VOLUME 26, NO. 6
April 4, 2024

TIPRO

Texas Independent Producers and Royalty Owners Association

TIPRO joins other U.S. energy groups asking EPA to revise agency's 'misguided' methane fee rule

The Texas Independent Producers and Royalty Owners Association (TIPRO) in March joined the American Petroleum Institute (API), Energy Workforce & Technology Council and 17 other associations representing all segments of the U.S. oil and natural gas industry operating across the country in submitting comments to the U.S. Environmental Protection Agency (EPA) calling for the regulatory body to revise its misguided methane fee on American energy. In the comments, the industry trade groups said that the EPA's proposed rule "Waste Emissions Charge for Petroleum and Natural Gas Systems" (89 FR 5318, January 26, 2024) ("WEC") fails to meet the statutory requirements and objectives set forth by Congress in the Inflation Reduction Act (IRA) Methane Emissions Reduction Program (MERP). Rather than incentivizing emissions reductions, the proposed rulemaking instead would maximize fees paid under the WEC and disincentivize accelerated emissions reductions by energy companies, the trade associations asserted.

In their comment letter, the associations raised significant concerns about the proposed rule's nexus to other methane regulations underway, highlighting the Biden Administration's disharmonized approach to methane regulations. The associations urged the administration to coordinate this proposed rule with other regulations, including Subpart W and EPA's final methane rule. Additionally, the associations called for more flexibility on netting requirements to incentivize greater emissions reductions, clarification to the rule's exemptions as intended by Congress, and common-sense compliance and reporting timelines.

The energy trades also in their comments highlighted industry action and partnerships that are already driving methane emission reductions, without government mandates and regulatory intervention. Industry-led initiatives such as the Environmental Partnership, whose members make up nearly 70 percent of U.S. onshore natural gas and oil production, are helping to accelerate progress to lower emissions by enabling collaboration between producers and facilitating the sharing of best practices across the industry.

Members of TIPRO may view the full comments here.

TIPRO working to address oilfield theft in the 89th Legislative Session

Oilfield theft remains a persistent problem in oil and gas producing regions of Texas. A recent article in the *Odessa American* newspaper featuring TIPRO President Ed Longanecker and allied trades has helped to draw attention to the issue. In addition to the article, TIPRO has started to engage with members of the association as well as legislative leaders on the issue.

Legislation has been filed and even passed that sought to address the issue of oilfield theft in the 84th, 85th and 88th Legislative Sessions. House Bill 3291, filed in the 84th Legislative Session, for instance, would have created a second-degree felony if a person recklessly possessed, removed, delivered, accepted, purchased, sold, or physically moved or transported oil, gas, or condensate as part of a transition that requires a permit or approval from the Railroad Commission and the action is done without the commission authorization. An exemption was included if the actor was a pipeline operator or gatherer authorized to operate by the Railroad Commission. This bill was vetoed by the governor for being overly broad.

Further, Senate Bill 1871 also was filed in the 85th Legislative Session seeking to create a new criminal offense in Chapter 31 Penal Code for "theft of petroleum products or oil and gas equipment." A person would commit such an offense if the person unlawfully appropriated petroleum products with the intent to deprive the owner of the property by possessing, removing, delivering, receiving, purchasing, selling, moving, concealing, or transporting the petroleum product; or making or causing a connection to be made with, or drilling or tapping or causing a hole to be drilled or tapped in, a pipe, pipeline, or tank used to store or transport a petroleum product. A person also would commit an offense if the person unlawfully appropriated oil and gas equipment with the intent to deprive the owner of the oil and gas equipment. For purposes of this offense, appropriation is unlawful if it is without the owner's effective consent. An offense would be classified as a felony, with the degree based upon the total value of the stolen petroleum products or oil and gas equipment. Once again legislators found the term "oil and gas equipment" to be too broad of a term and amended the bill to apply a theft ladder only to theft of a petroleum product defined as "crude oil, natural gas, or condensate."

More recently, during last year's 88th Legislative Session, the TIPRO State Issue Committee voted to support House Bill 3368/ Senate Bill 1321 that would have added tubular steel to the list of regulated metals, which would subject tubular steel resellers to record-keeping and reporting requirements to reduce theft. The bill was unfortunately unable to make it through the legislative process in time.

TIPRO is asking members for any feedback that would be helpful in addressing this problem.

President's message

Ed Longanecker

TIPRO members,

This week, the Biden Administration rejected a proposed deal tying Ukraine aid to a reversal on the pause on new liquefied natural gas (LNG) export licenses. While not surprising, it's unfortunate that energy security is yet again being politicized, rather than supported as a common-sense policy for the benefit of our country and people. These decisions have real world implications. Efforts to reduce domestic production and exports only lead to higher costs for consumers, an increase in global emissions and greater uncertainty for our allies.

TIPRO has tracked and reported on environmental and energy policy trends for many years. In a recent analysis, the Center for Strategic and International Studies (CSIS) found that domestic energy prices can remain low for domestic consumers, even as LNG exports rise, if the U.S. maintains its robust domestic supply of natural gas.

The research comes amid the Biden Administration's pause on new LNG export permits as it analyzes potential costs increases related to the high number of exports. According to the White House, the U.S. Department of Energy analysis used to "underpin LNG export authorizations is five years old" and "no longer adequately accounts for considerations like energy costs increase for American consumers and manufacturers."

The 2018 Department of Energy study referenced concluded that, "the key determinant of upward price impact is the trajectory of domestic natural gas production." The good news is domestic dry natural gas production has increased 23 percent from 2018 to 2023.

In 2023, the U.S. became the top exporter of LNG, setting new export records in November and December. That same year, the Henry Hub price average was $2.57 per MMBtu, well below the 2010-2015 average of $3.64 per MMBtu when the U.S. was exporting 99 percent less, per 2015 export figures.

In its analysis, CSIS notes that circumstances since 2018 have in fact changed, but the U.S. can still maintain its high exports and low domestic prices if the domestic gas supply remains strong. Texas has been a key player in keeping supplies steady, with the Lone Star State setting new record production numbers in 2023, reaching 20 bcf/d, largely thanks to the Permian Basin, the top producing natural gas basin in the country.

Since 2018, LNG exports have increased considerably, and trends continue to shift upward as the need for an abundant and reliable fuel source remains critical. Importantly, the U.S. has played a key geopolitical role through its LNG exports, supplying key allies in Europe and Asia as they face supply shortages.

The strong supply of U.S. natural gas has also kept domestic energy markets stabilized. Currently, the U.S. electric power sector is the main destination for domestic natural gas supplies, but with additional LNG projects in their final DOE authorization or final investment decision phase, exports could grow to 12 trillion cubic feet annually, surpassing the power sector as the destination for U.S. natural gas supply. Maintaining a strong demand for LNG means maintaining strong domestic natural gas production to ensure domestic natural gas prices remain low at home. A bar the oil and gas industry stands ready to meet.

The CSIS analysis demonstrates that by creating a scenario where the demand for natural gas dwindles because of policies like an LNG export pause or the EPA's proposed Power Plant Rule, we jeopardize our affordable domestic energy supply because of decreased production. Our allies, who look to us as a reliable trade partner, would be in an even worse scenario, paying an increased price for the remaining limited supply of natural gas. Energy shortage crises, like those Europe experienced in mid-2021 through late 2022, would be commonplace.

American and Texan natural gas producers are proving an ability to not only meet local and global demand, but an ability to do so responsibly. According to TIPRO's recent TNG report, Permian Basin methane intensity fell by early 85 percent between 2011 and 2022, even as new production records were reached in that same time frame. These quantifiable achievements continue to be ignored by some policymakers and members of the mainstream media.

Creating policies and regulations that make production more challenging will inevitably raise prices, while ensuring our key trade partners and allies fall into challenging circumstances securing affordable energy supply. As CSIS concluded, domestic price impacts alone are not sufficient reason to limit LNG exports, but we know that is not the only motivation.

Regards,
Ed Longanecker

Reminder: TIPRO members save 20 percent on SUPER DUG conference registration!

Through TIPRO's partnership with Hart Energy, members of the association are eligible to receive a 20 percent discount to Hart Energy's SUPER DUG Conference and Expo May 15-17 at the Fort Worth Convention Center. To learn more information on the event, visit https://www.hartenergy.com/events/super-dug-2024/. Redeem your discount at check-out with code: TIPRO20.

TIPRO CALENDAR OF EVENTS

APRIL 16, 2024	**MAY 15-17, 2024**	**MAY 21, 2024**
HOUSTON — TIPRO/IPAA/HPF "Leaders in Industry" Luncheon. For information, email info@houstonproducersforum.org.	FORT WORTH — Hart Energy's SUPER DUG Conference and Expo. For information, email registration@hartenergy.com.	HOUSTON — TIPRO/IPAA/HPF "Leaders in Industry" Luncheon. For information, email info@houstonproducersforum.org.

Texas' House speaker creates new legislative committee to protect state's LNG exports

The leader of the Texas House of Representatives, Dade Phelan (R-Beaumont), recently formed a legislative committee in the state legislature's lower chamber that will look into President Joe Biden's decision to stop new permits of liquefied natural gas (LNG) exports. "President Biden's abrupt decision earlier this year to pause pending approvals of LNG export projects will likely have significant economic implications for Texas, and it is important we fully understand what a prolonged pause would mean for our state's thriving energy sector," explained Speaker Phelan. That's why the Texas lawmaker said he was compelled to establish the House Select Committee on Protecting Texas LNG Exports, which will examine the potential impacts a prolonged pause would create to the state and look at ways to mitigate any negative consequences on the LNG industry, the state's energy sector and Texas economy.

The committee will be led by state Representative Jared Patterson (R-Frisco). Other appointed members serving on the legislative panel will be Representatives Christian Manuel (D-Beaumont), Brooks Landgraf (R-Odessa), Mary Ann Perez (D-Houston) and Cody Vasut (R-Angleton).

The new select committee has been asked to provide an initial report to the legislature no later than May 13, 2024, and as necessary, may submit subsequent reports at a later time. The committee will expire on the date the 89th Texas Legislature convenes.

Read Speaker Phelan's proclamation on the creation of the House Select Committee on Protecting Texas LNG Exports here.

U.S. House subcommittee hosting field hearing in Port Arthur on president's LNG export ban

Members of Congress will convene for a special field hearing in Texas next week to discuss the White House's moratorium on approvals of new U.S. liquefied natural gas (LNG) permits. The U.S. House Subcommittee on Energy, Climate, and Grid Security announced it will meet on Monday, April 8, in Port Arthur, which in recent years has seen increasing development of LNG export facilities and infrastructure projects. During the upcoming legislative hearing, officials are expected to examine the administration's decision to "pause" permitting of LNG export facilities, as well as review the importance of U.S. LNG exports to local communities, the U.S. economy and national allies.

"Workers, families and the people living in energy producing communities, like Port Arthur, benefit from the energy industry through good paying jobs, tax revenues for school districts, and many other economic opportunities," said House Energy and Commerce Committee Chair Cathy McMorris Rodgers (R-Washington) and Energy, Climate, and Grid Security Subcommittee Chair Jeff Duncan (R-South Carolina) in a joint statement. "President Biden's war on U.S. energy—including his LNG export ban—puts the interests of radical environmentalists over the interests of millions of Americans, as well as our allies. This hearing will be an opportunity to hear firsthand from local leaders about the importance of the LNG industry for their community and beyond."

The hearing will be open to the public and will also be live streamed online at https://energycommerce.house.gov/.

Texas among states suing to block the Biden Administration's LNG export permitting freeze

The state of Texas, along with Louisiana and 14 other states, filed a lawsuit at the end of last month to void the Biden Administration's "unlawful" ban on approving applications to export liquified natural gas ("LNG"). In January, President Biden directed his administration to stop approvals of new exports of LNG to study its effect on the climate, national security and the economy. As the nation's leading producer of both crude oil and natural gas, Texas' Attorney General Ken Paxton in March said that the federal government's ban on LNG export permits stands to harm the Texas economy and also is detrimental to the millions who rely on Texas energy.

"Biden's unilateral decree disregards statutory mandates, flouts the legal process, upends the oil and gas industry, disrupts the Texas economy, and subverts our constitutional structure," criticized Attorney General Paxton. "The ban will drive billions of dollars in investment away from Texas, hinder our ability to maximize revenue for public schools, force Texas producers to flare excess natural gas instead of taking it to market, and annihilate critical jobs. I will not stand by while Biden attacks Texas."

Louisiana's top legal officer, Liz Murrill, also argued against the administration's LNG policy, saying a preliminary injunction from the courts was necessary to stop the administration from banning LNG exports and protect energy production at home. "The Biden Administration's illegal attacks on American energy jeopardizes the livelihoods of thousands of hard-working Louisiana men and women, millions of dollars in tax revenue, and billions of dollars in infrastructure. LNG continues to have an enormous positive economic impact for our state - especially on our hard-hit coastal communities, which continue to recover from a recent series of devastating hurricanes."

Other states joining the legal challenge against the LNG export permitting ban include Alabama, Alaska, Arkansas, Florida, Georgia, Kansas, Mississippi, Montana, Nebraska, Oklahoma, South Carolina, Utah, West Virginia, and Wyoming.

TIPRO members may read the filing by clicking here.

Of the new lawsuit filed by Texas and 15 additional plaintiff states, Texas Land Commissioner Dawn Buckingham, M.D, also spoke out recently on the need to take federal regulators to court in defense of the energy industry, saying such action was required to protect energy activity on state lands that generate important streams of revenue for the Permanent School Fund through lease royalties from oil and natural gas production, land sales and leases, and other transactions involving the assets under management. "The Biden Administration's pause in reviewing pending LNG export applications and the corresponding halt in market growth will keep the Permanent School Fund's natural gas prices artificially depressed, reducing the revenues that the Permanent School Fund would otherwise earn to support Texas' schoolchildren," said the commissioner.

Bipartisan bill filed in Congress to make federal oversight of LNG facilities more efficient

New legislation filed in Congress seeks to make federal oversight of liquefied natural gas (LNG) facilities more efficient and improve regulatory management of the LNG industry. The *LNG Coordination Act of 2024*, filed in the U.S. House of Representatives in March by Texas Congresswoman Lizzie Fletcher (TX-07) and Texas Congressman Randy Weber (TX-14), would create a collaborative working group consisting of various federal agencies holding regulatory authority over LNG facilities that would assess each agency's area of jurisdiction to ensure siting and design, construction, operation and maintenance, and operational and process safety regulations are better coordinated to reduce overlap and to the extent possible eliminate duplicative jurisdictions at LNG facilities. The working group would be comprised of federal agencies that include the Federal Energy Regulatory Commission (FERC), Pipeline and Hazardous Materials Safety Administration (PHMSA) and the U.S. Coast Guard.

"The *LNG Coordination Act* creates a whole-of-government approach that improves and ensures coordination, safety, and efficiency, which is important for our competitiveness and reliability," said Congresswoman Fletcher. "Today, large LNG export facilities often fall under the jurisdiction of multiple federal agencies with inconsistencies in processes and conflicting safety regulations, which can complicate and prolong the oversight of operators. I am glad to join Congressman Weber in introducing this legislation to improve and ensure coordination in this vital area, which will benefit our national security and our economy."

"The current permitting and oversight process for LNG facilities is burdened by redundancy and numerous obstacles, resulting in significant delays," described Congressman Weber. "Establishing a dedicated working group will streamline the process and enhance coordination in the oversight of LNG facilities. Frequently, the permitting process takes longer than it does for the facilities to be built, underscoring the urgent need for reform. It is imperative to modernize and simplify this outdated process, ensuring America can operate these facilities and produce LNG for ourselves and for our allies across the world."

TIPRO members may view the bill here.

Energy bill repealing EPA's harmful natural gas tax passed by the U.S. House

House Resolution 1023, the *Cutting Green Corruption and Taxes Act*, was narrowly passed by members of the U.S. House on Friday, March 22. The bill, led by Representative Gary Palmer (R-Alabama), included provisions of legislation authored by Texas Congressman August Pfluger (TX-11) that would repeal the natural gas tax included in the Inflation Reduction Act (IRA). The policy also would end the Environmental Protection Agency's (EPA) greenhouse gas reduction fund.

"The natural gas tax is inappropriate and highly unworkable. This tax was included despite never being considered in a hearing, receiving expert testimony, and, instead of looking at emissions holistically, the natural gas tax was based on the simple premise that if reliable energy is taxed, less of it will be produced," Congressman Pfluger said. "Especially as the EPA rolls out proposed rules to implement the natural gas tax, it is clear that Congress must take action to repeal this looming regulatory morass that targets all operators, no matter the size or actual emissions."

"I appreciate the support of my colleagues in passing the *Cutting Green Corruption and Taxes Act*. This is a major step towards securing American energy and reducing energy costs. This is a win for the American people," commented Representative Palmer. "The Democrats' misnamed IRA allowed the EPA to use $27 billion to create a 'greenhouse gas reduction fund.' This is nothing more than a slush fund that does nothing to aid the environment. Instead, it funds special interest groups, climate activists, and political allies that make no impact on the climate. This bill eliminates $27 billion of waste and shifts the focus to where it should be, affordable and reliable American energy."

Palmer continued, "In order to help the American people and lower energy costs, we should be focusing on expanding access to natural gas."

Cathy McMorris-Rogers, who leads the House Energy and Commerce Committee, in a statement also expressed her strong support of the legislation, saying the bill would "promote American energy leadership and security—something that's vital to building on our legacy of improving lives, helping to lift people out of poverty, and raising the standard of living across the country and the world."

Earlier in March, the White House released a statement of administration policy announcing President Biden would veto H.R. 1023 should it reach his desk. "The administration wants to work with Congress to lower energy costs, deploy clean energy technologies, and create jobs. H.R. 1023 would take us backward and repeal important programs that help achieve those goals," White House officials said.

U.S. Speaker Mike Johnson visits Permian Basin to discuss American energy

U.S. Congressman Mike Johnson (LA-04), who was elected speaker of the U.S. House of Representatives last October, recently traveled to the nation's energy epicenter, the Permian Basin, to highlight the importance of American oil and natural gas. The speaker's visit to the Permian coincided with the start of "Energy Week" in the U.S. House, which took place during the week of March 18-March 22.

Congressman August Pfluger, whose legislative district includes Midland and much of the Permian Basin, welcomed Speaker Johnson during his trip to West Texas. As part of the speaker's visit to Midland, both Speaker Johnson and Congressman Pfluger also participated in a rig tour with Diamondback Energy, a member of TIPRO. "It is a privilege to welcome Speaker Mike Johnson to the Permian Basin to kick off 'Energy Week' and recognize the incredible contributions of the oil and gas industry," said Congressman Pfluger. "I am extremely proud of the Permian Basin and all that it represents. From the hardworking men and women on our oil rigs to the innovative minds in our research labs, this region embodies the American spirit of ingenuity and resilience. The speaker's visit underscores the importance of our industry and community."

Photo courtesy of Congressman Pfluger's office

House passes legislation prohibiting presidents from issuing a moratorium on hydraulic fracturing

By a vote of 229-188, the U.S. House of Representatives on Wednesday, March 20th passed House Resolution 1121, the *Protecting American Energy Production Act*, which would bar a president from declaring any kind of pause or moratorium on the use of hydraulic fracturing unless such a moratorium is authorized by an act of Congress. The bill, authored by House Energy and Commerce Energy, Climate, and Grid Security Subcommittee Chairman Jeff Duncan (R-South Carolina), affirms that states should maintain primacy for the regulation of hydraulic fracturing for oil and natural gas production on state and private lands.

"H.R. 1121 is a common-sense measure that ensures no president has the unilateral power to shut down fracking," said Congressman Duncan. "This legislation also makes it clear that no president should have the power to stop any of our domestic energy production—that power should reside with Congress and the states."

Last Fall, the U.S. Department of Interior submitted a statement for the record on H.R. 1121, reiterating the president, the secretary of the Interior, and officials at the Bureau of Land Management (BLM) have not proposed a moratorium on the practice of hydraulically fracturing oil and gas wells. Administration leaders also said they were concerned over the legislation. "The Department of the Interior is concerned that H.R. 1121 would unduly limit the president's discretion in managing the safe and environmentally protective development of federal resources from federal lands. As such, the department does not support the bill."

In spite of its passage, H.R. 1121 is unlikely to be signed into law, as it presumably will not be taken up in the Democratic-led Senate and is not expected to be approved by the White House.

Top energy policymaker warns EPA regulations will raise costs of domestic energy production

During the last week of March, U.S. Senator Joe Manchin (D-WV), who leads the Energy and Natural Resources Committee in the U.S. Senate, sent a letter to U.S. Environmental Protection Agency (EPA) Administrator Michael Regan expressing "significant apprehensions" to the "Waste Emissions Charge for Petroleum and Natural Gas Systems" Rule (WEC Rule) and "Greenhouse Gas Reporting Rule: Revisions and Confidentiality Determinations for Petroleum and Natural Gas Systems" (Subpart W Rule) proposed by the EPA earlier this year. In January, the EPA published a proposed rule titled "Waste Emissions Charge for Petroleum and Natural Gas Systems" to implement requirements of the Clean Air Act (CAA) as specified in the Methane Emissions Reduction Program (MERP) of the Inflation Reduction Act (IRA). Under the program, the EPA is mandated to impose and collect an annual charge on methane emissions that exceed specified waste emissions thresholds from an owner or operator of an applicable facility that reports more than 25,000 metric tons of carbon dioxide equivalent of greenhouse gases emitted per year pursuant to the petroleum and natural gas systems source category requirements of the Greenhouse Gas Reporting Rule. The EPA's rule proposal asserts calculation procedures, flexibilities and exemptions related to the waste emissions charge.

Senator Manchin, and others, warn the forthcoming regulations, as proposed, however are "overly restrictive" and will raise domestic energy production costs. "EPA's significant delays implementing these two rules has created a situation that is unfair to regulated companies and inconsistent with congressional intent. Since energy companies are liable for fees on methane emitted beginning this year, it is unacceptable that EPA waited over a year and a half after the passage of the IRA to propose a rule for implementing the waste emissions charge and that the majority of the $1.55 billion in grant funding provided by the IRA for methane reduction is still not available to apply for," Senator Manchin wrote in part. "Furthermore, EPA's delay in implementing the new Subpart W Rule until at least 2025 is another clear violation of the IRA, which required updated reporting standards to be completed by this upcoming August so that fees on methane emissions would be based on more accurate data, including facility owners' own empirical data. Given these failures, EPA should provide the maximum amount of flexibility when implementing the WEC for 2024 emissions so that energy companies are not liable for fees when they have not yet been given fair notice and opportunity to avoid them, as Congress intended."

Senators Cornyn and Cruz join GOP senators accusing Democrats of pushing political agenda in requests for oil and gas merger investigations

U.S. Senators for Texas Ted Cruz and John Cornyn last week joined Senate Republican Leader Mitch McConnell and 35 Senate Republican colleagues in sending a letter to Federal Trade Commission (FTC) Chairwoman Lina Khan regarding recently announced oil and gas mergers. The group of GOP senators in their letter called on the FTC to follow the law by conducting a fair and unbiased review of these mergers even though Senate Democrats have requested the FTC investigate these major energy acquisitions by citing misleading and false allegations. Previously, Senate Democrats also have urged the FTC to act beyond their authority, suggested the Republican lawmakers, by arguing that such investigations must be used to stop these companies from discrediting "climate science," "subverting our democratic processes," and "frustrate self-governing" through more oil and gas production.

"We respectfully request that the FTC conduct a fair and unbiased review of these mergers that is rooted in the facts, economic realities, and precedent," wrote lawmakers. "The oil and gas industry (like any other industry) should not be subject to unfair investigations or heightened antitrust scrutiny in order to further a political agenda that seeks the end of fossil fuel production. We expect the commission to exercise its authorities with adherence to the rule of law and respect for due process, not partisan pressures and policy preferences."

TIPRO members may review the full letter to FTC Chairwoman Khan here.

Congress members express 'grave concern' on weaponizing of tax code against producers

Republican Congressman John Cornyn, who represents the state of Texas in the U.S. Senate, U.S. Senator John Barrasso (R-Wyoming), ranking member of the Senate Energy and Natural Resources Committee, Senator Shelley Moore Capito (R-W.Va.), ranking member of the Senate Environment and Public Works (EPW) Committee, and 21 Republicans from the Senate joined together in sending a letter at the end of March to U.S. Treasury Secretary Janet Yellen expressing serious concern over the $110 billion in target tax increases on the production of oil, gas, and coal included in the Biden Administration's *General Explanations of the Administration's Fiscal Year 2025 Revenue Proposals* (Green Book).

"We write with grave concern regarding the administration's continued hostility towards American energy production. Working families and small businesses are facing immense challenges including high energy prices. At the same time, our allies and partners across the globe are asking for reliable American energy resources to escape their dependence on Russian energy and to deal with the energy crisis. Instead of increasing U.S. energy production, the administration is focused on increasing energy taxes," wrote the senators. "The administration has once again doubled down on weaponizing the tax code against U.S. energy producers. The Department of Treasury's G*eneral Explanations of the Administration's Fiscal Year 2025 Revenue Proposals* (Green Book) is filled with crippling tax hikes on the production of oil, gas, and coal."

The senators in their letter also said the administration must stop attacking America's energy producers who are ready to provide reliable and affordable energy for the American people.

To read full text of the letter, click here.

U.S. Interior finalizes Waste Prevention Rule

On Wednesday, March 27, the U.S. Department of Interior announced a final rule from the Bureau of Land Management (BLM) that tightens limits on flaring, venting and leaks of natural gas during the production of oil and gas on federal and Tribal lands. The regulations build on technological advances and best management practices to help reduce waste, said BLM regulators, and are expected to generate more than $50 million in additional natural gas royalty payments each year to the federal taxpayer and Tribal mineral owners, while conserving billions of cubic feet of gas that might otherwise have been vented, flared, or leaked from oil and gas operations.

"This final rule, which updates 40-year-old regulations, furthers the Biden-Harris administration's goals to prevent waste, protect our environment, and ensure a fair return to American taxpayers," said Secretary of the Interior Deb Haaland. "By leveraging modern technology and best practices to reduce natural gas waste, we are taking long-overdue steps that will increase accountability for oil and gas operators and benefit energy communities now and for generations to come."

"This rule represents a common sense, fair, and equitable solution to preventing waste that provides a level playing field for all of our energy-producing communities," agreed BLM Director Tracy Stone-Manning.

Energy representatives and other government leaders, however, have said they are troubled by aspects of the new BLM rules. "The BLM's final rule is a solution in search of a problem... Rather than imposing yet another layer of red tape on American energy production, the Biden Administration should take steps to unleash oil and natural gas production on federal lands," commented U.S. Senator John Barrasso (R-Wyoming), ranking member of the U.S. Senate Energy and Natural Resources Committee.

Wyoming Governor Mark Gordon also warned the federal policy was "harmful" to oil and gas producers and ultimately would increase energy costs to consumers. "BLM continues to oppress the consumer by imposing ridiculous regulations in an attempt to hinder the oil and gas industry in the Biden crusade's appeal to their environmental groups. They will require oil and gas companies to pay royalties on flared gas resulting in consumers paying more to heat their homes," Governor Gordon said. "The long-term effect is less production and fewer jobs resulting in a net loss."

More information about the BLM's final Waste Prevention rule is available here.

Biden Administration releases new rules reversing Trump ESA reforms

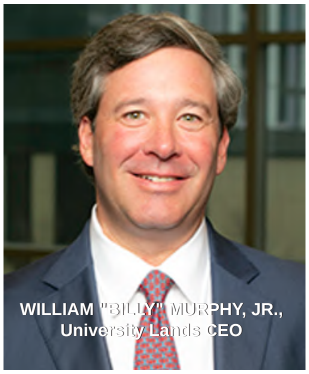
The U.S. Department of the Interior's U.S. Fish and Wildlife Service (USFWS) and the Department of Commerce's National Oceanic and Atmospheric Administration's National Marine Fisheries Service (NOAA Fisheries) last week finalized three rules that rollback regulatory modifications made to the Endangered Species Act (ESA) by the Trump Administration. The new rules put forth by USFWS and NOAA Fisheries will reinstate the "blanket rule" under Section 4(d) that automatically provides endangered level protections to species listed only as threatened and instead required threatened species to be managed with specifically tailored plans. The regulatory updates also reverse Trump-era changes that allowed economic impacts to be considered when deciding whether to grant a species endangered status – and protections.

"These revisions underscore our commitment to using all of the tools available to help halt declines and stabilize populations of the species most at-risk," USFWS Director Martha Williams said in a statement.

In response to the regulatory action, House Committee on Natural Resources Chairman Bruce Westerman (R-Arkansas) said the administration was taking backwards steps in its attempts to modernize the ESA. "We know the ESA is an outdated piece of legislation that has repeatedly failed its primary goal of recovering listed species, yet Biden is now undoing crucial reforms and issuing new regulations that will not benefit listed species," said the lawmaker. "As with virtually every policy from this administration, these rules are at best political posturing and at worst will negatively impact the species we work so hard to conserve and protect." Chairman Westerman noted new legislation he has been working on, the *America's Wildlife Habitat Conservation Act,* to bring the ESA into the modern age and codify long-term, science-based solutions for America's wildlife.

The final rules are available on the USFWS's ESA Regulations website and will publish in the coming days in the Federal Register. The rules will be effective 30 days after publication.

Join industry leaders at TIPRO's next joint monthly luncheon in Houston!


WILLIAM "BILLY" MURPHY, JR., University Lands CEO

Join the Texas Independent Producers & Royalty Owners Association (TIPRO), Independent Petroleum Association of America (IPAA) and Houston Producers Forum on Tuesday, April 16th, for this month's 'Leaders in Industry' luncheon. The event, hosted at the Petroleum Club of Houston, will feature commentary from guest presenter William "Billy" Murphy, Jr., chief executive officer of University Lands. University Lands manages the surface and mineral interests of 2.1 million acres of land across 19 counties in West Texas for the benefit of the Permanent University Fund (PUF), one of the largest university endowments in the United States that benefits more than 20 educational and health institutions across both The University of Texas System and Texas A&M University System.

Murphy joined University Lands in 2022 as CEO. He has over 15 years of experience in land and minerals management, including oil and gas, renewables, and low carbon solutions. Prior to joining University Lands, Murphy was an executive officer at King Ranch, Inc. He started his career at Bracewell LLP in their energy transactions group.

To register for the April 'Leaders in Industry' luncheon, please click here.

Registration also is open for the May 'Leaders in Industry' luncheon happening Tuesday, May 21st with guest presenter Brandon Rumbelow, chief financial officer of BPX Energy. For more event information, please visit https://tinyurl.com/mrybbbnn.

Railroad Commission asks for input on Oil & Gas Monitoring and Enforcement Strategic Plan

State regulators at the Railroad Commission of Texas are seeking feedback from stakeholders in the development of the agency's annual *Oil and Gas Division Monitoring and Enforcement Strategic Plan*. Pursuant to Texas Natural Resources Code Sec. 81.066(b), the commission each year makes updates to plans defining and communicating the Oil and Gas Division's strategic priorities with regard to its monitoring and enforcement efforts. The plan confirms the division's priorities and outlines additional goals for data collection, stakeholder input, and other new priorities for the fiscal year.

For the forthcoming plan that is being prepared for Fiscal Year 2025, stakeholders are specifically being asked by the Railroad Commission to weigh in on action items that will address the totality of oil and gas monitoring and enforcement activities, inclusive of technical permit monitoring and administrative compliance enforcement.

The deadline for feedback is 5 p.m. on Friday, May 4, 2024. Input can be submitted online by completing the survey at https://tinyurl.com/bdh4n4n8.

Alternatively, written comments may also be sent for consideration to:

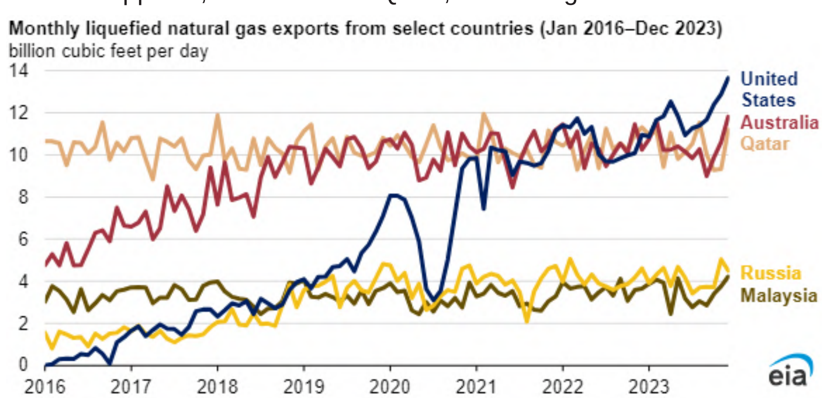
Oil and Gas Strategic Plan Stakeholder Input/Oil and Gas Division
Railroad Commission of Texas
P.O. Box 12967
Austin, Texas 78711-2967

Comments received by mail after May 4th may not be incorporated into the Fiscal Year 2025 iteration of the plan but will be reviewed by commission staff.

The U.S. was the world's largest liquefied natural gas exporter in 2023, new data shows

The United States exported more liquefied natural gas (LNG) than any other country in 2023, according to new data released on April 1st by the U.S. Energy Information Administration (EIA). U.S. LNG exports last year averaged 11.9 billion cubic feet per day (Bcf/d), said the EIA, a 12 percent increase (1.3 Bcf/d) compared with 2022.

By comparison, exports from the world's two other largest LNG suppliers, Australia and Qatar, each ranged from 10.1 Bcf/d to 10.5 Bcf/d annually between 2020 and 2023, data provided from Cedigaz and cited by the EIA showed. Russia and Malaysia, meanwhile, were the fourth- and fifth-highest LNG exporters globally over the last five years (2019–2023), noted the EIA. In 2023, LNG exports from Russia averaged 4.2 Bcf/d, and exports from Malaysia averaged 3.5 Bcf/d.



Notably, U.S. LNG exports achieved monthly records at the end of 2023, reported the EIA. Exports of LNG from the U.S. topped 12.9 Bcf/d in November and surged to 13.6 Bcf/d in December. Strong demand for LNG in Europe amid high international natural gas prices in part supported the increase in U.S. LNG exports, said the EIA.

Europe remained the primary destination for U.S. LNG exports in 2023, accounting for 66 percent of U.S. exports (7.8 Bcf/d), followed by Asia at 26 percent (3.1 Bcf/d) and Latin America and the Middle East with a combined 8 percent (0.9 Bcf/d). Specifically, countries that imported the most U.S. LNG last year were the Netherlands, France, and the UK, with a combined 35 percent (4.2 Bcf/d) of all U.S. LNG exports. Japan and South Korea also were top importers of U.S. LNG in 2023, with each country reportedly receiving 0.8 Bcf/d of LNG exports from the United States, the fourth- and fifth-highest U.S. LNG export volumes by country in 2023. Japan, China, and India increased LNG imports from the United States by a combined 0.6 Bcf/d compared with 2022, said the EIA.

TIPRO

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.

---

919 Congress Avenue, Suite 810
Austin, Texas 78701
Phone: (512) 477-4452
Fax: (512) 476-8070
www.tipro.org