



# THE TIPRO TARGET

## TIPRO celebrates 75 years of service at association's 2021 Summer Conference



**Texas  
Independent  
Producers and  
Royalty Owners  
Association**

During TIPRO's first in-person conference in more than a year-and-a-half, conversation at the association's 2021 Summer Conference largely focused on the resilience of the Texas oil and natural gas industry, with optimism for future perseverance and success. TIPRO membership gathered September 1-2, 2021, at the Hyatt Hill Country Resort in San Antonio for the association's annual meeting, which last year was hosted virtually due to the coronavirus (COVID-19) pandemic. The association was happy this year to reunite with many of TIPRO's members at the Summit Conference, who enjoyed networking receptions and other memorable functions hosted by TIPRO in conjunction with the event. At the TIPRO meeting, participants discussed leading policy and regulatory priorities, as well as gained insight on bigger challenges that lie ahead for the state's upstream E&P sector.

TIPRO's agenda for the conference included an impressive line-up of presenters, including industry keynote speaker John J. Christmann IV, the chief executive officer and president of Apache Corporation, as well as U.S. Congressmen Henry Cuellar (D-Laredo) and August Pfluger (R-Midland), seven of TIPRO's past chairmen, market expert Marshall Adkins and Mercator Energy President John Harpole, who together talked about top issues facing Texas independent producers and royalty owners. The industry's recovery, market trends, fall-out of February's Winter Storm Uri, and the political climate in Washington, D.C., were major topics explored by TIPRO presenters.

At this year's TIPRO meeting, the association also continued the tradition of honoring outstanding members who have demonstrated loyalty, devotion and commitment to TIPRO and the Texas oil and gas industry. Julie Moore, senior director of state government affairs for Occidental Petroleum, was presented with the 2021 TIPRO Excellence in Advocacy Award for her tremendous contributions and commendable work as a proponent of the Texas oil and gas industry and longstanding supporter of TIPRO. The Mr. TIPRO award was also given to Mr. Clyde McCall, who formerly held the office of secretary on the TIPRO Board of Directors and also has been particularly instrumental over the years supporting the association's work on behalf of mineral and royalty owners in Texas.

*See more coverage of the TIPRO Conference inside with the Chairman's Message on Page 2 and later in the newsletter on Pages 7-9!*

### SPECIAL THANKS TO ALL SPONSORS OF THE 2021 TIPRO SUMMER CONFERENCE:



## New Texas Methane & Flaring Coalition report shows industry's progress with emission reductions

The Texas Methane & Flaring Coalition (TMFC) in early September released the first edition of its *Methane & Emissions Report*, which details how the Texas oil and natural gas industry is working to reduce methane and other emissions to protect and preserve the environment. The new report compiled by the TMFC also offers in-depth explanation of voluntary best practices that oil and gas producers and industry members can utilize to support emission reductions.

"In Texas, we hold ourselves to a higher standard when it comes to emissions, and that truly shines through in this report. The men and women who work to ensure Texans and the world have reliable, affordable energy necessary for everyday life are focused on innovations to improve our emissions footprint. Those efforts contribute directly to the TMFC's work and the important progress the industry is making," said Ed Longanecker, president of the Texas Independent Producers & Royalty Owners Association (TIPRO), a supporting partner of the TMFC.

*Learn more about the new TMFC report on Page 4...*

## Chairman's message

TIPRO members,

This year's Summer Conference hosted by TIPRO was another one for the books. What a special time for our members to be able to come together to reflect on the history of TIPRO the last 75 years, commemorate the important advocacy work by TIPRO and opine over what the future holds for our industry... I wish I could have joined everyone in person, but was unable to do so due to illness.

After listening in to the presentations (at least what I could catch via the computer) of TIPRO's distinguished speakers at the association's Summer meeting, it is evident to me that our group has much cause to be bullish on opportunities for commodity prices to stabilize and demand growth, although we must first join together to address some of the more alarming concerns that otherwise threaten to stifle our business and ability to explore and produce. Energy experts, policymakers and even my own predecessors, the past chairmen of this organization, all agreed at the TIPRO conference that the industry is presently under vicious attack and we need all hands on deck to inform our elected officials and members of the public about the critical importance of oil and natural gas development and build greater support for American energy.

One central priority TIPRO presenters concentrated on, which also is one of the biggest concerns for the association and its members, is Congress' reconciliation of the federal budget, currently underway, which amongst other worries proposes the elimination of essential industry tax deductions including Intangible Drilling Costs (IDCs). The budget reconciliation package that is under consideration by U.S. lawmakers could have dire consequences on domestic production if IDC deductions and other tax provisions for producers are removed, which would also lead to higher energy costs for Americans that in turn makes everything produced in America more expensive and less competitive on the world market. We need our policymakers to give consideration, amongst other points, to the positive impacts of cheap and reliable energy for humanity, including lifting many people out of poverty. Higher per capita energy consumption leads to healthier longer lives. Democrats are looking for any way they can to fund another \$3.5 trillion of additional government waste and seek to target the oil and gas industry with punitive taxation to pay for it.

As many of you know, utilizing the reconciliation process, Democratic leaders may have the ability to fast-track and quickly advance high-priority fiscal legislation, like the federal budget, meaning we all must act now to ensure that IDCs, Percentage Depletions and other key tax provisions are not repealed. There are 16 moderate Democrats specifically that need to be contacted and urged to preserve tax provisions for America's oil and natural gas producers. Some of these congressional members have oil and gas operations in their districts, and we must get them to recognize the importance of our industry, the high-paying jobs we support and the economic benefits generated from energy development. If you need guidance on how to reach out to these federal lawmakers, please connect with TIPRO today and the association's team will be glad to assist you in these efforts.

As we all learned at the TIPRO Summer Conference, it is imperative that we each remain engaged, get out there and help straighten out energy policies in the works by bureaucrats and government officeholders. We each have an important role to play in this effort and I hope you'll join TIPRO in working against the existential threats, politics and other assaults facing the oil and gas industry.

Best regards,  
Brent Hopkins



**Brent Hopkins**

## TIPRO welcomes two new regional directors to association's Board of Directors

Members of the Texas Independent Producers & Royalty Owners Association (TIPRO) voted during a September 2<sup>nd</sup> membership meeting to confirm new directors to serve on the organization's board from TIPRO's Region 4, covering central parts of the state, and Region 6 that spans across the Texas Panhandle.

Hosted in conjunction with the TIPRO 2021 Summer Conference, members confirmed Curtiss McClymond with PETEX as the next representative of Region 4 on the TIPRO Board of Directors and Currie Smith with Texilvania, LTD., as the Region 6 representative. McClymond is the chief executive officer of Petex and is closely involved in all aspects of the oil and gas business, including the supervision of property acquisition and drilling for Petex. Smith is owner and partner of Texilvania.

Both McClymond and Smith began their respective terms serving on the TIPRO Board of Directors on September 3, 2021.

## TIPRO CALENDAR OF EVENTS

**NOVEMBER 16, 2021**

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

**JANUARY 12, 2022**

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

**FEBRUARY 9, 2022**

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

## Former state Rep. John Wray and past Trump official Brian Harrison advance to runoff for HD 10

Vying for his old seat in the Texas House of Representatives, former state Representative John Wray (R-Waxahachie) will advance to a special run-off election against Brian Harrison, a former Trump Administration official, to fill a vacancy in Texas House District 10. Wray and Harrison, both Republicans, competed in a special election on August 31<sup>st</sup> that included six other candidates for the District 10 seat left open over the summer by Representative Jake Ellzey, who has since been sworn into office representing Texas' Sixth Congressional District in Washington, D.C. With all precincts reporting, Harrison took nearly 41 percent of the vote during last week's special election, while Wray finished with approximately 36 percent of votes cast.

Harrison, who had served under President Donald Trump's Administration as chief of staff at the Department of Health and Human Services, campaigned on promises of getting Texas back to pre-pandemic economic growth and creating job opportunities. Meanwhile, Wray, who previously was the representative for District 10 for three terms from 2015 to 2019, has said if elected, he intends to focus on lowering property taxes, reducing government regulations and targeting other items on the Republican policy agenda. Both Harrison and Wray will now appear on the ballot for a special run-off election that has yet to be announced by Texas Governor Greg Abbott.

## RRC commissioner asks governor to put ERCOT requirement on future special session agenda

Although lawmakers have already wrapped up business in Austin for the 87<sup>th</sup> Legislature's second special session, Texas Railroad Commissioner Wayne Christian recently reached out to Texas Governor Greg Abbott asking for a ERCOT intermittent generation resources requirement to be added to the agenda for a future special legislative session, when lawmakers are expected to return to the state capitol later this Fall. In a letter sent August 25<sup>th</sup> to Governor Abbott, the commissioner explained how making a policy adjustment through the work of the legislature would provide more free market solutions to the ERCOT-managed electric grid and ultimately more reliability to Texas customers.

"During the 87<sup>th</sup> Legislative session, the engrossed version of Senate Bill 3 contained an intermittent generation resources requirement for ERCOT that was stripped out in the House," said Commissioner Christian in his letter. "This provision would have the Public Utility Commission (PUC) require intermittent generation resources in the ERCOT power region to purchase ancillary services and replacement power sufficient to manage net load variability. Had this provision survived, it would have removed the unequal treatment between hydrocarbon and renewable electricity generation thus providing a fairer market, increased reliability, and lower consumer costs."

The commissioner continued, "Because this requirement was stripped from the bill, I fear Texans could again suffer potential blackouts and be less protected in future weather emergencies. While so-called 'green' energy sources like wind turbines and solar panels rely on intermittent wind or sunshine, we know that dependable gas, nuclear and/or coal generators do not. Now is the time to encourage those dependable generators to build-out and ensure the state's electrical grid is prepared for whatever the future holds. Without leveling the playing field between our various sources of energy, Texans will be left with increasingly unreliable energy options as wind and solar continue to grow, while coal and natural gas plants are retired."

Commissioner Christian further articulated to the governor the important role natural gas production played during February's Winter Storm Uri, where natural gas generated 67 percent of the electricity on the ERCOT-managed electric grid, while wind generated less than 6 percent. This historic winter event led legislators to pass major grid reform legislation, including Senate Bill 3, during the 2021 legislative cycle.

To read more, please see: <https://bit.ly/3hbaomR>.

## Railroad Commission implements approved changes to Form PR, Monthly Production Report

The Railroad Commission of Texas this month updated instructions to its Form PR, *Monthly Production Report*, in support of the agency's regulation of flaring and venting of produced natural gas. Two revisions to the Form PR instructions, previously approved by Railroad commissioners this past February, will apply to all new and corrected Form PR filings for production cycle months of September 2021 and later. These adopted changes to the Form PR instructions include:

- "Disposition Code 4," which was used to report the volume of gas that was vented or flared, has been discontinued, notes the Railroad Commission. "Disposition Code 4" will continue to be used for all new and corrected production reports for reporting cycle months of August 2021 and earlier.
- Two new disposition codes have been implemented to allow operators to allocate gas. For gas that was flared, use "Disposition Code 10," advises the commission. For gas that was vented, use "Disposition Code 11." This will allow the commission to quantify the legal disposition of gas that was flared and vented.

An additional revision to the Form PR instructions will also become active in September, though operators will not be required to use the modified coding for reporting purposes until January 1, 2022:

- When an operator allocates gas to Disposition Codes 10 or 11, the operator will be required to enter one or more two-letter codes to the existing "REMARKS" field on the form. Those two letter codes correspond to the authority under which the gas was flared or vented, and include the following:
  - AR – Authorized by Rule
  - AE – Authorized by Exception
  - EP – Exception Pending
  - EX – Exempt

To view the Form PR and its instructions, visit the Railroad Commission's website at <https://bit.ly/3hcFYkd>.



## Texas energy regulators highlight ongoing decline of flaring rates in Texas

The last two years, the amount of natural gas flared in Texas dropped from 19.5 billion cubic feet (BCF) to 5.3 (BCF), representing a 73 percent decline in the total amount of natural gas flared, according to data reported to the Railroad Commission of Texas. In the August edition of the Railroad Commission's 'Energy Minute' update, the state oil and gas agency reviewed flaring declines between June 2019 and May 2021, which showed overall amounts of natural gas being flared as trending downward. "In June 2019, 2.29 percent of all gas produced in Texas was flared. As of May of this year, only 0.65 percent of all natural gas produced was being flared. This means that 99.35 percent of all natural gas produced in Texas was delivered for beneficial use in the market for purposes including electricity generation and the production of alternative fuels," said the commission.

Helping drive the reduced levels of flaring, regulators at the Railroad Commission have revamped the application for flaring exceptions and revised a production report requirement that asks operators to report the amount of gas flared and the amount of gas vented as separate values rather than combined for each lease, which better enables the agency to track compliance and correct potential violations. Further, the commission has also launched an online system for requesting flaring exceptions, resulting in better data collection and analysis.

In the meantime, Texas producers remain committed to lowering flaring activity while generating abundant, affordable and reliable energy. Measurable results and progress have already been demonstrated from their voluntary actions, along with ongoing investment by energy companies in greenhouse gas mitigating technologies throughout the oil and gas value chain and other best practices being followed by operators. This effort is further supported by the work of the Texas Methane and Flaring Coalition, of which TIPRO is a supporting partner, which helps to promote operational and environmental recommended practices to minimize flaring and methane emissions, amongst other initiatives.

## More on the TMFC Methane & Emissions Report... continued from Page 1

As the oil and natural gas industry continues to achieve air emission reductions that propel environmental progress, the TMFC is helping promote awareness of new pioneering technologies that will further advance emission reduction goals and endorsing proactive emission management practices and other solutions to reduce and eliminate emissions where possible.

TIPRO members are encouraged to review the complete TMFC *Methane & Emissions Report* by visiting: <https://bit.ly/3jSZAf2>.

The TMFC will periodically update its *Methane & Emissions Report* to reflect the latest technologies, legislation and rulemakings, and serve as a helpful tool for lawmakers, media and the general public to understand the latest developments on this important issue.

## Governor sets special election date for House District 118

The first week of September, Texas Governor Greg Abbott announced Tuesday, September 28, 2021, has been set as the special election date to fill the Texas State House of Representatives District 118 seat recently vacated by Representative Leo Pacheco, a Democrat from San Antonio. As TIPRO reported last month, Representative Pacheco planned to step down from his post in the Texas House to accept a job teaching public administration at San Antonio College. Early voting for the special election for House District 118, which covers South and East Bexar County, will begin on Monday, September 20, 2021.

## General Land Office, Port of Corpus Christi enter new partnership to boost carbon dioxide storage

The Texas General Land Office (GLO) and the Port of Corpus Christi Authority (Port of Corpus Christi) have entered a new agreement to work together to develop infrastructure that will capture and store carbon dioxide (CO<sub>2</sub>) produced during oil and natural gas development. Under a Memorandum of Understanding (MOU) recently signed by the two governmental bodies, the GLO and the port will pursue solutions that allow for carbon sequestration in the Coastal Bend region, which will also help drive carbon emission reductions in the greater Port of Corpus Christi area in alignment with broader carbon reduction goals currently being pushed in Texas and across the nation.

"Our modern society relies on Texas' rich natural resources for a variety of products that impact countless aspects of our daily lives," said Texas Land Commissioner George P. Bush. "Utilizing new, innovative carbon storage methods is a critical step in demonstrating that energy development and environmental stewardship are not mutually exclusive. This partnership will ensure that Texas energy developers continue to responsibly utilize resources for future generations, as well as provide good paying jobs, and abundant and affordable energy."

Academics from the University of Texas at Austin have mapped the geology of the Texas Gulf Coast and determined the region to be ideal for injection and storage of pressurized CO<sub>2</sub>, according to port officials. "The Port of Corpus Christi is uniquely suited geographically and commercially to become the nation's premier hub for carbon management capture and storage," commented Jeff Pollack, chief strategy and sustainability officer for the Port of Corpus Christi. "We have a high density of industrial CO<sub>2</sub> target sources, a robust network of existing pipeline infrastructure, and we own a full transect of land from our customers' fence lines out to GLO waters in the Gulf of Mexico."

Port of Corpus Christi already is the largest port in the United States in total revenue tonnage and has been a leader in U.S. crude oil exports. In addition to the port, the Corpus Christi area is also home to industrial, petrochemical and refining facilities, bringing unique opportunity through this new endeavor to make the Texas Coastal Bend region the next focal point for developing a scalable carbon management solution. "The energy transition is a strategic focus in hitting both commercial and environmental targets for the Port of Corpus Christi," said Port of Corpus Christi CEO Sean Strawbridge. "We are sending a clear message to the American people, to our industry partners, and to the global energy marketplace that the state of Texas and the Port of Corpus Christi intend to establish a large scale CCS management hub and we thank Texas Land Commissioner Bush and his staff for their aligned leadership and commitment to achieving this goal."

## TIPRO submits comments contesting proposed listing of Lesser Prairie Chicken under the ESA

On behalf of the association's membership, the Texas Independent Producers & Royalty Owners Association (TIPRO) submitted comments to the U.S. Fish & Wildlife Service (USFWS), expressing concerns over the government's proposal to list two distinct population segments (DPS) of the Lesser Prairie-Chicken (LPC) under the Endangered Species Act (ESA). At the end of May, the USFWS announced its proposal to list the Southern DPS of the LPC as endangered and the Northern DPS as threatened with a 4(d) rule that tailors protections, also at that time inviting comments or information from stakeholders, the public, governmental agencies, the scientific community, industry, and any other interested parties regarding the proposed listing.

The Southern DPS LPC encompasses populations of the bird in eastern New Mexico and across the southwest Texas Panhandle, with habitat comprised largely of shinnery oak prairie. The Northern DPS encompasses LPC populations in southeastern Colorado, southcentral to southwestern Kansas, western Oklahoma and the northeast Texas Panhandle, with the bird nesting in short-grass, mixed-grass and sand sagebrush ecoregions.

In formal comments submitted to the USFWS for consideration, TIPRO cited the ongoing success of voluntary LPC management and conservation programs, which have supported an increase in the total LPC population size from 2013 to 2020, according to the most recent studies performed on LPC counts. "Under the ESA, 'Endangered' means a species is in danger of extinction throughout all or a significant portion of its range... Clearly, a species whose population has more than doubled in the last seven years does not fit this definition," observed TIPRO in the association's comments.

"The oil and gas industry has a proven track record and commitment to improving LPC habitats and populations. Industry supported conservation programs are showing demonstrable success at increasing LPC populations through the commitment of millions of dollars and millions of acres that are using beneficial conservation practices to conserve and propagate the LPC across its range. Data suggests that these successful and on-going efforts do not require the LPC to be listed under the ESA," TIPRO emphasized.

See TIPRO's full comments at: <https://bit.ly/3tmi5LP>.

## U.S. Senators demand president explain actions favoring OPEC, while curtailing production in America

Leading members of the U.S. Senate in late August asked President Joe Biden to explain why his administration continues to favor foreign sources of oil over American-produced oil, citing a recent request made by U.S. officials to the Organization of Petroleum Exporting Countries and other nations (OPEC+) to increase oil production while the U.S. government stifles energy development in America's oil and natural gas basins. In a letter sent to the president on Monday, August 24, U.S. Senator John Barrasso (R-WY), ranking member of the U.S. Senate Committee on Energy and Natural Resources, along with Senators Lisa Murkowski (R-Alaska), Steve Daines (R-Montana), John Hoeven (R-North Dakota), Cindy Hyde-Smith (R-Mississippi) and James Lankford (R-Oklahoma) expressed deep concerns over the administration's inconsistent positioning with regards to energy policies, which they contend have posed a significant threat to America's energy security, U.S. jobs and the nation's recovering economy.

In the letter, the senators wrote, "Prioritizing foreign oil production and imports severely weakens our energy security. By increasing our reliance on foreign sources, you are putting Americans at the whims of unfriendly nations."

The senators continued by stating, "While many factors determine gasoline prices, restricting safe, reliable, North American oil production will only exacerbate the problem of high prices. The illegal moratorium on federal oil and gas lease sales will soon result in production declines. It is confounding to us that your administration still refuses to comply with a federal court order to resume federal leasing, issued over two months ago, yet actively encourages our competitors to meet our nation's energy needs."

Concluding their message to President Biden, the U.S. congress members addressed inconsistencies in the administration's stated climate objectives while requesting other world producers to pump more oil. "If your administration is serious about addressing climate change, it would meet oil demand in the cleanest way possible," explained federal lawmakers. "That means encouraging production here at home. Energy producers, particularly those on federal land and waters, in the United States are subject to among the highest environmental standards in the world. Your administration's approach to energy production will shift production to countries with less stringent standards, send high paying jobs overseas, weaken our nation's energy security, and put our nation at a competitive disadvantage."

Read the full letter at: <https://bit.ly/3Dkb7Ma>.



## OPEC+ members resist U.S. pressure on oil production, sticking to plans for gradual growth in output

As widely expected, during a September 1<sup>st</sup> meeting, energy producers with the Organization of the Petroleum Exporting Countries (OPEC) and its allies agreed to press forward with plans for more modest increases to oil output despite U.S. pressure to have the oil cartel raise its production more quickly. Last month, the Biden Administration urged OPEC to raise its production levels as part of an effort to combat climbing gasoline prices. Despite such calls, OPEC oil producers, along with Russia, said they would keep to previous plans for a phased easing of oil production restrictions that will have the group add 400,000 barrels per day (bpd) a month to the market. "While the effects of the COVID-19 pandemic continue to cast some uncertainty, market fundamentals have strengthened and OECD stocks continue to fall as the recovery accelerates," OPEC+ said in a statement. The next OPEC+ meeting is scheduled for October 4.

## TIPRO analysis shows Texas' upstream sector added 1,500 jobs in July

The Texas Independent Producers and Royalty Owners Association (TIPRO) released new workforce data and analysis at the end of August reflecting a continued demand for talent in the Texas oil and natural gas industry. The new data from TIPRO examined employment trends in the Texas upstream, midstream and downstream sectors for the month of July 2021. TIPRO also in August released new employment analysis for the Texas upstream sector showing a net increase of 1,500 direct jobs in July, the third consecutive month of job growth since April of this year. Additionally, TIPRO previously reported that Texas upstream employment increased by 15,800 direct jobs in July 2021 compared to July of last year, for a total of 175,100 jobs.

According to TIPRO's workforce analysis, there were 59,473 total job postings for the Texas oil and natural gas industry in July of 2021, of which 8,768 were unique. The top three cities by total unique oil and natural gas job postings included Houston (2,801), Midland (611) and Odessa (477). The top three companies ranked by unique job postings in July were Delek US Holdings, Inc. (689), Halliburton Company (615), and Baker Hughes Company (576).

Among the 14 specific industry sectors TIPRO uses to define the Texas oil and natural gas industry, Petroleum Refineries ranked the highest in July with 1,672 unique job postings, followed by Crude Petroleum Extraction (1,662) and Oil and Gas Field Machinery and Equipment Manufacturing (1,383). The top qualifications included were Commercial Driver's License (CDL) in 600 postings, followed by Master of Business Administration (MBA) (179), and Bachelor of Science in Business (165). Top posted job titles in July included Store Sales Associates (430), Crude Oil Drivers (127) and Pipeline Technicians (54).

TIPRO's President Ed Longanecker added that the Texas oil and natural gas industry has experienced consistent growth in employment and jobs postings this year as economic conditions and global demand improve. In fact, industry job postings have increased each month consecutively since January of this year, according to TIPRO.

### Texas Oil and Natural Gas Unique Job Postings

July 2021	8,768
June 2021	8,334
May 2021	8,312
April 2021	7,754
March 2021	7,591
February 2021	6,863
January 2021	6,806

"We believe the spread of the Delta coronavirus variant will impact the near-term pace of recovery to some degree, including Texas oil and natural gas job growth, but data suggests that vaccinations, natural immunity and public caution will help keep the latest variant at bay and avoid the major economic disruptions we experienced previously," said Longanecker. "We continue to anticipate a strong recovery in world oil demand this year and further growth in 2022. Prominent U.S. producers will maintain a highly disciplined approach to their production goals and we can expect OPEC to do the same in efforts to reach and maintain global supply demand equilibrium."

## TCEQ Chairman Jon Niermann reappointed for a new term as agency leader

Texas Governor Greg Abbott this week reappointed Jon Niermann to the Texas Commission on Environmental Quality (TCEQ) for a term set to expire on August 31, 2027. Niermann, currently serving as the chairman of the TCEQ, was first appointed to the TCEQ in September 2015. Previously, Niermann was chief of the Environmental Protection Division in the Texas Attorney General's Office, and also worked earlier in his legal career as an attorney at Baker Botts, L.L.P. He represents Texas on the Environmental Council of States, and is also a member of the American College of Environmental Lawyers, Western States Water Council, and the Good Neighbor Environmental Board.

## TIPRO members invited to the 2021 NARO National Convention

The National Association of Royalty Owners (NARO) invites the members of TIPRO to its 2021 National Convention, taking place October 11-14, 2021, in Oklahoma City. NARO, which supports the needs of the nation's royalty owners, is planning an incredible program for its 2021 convention. Participants of the NARO Convention will find out how to be a responsible partner in America's energy development.

Speakers at the NARO Convention include:

- Dana Murphy, Oklahoma Corporation Commissioner and royalty owner advocate.
- Sylvia K. Barnes, founder and principal, Tanda Resources & Top 25 Influential Women in Energy by Oil & Gas Investor
- Mark A. Stansberry, Award winning author, film and music producer, columnist, radio talk show host and musician. CEO/President of the Oklahoma Royalty Company.
- Hon. Jason Isaac, Director Life:Powered.
- Dewey Barlett, Dr. Shannon Ferrel, and
- Many more to come.



TIPRO members may download the full registration brochure for the NARO Convention at: <https://www.naro-us.org/event-4319939>. QUESTIONS? Please contact Jack Fleet, [jfleet@naro-us.org](mailto:jfleet@naro-us.org) or call (918) 794-1660.



## Biden Administration to restart oil and gas lease sales

Before the start of September, officials with the U.S. Department of Interior made initial steps towards resuming lease auctions on public lands and waters for oil and gas exploration and production. In compliance with a court order issued in the case *Louisiana v. Biden* this past June, the Interior's Bureau of Land Management (BLM) posted at least 750,000 acres in nine states for possible inclusion in oil and gas lease sales. Over the next 30 days, public feedback will be collected by the BLM regarding parcels that were previously under consideration for competitive auction at the deferred 2021 Quarter 2 lease sale. Following this scoping period, the bureau will consider all comments received, then undertake environmental reviews of parcels for potential leasing and provide an opportunity for public comment in accordance with Instruction Memorandum 2021-027, before publishing a Notice of Competitive Lease Sale that is expected later this year.

A Record of Decision (ROD) has also been submitted by the Interior Department's Bureau of Ocean Energy Management (BOEM) for Lease Sale 257 in the Gulf of Mexico, planned for later this Fall, which will offer for lease certain Outer Continental Shelf (OCS) blocks located in the Gulf. Almost all available, unleased blocks in a more than 90 million acre area in the Gulf of Mexico will be up for auction in the lease sale, which could ultimately result in production of up to 1.1 billion barrels of crude oil and 4.4 trillion cubic feet of natural gas, according to a sale document posted online.

Both lease auctions from the BLM and BOEM represent the first to be planned by the Biden White House, which had stopped oil and gas lease sales in January pending an analysis of their impacts on the environment and value to taxpayers. The Interior has said it is continuing to work on the government's review of the federal onshore and offshore oil and gas leasing program and is completing its comprehensive report focused on oil and gas development. The department is also challenging the court decision that enjoined the Interior from implementing the pause in new federal oil and gas leasing, though it has said the federal government will proceed with federal onshore and offshore oil and gas leasing as required by the district court ruling while the government's appeal is pending.

## Apache CEO highlights future of U.S. output, industry's environmental stewardship at TIPRO meeting

In keynote remarks at the Texas Independent Producers & Royalty Owners Association's (TIPRO) Summer Conference, Apache's Chief Executive Officer and President John J. Christmann IV provided valuable perspective on the future of domestic oil and natural gas production and drilling activity, citing his own company's approach to development in the midst of more challenging market conditions and a shifting regulatory landscape in D.C. Christmann, whose grandfather served as a past chairman of TIPRO between 1975-1978, grew up around the industry and spent time as a kid attending TIPRO meetings alongside his grandfather, John Christmann, and family. In speaking to the audience at TIPRO's recent conference, Christmann reflected on his memories of TIPRO and the importance of the association's advocacy work, also taking the occasion to express concerns about the industry making sure that Texas and the U.S. are not being placed in a disadvantaged position for energy development due to the regulatory climate.

During his comments, Christmann also emphasized his company's commitment to environmental goals, noting Apache's efforts to end routine flaring across its U.S. onshore operations by year's end, as well as limit the company's freshwater consumption and pursue other sustainable solutions that further reduce environmental impacts at all stages of Apache's operations. Christmann encouraged other TIPRO members to make similar commitments to help the industry become better about lowering its carbon footprint and lead by example to achieve sustainability targets.

## When will global oil markets rebalance? Market expert and TIPRO speaker weighs in

Addressing the TIPRO membership on September 2<sup>nd</sup> at the association's Summer Conference, market analyst Marshall Adkins advised near and longer term fundamentals for oil prices were looking very bullish, which will support higher oil prices and prime oil markets to rebalance in the months to come. After last year's oil price war and the coronavirus pandemic, significant damage was incurred to domestic production levels, noted Adkins, the managing director and head of energy for Raymond James. He forecasted to the TIPRO audience that the "right price" to bring oil markets back into balance would be \$80 per barrel of oil, which he expects by 2023.

Adkins reported to TIPRO that global demand is strong - and also surging - which will inevitably lead to a supply crunch in coming months. As a result, the Organization of the Petroleum Exporting Countries (OPEC) will have to back off of past production cuts, suggested Adkins, and increase its production output to maximum capacity by mid-2022. U.S. producers also will need to supplement additional oil supplies to the market to satisfy demands, Adkins concluded. In his presentation, Adkins also noted higher natural gas prices that he expects to stay tight, supported by elevated exports of U.S. liquified natural gas (LNG).

## At TIPRO's Conference, the association looks back at Texas' winter storm and its impact on producers

It has been more than six months since arctic storm Uri swept across the state, a time when energy operators trying to produce oil and natural gas found themselves facing critical challenges in the midst of one of Texas' largest winter weather emergencies. At TIPRO's 2021 Summer Conference, John Harpole, president of gas brokerage firm Mercator Energy, took the stage to talk about the crisis that affected the state's electric grid and reviewed with TIPRO members why natural gas remained a strategic fuel throughout the winter storm. As described by Harpole, during February's historic freeze and power crisis, electric power generation from natural gas outperformed all other sources, with production volume increasing 450 percent, while wind and solar significantly underperformed. Natural gas operations, however, still require uninterrupted electricity, and when the Electric Reliability Council of Texas (ERCOT), the state's power grid operator, failed to recognize any priority for natural gas infrastructure when mandating state-wide rolling blackouts, it interrupted natural gas production. Frozen pipelines also prevented Texas producers from being able to deliver energy supplies, exacerbating problems during the winter storm. Efforts from state regulators to mediate electric "pricing issues" led ERCOT to set prices administratively at \$9,000/MWh systemwide, equivalent to \$2,640 per MMBTU for natural gas, explained Harpole. After the crisis, the "watch-dog" for ERCOT determined that the system-wide \$9,000 per MWh price was left in place too long, which cost the Texas wholesale electricity market +\$16 billion, said Harpole. He suggested fundamental flaws must be addressed by the state government by creating a "look-back" electricity tariff that applies to critical natural gas infrastructure that would eliminate the existing disincentive to produce natural gas when electricity prices sky-rocket.

## Photos from the 2021 TIPRO Summer Conference....



*TIPRO members Jordan Jayson, Gina Lester, Rajan Ahuja and Grant Johnson at TIPRO's networking reception.*



*TIPRO members visit during the association's membership breakfast.*



*Apache CEO and President John J. Christmann IV pictured at the TIPRO Conference providing keynote remarks.*



*Christmann discusses with TIPRO President Ed Longanecker the future of domestic oil and gas production, importance of environmental stewardship and advice for the next generation of industry leaders.*



*Raymond James analyst Marshall Adkins provides a market outlook for TIPRO.*



*John Harpole with Mercator Energy reviews the impact of Winter Storm Uri on the power grid and production with TIPRO.*



*TIPRO members learn about priority issues impacting the Texas oil and gas industry during the association's annual summer meeting.*



## Photos from the 2021 TIPRO Summer Conference.... continued from Page 8



*TIPRO guests enjoy the association's luncheon.*



*TIPRO President Ed Longanecker presents Occidental Petroleum State Affairs Director Julie Moore with TIPRO's Excellence in Advocacy Award*



*U.S. Congressman Henry Cuellar (D-Laredo) and Congressman August Pfluger (R-Midland) offer a federal energy policy update to the members of TIPRO.*



*In a panel discussion, the past chairmen of TIPRO reflect on the legacy of the association since its founding and consider the industry's future.*



*Past TIPRO Chairmen Eugene Garcia, Raymond Welder, Allen Gilmer, David F. Martineau, Walter "Tad" Mayfield, Scott Anderson and Joe Abel at the TIPRO Summer Conference.*



*Clyde McCall, TIPRO's 2021 Mr. TIPRO Award honoree.*

# Unconventional Perspective

EOG Resources is a leader in finding and developing crude oil and natural gas resources to meet the world's energy needs. The company is committed to creating a strong, healthy economy while adhering to sound environmental, health and safety standards.

EOG strengthens local communities throughout Texas by providing meaningful careers, purchasing goods and services, volunteering and participating in local philanthropy efforts, contributing to the tax base and making royalty payments to mineral owners.

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## 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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