published in the International Journal of Atmospheric and Oceanic Science suggests that the combination of N₂O and CH₄ account for less than 1 percent of the GHG warming and their climate sensitivity is almost undetectable. Hopefully the dire consequences of this legislation on the ultimate end user will be weighed against the inconsequential effects on the climate and this proposal will be stopped. In the meantime, TIPRO is talking to everyone who will listen about the potential ramifications of these crushing proposals.

The situation reminds me of a Will Rogers quote "Be thankful we are not getting all the government we are paying for." I guess we should appreciate that our congressional leadership only asked for a budget spending package with a \$5 trillion price tag and will likely compromise at spending \$2 trillion for their budget when they could have started at \$20 trillion. They are only numbers in D.C. and don't seem to have real meaning...

And while much focus remains on the significant developments happening on Capitol Hill, back at home in the Lone Star State, state leaders are still concentrating on addressing failures and concerns from Texas' winter storm this past February. Governor Greg Abbott recently made six appointments to the Texas Energy Reliability Council, helping build out the leadership of a council dedicated to ensuring human needs are met in the event of necessary curtailment of gas distribution or supplies. Also last week the Railroad Commission was grilled by state lawmakers about what they consider a loophole that would allow some gas producers to avoid weatherization by paying a \$150 fee. With only about 20 percent of our production needed for power generation, the excess production in combination with effective utilization of our gas storage supplies should keep the generators on the next time we have an issue. As I have pointed out before, even if the gas-generated electricity is at 100 percent of its capacity, the market is still set up for failure.

As you can see, the graphic above indicates when the peak demand (red star) is projected to be above the dispatchable capacity. The difference which could be as much as 10 percent of our needs is dependent on the weather! If the weather doesn't cooperate, the lights will go off... The problem will continue to get worse as long as we are removing dispatchable power supplies from the grid. Additionally high price incentives will not fix the problem as if you do not have additional capacity you cannot generate additional electricity so the current system is broken. To ensure a reliable electricity grid, peak demand needs to be exceeded by dispatchable generation capacity.

As usual these opinions are my own and not necessarily the opinions of TIPRO. Kind regards,

Brent Hopkins

Texas Governor makes first round of appointments to Texas Energy Reliability Council

At the end of September, Texas Governor Greg Abbott named six appointees to the Texas Energy Reliability Council, formally established by the Texas Legislature this year to improve coordination and communication between state agencies and industry during weather-related emergencies and extended power outages. Governor Abbott's appointees to the council include:

- Brad Jones, interim CEO of ERCOT
- Nate Murphy, senior counsel for Valero
- George Presses, vice president of fuel and energy for H-E-B
- Edward Stones, global business director for energy and climate change for Dow
- Jon Taylor, corporate vice president of fab engineering and public affairs at Samsung Austin Semiconductor; and,
- Melissa Trevino, assistant vice president for power at Occidental Energy Ventures, Houston

The Texas Energy Reliability Council was included as part of comprehensive legislation signed into law this past June by Governor Abbott in the wake of February's Winter Storm Uri, which left many Texans without heat or power for days on end. Provisions included under Senate Bill 3 formalized the energy council and tasked the group with ensuring that high priority needs are met in the event of a necessary curtailment of natural gas distribution or supply.

TIPRO CALENDAR OF EVENTS

NOVEMBER 16, 2021

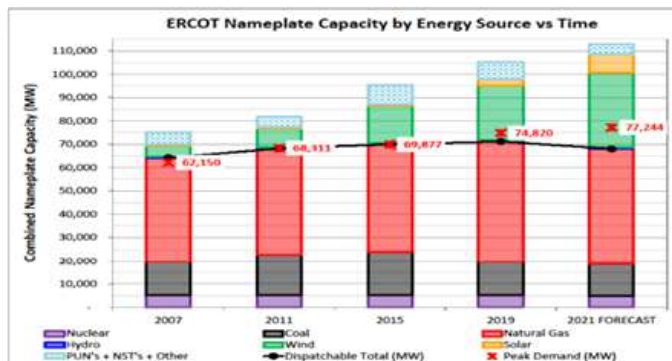
HOUSTON — IPAA/TIPRO/HPF
Leaders in Industry Luncheon.
For information, please email
adoremus@ipaa.org.

JANUARY 12, 2022

HOUSTON — IPAA/TIPRO
Leaders in Industry Luncheon.
For information, please email
adoremus@ipaa.org.

FEBRUARY 9, 2022

HOUSTON — IPAA/TIPRO
Leaders in Industry Luncheon.
For information, please email
adoremus@ipaa.org.



Analysis by: Dwayne T. Stewart, P.C.

Republican Brian Harrison wins Texas House District 10 seat

Former Trump Administration official Brian Harrison won a September 28th special runoff election to represent Texas House District 10, defeating political opponent and past District 10 Representative John Wray in the race. Harrison, a Republican from Midlothian, will complete the unfinished term of former District 10 Representative Jake Ellzey, who this summer was elected to Congress in a special election to represent Texas Congressional District 6 in the U.S. House of Representatives.

On August 31, Harrison emerged ahead of Wray in a special election for the North Texas House district, though at the time didn't carry enough votes from local constituents to avoid a runoff, leading Governor Abbott to call a special runoff election for Tuesday, September 28, 2021. Harrison was able to beat Wray by 10 percentage points in the runoff election, campaigning as reliably conservative and promising to fight against government overreach in pursuit of a more free and prosperous Texas. In conceding the race, Wray said he wished the best to state Representative Harrison in advocating the values of House District 10 at the state's capitol in Austin.

Special election for Texas House District 118 leads to runoff

Republican John Lujan and Democrat Frank Ramirez will advance to a runoff in a special election to fill the San Antonio-area House seat currently vacant in the Texas legislature. In a special election held Tuesday, September 28th for Texas House District 118, none of the five candidates vying for the position in the Texas House exceeded 50 percent of the vote, leaving the top two vote-getters -- Lujan and Ramirez -- with a chance to face off again in a runoff that has yet to be announced by state Governor Greg Abbott.

District 118 covers portions of south and eastern Bexar County, on the edge of San Antonio, and had previously been represented by Democrat Leo Pacheco, who resigned his seat in the Texas House at the end of summer for a teaching job at San Antonio College.

Notably, Lujan briefly held the seat in 2016 following a special election, and is hoping to carry his party's ambitions to flip the seat in the race for House District 118. Ramirez is the former zoning and planning director for a San Antonio City Council member and before that, was chief of staff to Pacheco's predecessor in the Texas House, Tomas Uresti.

Railroad Commission looks for ways to cut down seismic activity in the Midland Basin

State regulators at the Texas Railroad Commission are responding to concerns over seismic tremors in West Texas, after six felt earthquakes of magnitude 3.5 or greater have occurred in locations near the Midland Basin since February 2020. The specific region with seismic activity under the microscope by the commission spans from northeast Ector County to southwest Martin County and is known as the Gardendale Seismic Response Area (SRA).

To help reduce threats of earthquakes, the Railroad Commission has asked operators in the Gardendale SRA to lower Saltwater Disposal (SWD) well activity as a means of altering conditions likely contributing to seismic activity. The commission holds authority to regulate SWD well activity and may exercise that authority to address seismic activity under 16 Texas Administrative Code §3.9 (6)(A)(vi) and §3.46 (d)(1)(f). Accordingly, the commission said at the end of September that it had identified 76 permitted SWD wells in the Gardendale SRA and notified the operators of those wells of its regulatory request.

TIPRO members may view the Gardendale SRA, SWD wells and land surveys within the SRA using the following links:

- Map of the Gardendale SRA: <https://bit.ly/3mqm4nM>.
- List of the SWD wells in the Gardendale SRA: <https://bit.ly/3Dd47zD>
- List of surveys in the Gardendale SRA: <https://bit.ly/3lb4wN1>.

The Railroad Commission has requested that operators of SWD wells in the Gardendale SRA implement the following precautions until further notice:

- Reduce the permitted maximum daily injection rate to 10,000 barrels per day (bpd) per well;
- Measure the daily injection volumes and pressures and report those to the RRC monthly, including historical daily injection data since November 1, 2019, if available; and
- For SWD wells that have been permitted but are not in service (not drilled, or not completed for or currently capable of injection), do not begin or return to fluid injection.

Also, until further notice, RRC staff will not administratively issue any new SWD permits in the Gardendale SRA. This will be communicated to individual applicants.

The commission said it anticipates these procedures to be in place for at least a year from initiation.

RRC accepting comments on forms related to implementation of Senate Bill 3 and House Bill 3648

Through the month of October, the Railroad Commission is accepting public comments on proposed new forms and a table for new rule 16 Texas Administrative Code (TAC) §3.65, proposed recently which relates to *Critical Designation of Natural Gas Infrastructure*, and proposed amendments to 16 TAC §3.107, relating to *Penalty Guidelines for Oil and Gas Violations*. The proposed new forms and table are associated with §3.65, which implements a process for designating certain natural gas entities as critical during an energy emergency as specified in Senate Bill 3 and House Bill 3648 passed by the 87th Legislature, said the commission.

Specifically, Form CI-D, *Acknowledgement of Critical Customer/Critical Gas Supplier Designation*, will be submitted by an operator of a facility designated as critical acknowledging the facility's critical status, according to the Railroad Commission. Form CI-X, *Critical Customer/Critical Gas Supplier Designation Exception Application*, will be submitted by an operator certifying a facility needs an exception to critical designation because the facility is not prepared to operate in a weather emergency, and Table CCI specifies the information that an operator is required to submit to electric entities for load shed prioritization.

To view the proposed new forms and table and submit a comment, visit the Railroad Commission's website at <https://www.rrc.texas.gov/forms/proposed-form-amendments> under the section labeled "Critical Infrastructure."

Congressman Pfluger: “We must champion the good work of entrepreneurs in West Texas’ oil patch”

With America’s oil and natural gas industry under attack by politicians in Washington, D.C., U.S. Representative August Pfluger defended Texas’ energy workers in remarks offered on the floor of the U.S. House of Representatives at the end of September. Congressman Pfluger, who represents District 11 covering Midland, Odessa and other portions of the Permian Basin in West Texas, warned that the Biden Administration has put the United States on the path towards an energy crisis comparable to the current crisis in Europe, where multiple countries are experiencing industry-wide shutdowns and preparing for cataclysmic blackouts due to their failed policies and reliance on Russian gas. “Cold, dark, and hungry, is where [our] families will be if we continue along this path,” Congressman Pfluger cautioned. “We cannot shackle our production with ill-advised policies and regulations. The Permian Basin ... is the reason that every American can enjoy affordable, reliable energy. Energy security is national security, and nothing can be more important.”

Congressman Pfluger also in his remarks advised his colleagues in Congress to vote against the Democrats’ proposed \$3.5 trillion budget reconciliation bill, which would increase taxes and fees on energy producers and pose disastrous impacts to domestic production of oil and natural gas. “Anyone voting in favor of reconciliation is voting against American energy, is voting against the independence that keeps our national security so strong. I urge my colleagues to support the energy industry,” he stressed. TIPRO members may watch Congressman Pfluger’s full speech at: https://youtu.be/dk9qzx_abc.

The congressman also recently penned an editorial for the *Midland Reporter-Telegram* newspaper discussing similar concerns about federal policies being considered for implementation. He blasted President Biden and Democrats for trying to kneecap America’s energy industry in the name of the environmental, social and governance (ESG) movement, and forewarned that the new fees, taxes and regulations being considered against the oil and gas industry could force many producers out of business. “The Democrats’ proposals spell unmitigated disaster for Texas energy. Good jobs here in West Texas will be destroyed while Biden’s inflation will continue to skyrocket. The claim that these harmful measures are for the good of the environment are false. Energy demand is not decreasing. As such, we will only have to buy more oil from foreign sources that do not produce as cleanly as American producers,” said Congressman Pfluger.

“As an industry, we must champion the good work being done every day by the hard-working entrepreneurs in the west Texas oil patch,” the federal lawmaker emphasized. “I am committed to fighting for the hard-working men and women in [the] oil and gas industry to stop these radical Green New Deal policies. Energy independence is best for all: it provides thousands of well-paying jobs, is essential to national security and helps keep the environment as clean as possible.”



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Biden Administration sets November 17th date for first offshore oil and gas lease sale of the year



The Bureau of Ocean Energy Management (BOEM) will host an oil and gas lease sale for the Gulf of Mexico on November 17, 2021. The bureau announced the planned lease auction on September 30, noting that while the lease sale is carried out in compliance with an order from a U.S. District Court, the administration nonetheless is still pressing forward with its comprehensive review of federal offshore and onshore oil and gas leasing programs.

BOEM's Lease Sale 257 will include approximately 15,135 unleased blocks located from three miles to 231 miles offshore in the Gulf of Mexico, said the agency. The lease sale is scheduled to be livestreamed from New Orleans and will be the eighth offshore sale under the 2017-2022 Outer Continental Shelf (OCS) Oil and Gas Leasing Program.

The November lease sale is the first oil and gas lease sale held for federal lands and waters since the Biden Administration took office. An executive order signed by the president in January called for a "pause" on new oil and gas leasing on public lands and offshore waters while regulators examine the nation's federal energy programs and develop recommendations to improve management of America's natural resources, though a federal judge this past summer ruled against the White House moratorium on oil and gas leasing and drilling permitting. Four months ago, in June, U.S. District Judge Terry Doughty issued a temporary hold on the administration's leasing ban, which has since prompted the U.S. government to resume its oil and gas leasing. Accordingly, the BOEM is taking procedural steps to prepare for the offshore lease sale in the Gulf of Mexico next month, and the Interior Department's Bureau of Land Management is also working to hold an auction for onshore oil and gas leases before the end of the year.

Interior Department reverses another rule from Trump era, strengthens Migratory Bird Treaty Act

Regulators at the U.S. Department of Interior at the end of September announced protections under the Migratory Bird Treaty Act (MBTA) will be restored, reversing a Trump Administration policy which limited the scope of the federal rule and otherwise relaxed penalties for companies and land developers that accidentally killed birds through activities such as oil drilling and construction. The MBTA, first enacted in 1918, prohibits the "take" of migratory bird species (including killing, capturing, selling, trading and transport), their nests or eggs without prior authorization from the U.S. Fish and Wildlife Service (USFWS) -- the Trump Administration's rulemaking promulgated in January of this year clarified that conduct resulting in unintentional (incidental) injury or death of migratory birds was not prohibited under the MBTA. Officials at the time of the rule's publication on January 7, 2021, said such changes to the MBTA would extend regulatory certainty to the public, industries, states, tribes and other stakeholders about implementation of the MBTA and continue to promote best practices for conservation.

The MBTA is widely regarded as one of the nation's bedrock environmental laws and since implementation of the revised MBTA earlier this year, the Biden Administration's Interior Department says significant concerns regarding the regulation have been raised, leading the federal agency to move to revoke the January 7th rule's interpretation of the MBTA and return to implementing the MBTA as prohibiting incidental take and applying enforcement discretion, consistent with judicial precedent. In addition to the final and formal revocation of the January 7th Trump era rule, the Interior Department is simultaneously making public an Advanced Notice of Proposed Rulemaking (ANPR) announcing the intent to solicit public comments and information to help develop proposed regulations and prepare a new framework to authorize the incidental take of migratory birds.

"The MBTA, one of our first environmental laws, represents more than 100 years of America's commitment to protecting migratory birds and restoring declining bird populations," said Secretary of the Interior Deb Haaland. "The impacts of climate change coupled with loss and degradation of habitat are pushing more and more wildlife species to the brink. Today we are announcing critical steps to ensure that the act can help conserve birds today and in the future."

Oil and gas companies and industry trade organizations last week expressed disappointment to the Interior's final changes to the MBTA and reversal of the Trump era policy, warning that the new MBTA rule would financially harm businesses who have an incidental take of migratory birds through no fault of their own. Representatives of energy companies also have described the Interior's new rule as legally vulnerable and likely to not survive in court.

GOP congressmen also decried the Interior's actions to rewrite the MBTA rule, maintaining that the previous MBTA rule was consistent with policy interpretations made by federal courts and had been designed to protect farmers, agriculture and industry workers as well as private citizens who accidentally harmed a migratory bird while performing daily operations. "All the Trump Administration's MBTA rule did was clarify the federal requirements to protect anyone who accidentally harmed or killed a migrating bird and shift the focus of prosecution to those that intentionally injure or kill migrating birds. Yet somehow even those who inadvertently injure a migratory bird - such as a farmer who comes across a bird while harvesting his crops - must be subject to the full weight of the law," said U.S. House Committee on Natural Resources Ranking Member Bruce Westerman (R-Arkansas). "It's a ridiculous notion and yet this administration is bent on making the federal government as heavy-handed as possible by greatly expanding the intent of the MBTA. I believe we must work together to allow farmers, ranchers and other landowners to continue providing habitat and safety for migratory birds rather than extorting them or threatening to prosecute them for unintended take."

Meanwhile, Democratic leaders on Capitol Hill, including Congressman Raúl M. Grijalva (D-Arizona), chairman of the U.S. House Natural Resources Committee, signaled that the efforts of the Biden Administration and the Interior Department would help address "unjust" Trump policies and put forward a standard that carries out the MBTA's intent as well as promotes the conservation of North American birds. U.S. Senator Tom Carper (D-Delaware), chairman of the Senate Committee on Environment and Public Works, also issued a response to the Interior's rulemaking to restore MBTA protections for migratory bird species, commenting "we have a moral responsibility to be stewards of our environment" and calling the Biden Administration's action "a welcome step forward in that effort."

The Interior's final rule will go into effect 60 days after it is published in the Federal Register. To review additional information on the MBTA revocation rule, please see: <https://www.fws.gov/regulations/mbta/>.

Interior Department withdraws 2020 Valuation Reform and Civil Penalty Rule

Before the start of October, the U.S. Interior Department announced it is rescinding the government's 2020 Valuation Reform and Civil Penalty Rule finalized by the Trump Administration, a regulation used to set how oil, gas and coal produced from federal leases are valued for royalty purposes. The Interior's Office of Natural Resources Revenue (ONRR) adopted changes last year to the 2016 Valuation Rule in an effort to bring valuation regulations promulgated by the Obama Administration in alignment with the Trump Administration's energy agenda, eliminate regulatory complexity and offer greater clarity and certainty for public and private partners. Amendments made in 2020 to the 2016 Rule also updated ONRR regulations for assessing civil penalties for violations of certain statutes, regulations and orders associated with mineral leases.

The 2020 rule ultimately never was put into effect, however, having faced multiple delays imposed by the Biden Administration. The effective date of the 2020 Rule was originally February 16, 2021, though the week before the rule was due to be implemented, ONRR delayed the rule first for 60 days, then later deciding to push the effective date out further to November 1, 2021.

In June, ONRR proposed withdrawal of the 2020 rule, after identifying defects with the policy such as inadequate justification for changes in regulatory provisions reflected in the 2016 Valuation Rule and flawed economic analysis that had been used in the development of the rule.

The ONRR said it anticipates re-proposing some of these provisions, particularly ones to amend the 2016 Civil Penalty Rule, in the near future. If ONRR does so, it will avoid the defects that permeated the rulemaking process that resulted in the 2020 Rule and which necessitated the withdrawal of that rule. "The Biden-Harris Administration is committed to ensuring that American taxpayers receive fair returns for the oil and natural gas produced on federal lands," said Secretary of the Interior Deb Haaland. "[This] action will help advance our efforts to restore balance to our public lands and waters and ensure that state governments receive the tax revenue they are owed."

More information regarding the withdrawal of the 2020 Valuation Regulation is available at: <https://bit.ly/3a7MZ22>.

Senate confirms Tracy Stone-Manning as director of the Bureau of Land Management

In a 50-45 vote along party lines, the U.S. Senate last week narrowly confirmed Tracy Stone-Manning as the next director of the Bureau of Land Management (BLM), making her the agency's first confirmed leader in five years. Stone-Manning, an environmental policy advisor from Montana, had been nominated to the role by President Joe Biden in April, though her candidacy to lead the BLM faced headwinds throughout the confirmation process and months-long delays.

Stone-Manning had been heavily criticized by Republican senators in Congress for her supposed past involvement in a tree-spiking case in the late 1980s. Tree spiking is a tactic of eco-terrorists that involves placing metal spikes in the base of a tree trunk to prevent timber harvesting, discourage milling of trees and sabotage loggers. The practice can seriously injure workers if they strike the rods with chain saws and also can damage or break equipment if spikes are processed at a logging facility. When Stone-Manning was a grad student, she reportedly mailed an anonymous letter to the Forest Service warning about metal spikes which had been hammered into trees at the Clearwater National Forest in Idaho. Though she denied involvement in the Idaho spiking operation in written testimony provided to the Senate Committee on Energy and Natural Resources, Congress members alleged she made misleading and false statements about the situation that did not align with facts. Republicans blasted her association with eco-terrorism and said she was unqualified to serve. One of the most vocal critics of Stone-Manning, U.S. Senator John Barrasso (R-WY), ranking member of the Senate Committee on Energy and Natural Resources, advised other Senators to oppose the nomination of Stone-Manning for the BLM, saying she was "a dangerous choice to be put in charge of America's public lands."

U.S. Senator Joe Manchin (D-WV), chairman of the Senate Energy and Natural Resources Committee, meanwhile defended Stone-Manning, saying no evidence existed supporting the serious allegations and charges that had been leveled against the BLM nominee. "Ms. Stone-Manning was never charged with tree spiking. She was never indicted or tried. There is no evidence in the trial record that she participated in the tree spiking... I am unable to find any credible evidence in the exhaustive trial record of the tree spiking case that supports the allegations levied against Ms. Stone-Manning," remarked Chairman Manchin. "What I find instead, in the committee's hearing record on her nomination, is compelling evidence that Ms. Stone-Manning has built a solid reputation over the past three decades as a dedicated public servant and as a problem solver and as a consensus builder. She faithfully served Senator Tester for five years in positions of trust and responsibility on his staff. She went on to serve Governor Bullock of Montana, for two years as the director of Montana's Department Environmental Quality and two more as Governor Bullock's chief of staff. That is the evidence on which I will base my vote in support of Ms. Stone-Manning's nomination."

In her own statement following her confirmation to oversee the BLM, Stone-Manning said she looked forward to "bringing decades of experience — working on the ground and across the aisle — to carry out the critical mission of the BLM." Stone-Manning stated, "Our public lands are one of America's finest ideas, and I am ready to get to work alongside a remarkable team to ensure future generations benefit from them like we have."

Stone-Manning becomes the first BLM director to be confirmed by the Senate since the Obama Administration. Throughout the Trump Administration, the bureau was managed by interim directors and acting heads, without any being formally confirmed by Congress.

As BLM director, Stone-Manning will be responsible for oversight of 12 percent of U.S. land, and notably takes control of the bureau at a time when the agency is completing its review of onshore fossil fuel and energy programs for federal lands.

Membership reminder: Submit your annual membership directory form to TIPRO

Don't forget to submit your annual membership form to TIPRO by Friday, October 15th for the association's next membership directory. You should have recently received your form in the mail - if you need assistance or did not receive your copy of the form, please contact TIPRO's Membership Coordinator Anjelica Torres by email at atorres@tipro.org or call (512) 477-4452. Members may also download the association's contact form for completion at: <https://bit.ly/3Bng0Tk>. If TIPRO does not receive your updated form by the deadline date, we will consider the contact information on file as accurate and will publish it in the association's *2022 Membership Directory*.

In the latest agreement for OPEC, group sticks to gradual production supply increases

The Organization of the Petroleum Exporting Countries and its allies, known as OPEC+, agreed this week to stick with existing plans for a monthly crude production increase of 400,000 barrels per day in November. Though the group had faced pressures to ramp up production faster and add more oil to global markets, energy producers from OPEC+ decided during their latest meeting held by teleconference on Monday, October 4th to maintain their output growth as previously planned, which has the cartel adding 400,000 barrels each month through next year. OPEC+ producers continue to hold caution over oil demand patterns, particularly as the coronavirus (COVID-19) pandemic remains a concern in key oil consuming nations, leading OPEC and non-OPEC partners to “reconfirm the production adjustment plan” for now.

Nations including China, India and even the United States recently have pushed for OPEC+ to boost its oil output in wake of higher energy prices. Notably, the White House in August urged OPEC producers to ramp up their oil production to mediate rising gasoline prices, a request which OPEC rejected in keeping with its original plans for more modest production expansion. Before the October 4th meeting of OPEC energy ministers, Jake Sullivan, a senior aide and national security advisor to U.S. President Joe Biden, reportedly raised the issue of oil prices once again in conversations with the leadership of top crude producer Saudi Arabia. “The national security adviser and his team reiterated the imperative of creating conditions to support global economic recovery in his meetings earlier this week,” said a White House spokesperson last Thursday, September 30. “The United States continues to speak to international partners, including OPEC, on the importance of competitive markets in setting prices and doing more to support the recovery.”

The news of OPEC’s decision led to a seven-year high for U.S. crude prices, which closed at \$77.62 per barrel at the start of the week. Energy analysts have even suggested that crude prices could be poised to rally to upwards of \$100 a barrel if changes in the market do not occur.



TIPRO members Cimarex and Cabot Oil & Gas complete merger, forming Coterra Energy

Shareholders of Cabot Oil & Gas Corporation and Cimarex Energy Co. on October 1st approved the proposed merger between the two companies to form one of the largest oil and gas independent firms in the nation. The merger, which was first announced in May, also has led to a new name for the combined companies, which has rebranded as Coterra Energy Inc. “Today marks the beginning of our journey as one Coterra team. We couldn’t be more excited to bring together our teams and form a new E&P company that is positioned to succeed in the next phase of the shale revolution and beyond,” said Thomas E. Jorden, chief executive officer, president and director of Coterra.

“El Paso Court of Appeals decides lease termination claim”

By Michael K. Reer, Harris, Finley & Bogle, P.C.

On September 20, 2021, the El Paso Court of Appeals released its decision in *Tier 1 Resources Partners v. Delaware Basin Resources LLC*, in which the court applied a continuous drilling provision to a two-tract lease in Reeves County, Texas.

The lessors in *Tier 1* executed oil and gas leases for two, non-contiguous sections of land in Reeves County—Section 2 and Section 6. The leases at issue were “Producers 88” leases with addendums attached. The addendums expressly provided that in the event of a conflict between the Producers 88 form and the addendums, the addendums “shall control.”

The leases automatically terminated upon expiration of the primary term, except with respect to lands and depths within “production units” assigned to each well then producing in paying quantities. The leases also included a continuous drilling clause that allowed the lessee to maintain the leases beyond their primary terms as to lands and depths not included within a production unit by drilling a new well within 180 days of completion of the previous well.

Significantly, the addendum provided that “each of the separately designated tracts . . . shall be treated for all purposes as a separate and distinct lease.” During and after the primary term, the lessee pursued a continuous drilling program within Section 6, but did not drill or conduct any operations on Section 2. After the end of the primary term, the lessor demanded a release of Section 2 and executed a lease with a new operator. The lessee refused to execute a new lease, and instead brought a lawsuit, alleging that the addendum only “gave the parties the option of severing the lease into multiple separate and independent leases.”

The El Paso Court of Appeals used principles of contract construction to find that the leases allowed “only one reasonable interpretation,” namely, that the leases unambiguously created separate leases over Section 6 and Section 2. In its reasoning, the court relied on the addendum requirement that each separate tract “be treated for all purposes as a separate and distinct lease.” As such, the lessee’s drilling program in Section 6 did not prevent the termination of the leases with respect to Section 2 at the end of the primary term. The court reversed the judgment of the trial court in favor of the lessee, and rendered judgment in favor of the lessors.

The El Paso Court of Appeals also drew an important distinction between lease termination and lease forfeiture. Texas courts generally construe contracts to avoid forfeiture where possible, and the lessee argued that the lessors’ position would, in effect, result in forfeiture with respect to Section 2. However, the court reinforced longstanding Texas law that the special condition in the habendum clause “does not result in a forfeiture—it results in a termination of all or part of the lease under its own terms.” In other words, the court reaffirmed that lease termination and lease forfeiture are separate concepts under Texas law and should be treated as such.

The case is *Tier 1 Resource Partners v. Delaware Basin Resources LLC*, No. 08-20-00060-CV, 2021 WL 4260793 (Tex. App.—El Paso September 20, 2021).



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