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TIPRO

Texas Independent Producers and Royalty Owners Association

New Biden Administration rule bars LNG shipments by rail in the United States

The Pipeline and Hazardous Materials Safety Administration (PHMSA) issued a rulemaking at the start of September that blocks liquefied natural gas (LNG) from being shipped by rail in the United States. The new regulation reverses a previous one that was put in place under former President Donald Trump, which gave companies permission to transport LNG via rail.

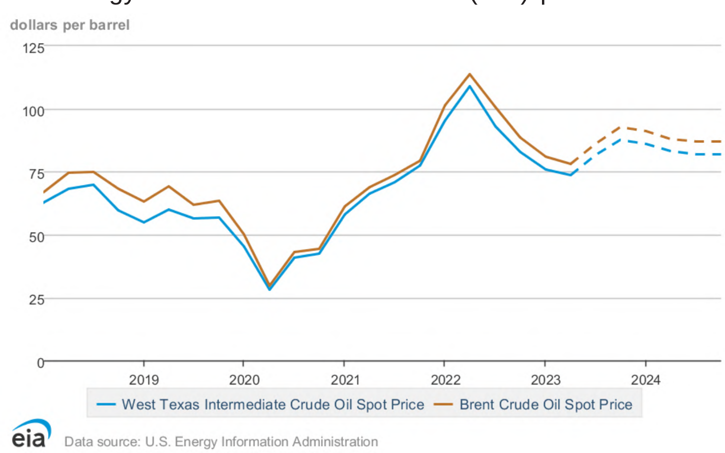
In a federal filing made on September 1, PHMSA formally suspended the authorization of LNG transportation in rail tank cars that had been granted in 2020. While the rule suspension is in place, PHMSA expects to complete further testing and evaluation of LNG rail transportation and consider developing additional mitigation and safety measures for such transportation. In the meantime, the authorization will remain on hold while regulators look at finalizing modifications to requirements governing rail tank car transportation of LNG or the end of June 2025 — whichever comes first.

U.S. Senator Ted Cruz (R-Texas), the ranking member of the Senate Commerce Committee, slammed the decision by PHMSA, saying the move was part of the administration's war on the oil and natural gas industry. "The Biden Administration has fired another salvo in its war on American energy by essentially prohibiting the movement of LNG by rail. America is a leader in reducing carbon emissions largely because of the United States' development and use of natural gas," proclaimed the senator. "The energy renaissance we are seeing in this country is producing enormous environmental benefits. LNG by rail would give Americans—particularly those who have limited energy choices because of geography—an affordable and environmentally-responsible option to meet their energy needs. By removing this option, the radical environmentalists in the Biden Administration have delivered a further setback to American prosperity and national security. This is yet another example of why the Biden Administration cannot be trusted to implement pro-domestic energy policies."

TIPRO members may see the final rule here for full details.

Higher oil prices forecasted for the remainder of the year

Decreasing global supplies of oil are expected to drive up oil prices through the rest of the year as energy markets see further tightening, a new energy outlook published Tuesday, September 12th by the U.S. Energy Information Administration (EIA) predicts. Market conditions will push the Brent crude oil price to average $93 per barrel (b) in the fourth quarter of this year, the EIA said this week, an increase from the agency's last forecast in August that projected oil prices to hover around $86/b towards the end of 2023. Extended voluntary cuts by Saudi Arabia to crude oil production and growing global demand will continue to reduce global oil inventories and apply upward pressure on oil prices in the months to come, EIA experts advised in the new outlook.



"We expect crude oil prices to rise as global oil inventories decrease through the end of this year," said EIA Administrator Joe DeCarolis.

Experts from the International Energy Agency (IEA) this week also added to forecasts showing oil prices will jump later this year. On Wednesday, the IEA projected greater tightening of oil markets from September onwards. "The loss of OPEC+ production, led by Saudi Arabia, will drive a significant supply shortfall through the fourth quarter," said the IEA. An expected rise in global oil demand will eclipse supply, compounding circumstances and pushing oil prices upward. The set up increases the risk of another surge in volatility that the IEA warned "would be in the interest of neither producers nor consumers, given the fragile economic environment."

FERC chairman highlights the essential role of natural gas in U.S., world energy mix

Speaking at the Gastech 2023 Conference last week in Singapore, U.S. Federal Energy Regulatory Commission Chairman Willie Phillips underscored the importance of natural gas to the full energy system amidst an ever-evolving energy landscape. "Natural gas and liquefied natural gas (LNG) will be a feature of our energy mix far into the future," Phillips declared during his remarks at Gastech. "When it comes to considering new projects, one of the key things I consider is the impact that these projects will have on the climate. There will be no transition of our energy system without natural gas."

President's message

Ed Longanecker

TIPRO members,

TIPRO has been working with Texas Railroad Commissioner Jim Wright and commission staff over the last few months on a major rulemaking that would overhaul the agency's waste rules, bringing them up to date and considerate of current oil and gas operations. The rules have not been updated in more than 30 years.

The rules have resided under Chapter 3, Rule 8, Water Protection, and Chapter 4, Subchapter B, Commercial Recycling, but will soon be the new Chapter 4, Subchapter A (Oil and Gas Waste Management) and Subchapter B (Commercial Recycling). You can review the current draft language the agency shared with us at the links above.

The changes will include extensive new requirements for authorized pits (on-lease), including construction, monitoring and closure standards, as well as requirements for waste haulers, commercial disposal and commercial recycling operations. See a detailed summary of the new changes as interpreted by TIPRO here. The Railroad Commission has also noted that with new requirements for a waste manifest and profile, an online data tracking system will be deployed as part of their ongoing mainframe update to streamline reporting requirements and data management.

Paul DuBois, assistant director for technical permitting at the Railroad Commission, has continued to meet with industry to address concerns around the proposed language. Recently, after hearing from TIPRO and other industry members, the agency updated the definitions related to commercial and non-commercial operations, amended the language to include confidentiality related to providing the agency with the locations for produced water pipelines, and revised the closure standards for authorized pits to consider standards for pit waste buried on-site and pit waste disposed of in a commercial disposal facility. Additional changes will likely be made as the agency continues to review the language with industry and receives comments from the public in the upcoming informal and formal comment periods.

We expect the draft rules will be published sometime this month on the Railroad Commission's website along with notice of an informal public hearing on the proposal to be held in October. The agency will set a deadline to submit informal comments in response to the discussion on the proposal at the informal hearing. Then, the commission expects to propose a formal publishing of the proposal at their November or December conference with a comment period concluding sometime in December or January. If this timeline holds as expected, the adoption of the rulemaking will very likely happen in March 2024. This timeline could very likely continue to shift, so stay tuned for additional updates.

TIPRO strongly encourages all operators to review the current draft language as soon as you are able and submit comments on the anticipated impact to your operations to us so that we may share those comments with the Railroad Commission. The window for our ability to address concerns is closing, so the time to provide comments to us is now. Please let us know if you have any questions as you review the language. We are happy to discuss it in detail with you and your technical experts.

Regards,
Ed Longanecker

September's 'Leaders in Industry' luncheon now sold out!

The next 'Leaders in Industry luncheon, now less than a week away, is sold out. At the luncheon hosted by TIPRO, IPAA and the Houston Producers Forum on September 19th in Houston, HESS Corporation President and Chief Operating Officer Gregory Hill will present. Since 2009, Hill has worked for HESS, a leading shale oil and gas independent producer and one of the largest producers in the deepwater Gulf of Mexico. Prior to joining Hess in 2009, Hill spent 25 years at Shell in a variety of operations, engineering, technical and business leadership roles in Asia Pacific, Europe and the United States. This included serving as executive vice president – exploration and production of Singapore-based Shell Asia Pacific, vice president of production for Shell E&P Europe, and senior vice president of Aera Energy, a California-based joint venture affiliate of Shell and Mobil.

Hill is a member of the board of directors of Hess Midstream LP, Midocean LLC, Breakwater LLC, and Go Green Investments. He is chairman of the Upstream Committee of the American Petroleum Institute (API) and a board member of the American Exploration and Production Council, the Greater Houston Partnership, the Houston Energy Transition Initiative, the Accenture Global Energy Board, The WYldlife Fund (Wyoming Foundation supporting wildlife) and CEOs Against Cancer (Gulf Coast Chapter). He is a member of the Council on Competitiveness and a national commissioner on the Council's National Commission on Innovation & Competitiveness Frontiers, chaired the Wyoming Governor's ENDOW initiative to develop a 20-year economic diversification plan for the state of Wyoming and is a founding member of the Blue Ribbon Panel on Sustaining America's Diverse Fish and Wildlife Resources. In 2022, Hill was named Houston's "International Citizen of the Year" by the World Affairs Council of Greater Houston.

To see the line-up for upcoming 'Leaders' luncheons and reserve your spot, please visit https://tinyurl.com/yrmyzhdw.

TIPRO CALENDAR OF EVENTS

SEPTEMBER 19, 2023	OCTOBER 17, 2023	NOVEMBER 28, 2023
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.	HOUSTON — TIPRO/IPAA/HPF "Leaders in Industry" Luncheon. For information, email info@houstonproducersforum.org.

Deadline approaching to register to vote in the November election

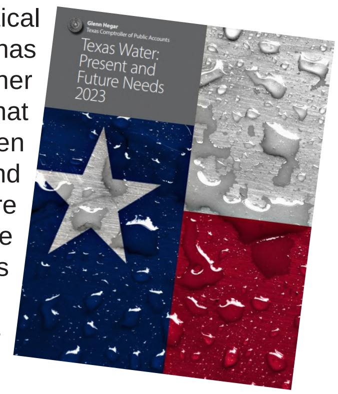
On Tuesday, November 7, Texans will head to the polls to vote on 14 proposed amendments to the Texas Constitution passed by the Texas Legislature during its recently completed legislative session. All eligible Texas voters are reminded to make sure they are registered to vote for the November election before Tuesday, October 10th in order to be able to participate in the upcoming state election.

To confirm your voter registration status, individuals can visit the Texas Secretary of State's 'Am I Registered?' portal online, which allows Texans to look up their voter registration record in the statewide voter registration database. Texans who have recently changed their name or moved can also easily update their voter registration online through Texas.gov.

For more information on registering to vote in Texas elections, visit www.votetexas.gov.

Last month, the ballot order was selected through a drawing by Deputy Secretary of State Joe Esparza. Of note, Senate Joint Resolution 75, "the constitutional amendment passed during the 88th Legislative Session creating the Texas water fund to assist in financing water projects in this state," will appear as Proposition 6 on the November ballot. Senate Joint Resolution 93, "the constitutional amendment providing for the creation of the Texas energy fund to support the construction, maintenance, modernization, and operation of electric generating facilities," is slated to appear as Proposition 7 and historic property tax relief will be listed on the ballot under Proposition 4.

New comptroller report highlights critical water issues facing Texas



The office of the Texas Comptroller of Public Accounts has published a new report examining critical water issues facing the state. As the state's population has continued to grow and rapidly expand, so has demand for water. Meanwhile, Texas has struggled to keep up with aging water infrastructure and other important factors impacting water supply and needs, including more frequent severe weather events that affect water sources and disrupt steady water service. "This summer's record-breaking heat has been absolutely brutal on all Texans and has clearly reinforced that our state must ensure we have adequate and reliable water supplies for the Texas economy to prosper and to guarantee economic opportunities for future generations," said Comptroller Glenn Hegar, who also serves as a member of the board of advisers for the State Water Implementation Fund for Texas (SWIFT), a financial assistance program for water projects designed to conserve existing water supplies and create additional water supplies.

The comptroller's report, *Texas Water: Present and Future Needs 2023*, sets forth actionable strategies that demonstrate how Texas can manage and improve its water governance to ensure a more secure water future for Texas. The report is available for download at: https://tinyurl.com/ybncnsa5.

Travis County district judge rules Texas preemption law unconstitutional

At the end of August, a district judge in Travis County struck down a new law, created by House Bill 2127, known as the "super" preemption bill, finding the policy to be unconstitutional, void, and unenforceable. The legislation was signed into law by the governor in June, with the intent of limiting local regulations adopted by cities and counties that go further than state law. As part of an ongoing battle by state lawmakers hoping to fight against a growing patchwork of local regulations that make it difficult for business owners to operate, officials have argued such policies like House Bill 2127 are needed to protect the economy and ensure the state's more left-leaning cities do not enact rules harmful to businesses. The policy, however, has been fought in court by Texas cities, including Houston, which argue that the bill violates the Texas Constitution and decades of the Texas Supreme Court's preemption rulings.

Disputing the ruling from the district judge, Representative Dustin Burrows (R-Lubbock), author of House Bill 2127, said that he believed the state's high court would restore the law's validity. "The Texas Supreme Court will ultimately rule this law to be completely valid. The ruling has no legal effect or precedent and should deter no Texan from availing themselves of their rights when House Bill 2127 becomes law on September 1, 2023," he stated.

Following the ruling by the district judge, the office of the state attorney general said that the declaratory judgment did not enjoin enforcement of the law by Texans who were not parties to the original suit and who are harmed by local ordinances, which the bill preempts. "The office of the attorney general immediately appealed on behalf of the named defendants, automatically staying the effect of the court's declaration pending appeal. Under Texas Rule of Appellate Procedure 24.2(a)(3) and 25.1(h)(2) as well as Texas Civil Practice and Remedies Code 6.001, any time a state entity or official appeals a declaratory judgment, this automatically supersedes the order or judgment. When an order or judgment is superseded, its enforcement is stayed until the appellate court rules." As such, the law was allowed to take effect on September 1.

Texas awards millions in career training grants for schools across the Permian and Gulf Coast

Fourteen schools and educational institutions in the Permian Basin and Texas Gulf Coast regions have been selected by the Texas Workforce Commission (TWC) to receive Jobs and Education for Texans (JET) grants to support career and technical education programs. The grants, which collectively total $7.6 million, will be used to help prepare students for the future workforce and train students for jobs in high-demand occupations.

"The Permian Basin and Gulf Coast are rapidly growing regions in our state, and developing our workforce in those areas is pivotal to prepare the next generation of highly-skilled, exceptionally trained workers in Texas," said state Governor Greg Abbott. "I thank the TWC for their continued partnerships with educational institutions to bolster programs that prepare the next generation of Texans for high demand careers. Together, we are helping empower young Texans to thrive in the greatest economy in the nation."

"The Permian Basin and Gulf Coast regions are ensuring Texas employers have a skilled workforce by taking advantage of these JET Grants," added TWC Chairman Bryan Daniel.

USFWS extends public comment period for proposed Dunes Sagebrush Lizard ESA listing

The U.S. Fish and Wildlife Service (USFWS) will give stakeholders an extra month to submit comments on the government's proposal to list the Dunes Sagebrush Lizard as endangered under the Endangered Species Act (ESA) before a final decision is expected to be made on the status of the lizard sometime next year. The USFWS is encouraging any interested parties to provide input and substantive comments on the potential listing of the lizard during the public comment period that now will close on Monday, October 2, 2023.

As a reminder, comments may be submitted to the USFWS through the Federal eRulemaking Portal at www.regulations.gov. After going to the site, in the Search box, enter FWS–R2–ES–2022–0162, which is the docket number for the proposed rule. Then click on the Search button. On the resulting page, in the Search panel on the left side of the screen, under the Document Type heading, click on the Proposed Rule box to locate the correct document. Stakeholders may submit a comment by clicking on "Comment."

The USFWS recommends that comments be as specific as possible. Regulators are asking for submissions to include sufficient information (such as scientific journal articles or other publications) to allow the Service to verify any scientific or commercial information that is asserted. Submissions merely stating support for, or opposition to, the action under consideration without providing supporting information, although noted, will not be considered in making a determination, as section 4(b)(1)(A) of the Act directs that determinations as to whether any species is an endangered species or a threatened species must be made "solely on the basis of the best scientific and commercial data available," advises the USFWS.

The Dunes Sagebrush Lizard is a rare species found only in the shinnery oak sand dune ecosystems in West Texas and southeastern New Mexico. Its habitat spans across portions of the Permian Basin, the heart of Texas' – and the country's – oil and gas industry. The possible endangered classification of the lizard could pose a significant threat to oil and gas activities in the region, industry leaders warn. State officials also have repeatedly expressed opposition to the listing of the Dunes Sagebrush Lizard as endangered. As reported by TIPRO, Texas Land Commissioner Dawn Buckingham filed comments with the USFWS at the end of August on behalf of the General Land Office, citing inconsistencies with listing the lizard as endangered. Commissioner Buckingham said such conflicts include:

- USFWS has provided no evidence to illustrate a change to oil and gas development in the Permian Basin sufficient to justify reversing their 2012 finding that the Dunes Sagebrush Lizard does not meet the statutory definition of an endangered or threatened species under the ESA.
- USFWS purposefully disregards Texas' voluntary conservation efforts to protect the Dunes Sagebrush Lizard in its analysis. By its own statement, USFWS does not consider the impacts of conservation efforts unless they are compulsory, permanent, and all-encompassing.
- USFWS and the Biden Administration have ignored the population trends of the Dunes Sagebrush Lizard which show that their numbers are increasing.

Further, the land commissioner also has come out against the lizard's reclassification by the USFWS, warning that resulting rules would limit, or even prohibit, surface activities that are necessary for oil and gas exploration and production, which could slow or lower energy development and in turn, impact one of the primary sources of revenue for education in Texas, by way of the School Fund and the Permanent University Fund (PUF).

Texas Congressman August Pfluger (TX-11) also has been a vocal opponent to the administration's proposed rule seeking to list the Dunes Sagebrush Lizard as endangered. This summer, the congressman criticized the president for "weaponizing a lizard" in attacks against the fossil fuel industry and "tainting the intent of the ESA." Congressman Pfluger this year introduced a bill in the U.S. House of Representatives to modernize the ESA and prevent it from being used as a weapon against America's critical energy and agriculture industries. Congressman Pfluger's *Limiting Incredulous Zealots Against Restricting Drilling (LIZARD) Act* would also strike down the administration's rule proposing to designate the Dunes Sagebrush Lizard as endangered.

Texas congressman calls on USFWS director to visit Permian communities impacted by lizard listing

In a new letter sent to the head of the U.S. Fish and Wildlife Service (USFWS), Texas Congressman August Pfluger (TX-11) recently invited federal regulators to visit the Permian Basin to hold a public hearing on the proposal to list the Dunes Sagebrush Lizard as an endangered species. The federal lawmaker, whose congressional district covers Midland, Odessa and other sections of the Permian Basin, explained that members of the Biden Administration should hear directly from stakeholders that would be most impacted from a listing of the lizard as endangered.

At the end of July, the Service held a virtual public information session and public hearing where it accepted verbal comments for the record. Nevertheless, Congressman Pfluger is calling out the director of the USFWS for not yet traveling to West Texas to firsthand understand the consequences such a listing will have on local communities in the Permian as well as energy and national security.

In the letter to USFWS Director Martha Williams, Congressman Pfluger wrote: "As you know, the Permian Basin is the largest secure supply of energy in the world, providing nearly 40 percent of all oil production in the United States and nearly 15 percent of its natural gas production. The Service's proposed listing, which lacks meaningful scientific data on habitat decline, is another blatant effort by the Biden Administration to hamper American energy production."

The congressman continued, "As you know there have been tremendous state and private conservation initiatives to protect the Sagebrush Lizard. As of the end of 2022, millions of acres were enrolled in Candidate Conservation Agreements (CCA) and Candidate Conservation Agreement with Assurances (CCAA) by the ranching and oil and gas communities to protect the Dunes Sagebrush Lizard. These enrollments have resulted in habitat gain and the associated financial pledges have funded many reclamation and conservation programs to facilitate the conservation of the species while still allowing for the development of resources."

As such, the congressman signaled a visit by Director Williams and a public hearing in the Midland or Odessa area would be appropriate to give the Permian community a chance to describe their successful conservation efforts, as well as the impacts the lizard's listing will have on economic growth and development and other contributions of the Permian Basin to the state of Texas and the nation.

TIPRO members can read the full letter here.

Upcoming EPA webinar to review regulatory updates made to "waters of the U.S." definition

The U.S. Environmental Protection Agency (EPA) will host a public webinar on Wednesday, September 20th reviewing recent amendments that have been made by the Biden Administration to the definition of "waters of the United States," known also as "WOTUS." As previously reported by TIPRO, at the end of August, the EPA and the U.S. Department of the Army (the agencies) announced a new final rule updating the 2023 definition of WOTUS to conform with the recent Supreme Court decision in *Sackett v. EPA*. Changes that were incorporated as a result of the high court's ruling were limited in scope and only parts of the 2023 rule that were deemed invalid under the *Sackett v. EPA* decision were modified, said federal regulators. The revised WOTUS rule went into effect immediately.

Through its upcoming webinar, the EPA will explain to the public what the latest WOTUS rulemaking entails. The upcoming webinar is scheduled for 3 p.m. - 4 p.m. Eastern Time on September 20. Though registration for the webinar has reached capacity, the agency will post a recording of the webinar to EPA's website. The agencies also report the EPA and Army are in the process of developing additional outreach and training materials on the conforming WOTUS rule.

For more information, visit EPA's webpage for the amendments rule here.

Reminder: Comment period ending for BLM's proposed oil and gas leasing regulations revisions

Members of TIPRO are reminded that comments on the Bureau of Land Management's (BLM) proposed rule for onshore oil and gas leasing on public lands are due by Friday, September 22, 2023. This summer, the BLM issued its proposed rulemaking incorporating reforms to the federal oil and gas leasing program that include increased onshore royalty rates, minimum bid amounts, and rental rates; a new fee to nominate public lands for leasing; and an end to noncompetitive leasing. The rule also strengthens bonding requirements and implements provisions contained in the *Inflation Reduction Act of 2022* and *Infrastructure Investment and Jobs Act of 2021*.

Stakeholders interested in submitting comments to the BLM regarding this proposed rulemaking may do so online through the Federal eRulemaking portal at www.regulations.gov. After visiting the site, enter "RIN 1004–AE80" in the Search-box, click the "Search" button and follow the instructions at this website.

Energy Department to put $30 million towards technologies creating products from flared gas

The U.S. Department of Energy in early September said it would offer up to $30 million for the development of advanced technologies that help reduce or even eliminate the need for natural gas flaring at oil production sites by converting unused and otherwise wasted natural gas produced during operations into value-added products such as sustainable chemicals and fuels.

"Projects awarded through [this] funding opportunity will not only develop innovative approaches that improve oil and gas production efficiency, but also create marketable products while reducing methane emissions across the country to help address climate change," described Brad Crabtree, assistant secretary of Fossil Energy and Carbon Management (FECM) at the Department of Energy.

Under this funding opportunity, the Energy Department's FECM office said it is seeking qualifying projects that include the use of innovative technologies for capturing associated gas at a well site to reduce or eliminate the need for flaring and venting, as well as novel methods for converting captured natural gas into value-added products, essentially creating a new product stream from a waste stream. Applicants for the grants must carefully address the societal considerations and impacts of their proposed projects, emphasizing active engagement with communities. Applications must explain how projects are expected to deliver economic and environmental benefits and mitigate impacts; conduct community and stakeholder engagement; incorporate diversity, equity, inclusion, and accessibility; and promote workforce development and quality jobs, said the Energy Department. Projects selected under this opportunity will be required to develop and implement strategies to ensure strong community and worker benefits, and report on such activities and outcomes.

For more information, please click here.

In addition to the grants described above, the Department of Energy and Environmental Protection Agency (EPA) are also offering funding to states to support monitoring and mitigation of methane emissions from the oil and gas sector. States will have until the end of September to apply for the funding opportunity, provided by the *Inflation Reduction Act*.

Biden Administration reportedly taking new action over USMCA energy disputes

Officials from the Biden White House have reportedly begun asking U.S. oil and gas companies to prepare affidavits documenting how Mexico's protectionist policies have disrupted their energy investments as the United States prepares to escalate a trade dispute with its southern neighbor, according to media sources. The United States could seek a dispute settlement panel before the end of the year if talks on United States Mexico Canada Agreement (USMCA) trade pact violations continue to stall, *Reuters* recently reported, citing individuals who were familiar with the plans but asked to be unnamed. The affidavits that have been requested from energy companies could be used as evidence that would be included in a dispute panel request by the Office of the United States Trade Representative. If that panel were to rule against Mexico and it failed to take corrective action, the United States could ultimately impose billions of dollars in retaliatory tariffs on Mexican goods.

This summer, a bipartisan, bicameral group of legislators, led by U.S. Representative Jodey Arrington (TX-19) and U.S. Senator John Barrasso (R-WY), pushed U.S. Trade Representative Katherine Tai to establish a USMCA dispute settlement panel to swiftly address Mexico's discriminatory policies across the energy sector. In a July letter to Representative Tai, the group of congressmen complained about unfair treatment of the U.S. energy companies. Robust enforcement action is necessary, argued members, who noted the United States has given Mexico more than enough time to rein in its discriminatory actions toward American energy producers. "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," members said.

Congressional leaders ask federal agencies to submit report on NEPA reforms from FRA

At the start of September, leaders of the U.S. House Energy and Commerce Committee sent letters to the U.S. Department of Energy (DOE), the Environmental Protection Agency (EPA) and the Federal Energy Regulatory Commission (FERC) asking for regulatory chiefs to provide a progress report on the implementation of National Environmental Policy Act (NEPA) reforms that were included in the *Fiscal Responsibility Act* (FRA). The FRA, which was signed into law by President Joe Biden on June 3, 2023, held provisions that directed each of the federal offices to implement changes to NEPA that would streamline environmental reviews, lower review times and improve the overall regulatory efficiency for NEPA permitting.

In a letter to each of the agencies, House Energy and Commerce Committee Chair Cathy McMorris Rodgers (R-Washington), Energy, Climate, and Grid Security Subcommittee Chair Jeff Duncan (R-South Carolina), and Environment, Manufacturing, and Critical Materials Subcommittee Chair Bill Johnson (R-Ohio) said their goal was to ensure that regulators are following the intent of Congress and adhering to the coordination requirements and deadlines set forth in Section 321 of the FRA. Lawmakers have asked for regulatory leaders to specify their agency's interpretation of Section 321 of the FRA, approximate how long it will take for the office to fully implement Section 321 of the FRA, describe what changes are being made to existing NEPA review processes to ensure that the agency is following the updated law and clarify whether the agency will apply NEPA changes to projects and reviews that are already in process, or explain if the agency intends to apply the NEPA changes just prospectively.

Regulators have been asked to respond to the questions regarding the FRA NEPA changes by September 18, 2023.

Saudi Arabia extends voluntary production cuts through the rest of the year

Saudi Arabia last week announced it is extending the Kingdom's 1 million barrel per day voluntary crude oil production cut through the end of the year as a "precautionary effort with the aim of supporting stability and balance of oil markets." Voluntary reductions to oil output were first implemented by Saudi Arabia in July and were continued in the months of August and September. As Saudi Arabia persists with its voluntary cuts for another three months, the country said that the decision to cap production would still be reviewed monthly to take into account market conditions and consider further action to deepen production cuts or increase production if necessary.

Russia also said earlier this month it would cut production, which will further limit the amount of barrels of oil available to global markets. The Saudi and Russian voluntary cuts are in addition to a bigger production cut agreed upon by Organization of the Petroleum Exporting Countries (OPEC) producers in April which extends into 2024. Officials from the White House have previously disagreed with production cuts from OPEC and Saudi Arabia, saying earlier this year that given market uncertainty, the administration did not think production cuts were advisable. Last year, President Joe Biden visited Saudi Arabia to urge the global producer to pump more oil in light of mounting concerns over tight supplies and higher oil prices at a time of already high inflation and worries of a global recession. Saudi energy ministers denied this request from President Biden, instead proceeding with plans to reduce production targets and lower its output.

Port of Corpus Christi selects Kent Britton as new CEO

Kent Britton has been named the new permanent head of the Port of Corpus Christi, following a rigorous three-month search by the Port of Corpus Christi Commission and a unanimous vote by port commissioners on Britton's appointment as CEO at a special meeting last week. Britton, who has served as interim CEO of the port since June following the departure of former CEO Sean Strawbridge, has been chief financial officer for the port for the past four years.

"The Port of Corpus Christi is an incredible asset to the Coastal Bend region, and I am honored to continue its stewardship with the support of our world-class leadership team," Britton said in a statement. "As the global energy industry evolves in response to massive demand and rapidly advancing technologies, the ability to move fuels and chemicals safely and efficiently from Texas to destinations around the world will continue playing a make-or-break role in the creation of jobs and prosperity across the Coastal Bend region. The sky is the limit for our customers and this community, and we're excited to be partners in that growth."

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Prior to joining the Port of Corpus Christi in 2017, Britton worked as chief financial officer for the Glencore-owned Sherwin Alumina Company. He has more than 30 years in accounting and finance, including executive roles at Alcoa, the world's leading integrated aluminum company, and Blackbaud, Inc., the premier software provider to non-profit organizations.

"Kent Britton has played a key role on a leadership team that guided the Port of Corpus Christi through six transformational years of milestones," commented Port of Corpus Christi Commission Chairman Charles W. Zahn, Jr. "He not only brings a keen financial mind and three decades of experience to this critical position, but also a humble leadership style rooted in listening and building bridges. My fellow commissioners and I vetted a number of remarkable candidates from across the country during this search, and Kent emerged as the clear choice to steward the Port of Corpus Christi into a future of strong partnerships with our shipping clients and the communities we serve."

Diamondback Energy forms new water management JV with Five Point in the Midland Basin

Midland-based independent oil and natural gas producer Diamondback Energy, a member of the Texas Independent Producers and Royalty Owners Association (TIPRO), announced on September 11th a new partnership between the company and energy investment firm Five Point Energy, LLC, to form a joint venture entity called Deep Blue Midland Basin LLC (“Deep Blue”) that will create the largest independent water infrastructure platform in the Midland Basin. The infrastructure network will have more than 800 miles of pipelines for gathering, transport, disposal and reuse of water, which is used in hydraulic fracturing for extracting oil and natural gas, the companies said on Monday.

Under terms of the deal, Diamondback will retain a 30 percent equity interest in the new joint venture. The company received a $500 million upfront payment from Five Point and is entitled to more cash proceeds through performance-based earnouts over the next 24 months. Five Point and Diamondback also expect to collectively contribute $500 million in follow-on equity capital to fund future growth projects and acquisitions.

“We have spent nearly a decade building a differentiated water infrastructure platform in the Midland Basin, and believe this is the opportune time to monetize this business while retaining meaningful upside through our equity ownership. The joint venture has already had significant third-party commercial success, and we look forward to participating in the future growth of this business,” stated Kaes Van’t Hof, president and CFO of Diamondback.

David Capobianco, CEO of Five Point and chairman of Deep Blue, said, "Deep Blue’s basin-wide footprint and excess capacity ideally position it to grow and consolidate in the Midland Basin while bringing next-generation water management solutions to our customers, including recycling, enhanced evaporation and desalination technologies."

Oil and gas industry contributed close to $10 billion in state production taxes during Fiscal Year 2023

Texas’ oil and natural gas industry paid $9.28 billion in state production taxes to government coffers during Fiscal Year 2023, which ended on August 31, according to a new fiscal update by Texas Comptroller Glenn Hegar. The amount, while substantial, is lower than the total amount of production tax revenue that had been collected by the state a year prior in Fiscal Year 2022. Over the past year, revenue from oil and natural gas production in the Lone Star State has fluctuated, due to a slowdown in drilling activity in the state’s oil and gas basins. Natural gas production tax revenue in particular has taken a hit, as natural gas prices have sunk, forcing some companies to pull back on drilling and completing wells this year.

Overall, Texas’ general tax revenue for Fiscal 2023 totaled $82.84 billion, an increase of 8.3 percent from Fiscal 2022. “Fiscal 2023 tax revenues were ahead of our projections in the Biennial Revenue Estimate released in January,” Comptroller Hegar observed. The comptroller said high inflation was in part responsible for the elevated tax receipts and greater revenue brought in from state industries.

The comptroller also noted that as a result of tax collections from the recent fiscal year, the Economic Stabilization Fund (ESF) and State Highway Fund (SHF) will each receive deposits of $3.06 billion. Funding for both the ESF and SHF is provided from oil and natural gas severance taxes.

Biden Administration offering over $17 million to support research on CO_2 enhanced oil recovery

Over $17 million is being handed out by the U.S. Department of Energy to support work evaluating the potential for unconventional oil production through a combined process that uses captured carbon dioxide (CO_2) emissions to recover residual oil—called CO_2 enhanced oil recovery (CO_2-EOR)—while safely and permanently storing that CO_2 underground in the oilfield. Department officials announced the funding opportunity on Wednesday, September 13, saying the initiative’s goal was to accelerate carbon storage operations in depleted domestic oilfields.

Through scientific research carried out using a field laboratory, projects awarded through this funding will inject CO2 under various scenarios, said the Energy Department, then measure the volumes of incremental oil that is produced and CO2 permanently stored, before later evaluating the conditions under which oil wells in depleted unconventional reservoirs may be transitioned to carbon storage wells in a manner that economically yields a reduction in carbon emissions.

“Integrating geologic storage of carbon emissions into our key energy production processes is an important component of broader decarbonization and achieving President Biden’s goal of net-zero emissions by 2050,” said Brad Crabtree, assistant secretary of Fossil Energy and Carbon Management. “Combining carbon dioxide enhanced oil recovery operations with permanent storage of captured carbon dioxide emissions in the same geologic formations provides an important pathway to accelerate carbon storage and help reduce the overall carbon footprint of that oil we will continue to produce while we transition to a net-zero energy and industrial economy.”

The deadline for application submissions for this funding opportunity is December 13, 2023, with grants expected to be announced by the Department of Energy next year. TIPRO members can read more details here.

Energy Department to host webinar on methane measurement, monitoring and reporting

On Friday, September 15, the U.S. Department of Energy’s Office of Fossil Energy and Carbon Management (FECM) will host an informational webinar from 11:30 a.m. to 1:30 p.m. (Central Time) to explain to stakeholders government initiatives that are focused on measurement, monitoring, reporting and verification (MMRV) of greenhouse gas (GHG) emissions associated with natural gas. FECM Assistant Secretary Brad Crabtree and other officials from the Department of Energy will present during the webinar.

To register for the webinar, please visit: https://tinyurl.com/a5zpfyr3.

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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