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Texas Independent Producers and Royalty Owners Association

Texas congressmen lead letter urging action on Mexico's violations of USMCA energy policies

In late July, members of the Texas congressional delegation joined a bipartisan, bicameral group of federal lawmakers asking U.S. Trade Representative Katherine Tai to address the government of Mexico's pursuit of discriminatory policies that favor Mexican state-run energy companies and directly undermine United States-Mexico-Canada Agreement (USMCA) commitments. In a letter dated July 20th that was sent to Representative Tai, the lawmakers demanded the United States swiftly establish a USMCA dispute settlement panel to resolve Mexico's discriminatory policies across the energy sector.

Last July, the United States formally requested dispute settlement consultations with Mexico challenging Mexico's energy policies that appeared to violate the USMCA. For more than a year prior to that, Representative Tai, along with other Biden Administration officials and lawmakers from both parties, had raised concerns about efforts pushed by Mexican President Andrés Manuel López Obrador to pursue policies that discriminate against U.S. energy companies and run against Mexico's commitments under the USMCA.

In spite of these efforts, U.S. legislators are calling attention to the lack of meaningful progress settling the "troubling energy issues," saying the U.S. government has afforded Mexico nearly a year to handle the conflict and to date there are still serious doubts that Mexico is upholding its agreements through the USMCA.

"These discriminatory policies exist throughout Mexico's energy sector, including natural gas and oil exploration and production, electricity generation including solar and wind power, and retail sales," lawmakers explained in their letter to Representative Tai. "Mexico's unfair actions threaten over $10 billion in U.S. investment that have already been made and clearly run afoul of Mexico's USMCA obligations. Ensuring there is a reliable market for U.S. energy production and infrastructure will help strengthen energy supply chains in North America and lower energy costs for consumers as Americans continue to feel the impacts of volatile energy markets."

Members continued, "Extending the period of consultations has not yielded results. Robust enforcement action is necessary—not just in the renewable energy sector, but across the entire energy sector. Establishing a dispute settlement panel for these troubling energy issues will demonstrate that the United States is serious about enforcing USMCA to provide Americans the benefits that we bargained so hard to achieve in USMCA negotiations."

Officials from Texas signing the letter include U.S. Senator John Cornyn (R-TX), Republican Representative Jodey Arrington (TX-19) and Democratic Representatives Henry Cuellar (TX-28) and Vicente Gonzalez (TX-34).

TIPRO members can read the full text of the letter here.

Texas upstream oil and natural gas sector adds thousands of more jobs this summer

New employment figures analyzed at the end of July by the Texas Independent Producers and Royalty Owners Association (TIPRO) show direct Texas upstream employment for June 2023 totaled 208,000, an increase of 2,500 jobs from adjusted May employment numbers. Texas upstream employment in June 2023 represented the addition of 24,800 positions compared to June 2022, including an increase of 3,900 jobs in oil and natural gas extraction and 20,900 jobs in the services sector.

TIPRO's new employment data again indicated strong job postings for the Texas oil and natural gas industry during the month of June. According to the association, there were 13,696 active unique jobs postings for the Texas oil and natural gas industry in June, including 4,692 new job postings added during the month by companies. In comparison, the state of California had 4,655 unique job postings last month, followed by Louisiana (2,328), Oklahoma (1,982) and Pennsylvania (1,666). TIPRO reported a total of 62,700 unique job postings nationwide last month within the oil and natural gas sector.

The leading three cities in the state ranked by total unique oil and natural gas job postings were Houston (5,065), Midland (1,234) and Odessa (666), said TIPRO.

"Oil and gas employment in Texas is strong and our state remains the undisputed leader for oil and gas production by a significant margin, generating economic prosperity and fortifying our energy security," commented Ed Longanecker, president of TIPRO. "TIPRO and our members will continue to advocate for sound, science-based energy policies at all levels of government to support continued expansion of domestic production and energy infrastructure."

Chairman's message

TIPRO members,

No doubt, it has been a miserable summer in Texas. I have exhausted my list of ways to avoid being outside, including a family trip to the United Kingdom where the locals were upset the afternoon temperatures were flirting with the upper 70s. Unsurprisingly, we are all hearing a considerable amount more from media outlets and celebrity "experts" about how wind and solar are saving us from blackouts this summer. The heavy reliance on wind and solar in Texas (we will average somewhere close to 40 percent of our electricity generation from them this year) has raised some serious concerns from those who have a stronger grasp on physics and reality.

Jud Walker

Everyone who was in Texas February 2021 remembers Winter Storm Uri, which knocked out power to 5.2 million homes and businesses. The brutal cold did not discriminate in regard to energy mix. Wind turbines froze, solar panels were ineffective and traditional sources of energy were hobbled by freezing pumps, lines and other key infrastructure. Learnings from that event have compelled the Texas Railroad Commission to work with oil and gas operators and power facilities so that we are much better prepared for an event of similar magnitude in the future, however, the general public has been lulled into a false sense of security in regard to renewables.

As the dog days of summer have boosted the efficiency of renewable power, many forget the seasonal changes in Texas wind patterns and solar exposure. Peter Lake, former chairman of the Texas Public Utility Commission, was supportive of incentives to build more dispatchable power generation as outlined in the approved Texas Senate Bill 2627. "We've got lots of renewables, but at the end of the day, zero wind times infinity windmills is zero electricity. And the sun sets every night." The increasing reliance on green power generation across the country is highly concerning, especially given the increased demand associated with the electrification of everything. President Biden has ignored warnings from the Federal Energy Regulation Commission and others and continues to push an agenda of eradicating natural gas and coal from U.S. power generation by 2035. Danial Turner, founder and executive director of energy advocacy group Power the Future, believes we are in an "era of insanity" when it comes to our energy policies. "We rely on solar panels that at best only work half of the time and try to convince everyone it's normal. The insanity that these power sources are going to maintain the same quality of life and the same abundance of life – it's laughable." Thankfully, Senate Bill 2627 takes steps in shoring up future dispatchable power by providing up to $7.2 billion in a low-interest loan and grant program to build a minimum of 100 megawatts of new capacity. With the abundant natural gas reserves in Texas, there is no reason we should be jeopardizing the continuity and reliability of our electrical needs.

I look forward to seeing you at the upcoming TIPRO Summer Conference next week on August 9th - 10th at the Hyatt Hill Country Resort in San Antonio. We have an incredible line-up of speakers and networking opportunities for you to enjoy during the meeting. Please find more information about the event on the TIPRO website, and sign up to attend the conference if you have not already done so.

Regards,
Jud Walker

Attend the next 'Leaders' luncheon in Houston to hear from Ovintiv CEO Brendan McCracken

Register today to participate in this month's 'Leaders in Industry' luncheon, featuring guest presenter Ovintiv President and Chief Executive Officer Brendan McCracken. The luncheon, hosted monthly by the Texas Independent Producers & Royalty Owners Association (TIPRO), Independent Petroleum Association of America (IPAA) and Houston Producers Forum, will be held on Tuesday, August 15th at the Petroleum Club of Houston.

With 25 years of industry experience, McCracken has served as president and CEO of Ovintiv since August 2021. He has played a significant role in defining company strategy, positioning Ovintiv for success. McCracken has held a range of senior leadership positions at Ovintiv throughout his career, including the role of president, executive vice-president of corporate development and external affairs, vice-president and general manager of Canadian operations and vice-president of investor relations. McCracken is a member of the Association of Professional Engineers and Geoscientists of Alberta. He is active in several organizations including the American Exploration and Production Council and the Canadian Association of Petroleum Producers. McCracken graduated from Queen's University with a Bachelor of Science degree in mechanical engineering and from the University of Oxford with a Master of Business Administration.

To see more information about the August 'Leaders in Industry' luncheon and to register to attend the event, click here.

TIPRO CALENDAR OF EVENTS

AUGUST 9-10, 2023	AUGUST 15, 2023	SEPTEMBER 19, 2023
SAN ANTONIO — TIPRO's 2023 Summer Conference. For information, email info@tipro.org.	HOUSTON — TIPRO/IPAA/HPF "Leaders in Industry" Luncheon. For information, email info@houstonproducersforum.org.	HOUSTON — TIPRO/IPAA/HPF "Leaders in Industry" Luncheon. For information, email info@houstonproducersforum.org.

Congress sends resolution to president's desk to nullify ESA listing of Lesser Prairie-Chicken

Before the start of August, members of the U.S. House of Representatives voted 221-206 to pass S.J. Res. 9, a joint resolution striking down a final rule issued by the Biden Administration that added the Northern Distinct Population Segment (DPS) of Lesser Prairie-Chicken to the list of threatened species under the Endangered Species Act (ESA) and the Southern DPS of Lesser Prairie-Chicken to the list of endangered species. The resolution previously passed out of the U.S. Senate in May.

"The federal government thinks it knows best when it comes to conservation, yet despite billions of dollars being spent, less than 2 percent of all listed species have been removed from ESA protection since 1973. On the other hand, farmers, ranchers and energy producers have voluntarily conserved tens of millions of acres of potential habitat for the Lesser Prairie Chicken, which has had a rising population since 2014," U.S. Senator Roger Marshall, author of S.J. Res. 9, commented. "The listing of this chicken is just another tool the Biden Administration is using to attack rural America," criticized the senator.

The Lesser Prairie-Chicken currently occupies a five-state range that includes portions of Texas, Oklahoma, New Mexico, Colorado and Kansas. Last November, the U.S. Fish and Wildlife Service (USFWS) announced two population segments of the chicken (the Northern and Southern) would be listed under the ESA to receive federal protections. The service later delayed the effective date of the rule listing the bird to March 27, 2023, to give stakeholders more time to comply with federal regulations pertaining to the Lesser Prairie-Chicken, following a congressional request presented by leaders in both the U.S. Senate and U.S House of Representatives. Meanwhile, policymakers in the legislative branch have pursued a multi-pronged approach to try to halt the listing of the Lesser Prairie-Chicken, including collaborating on S.J. Res. 9 that would give Congressional members an opportunity to stop burdensome government overreach and eliminate rulings designed to hinder oil and gas development and undermine private property rights.

The White House already has released a statement rejecting S.J. Resolution 9 and stating the president's intention to veto the legislation. According to administration officials, the measure overturns a "science-based rulemaking" and "undermines the ESA." A statement from the executive office of the president stated, "Almost every species that has been listed under the ESA since its bipartisan passage 50 years ago is still with us today. 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. For these reasons, if Congress were to pass S.J. Res. 9, the president would veto it."

New bipartisan bill in Congress seeks to promote domestic energy production

A new bill has been introduced in the U.S. House of Representatives that aims to preserve important tax policies for oil and gas producers like the intangible drilling costs (IDC) deduction so that energy companies may be able to continue to invest in domestic energy development. The legislation, called the "*Promoting Domestic Energy Production Act,*" is backed by 24 House lawmakers from both parties. Supporters include Texas congressional members Vicente Gonzalez (D), Henry Cuellar (D), Beth Van Duyne (R), Wesley Hunt (R) and August Pfluger (R).

The bill specifically addresses provisions included in the *Inflation Reduction Act*, which was signed into law in 2022, that limited the ability of energy companies to deduct intangible costs and depreciating assets. The *Promoting Domestic Energy Production Act* would reverse certain provisions of the administration sweeping law to allow companies in the future to still consider IDCs when calculating their income for tax purposes. Representative Mike Carey (R-OH), one of the lead authors of the proposed legislation, said the *Inflation Reduction Act* unfairly penalized America's energy producers in targeting tax provisions used by the industry and should be corrected by Congress. He cited ongoing sky-high inflation plaguing Americans as a key need for keeping the cost of energy affordable, which he argued would be achieved in part by the domestic energy bill.

"Our country must be ready to face the energy challenges of the next few decades," added Congressman Gonzalez, another lead author of the policy measure. "This commonsense bipartisan bill promotes our nation's domestic energy production capabilities – ensuring we keep and create American jobs, lower energy prices, and decrease our dependence on foreign energy sources."

Senate backs amendment banning sale of SPR oil to China, Russia, Iran and North Korea

Members of the U.S. Senate on July 20th voted overwhelmingly to approve a bipartisan amendment to the *National Defense Authorization Act (NDAA) for Fiscal Year 2024* that would prohibit the sale of petroleum products from the Strategic Petroleum Reserve (SPR) to China, Russia, Iran and North Korea and to their state-owned companies. The bill, sponsored by U.S. Senators Ted Cruz (R-TX), U.S. Senate Energy and Natural Resources Committee Chairman Joe Manchin (D-WV), Joni Ernst (R-IA) and John Fetterman (D-PA), is expected to be passed by the full Congress later this year. Proponents say the policy is necessary to protect national security.

About the SPR amendment, Senator Cruz, who previously introduced similar legislation in 2022 and earlier this year, said, "We know China has been amassing the largest stockpile of crude in the world. Nevertheless, last year, the United States sold off part of our reserves to China. I have been working with Senator Manchin to prohibit such inexplicably reckless moves in a bipartisan way. Our amendment prevents the federal government from selling oil from the SPR to China, Russia, Iran, or North Korea. We should not be selling our emergency oil reserves to our adversaries."

Senator Manchin also said, "Following Putin's invasion of Ukraine, the U.S. ramped up production and exports to help meet global demand. It had been devastating to the world. China, on the other hand, stockpiled oil and held back refinery production and while China was stockpiling, one of its state-owned companies purchased over 1.4 million barrels from the United States of America, the people of our great country, from our own stock of reserves. That's what we're trying to stop."

Read the full amendment text here.

U.S. House committee examines Biden's prolonged delays issuing offshore oil & gas leasing plan

Members of the U.S. House Natural Resources Subcommittee on Energy and Mineral Resources met on Capitol Hill last week to investigate ongoing delays by the Biden Administration to completing an updated five-year offshore oil and natural gas leasing program. The administration last summer issued a proposal for the National Outer Continental Shelf Oil and Gas Leasing Program (National OCS Program) for years 2023-2028, however, since then, progress on the offshore oil and gas program has stalled. Apart from offshore lease sales held as a result of mandates in the *Inflation Reduction Act*, the administration otherwise has not conducted any new offshore oil and gas lease sales, causing declines in energy investment, threatening future supply, and hurting domestic producers.

"Offshore energy development will play a critical role in returning to America the energy independence we had just three years ago. Unfortunately, the Biden Administration continues to fail us by not putting forward a robust offshore leasing program for oil and gas development. Today, this administration's proposed five-year plan is well over a year past-due, and now risks the prospect of [not] having any lease sales in 2024," commented Subcommittee Chairman Pete Stauber (R-Minnesota).

According to congressional documents, recent court filings indicate that the Interior Department could be planning to issue a new five-year program in September 2023, meaning the program itself will not be finalized until December 2023. Because the Interior has not started individual lease sales' accompanying environmental documents required under the National Environmental Policy Act (NEPA), this timing could mean the Interior Department will likely not hold another offshore lease sale until 2025 at the earliest.

Biden Administration wants to drastically increase the cost of drilling oil and gas on public lands

New federal oil and gas leasing rules proposed recently by the U.S. Department of Interior and Bureau of Land Management (BLM) could make it substantially more expensive to lease federal lands for oil and gas production. The proposed rule, announced on July 21, seeks to revise outdated fiscal terms of the onshore federal oil and gas leasing program and would adjust bonding requirements, royalty rates and minimum bids.

Some of the key elements of the proposed rule, according to the Department of Interior, include:

- **Bonding requirements**: The rule proposes to increase the minimum lease bond amount to $150,000 and the minimum statewide bond to $500,000, and it proposes to eliminate nationwide and unit bonds. The existing lease bond amount of $10,000 -- established in 1960 -- no longer provides an adequate incentive for companies to meet their reclamation obligations, nor does it cover the potential costs to reclaim a well should this obligation not be met. The current, outdated bond requirement increases the risk that taxpayers will end up covering the cost of reclaiming wells in the event the operator refuses to do so or declares bankruptcy. The Interior Department has made available more than $1 billion in the past two years from Bipartisan Infrastructure Law funding to clean up orphaned oil and gas wells on federal, state and private lands. This proposed rule aims to prevent that burden from falling on the taxpayer in future years.
- **Royalty rates**: Proposed changes to royalty rates reflect provisions of the *Inflation Reduction Act.* Royalty rates for leases issued for 10 years after the effective date of the *Inflation Reduction Act* are 16.67 percent. After August 16, 2032, the rate of 16.67 percent will become the minimum royalty rate.
- **Minimum bids**: The rule would codify a provision of the *Inflation Reduction Act* that increased the national minimum bid from $2 per acre to $10 per acre, or fraction thereof, and after 10 years regularly adjusts that amount for inflation. The minimum acceptable bid is important because it establishes the starting bid at the BLM's oil and gas lease auctions.
- **Base, or minimum, rental rate**: Pursuant to the *Inflation Reduction Act*, for leases issued in the 10 years after its enactment, the proposal includes a rental of $3 per acre, or fraction thereof, per year during the first 2-year period beginning upon lease issuance, $5 per acre per year, or fraction thereof, for the following 6 years, and then $15 per acre, or fraction thereof, per year thereafter. After August 16, 2032, those rental rates will become minimums and are subject to increase.
- **Expressions of Interest**: The *Inflation Reduction Act* established a new fee for expressions of interest. The proposed rule includes that fee, which is $5 per acre, or fraction thereof.

Republican officials condemned the new proposed regulations, warning they are part of continued political attacks by the White House against the nation's oil and natural gas industry.

"President Biden's assault on affordable, available and reliable American energy knows no bounds. With the stroke of a pen, the Biden Administration will put American oil and gas workers on the unemployment line," U.S. Senator John Barrasso (R-Wyoming), ranking member of the U.S. Senate Committee on Energy and Natural Resources, said in a statement. "The president has vowed to end drilling on federal lands. This rule confirms it's a vow he intends to keep… The destructive and punitive rule will end up costing the taxpayers far more than it helps them."

U.S. Senator Cynthia Lummis (R-Wyoming) also criticized the administration's proposed regulations. "As Americans continue to feel the pain of record inflation, the Biden Administration chose to further ignite the flames by increasing royalty rates on domestic oil and gas producers. This shortsighted action will only raise the price at the pump for people while discouraging domestic energy production and increasing our energy dependence on foreign adversaries," she cautioned.

U.S. House Committee on Natural Resources Chairman Bruce Westerman (R-Arkansas) said the rule package showed how "out of touch" Democrat-run federal agencies and Democrats in Congress were with the needs of constituents and the world at large. "We are facing an ever-increasing demand for safe, reliable energy, which American oil and gas producers provide in more environmentally friendly ways than anywhere else in the world," the congressman reinforced. "House Republicans have championed long-term solutions like the *Lower Energy Costs Act*, which would both meet our growing energy needs and simultaneously conserve our natural resources. These scientific solutions have fallen on deaf ears with an administration that would rather score cheap political points while putting Americans out of work in the process."

TIPRO members can view a copy of the BLM's proposed revisions to oil and gas leasing regulations here.

U.S. Energy Dept. and EPA plan to spend $350 million on oil and gas methane reductions

The U.S. Department of Energy (DOE) and U.S. Environmental Protection Agency (EPA) will provide up to $350 million in initial grants to states to improve methane monitoring and reduce methane and other greenhouse gas (GHG) emissions from the oil and gas sector. The funding opportunity is part of a recently initiated government partnership between the two agencies to administer a federal Methane Emissions Reduction Program offering financial and technical assistance to assist in actions that lower methane and other GHG emissions from the oil and gas sector. The program was created by the *Inflation Reduction Act* and ultimately will extend $1.55 billion in funding to support technology deployment and implementation of best practices to reduce emissions across the industry.

"These programs will help states and industry to accelerate methane monitoring and mitigation efforts, which will increase efficiency and reduce costs for oil and gas producers, while providing long lasting climate and health benefits to communities across the nation," observed Brad Crabtree, assistant secretary of Fossil Energy and Carbon Management.

The initial round of grants will be available to eligible states to be used to assist industry in voluntarily identifying and permanently reducing methane emissions from low-producing (marginal) conventional wells. States also will be able to use a portion of their grant to invest in their monitoring capacity for low-producing conventional wells, which will improve their ability to identify sources of methane emissions and to effectively prioritize their mitigation.

"Making this funding available will help more companies, especially small producers, invest in existing technologies to reduce the methane that escapes during oil and gas production, benefiting our planet and economy," commented U.S. Senator Tom Carper (D-Delaware), chairman of the U.S. Senate Environment and Public Works Committee.

Biden Administration proposes more extensive changes to NEPA in Phase 2 rulemaking

The White House Council on Environmental Quality (CEQ) is pushing to make further amendments to the National Environmental Policy Act (NEPA), a bedrock environmental law used for over 50 years to guide federal environmental reviews and permitting. In a "second phase" of reworking NEPA, the administration on July 31st announced planned updates that would revamp NEPA and undo regulatory rollbacks that had been initiated by the Trump Administration. The Biden Administration completed its first phase of changes to NEPA in 2022.

The latest NEPA reforms to be proposed by the administration seek to ensure federal environmental reviews and permitting processes are effective, efficient and transparent, guided by the best available science to promote positive environmental and community outcomes, and shaped by early and meaningful public engagement and input, said officials. A large focus in the latest NEPA proposal is on renewable energy, though permitting for oil, gas and pipeline projects may also be impacted by forthcoming policy changes to NEPA.

Many Republican lawmakers in Congress have expressed opposition to the latest proposed NEPA changes. U.S. Senator Kevin Cramer (R-North Dakota) said, "The Biden Administration and radical environmentalist Democrats are trying to have their cake and eat it, too. Instead of staying within the bounds of the law, they are inserting their climate-obsessed wish list into permitting. The White House says this will ensure a level playing field and speed up timelines, but it will only make it easier than ever for their environmental activist friends to tie up and drag out expensive litigation. I am sick and tired of the double speak and sneaky backdoor attempts to regulate fossil fuels out of existence and add bureaucratic hurdles to everyone who needs a permit."

Other congressional Republicans suggested the administration's NEPA policies were another indication that Congress must work to pass meaningful, bipartisan legislation that fixes the country's broken leasing and permitting system, rather than leaving it to the executive branch to control such issues. Senate Energy and Natural Resources Committee ranking member John Barrasso (R-Wyoming) said, "We should pursue changes in law that will benefit all energy sources and projects, not just those favored by President Biden."

Democrats, environmentalists and renewable energy advocates, meanwhile, have expressed support for the CEQ's proposed NEPA Phase 2 rulemaking, arguing that more changes are necessary to NEPA in order to clarify and improve the environmental review process for federal agencies and also to implement changes made by the *Fiscal Responsibility Act*.

To review the proposed Phase 2 NEPA regulations, see the Federal Register at: https://tinyurl.com/23arhpnj.

New poll confirms overwhelming majority of Americans believe oil & gas is vital to the economy

A new survey by Morning Consult shows 90 percent of Americans believe oil and natural gas play an essential role in strengthening the U.S. economy. The poll, commissioned this summer by the American Petroleum Institute (API), also found that 88 percent of voters recognize it is important to produce oil and natural gas domestically in the U.S.

Polling also showed:

- 83 percent of voters agree that the government should consider economic data when developing regulations that would affect development of the country's energy infrastructure.
- 88 percent of voters believe that producing oil and natural gas from here in the U.S. can help lower energy costs for American consumers and small businesses.
- 85 percent agree that producing oil and natural gas here in the U.S. helps make our country more secure against actions by countries such as China and Russia.
- 80 percent support increased development of the country's energy infrastructure.

The poll was conducted between June 23-25, 2023, among a national sample of 2,003 registered voters. Results from the full survey have a margin of error of plus or minus 2 percentage points. See more about the poll results here.

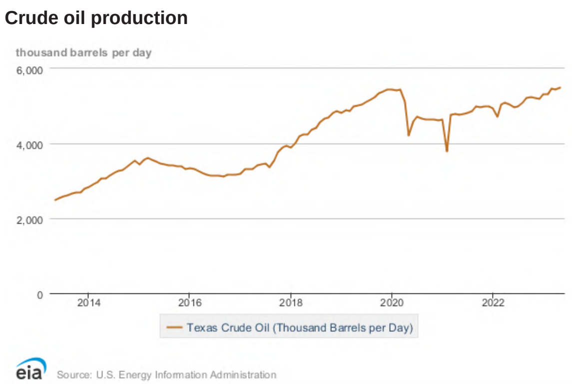
After quiet start to year, Upstream oil and gas dealmaking picked up in Q2

Upstream merger and acquisition (M&A) activity in the United States boomed last quarter with $24 billion in transactions, energy analytics firm and TIPRO member Enverus reported recently. Oil and gas dealmaking increased significantly in the second quarter of the year compared with the first, when $8.6 billion was transacted in upstream M&A deals, down roughly 20 percent versus the first quarter average since 2016. In the second quarter of 2023, energy companies again targeted opportunities in the Permian Basin, noted Enverus, putting the lucrative drilling region at the center of most deals.

"The second quarter saw a thunderous return to Permian M&A after a relatively quiet start to the year," said Andrew Dittmar, director at Enverus. "The need for public buyers to secure quality drilling inventory has been brewing, and the pressure to make a deal has been mounting as the remaining opportunities are narrowed with each successive transaction. That in turn is driving higher valuations on the remaining assets."

In its analysis, Enverus noted a shift in private equity (PE) funded activity, which has appeared to slow in 2023. So far in 2023, PE firms have made around 10 commitments to upstream teams versus more than 100 per year at the pinnacle of activity, according to Enverus data. "Nearly all new commitments are going to established teams with a track record of success," said Dittmar. "While prior success may have been found in the Permian, these groups are increasingly looking outside that basin due to high competition for Permian deals. The Eagle Ford and Williston Basin seem to be popular destinations for those priced out of the Permian."

Texas crude production surges to 5.49 million b/d, setting new record



Crude oil production in the Lone Star State hit a new record in May, according to monthly government data published this week by the U.S. Energy Information Administration (EIA). Texas oil output in May topped 5.49 million barrels per day (b/d), showed EIA data, up nearly 9 percent compared with oil production levels from a year ago. Texas continues to lead all states as the top producer of oil in the country.

The jump in Texas oil production is helping energy markets keep up supply, as demand and consumption of oil also continue to rise. Further, growth in Texas output is also compensating in energy markets for production cuts implemented by OPEC (the (Organization of the Petroleum Exporting Countries) this summer. OPEC's production cuts combined with rising demand are expected to keep tightening supplies through the rest of the year and likely to push up oil prices in the second half of 2023.

White House creates cabinet-level methane task force to advance oil and gas emission reductions

The White House in late July announced the launch of a new cabinet-level methane task force that will help leaders of federal agencies to collaborate on strategies that accelerate emission reductions from the energy sector and advance a whole-of-government approach to proactive methane leak detection and data transparency. The task force will also support state and local efforts to mitigate and enforce methane emissions regulations. At this time, the White House has not specified who will be appointed to serve on the task force. Announcement of the new task force was made at the same the White House held its first methane summit focused on addressing methane emissions, in particular by the oil and gas sector.

Biden Administration reportedly delays restocking oil in the Strategic Petroleum Reserve

Administration officials have reportedly decided to wait on buying more crude oil supplies for the nation's emergency oil reserves. Since prices have recently rallied and market conditions have shifted from when the administration originally planned to make oil purchases for the Strategic Petroleum Reserve (SPR), the U.S. Department of Energy has chosen to hold off until oil prices are lower for the government's potential purchase of crude to replenish the SPR.

In the spring, the Energy Department completed the purchase of 3 million barrels of U.S. produced crude oil for the SPR and said at the time that the agency intended to purchase an additional 3.1 million barrels of crude oil to deliver to the Big Hill SPR site this September. The plans to buy oil for the SPR followed the administration's three-part replenishment strategy which includes: (1) Direct purchases with revenues from emergency sales; (2) Exchange returns that include a premium to volume delivered; and (3) Securing legislative solutions that avoid unnecessary sales unrelated to supply disruptions. The department said it already had secured the cancellation of 140 million barrels in congressionally mandated sales from the SPR that were scheduled for Fiscal Years 2024 through 2027. This cancellation has led to significant progress toward replenishment of the country's oil reserves, according to officials.

XTO Energy raises $205,000 for Permian Basin Rehabilitation Center during charity golf tournament

XTO Energy, a subsidiary of ExxonMobil and member of the Texas Independent Producers and Royalty Owners Association (TIPRO), recently raised $205,000 during its annual charity golf tournament held July 24th at Odessa Country Club. Money raised during this year's tournament benefited the Permian Basin Rehabilitation Center, a non-profit multidisciplinary rehabilitation facility that provides life-changing speech, physical, occupational therapy and hearing/audiology services to the people living with disabilities in the Permian Basin. "The Permian Basin Rehabilitation Center is devoted to improving the lives of children and adults by providing exceptional and compassionate therapy services, and we are proud to support their efforts," Enrique Garcia, XTO Permian Basin production manager, told the *Midland Reporter-Telegram* newspaper.

LAST CHANCE TO REGISTER!

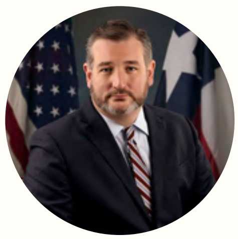
2023 Summer Conference

TIPRO

On August 9-10, the Texas Independent Producers & Royalty Owners Association looks forward to hosting our 2023 Summer Conference at the Hyatt Hill Country Resort in San Antonio! The meeting will offer important discussions and industry insights from oil and gas executives, industry experts and top state leaders. Attendees of the TIPRO event will also have opportunities to network with industry decision makers and meet other members of TIPRO.

Featured conference speakers include:

Greg Abbott
Texas Governor



Ted Cruz
U.S. Senator for Texas

Dade Phelan
Speaker of Texas House

Wayne Christian
Texas Railroad Commissioner

Thomas Hart III
Jonah Energy President and CEO

Robert Anderson
Earthstone Energy President and CEO

Patrick McWilliams
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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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