



# THE TIPRO TARGET



Texas  
Independent  
Producers and  
Royalty Owners  
Association

## 2023 proves to be banner year for oil and gas production in the Lone Star State, Railroad Commission says

Oil and natural gas production in Texas set new records in 2023, state officials revealed in early April. According to the Railroad Commission of Texas, which regulates the Texas oil and gas industry and tallies production reports submitted by operators, oil production in the Lone Star State hit a record-shattering 1.92 billion barrels last year, which was 51 million barrels more than the previous record set five years ago in 2019. Texas operators also produced over 12.01 trillion cubic feet of natural gas in 2023, beating the previous record by more than 13 percent, figures from the Railroad Commission showed.

“These production records are beyond impressive and reflect how Texas continues to provide reliable domestic production for the nation,” declared Wei Wang, the commission’s executive director. “As the state’s oil and gas regulator, the Railroad Commission is committed to our critical mission supporting Texas’ economic growth that benefits Texans. Production taxes collected from the oil and gas industry pay for our schools, highways and the state’s Rainy Day Fund. The commission will continue its hard work to ensure the state remains at the forefront of the energy sector.”

The Permian Basin continues to dominate oil and natural gas production in Texas and is helping the Lone Star State reach new milestones for energy output. Many of the state’s top producing counties are located in the Permian, including Midland County which led in oil production in 2023, producing 224,924,029 barrels last year. Martin County was a close second with 213,035,219 barrels produced, followed by Reeves County with 167,395,697 barrels. Reeves County was also the state’s top natural gas producing county with 1,092,814,942 thousand cubic feet (Mcf) of production. Webb County followed with 1,042,394,241 Mcf and Midland County came in third with 817,564,332 Mcf in production.

Top 5 Oil Production Years (crude oil and condensate)

Year	Production
2023	1.92 billion barrels
2019	1.86 billion barrels
2020	1.77 billion barrels
2021	1.75 billion barrels
2022	1.71 billion barrels

Source: Texas Railroad Commission

## Texas lawmakers lead legislation overturning EPA’s methane rule for energy producers

As members of Congress continue to mull over ways to stop the Biden Administration’s methane rule targeting American energy production, new legislation was filed in April to block efforts by the U.S. Environmental Protection Agency (EPA) to further regulate oil and gas producers. Congressman August Pfluger (TX-11) joined Congressman Jodey Arrington (TX-19) and Tracey Mann (KS-01) in introducing a *Congressional Review Act (CRA)* earlier this month that nullifies EPA’s new methane emission guidelines for oil and gas and offers regulatory relief to the American energy sector.

“This Methane Rule imposes excessive and costly restrictions on energy producers in regions like the Permian Basin that I represent and others around the nation,” said Congressman Pfluger. “It will drive costs up even higher for all Americans already suffering under record-breaking inflation driven mostly by energy costs. The president should be promoting energy independence to lower costs and strengthen our national security,” the congressman emphasized.

Congressman Arrington added, “The overly-broad and burdensome Methane Rule is yet another example of President Biden weaponizing the regulatory state to appease climate activists at the expense of the American people. If enacted, this rule will increase energy prices, threaten good-paying jobs in West Texas and throughout the country, and embolden our adversaries like Russia and China by hamstringing American energy production. I am proud to lead the fight to reverse Biden’s Methane Rule and strengthen American energy production, not burden producers with unnecessary and costly regulations.”

In the U.S. House, this resolution is cosponsored by Representatives Chip Roy (TX-21), Lance Gooden (TX-05), Doug Lamborn (CO-05), John Moolenaar (MI-02), Lauren Boebert (CO-03), Mike Collins (GA-10), Mary Miller (IL-15) and David Rouzer (NC-07). A companion resolution has also been introduced in the Senate by U.S. Senators Roger Marshall (Kansas) and Steve Daines (Montana). The legislation is supported by U.S. Senator for Texas Ted Cruz.

“The U.S. produces the cleanest oil and gas in the world, but Joe Biden has weaponized the EPA to pursue his radical Green New Deal agenda,” stated Senator Cruz. “His war on American energy is destroying jobs in Texas and is tone-deaf as Americans struggle with inflation on gas, rent, groceries, and utility bills. I am proud to cosponsor Senator Marshall’s resolution to overturn this disastrous EPA regulation.”

TIPRO members may go to <https://tinyurl.com/38p9u653> to read the legislation in full.

## Chairman’s message

TIPRO members,

We’re just a few months into 2024 and regulatory action out of Washington continues to intensify against the nation’s oil and natural gas industry, presenting mounting concerns over the impact these measures will bring, from higher energy costs to job losses and other negative economic consequences. In just the last few weeks, the U.S. Interior Department has finalized several regulations, discussed later in this newsletter, which will make it more costly to develop energy in America. Beyond higher fees to drill for oil and natural gas, which will hit smaller producers particularly hard, the ever-growing regulatory requirements, and the motivations behind them, on American energy companies cannot be denied.

As TIPRO’s leadership [recently emphasized](#), withdrawing millions of barrels from the Strategic Petroleum Reserve (SPR) was another “example of putting politics over national security. The fact that some will believe the decision to cancel contracts to refill the SPR is due to a newly discovered fiscal consciousness is both nonsensical and alarming.” Now, with the political season in full swing, the Biden Administration is signaling a willingness to tap the SPR yet again to “counter a spike in gasoline prices and amid inflation fears during the summer driving season.” As TIPRO has frequently highlighted, while releasing SPR reserves might have a minimal and temporary impact on prices, it leaves the U.S. vulnerable to real threats and emergencies, all while threats are actually escalating here and around the world. Talk about timing. Instead of doubling down on this politically-motivated band-aid, we should be embracing pro-energy policy to support domestic production, infrastructure and refining capacity as a long-term solution for consumers, economic growth, and national security.

Members of Congress, including a good portion of Texas’ Congressional delegation, have been vocal in their opposition to oil and gas regulations being promulgated by the Biden Administration. For once, there is actually [bi-partisan agreement in opposition](#) to this short-sighted policy. Many of our top state leaders also continue to defend the oil and gas industry. In hopes of addressing the White House’s temporary pause on approving new exports of liquified natural gas (LNG), Texas House Speaker Dade Phelan (R-Beaumont) this spring appointed a select committee of state lawmakers to formulate strategies to mitigate any negative effects the LNG ban could have on our state’s thriving energy sector and the Texas economy. Members of the Texas Senate also recently were asked by Texas Lieutenant Governor Dan Patrick to take up the issue in the interim legislative session, determine what recourse the state government has and assess how Texas can minimize damage from federal interference. Finally, Governor Greg Abbott has also repeatedly stood up for Texas’ oil and natural gas industry. At the 2024 NAPE Summit in Houston earlier this year, Governor Abbott championed our state’s booming energy sector and highlighted Texas’ leadership in energy development and production. He underscored how the state of Texas will continue to stand against mandates from the Biden White House and allow our industry to power the world with American-made energy.

We appreciate steadfast efforts by our energy leaders pushing against overreach and fighting illogical anti-energy policies. With the evolving regulatory environment, we need to keep reinforcing the importance of the oil and gas industry and advocate for policies that balance environmental protection with responsible energy development. With your support, TIPRO will continue to do its part on behalf of our industry and valued members.

Regards,  
Jud Walker



Jud Walker

## Exclusive savings available for TIPRO members on Hart Energy’s upcoming SUPER DUG event

Members of the Texas Independent Producers and Royalty Owners Association (TIPRO) are invited to take advantage of special savings on registration for the SUPER DUG Conference and Expo happening next month in Fort Worth! The annual event, hosted by Hart Energy on May 15-17, 2024, will feature industry experts and leaders who will share insights into the latest trends and developments impacting the energy sector.

The agenda for SUPER DUG is full of top executives and decision-makers. There are over 40 confirmed speakers from top operators, such as ConocoPhillips, Devon Energy, Diamondback Energy, Continental Resources, UpCurve Energy, and many more. In addition, political strategist Karl Rove will be at SUPER DUG to talk about the 2024 presidential election and give his own political landscape outlook.

Don’t miss this opportunity to attend SUPER DUG – click here to sign up and secure your spot: [ow.ly/qgHJ50R9vas](https://ow.ly/qgHJ50R9vas). Be sure to use the discount code TIPRO20 to save on your full conference registration.

TIPRO association members also can take advantage of a 30 percent discount on exhibit space at Hart Energy’s SUPER DUG Conference & Expo. If interested, please reach out to [sales@hartenergy.com](mailto:sales@hartenergy.com) for more information.

### TIPRO CALENDAR OF EVENTS

<p><b>MAY 15-17, 2024</b> FORT WORTH — Hart Energy’s SUPER DUG Conference and Expo. For information, email <a href="mailto:registration@hartenergy.com">registration@hartenergy.com</a>.</p>	<p><b>MAY 21, 2024</b> HOUSTON — TIPRO/IPAA/HPF “Leaders in Industry” Luncheon. For information, email <a href="mailto:info@houstonproducersforum.org">info@houstonproducersforum.org</a>.</p>	<p><b>JUNE 18, 2024</b> HOUSTON — TIPRO/IPAA/HPF “Leaders in Industry” Luncheon. For information, email <a href="mailto:info@houstonproducersforum.org">info@houstonproducersforum.org</a>.</p>
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## Interim charges announced for Texas Senate to study ahead of state's 2025 Legislative Session

Texas Lieutenant Governor Dan Patrick in mid-April issued 57 charges for members of the state Senate to review in the interim legislative session in preparation for next year's legislative cycle in Texas. "The 57 interim charges I released today reflect issues that Texans have asked us to study. Our 31 senators submitted hundreds of ideas, with many senators sharing similar proposals. My staff and I worked diligently for weeks to review each request, and this is the first set of interim charges I am releasing in preparation for the 89<sup>th</sup> Legislature," Patrick said last week.

The lieutenant governor, who presides over the legislature's upper chamber, added that in addition to the 57 items he has charged senators with tackling, he also is considering the release of a shorter list of additional charges before the start of next session.

Among the legislative priorities the lieutenant governor has asked lawmakers to focus on is the impact of federal interference to the state economy, including, but not limited to, the restriction of liquified natural gas (LNG) exports, supply chain limitations, a net-zero carbon agenda and other air emission provisions. Members of the Senate Natural Resources and Economic Development Committee have been directed to closely examine the issue and will make recommendations on how to minimize the damage of federal action to Texas.

In the interim session, senators are also being asked to review and report on the impact of Senate Bill 2627, *the Powering Texas Forward Act*, as passed by the 88<sup>th</sup> Legislature, which established the Texas Energy Fund (TEF) to provide grants and loans to finance the construction, maintenance, modernization, and operation of electric facilities in Texas.

Also of note, in the interim, legislators will monitor the appropriations supporting, and implementation of, the following legislation passed during the 88<sup>th</sup> Legislature, Regular or Special Sessions, and approved by voters, that amended the Texas Constitution:

- o Property Tax Relief: Senate Bill 2 and House Joint Resolution 2, 88<sup>th</sup> Legislature, Second Called Special Session;
- o Texas Energy Fund: Senate Bill 2627 and Senate Joint Resolution 93, 88<sup>th</sup> Legislature, Regular Session;
- o Texas Water Fund: Senate Bill 28 and Senate Joint Resolution 75, 88<sup>th</sup> Legislature, Regular Session; and
- o Broadband Infrastructure Fund: House Bill 9 and House Joint Resolution 125, 88<sup>th</sup> Legislature, Regular Session.

"The Senate's work to study the list of charges will begin in the coming weeks and months. Following completion of hearings, committees will submit reports with their specific findings and policy recommendations before December 1, 2024," said the lieutenant governor. "I thank the entire Texas Senate for their dedication and hard work, and I look forward to reviewing the committees' recommendations. Come January 2025, the Senate will hit the ground running at the start of the 89<sup>th</sup> Legislative Session."

TIPRO members may view the list of 2024 interim charges at <https://tinyurl.com/4ubyw7kb>.

## Comment deadline approaching on implementation of new Texas Water Fund

Through the end of April, the Texas Water Development Board (TWDB) will be accepting public input regarding implementation of the new Texas Water Fund. The Texas Water Fund, which was overwhelmingly approved by Texas voters during last November's General Election, authorized a \$1 billion appropriation to fund water infrastructure upgrades, innovative water supply projects and a statewide water public awareness program. The fund allows the TWDB to provide funding through certain existing TWDB financial assistance programs and a newly created New Water Supply for Texas Fund. Of the \$1 billion appropriated to the Texas Water Fund, the TWDB must allocate at least \$250 million to the New Water Supply for Texas Fund to implement innovative water supply strategies, such as marine and brackish water desalination, oil and gas produced water treatment projects, and aquifer storage and recovery projects.

Using the survey links below, stakeholders can submit feedback on the Texas Water Fund to the TWDB:

- Texas Water Fund Survey 1: Financial Assistance for Water Infrastructure Projects - <https://tinyurl.com/ycxsej3>
- Texas Water Fund Survey 2: New Water Supply for Texas Fund - <https://tinyurl.com/2mz28kew>
- Texas Water Fund Survey 3: Statewide Water Public Awareness Program - <https://tinyurl.com/mrzkr73>

Alternatively, written feedback may also be submitted to [TexasWaterFund@twdb.texas.gov](mailto:TexasWaterFund@twdb.texas.gov) on how the TWDB should implement the Texas Water Fund. Survey responses and emailed commentary are due by April 30.

To learn more about the Texas Water Fund and the implementation timeline, please visit [www.twdb.texas.gov](http://www.twdb.texas.gov).

## Reminder: Input still being accepted on Railroad Commission's Strategic Plan

Until Friday, May 3, the Railroad Commission of Texas will continue accepting stakeholder input on the agency's annual Oil & Gas Division Monitoring and Enforcement Strategic Plan that is being prepared for the next fiscal year. Each year, as required by Texas Natural Resources Code Sec. 81.066(b), the Railroad Commission updates plans that define and communicate the Oil and Gas Division's strategic priorities for its monitoring and enforcement efforts, as well as tracks, measures, and analyze the effectiveness of its oil and gas monitoring and enforcement program.

Prior editions of the Monitoring and Enforcement Strategic Plan focused on monitoring and enforcement activities occurring within the commission's budget structure under Strategy C.1.1: Oil and Gas Monitor and Inspections, and Strategy C.2.1: Oil and Gas Well Plugging and Remediation. For the forthcoming Fiscal Year 2025 plan, the Railroad Commission says that it is seeking feedback from stakeholders in the development of action items that will address the totality of oil and gas monitoring and enforcement activities, inclusive of technical permit monitoring and administrative compliance enforcement.

Input can be submitted online by completing the survey at <https://tinyurl.com/bdh4n4n8>.

Alternatively, written comments may be mailed to:

Oil and Gas Strategic Plan Stakeholder Input/Oil and Gas Division  
Railroad Commission of Texas  
P.O. Box 12967  
Austin, Texas 78711-2967

## BLM finalizes new oil and gas rule increasing regulatory fees on U.S. energy development

The U.S. Bureau of Land Management (BLM) last Friday finalized new oil and gas regulations that will increase the royalty rate for energy production on federal lands while also raising and creating other new fees for producers. The Fluid Mineral Leases and Leasing Process rule revises fiscal terms of the onshore federal oil and gas leasing program, and will increase bonding requirements, royalty rates, and minimum bids. The rule is the BLM's first comprehensive update to the federal onshore oil and gas leasing framework since 1988, the first update to minimum bonding levels since 1960, and the first increase in royalty rates in more than 100 years.

"These are the most significant reforms to the federal oil and gas leasing program in decades," stated U.S. Interior Secretary Deb Haaland.

Key elements of the rule include:

- **Bonding Requirements:** The rule increases the minimum lease bond amount to \$150,000 and the minimum statewide bond to \$500,000, and it eliminates nationwide and unit bonds. The previous lease bond amount of \$10,000 -- established in 1960 -- no longer was adequate to cover potential well reclamations, officials maintained, promoting the adjustment. Of note, under the new BLM rule, bond amounts will be adjusted for inflation every ten years.
- **Protecting Wildlife and Cultural Resources:** Under the regulations, the BLM will be able to hold preference and steer oil and gas development away from lands that may hold cultural sites and wildlife habitat.
- **Fiscal Terms:** A number of fiscal terms are changed to reflect provisions of the Inflation Reduction Act, including:
  - o **Royalty rates for leases** are set at 16.67 percent until August 16, 2032—ten years after enactment of the Inflation Reduction Act—then 16.67 percent will become the minimum royalty rate. Previously, the minimum royalty rate was 12.5 percent.
  - o **Minimum bids:** The minimum amount companies can bid at auctions for federal oil and gas leases increases to \$10 per acre, up from \$2 per acre. After August 16, 2032, that amount will be regularly adjusted for inflation.
  - o **Base, or minimum, rental rate:** Leases will include a rental of \$3 per acre per year during the first two-year period beginning upon lease issuance, then \$5 per acre per year for the subsequent 6 years, and then \$15 per acre per year thereafter. After August 16, 2032, those rental rates will become minimums and are subject to increase. Previously, companies paid \$1.50/acre for each of the first five years of holding a lease, then \$2/acre for the next five years.
  - o **Expressions of Interest:** The Inflation Reduction Act established a new \$5/acre fee for expressions of interest. The rule implements how the fee will be collected.

BLM Director Tracy Stone-Manning promised the new rule package will "ensure a fair return for American taxpayers," and Principal Deputy Assistant Secretary for Land and Minerals Management Dr. Steve Feldgus said that the updated regulations address "longstanding Government Accountability Office (GAO) and Inspector General recommendations, ensuring we have a modern oil and gas leasing program that protects the public's interests."

"This rule will give industry additional certainty about lease terms moving forward and give the public the certainty that their voices will be heard when the BLM is proposing areas for leasing," advised Dr. Feldgus.

House Committee on Natural Resources Chairman Bruce Westerman (R-Arkansas) warned the administration's new rule will create new fees and regulatory burdens that will inevitably be passed onto consumers in the form of higher prices for energy. House Subcommittee on Energy and Mineral Resources Chairman Pete Stauber (R-Minnesota) called the BLM regulations "misguided," and warned that the rule likely would "increase energy prices for the American people, jeopardize our energy independence, and make us reliable on adversarial nations like Russia, Iran, and Venezuela for our energy."

The final rule will come into effect 60 days after it publishes in the Federal Register. TIPRO members may see more information on the new regulations by visiting: <https://www.blm.gov/onshore-oil-and-gas-leasing-rule>.

In March, lawmakers on Capitol Hill passed legislation that would nullify the BLM's Fluid Mineral Leases and Leasing Process rule. H.R. 6009, the *Restoring American Energy Dominance Act*, passed in the U.S. House of Representatives by a vote of 216-200. The bill, authored by U.S. Congresswoman Lauren Boebert (CO-03) and cosponsored by Texas Congressman Troy Nehls (TX-22), has since been referred to the U.S. Senate Committee on Energy and Natural Resources, where it awaits further action by policymakers.

## More action taken by Interior Department to revise the Endangered Species Act

Weeks after changes were announced to the Endangered Species Act (ESA), officials from the U.S. Department of Interior's U.S. Fish and Wildlife Service (USFWS) on Thursday, April 11<sup>th</sup> finalized additional modifications to regulations concerning the issuance of enhancement of survival and incidental take permits in efforts of improving participation in voluntary conservation programs. The revisions clarify and simplify permitting under Section 10(a) of the ESA, said the USFWS, which will encourage more resource managers and landowners to engage in these voluntary programs. The revisions do not significantly change the current implementation of the Section 10 program or expand the requirements for species protections, advised officials.

"These revisions reflect decades of learning that we can apply to ensure the ESA is relevant for the next 50 years. They also help build on years of collaborative conservation actions on the ground," said USFWS Director Martha Williams. "Improvements to the rule will encourage more landowners to engage in conservation for declining, candidate and listed species. Through this type of stewardship, we are investing in the future, creating a legacy of resilient habitats to withstand environmental challenges and changes."

The final Section 10(a) rule was published in the Federal Register on April 12, 2024, and will take effect May 13, 2024. For information, please see <https://tinyurl.com/32k2zj9r> or read about Section 10 of the ESA on the USFWS' [website](#).

## USFWS expands national wildlife refuges to support Lesser Prairie Chicken and other species

Several existing national wildlife refuges, including two in Texas, are being expanded by the federal government to boost the size of wildlife habitats and enhance conservation efforts. The U.S. Department of the Interior and U.S. Fish and Wildlife Service (USFWS) on Tuesday, April 16, announced the changes being made to the National Wildlife Refuge System.

"Today's announcements are the culmination of longstanding partnerships with states, conservation partners and local communities to conserve and restore vital landscapes that are important to all of us and numerous fish and wildlife species," said USFWS Director Martha Williams. "By working with our partners including Tribes and private landowners, the service will conserve important habitat that supports recreation and working lands, protects species, addresses the biodiversity crisis and builds resilience in the face of climate change."

Among the new expansion areas is the [Muleshoe National Wildlife Refuge](#), a 6,440-acre refuge found along the Texas-New Mexico border that has been known to hold habitat for the Lesser Prairie-Chicken, which was designated as an endangered species by the Biden Administration. Established in 1935, the refuge is the oldest national wildlife refuge in Texas.

"This plan is a critical step in protecting the future of the Southern High Plains for iconic species like the sandhill crane and Lesser Prairie-Chicken," said Amy Lueders, the USFWS' Southwest regional director. "These vast grassland landscapes provide essential habitat for wildlife while also providing benefits like clean water filtration and carbon sequestration, which are essential for both the environment and human well-being."

The USFWS is also setting new boundaries for two other refuges along the Texas Coastal Bend region, the [Aransas National Wildlife Refuge](#) and [Big Boggy National Wildlife Refuge](#), which hosts high-quality habitat for several listed species under the Endangered Species Act. Aransas National Wildlife Refuge was established in 1937 for migratory waterfowl and other wildlife and currently encompasses more than 115,000 acres of diverse habitat along the Texas Gulf Coast, USFWS described. With the approval of the new boundary, the refuge has the potential to nearly double in size by acquiring as many as 95,000 additional acres. Additionally, the Big Boggy National Wildlife Refuge, established in 1983 to serve as an inviolate sanctuary for migratory birds, currently encompasses more than 4,526 acres of primarily salt marsh habitat along the Gulf Intracoastal Waterway. The approval of the new limited acquisition boundary allows the refuge to undergo a significant expansion with the acquisition of up to 55,000 acres, benefiting local wildlife and improving conservation efforts of habitat.

## New round of federal grants to be used to help fix nation's aging natural gas pipelines

Communities around the country are being given millions of dollars in new funding by the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) to repair, rehabilitate and replace aging natural gas pipelines. Leaders of PHMSA announced on Wednesday, April 3<sup>rd</sup> that \$392 million is being awarded in grants to back projects in 26 states that will fix gas pipelines, helping reduce air pollution and reducing costs for ratepayers. The grants are part of President Biden's *Bipartisan Infrastructure Law* authorizing the Natural Gas Distribution Infrastructure Safety and Modernization (NGDISM) program, which provided nearly \$1 billion in funding over the course of five years to modernize community-owned natural gas distribution pipes and help to keep communities across the country safe from dangers associated with pipeline leaks.

"Today, we're proud to award \$392 million to help 130 projects—from Texas to Nebraska to Pennsylvania—modernize their gas pipelines to keep people safe, keep energy costs down, and keep methane out of our air," said U.S. Transportation Secretary Pete Buttigieg.

"This first-of-its-kind infrastructure grant program is both making communities safer and helping those rural and urban communities most in need, save money on their energy bills," said PHMSA Deputy Administrator Tristan Brown. "We are helping communities that are still relying on pipes from the 1800s modernize their systems and reduce emissions of harmful pollution."

According to PHMSA, recipients of the new grants will fix nearly 500 miles of pipe, resulting in a reduction of nearly 1,400 metric tons of methane pollution emissions, annually—the equivalent of taking nearly 10,000 vehicles off the road.

For more information, go to <https://tinyurl.com/2n7vx9xp>.

## Texas collects over \$95 million in federal funding from 2023 energy revenues

Texas is receiving a total of \$95,550,265 in revenue from the U.S. Department of the Interior off of energy that was produced in the Gulf of Mexico during Fiscal Year 2023, officials announced recently. The disbursement, made at the end of March, was provided as mandated through the revenue-sharing model included in the *Gulf of Mexico Energy Security Act (GOMESA) of 2006*, which established a revenue-sharing model for oil- and gas-producing Gulf states. The GOMESA policy allows states located along the Gulf, like Texas and Louisiana, to collect a portion of the revenue generated from offshore oil and gas leasing in the Gulf of Mexico. Funding is disbursed annually based on offshore oil and gas production revenue and is used to support coastal conservation and restoration projects, hurricane protection programs, onshore infrastructure projects, and activities to implement marine and coastal resilience management plans.



### SEMINAR "NEW ERA OF INVESTING IN ARGENTINA ENERGY SECTOR"

Join us for an exclusive seminar preceding the pre-OTC cocktail event, where you'll have the unique opportunity to benefit from insights shared by one of the leading experts in the industry

The government and the energy industry are currently working on the following challenges that will significantly expand Argentina's footprint in the energy world, creating big opportunities for foreign investment and value and supply chain integrations.

- Effective regulation to unleash investment, and economic stability
- Emerging from a deep financial crisis
- Developing Lithium industry
- New infrastructure for LNG a exports
- Expanding mining activities
- DeBottlenecking Oil and Gas production growth

**Speaker**

MARCELO GIOFFRÉ  
PAN AMERICAN ENERGY  
VICE PRESIDENT  
PROCUREMENT & SUPPLY CHAIN MANAGEMENT



Sunday, May 5  
4:15 pm to 5:30 pm

TBD in Houston  
Galleria

Member (Partner) - \$250  
Non-member - \$300

Limited capacity:  
80 people

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## In new letter, dozens of House Republicans urge EPA to rework proposed methane fee rule

Over 50 congressional lawmakers last week told the head of the U.S. Environmental Protection Agency (EPA) that proposed regulations for America's energy industry must be revised. In a letter sent on Monday, April 8<sup>th</sup> to EPA Administrator Michael Regan, the group of elected officials, led by Texas Congressman August Pfluger (TX-11), outlined how the agency's proposed rules, titled "Waste Emissions Charge for Petroleum and Natural Gas Systems and Greenhouse Gas (GHG) Reporting Rule: Revisions and Confidentiality Determinations for Petroleum and Natural Gas Systems," more commonly referred to as the Waste Emissions Charge (WEC) and Subpart W, "blatantly violate congressional intent for the Inflation Reduction Act (IRA) Methane Emissions Reduction Program (MERP) and create an unworkable and unharmonious regulatory structure."

Officials warn that the EPA's proposal will generate the maximum amount of fees on energy producers while providing "zero of the intended relief, or the improved accuracy of emissions reporting originally envisioned by Congress."

Legislators are calling on the EPA to "go back to the drawing board and develop supplemental proposed rules for the WEC and Subpart W that are consistent with congressional intent, allow accurate GHG emissions reporting using a variety of technologies, and do not unfairly levy additional costs on both American energy consumers and producers."

Cosigners of the letter from Texas' congressional delegation are Representatives Jodey Arrington (TX-19), Beth Van Duyne (TX-24), Randy Weber (TX-14), Wesley Hunt (TX-7), Ronny L. Jackson (TX-13), Troy Nehls (TX-22), Dan Crenshaw (TX-2), Tony Gonzales (TX-23), Monica De La Cruz (TX-15), Pat Fallon (TX-4), Michael McCaul (TX-10) and Nathaniel Moran (TX-30).

To read the full letter, go to: <https://tinyurl.com/fvrer9xr>.

As reported by TIPRO previously, senior congress members in the U.S. Senate also have expressed apprehension over the EPA's implementation of the IRA methane fee through the WEC Rule and Subpart W Rule. U.S. Senator Joe Manchin (D-WV), chairman of the powerful U.S. Senate Energy and Natural Resources Committee, at the end of March also wrote to EPA Administrator Regan outlining how the EPA regulations as proposed disregard the laws that were actually passed by Congress and threaten to raise the costs of domestic energy production. See his letter at: <https://tinyurl.com/msr8td4e>.

In addition to Senator Manchin's commentary, U.S. Senator Shelley Moore Capito (R-W.Va.), ranking member of the U.S. Senate Environment and Public Works (EPW) Committee, last month sent a letter to the EPA administrator outlining other significant legal and economic concerns with the agency's proposed tax on natural gas producers that is being implemented as part of the IRA. Senator Capito argued in her letter to Administrator Regan that the EPA's tax regulations make several unreasonable determinations that must be addressed. These shortcomings must be corrected by the EPA as it implements its natural gas tax, stated the congresswoman, including provisions that could force some smaller operators, who were once below the "waste emissions threshold," to see their reported methane emissions inflated, and thus, be liable to pay the natural gas tax. Before moving ahead in the regulatory process, the agency should ensure that regulatory revisions are accurate and small natural gas and petroleum operators are not covered by the natural gas tax, the senator emphasized. To read Senator Capito's full letter, go to <https://tinyurl.com/mwappj47>.

On behalf of the members of TIPRO, the association continues to closely track regulatory developments pertaining to the EPA's rule.

## Congressional field hearing in Plano will focus on challenges facing American energy

U.S. lawmakers will convene in Texas later this month to take a hard look at challenges American energy producers are facing, including regulatory uncertainty being caused by Biden Administration policies. Texas Congressman Pat Fallon (TX-4), who leads the House Oversight Committee's Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs, announced that the subcommittee will hold a field hearing in Plano, Texas, on April 23<sup>rd</sup> titled "Drilling Down: Oversight of the Challenges and Opportunities Facing U.S. Energy Production." In addition to the panel's discussion on regulatory hurdles to energy development, conversation at the hearing will also focus on career training opportunities aimed at growing the U.S. energy workforce.

"The Biden Administration has implemented an unprecedented, whole-of-government attack on American energy production—most recently by shutting down liquified natural gas export permitting to non-Free Trade Agreement countries. The administration is determined to increase costs for Americans, kill American jobs, and leave American energy in the ground. By suppressing U.S. energy production, the Biden Administration is ceding our energy dominance to less stable, hostile foreign powers. We need to find solutions to strengthen American energy production and secure affordable energy, jobs, and our national security," said Congressman Fallon.

Testifying at the hearing will be Ron Gusek, president of Liberty Energy, Bill desRosiers, manager of external affairs for Coterra Energy and Tim Tarpley, president of the Energy Workforce & Technology Council.

To watch the hearing live, go to <https://tinyurl.com/3x4cua4s>.

## Legendary oil wildcatter W. Herbert Hunt passes away

Industry leader and renowned wildcatter William Herbert Hunt, passed away on April 9<sup>th</sup> at the age of 95. Son of East Texas oil wildcatter H.L. Hunt, Herbert Hunt was a founder of top 10 U.S. privately-held independent petroleum producer Petro-Hunt LLC, based in Dallas. He was active in the upstream and downstream sectors of the oil and gas industry throughout the span of his seven-decade career and also involved in numerous discoveries of large and giant fields.

Over the years, Hunt held a variety of leadership roles in a number of industry organizations including a position on the American Petroleum Institute (API) board, president of the American Association of Drilling Contractors (now known as the International Association of Drilling Contractors) and chairman of the National Ocean Industries Association. Hunt also was a member of the American Association of Petroleum Geologists (AAPG) since 1953 and an explorer member of the Texas Independent Producers and Royalty Owners Association (TIPRO) for the past ten years.

## Another congressional hearing set to pick apart administration's LNG export pause

The U.S. House Oversight Committee's Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs is meeting this week to examine the justification and timing of the Biden Administration's pause on new permits for liquefied natural gas (LNG) exports. Brad Crabtree, assistant secretary of the U.S. Department of Energy's (DOE) Office of Fossil Energy and Carbon Management, is expected to testify at the hearing taking place on Thursday, April 18.

"The Oversight Committee is concerned with DOE's recent action to pause pending decisions on exports of LNG in an apparent attempt to appease liberal advocacy groups. The Biden Administration has attempted to hide the influence leftist environmental groups have had over U.S. foreign policy, but reports indicate that the Biden Administration's action on LNG was taken at the direction of leftist environmental groups and climate activists. We are going to bring transparency to DOE's decision to pause new LNG export permitting, its interactions with federal agencies, and whether it is weaponizing the public's interest," said Subcommittee Chairman Pat Fallon (TX-4).

A U.S. House Energy and Commerce subcommittee also this month met in Port Arthur, Texas, to determine the impact of the administration's pause on issuing LNG export permits to non-Free Trade Agreement countries while a review to consider the climate impacts of natural gas is conducted by the Biden Administration.

## U.S. natural gas exports grew by 10 percent between 2022 and 2023 to hit record levels

Natural gas exports from the United States rose to record highs last year, the U.S. Energy Information Administration (EIA) reported recently. The United States exported a record 20.9 billion cubic feet per day (Bcf/d) in 2023, according to the EIA's *Natural Gas Monthly*, roughly 10 percent more natural gas than amounts exported during 2022. U.S. liquefied natural gas (LNG) exports accounted for more than half of all U.S. natural gas exports last year and natural gas exports by pipeline to Canada and Mexico accounted for the remainder, said the EIA.

As previously reported by TIPRO, the United States was the world's top LNG exporter in 2023. In December, LNG exports from the U.S. climbed to a record 13.6 Bcf/d. This trend of growing LNG exports helped to support significant growth in total U.S. natural gas exports last year.

U.S. natural gas exports by pipeline also increased last year, with exports to Canada rising 7 percent to 2.8 Bcf/d, and exports to Mexico increasing 8 percent to 6.1 Bcf/d, estimated the EIA. Of note, pipeline exports to Mexico from Texas grew 9 percent to 5.6 Bcf/d in 2023, with most of the growth coming from exports from West Texas, which increased by 20 percent (1.6 Bcf/d) compared with 2022, reported the EIA. Natural gas pipeline exports from West Texas to Mexico have grown steadily since 2017 as more connecting pipelines in Central and Southwest Mexico have entered service.

In recent forecasts, the EIA has projected U.S. natural gas trade will continue to rise this year and the next. U.S. LNG exports are forecasted to increase 2 percent in 2024 and in 2025 will grow further, said the EIA in its newest *Short-Term Energy Outlook* (STEO). U.S. natural gas exports by pipeline are anticipated to go up by 3 percent in 2024 and then will climb by another 4 percent in 2025.

The addition of more natural gas export infrastructure is a primary driver to more exports from the United States. Three LNG export projects currently under construction are slated to start operations and ramp up to full production by the end of 2025, noted the EIA. In late 2024, the Plaquemines LNG Phase I and Corpus Christi Stage 3 will begin LNG production and load first cargoes by the end of the year, contributing to the greater volume of LNG exports. In 2025, the developers of Golden Pass LNG plan to place in service the first two trains of this new three-train LNG export facility, adding to the natural gas exports from the United States.

The build-out of more pipeline projects in Mexico will also lead to more service and greater imports of natural gas from the United States in the coming years, mentioned the EIA. "We forecast an increase in U.S. natural gas pipeline exports to Mexico as several pipelines in Mexico—Tula-Villa de Reyes, Tuxpan-Tula, and Cuxtal Phase II connecting to the Energía Mayakan pipeline on the Yucatán Peninsula—become fully operational in 2024–25. These pipelines started partial service in 2022–23 but have not been operating at full capacity. Also, flows via the Sur de Texas-Tuxpan underwater pipeline are likely to increase slightly in 2024 when it begins delivering natural gas from the United States to Mexico's first LNG export project, Fast LNG Altamira."

## U.S. calls off planned purchases for strategic oil reserve

The U.S. Department of Energy in April announced the cancellation of two major oil purchases that were in the works to continue to refill America's emergency oil reserves. Officials from the Energy Department said earlier this month that due to market conditions and elevated oil prices, the federal government was not going to move forward as expected with awarding contracts to supply the Strategic Petroleum Reserve (SPR) with more oil in August and September. The agency cited the need to keep "the taxpayer's interest at the forefront" with regards to oil purchases, but said it would "continue to solicit available capacity as market conditions allow."

"As always, we monitor market dynamics to remain nimble and innovative in our successful replenishment approach to protect this critical national security asset," an Energy Department spokesperson said.

Since last summer, the Biden Administration has revved up efforts to replenish the SPR, and has bought back about 32.3 million barrels overall for the SPR at an average price of \$76.98 per barrel. Still, the SPR reserves remain just over half full, containing roughly 363 million barrels as of early April. It remains uncertain whether the administration will be able to follow its replenishment strategy and increase SPR stocks as expected this year due to volatility in markets and shifting conditions for commodity prices.

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