



**Texas
Independent
Producers and
Royalty Owners
Association**

Dunes Sagebrush Lizard listed as an endangered species

Federal wildlife officials with the U.S. Fish and Wildlife Service (USFWS) in mid-May [announced](#) the designation of the Dunes Sagebrush Lizard as an endangered species under the Endangered Species Act (ESA). The listing will become effective June 20, 2024.

The [Dunes Sagebrush Lizard](#), only two inches in length, is native to dunelands and shrublands in West Texas and eastern New Mexico, an area which also holds one of the world's most lucrative oil and natural gas basins.

Last summer, the USFWS proposed federal protections for the reptile in response to a court settlement after litigation was filed by the Center for Biological Diversity over the status of the lizard. Oil and gas operators in the Permian Basin along with ranchers have strongly opposed the listing of the Dunes Sagebrush Lizard as an endangered species, warning it will hinder drilling activity, could slow production, add extra costs and disrupt businesses. Oil and gas companies already have spent millions of dollars on conservation efforts for the lizard, including through voluntary agreements reached with wildlife managers.

One of Texas' oil and natural gas regulators blasted the move by the USFWS, saying the decision to list the Dunes Sagebrush Lizard as endangered does not account for years of public and private collaborative efforts protecting the lizard. "This doesn't have a thing to do with 'saving lizards'; it's about shutting down U.S. oil and gas production to win political brownie points, which will only increase inflation and jeopardize billions of lives globally," Texas Railroad Commissioner Wayne Christian said. "It doesn't matter if it's a lizard, a chicken, a whale, or a unicorn, radical environmentalists won't be satisfied until we all get our energy from firewood and are living in a cave again. To them, this is about ending fossil fuels to 'better humanity', which is ironic given they allow mankind to flourish by powering 80 percent of the globe's energy, manufacturing 96 percent of consumer products, and helping to feed more than half the planet. Right now, the world needs more energy and more Texas oil and gas, and all this does is drive up prices and make it harder on consumers."

"Texas will certainly fight this most recent ESA weaponization, which aims to shut down half the nation's crude oil production and one-third of its natural gas production," Commissioner Christian added. "Texans can rest assured that the Texas Railroad Commission and other state agencies won't lift a finger to help with this non-sense, because the [Texas Energy Independence Act](#) prohibits state agencies from facilitating any effort that would undermine Texas oil and gas production."

TIPRO members can see the final rules listing the Dunes Sagebrush Lizard as endangered at www.regulations.gov, searching for docket number FWS-R2-ES-2022-0162. Members are also encouraged to read more about the voluntary conservation efforts made over the past decade by the oil and gas industry to protect the Dune Sagebrush Lizards and their habitats at <https://tinyurl.com/4ahmemzy>.



Dunes Sagebrush Lizard
Ryan Hagerty/USFWS

South Texas Congressman raises concerns on increasing oilfield theft in Texas

At a recent hearing of the U.S. House Appropriations Commerce, Justice, Science, and Related Agencies Subcommittee, U.S. Representative Tony Gonzales (TX-23) questioned FBI Director Christopher Wray about the agency's response to growing threats toward Americans because of the escalating crisis on the border, including more reports of theft across Texas' oil patch. "I was just out in West Texas. I'm seeing a significant increase in oil theft in West Texas. All my sheriffs are asking for help. Are there any opportunities to expand the FBI oil field theft task force?" the congressman asked at the hearing.

"We're very proud of the work that our West Texas offices are doing in terms of the Permian Basin Oil Field Task Force. It's created due to the fact that I think something like 40 percent of the oil in the U.S. comes from the West Texas region. That task force...has not only state and local law enforcement participation, but we also have, which is a bit innovative, cleared oilfield security personnel... typically they're former law enforcement as well...on the task force. It's a way to kind of track oil field crime to ensure that investigations move as quickly as and effectively as possible...it's something we're very focused on," responded FBI Director Wray.

Oilfield theft continues to cost producers millions of dollars, as thieves reportedly target not just oil but also other valuable assets, including pipe and copper. A lieutenant for the Ector County Sheriff's Office earlier this year said the situation was "definitely worse" than he had ever seen it. "It's a common occurrence...daily our deputies are going out on some type of oilfield theft – whether it be pipe or copper or oil," Lieutenant Richard Dickson [told](#) NewsWest 9, a local TV outlet in the Midland and Odessa area. He said local law enforcement was working with oilfield security specialists and other task forces to compare notes and intelligence to address oilfield crime.

President’s message

TIPRO members,

The Texas primary runoff election this week garnered national media attention, in part due to a contentious race in House District 21 between Texas House Speaker Dade Phelan and GOP activist David Covey. Speaker Phelan prevailed this election cycle by a margin of approximately 366 votes despite Covey being well-funded and endorsed by Donald Trump, Lt. Gov. Dan Patrick and Attorney General Ken Paxton. Speaker Phelan's campaign reported spending \$3.8 million on the runoff and Covey's campaign reported \$1.6 million in spending, making it the most expensive state House race in Texas history. It's also interesting to note that the only time in Texas history that a sitting speaker lost their race was in 1972.

Including Speaker Phelan, nine Texas House incumbents, eight Republicans and one Democrat faced challengers in the primary runoff, but only Speaker Phelan and Representative Gary VanDeaver were successful in holding off their opponents. Meanwhile, 16 House members chose not to seek re-election at the end of last session and nine failed to win their primary races in March. Not taking into account the outcomes of the 90 General Election races in November, there will be 32 new members of the 89th Texas House of Representatives, 24 Republicans and eight Democrats. The speaker, who is elected by a majority of the 150 members of the Texas House, may already be facing a narrow path to maintaining his gavel next year and will have to overcome the challenges of significant turnover in the legislature and challengers like Republican state Representative Tom Oliverson of Cypress who has already declared his candidacy for speaker of the 89th Legislature.

In the Texas Senate, Brent Hagenbuch on Tuesday defeated attorney Jace Yarbrough in the Republican primary runoff for the solidly red Texas Senate District 30 vacated by Republican Senator Drew Springer. Hagenbuch, who won by a double-digit margin, was endorsed by Donald Trump, Governor Greg Abbott, Lt. Governor Patrick and former Governor Rick Perry, is a transportation executive and former U.S. Navy Civil Engineer Corps officer and will most likely serve in Texas' 89th State Senate. The Democrat runoff election in State Senate District 15 to replace Senator John Whitmire, now mayor of Houston, was another closely watched race. State Senator Molly Cook, recently elected in a May 4th special election to finish Whitmire's expiring term, defeated State Representative Jarvis Johnson by 74 votes on the last unofficial count, which does not count late-arriving mail-in ballots and is well within the margin for a recount. Should Cook prevail, she will face Republican Joseph Trahan in November to try to win a four-year term in a historically blue district. The outcomes of the general elections in Senate Districts 30 and 15 will likely not alter the partisan make-up of the Senate. The election to watch, however, will be the rematch between incumbent Democrat Morgan LaMantia and Republican Adam Hinojosa for State Seante District 27 in the November General Election.

In the Republican primary runoff for Texas' 12th Congressional District, state Representative Craig Goldman beat business owner John O'Shea. Goldman will face Trey Hunt in the November General Election to fill U.S. Representative Kay Granger's long-held seat. Incumbent Congressman Tony Gonzalez of San Antonio declared victory against gun rights activist Brandon Herrera in the Republican primary runoff for Texas' 23rd Congressional District. Gonzalez won the runoff election with a margin of 407 votes. Congressman Gonzales will face Santos Limon in the November General Election and Navy veteran Jay Furman won against his runoff challenger and will face incumbent U.S. Representative Henry Cuellar in November in the 28th Congressional District.

Candidates and political pundits often claim each election is *the most important in our history*. While this has become something of a cliché in politics, the November election cycle may actually be worthy of that title and will have significant implications for our industry. Texas citizens that value the positive contributions of oil and natural gas should join in efforts to inform and educate all stakeholders, help promote sound, sensible energy policy at all levels of government and support energy-minded leaders on Election Day.

I hope you will join us on August 19-20 for our Summer Conference in San Antonio as we delve into politics and many other relevant topics for the Texas oil and natural gas industry, including the expanding federal regulatory environment, mineral A&D trends and opportunities, priorities for the 89th Texas Legislative Session, and much more. Regards,

Ed Longanecker

Registration opens for June ‘Leaders’ luncheon, featuring Chevron executive Bruce Niemeyer

Bruce Niemeyer, president of Chevron's Americas Exploration & Production unit, will speak at the next 'Leaders in Industry' luncheon, taking place on Tuesday, June 18th at the Houston Petroleum Club. Niemeyer has over three decades of oil and natural gas experience. In his current role as Chevron's president of Americas Exploration & Production, he oversees Chevron's exploration and production activities throughout the Americas, including the company's significant portfolio of assets in California, the Gulf of Mexico and the Rocky Mountain and Mid-Continent regions of the United States, Canada, and Argentina, Brazil and Venezuela in Latin America.

To sign up to hear insights from Niemeyer at the upcoming 'Leaders' luncheon, please visit <https://tinyurl.com/5f937xva>.

The 'Leaders in Industry' luncheon series is hosted monthly by the Texas Independent Producers and Royalty Owners Association (TIPRO), Houston Producers Forum (HPF) and Independent Petroleum Association of America (IPAA). The event gives attendees a special opportunity to learn from seasoned industry leaders and also offers time to network with fellow professionals. Learn more by visiting <https://tinyurl.com/mrye4bez>.

TIPRO CALENDAR OF EVENTS		
<div>JUNE 18, 2024 HOUSTON — TIPRO/IPAA/HPF “Leaders in Industry” Luncheon. For information, email info@houstonproducersforum.org.</div>	<div>JULY 16, 2024 HOUSTON — TIPRO/IPAA/HPF “Leaders in Industry” Luncheon. For information, email info@houstonproducersforum.org.</div>	<div>AUGUST 19-20, 2024 SAN ANTONIO — TIPRO's 2024 Summer Conference For information, email info@tipro.org.</div>

States sue over recent regulatory reforms to the *National Environmental Policy Act*

Twenty states, including Texas, Louisiana, Wyoming and Iowa, filed a new lawsuit last week to stop changes to the *National Environmental Policy Act (NEPA)* finalized in April by the Biden Administration. In their legal challenge, the states claim the White House Council on Environmental Quality (CEQ), a division of the Executive Office of the President, made “illegal” revisions to NEPA that insert “many arbitrary mandates into the environmental review system with the foreseeable effect of delaying and foreclosing disfavored types of projects.” The group of states also argue mandates imposed with the latest NEPA reforms will create roadblocks to infrastructure development, increasing costs and delays that may force the cancellation of some projects altogether, while American families bear the brunt of higher building expenses. The mandate even injects undefined terms such as “environmental justice” and “Indigenous Knowledge” into the approval process, adding further confusion and potential delays, the states contend.

“Through this final rule, the council seeks to turn back the clock and transform NEPA’s foundational purposes by undoing the modernizations and consolidation achieved in the 2020 regulations,” said the states in the legal challenge. “The final rule violates the plain language and purpose of NEPA, its legislative history, and binding precedent. The final rule also lacks reasoned basis in the record and is otherwise arbitrary and capricious under the *Administrative Procedure Act* (“APA”), 5 U.S.C. §§ 701 et seq. 11. The final rule will add complexities and significantly exacerbate delays in the NEPA process and work against NEPA’s goal of encouraging balanced public engagement. Also, it will create increased costs that further impede or even preclude critically needed projects of importance to plaintiff states with any federal nexus. In doing so, the final rule countermands, rather than implements, improvements to the NEPA process that Congress enacted less than a year ago in the *2023 Fiscal Responsibility Act (FRA)*. It also frustrates recent federal laws like the *2021 Bipartisan Infrastructure Law*, the *2022 Inflation Reduction Act*, and the *2023 FRA*, all aimed at timely delivery of needed infrastructure. The final rule’s injection of ambiguity, new requirements, and unbounded agency discretion will also needlessly foster more development crippling litigation by opportunistic project opponents using NEPA as a convenient tool to challenge federal agency approvals. The result [is] undue federal interference with the states’ sovereign and economic interests in the stewardship and development of critical projects and their respective natural resources.”

As a result, the coalition of states are asking the courts to vacate the Biden Administration’s final NEPA rule, remand it to the CEQ, enjoin the CEQ from enforcing its final rule, and reinstate the 2020 NEPA rule. TIPRO members may read the full lawsuit [here](#).

Last year, a coalition of 24 states, many of the same states involved with this lawsuit, sent a letter to the White House opposing the Biden Administration’s then-proposed second phase of the NEPA rule. At the time, the states said the CEQ’s NEPA reforms were “a dramatic example of federal and administrative overreach” that went “far beyond CEQ’s delegated authority.” Because the NEPA revisions would increase regulatory uncertainty, impose more costs with little benefit and exceed CEQ’s authority in a way that would be harmful to broad and beneficial infrastructure development, state leaders demanded that the administration withdraw its proposed NEPA rule.

See the full comment letter [here](#).

Congressmen working on bipartisan, bicameral resolution to block Biden’s latest NEPA overhaul

After the [White House finalized](#) more reforms to the *National Environmental Policy Act (NEPA)* at the end of April, leading policymakers from Congress in May said they were already working to keep new provisions of the rulemaking from being implemented. U.S. Senator Joe Manchin (D-West Virginia), chairman of the U.S. Senate Energy and Natural Resources Committee, on May 9th announced he was joining U.S. Congressman Garret Graves (R-LA-06) and Senator Dan Sullivan (R-Alaska) to file a bipartisan, bicameral *Congressional Review Act (CRA)* resolution of disapproval to overturn the NEPA Phase II final rule by the Biden Administration.

“Bottom line: instead of simply implementing the bipartisan, common-sense reforms included in the *Fiscal Responsibility Act*, they loaded up this rule with new requirements to help agencies and litigators run out the clock on the types of projects they don’t like. This undermines the bipartisan deal the administration made with the *Fiscal Responsibility Act* and will increase costs and red tape for critical projects that, despite being needed for national security and prosperity, aren’t favored by the radical left. I am proud to work with my colleagues from all corners of our country to introduce a bipartisan, bicameral CRA resolution of disapproval to reverse this flawed rule,” remarked Chairman Manchin.

“The NEPA Phase II rule is a blatant violation of the actual bipartisan agreement that we negotiated and President Biden signed into law last year,” said Congressman Graves. “It veers completely off course of our goal to cut red tape in the permitting process. As written by the White House, the rule includes definitions that favor certain groups over others instead of keeping a level playing field for all types of projects. It also finds loopholes to extend page limits in reviews and does nothing to curb frivolous litigation intended to delay dirt turning. Plain and simple, this is just another example of complete administrative overreach that will hurt every major project — from ports to wetland restoration to renewables and oil and gas. I appreciate the efforts of Senators Manchin and Sullivan to quickly correct this misstep. We will continue to fight for streamlined permitting laws so that they no longer hinder the protection of the people and resources they are meant to serve.”

Senator Sullivan added, “The Biden Administration’s NEPA Phase II rule will bog down the ability to permit infrastructure projects, make them harder to build, waste taxpayer dollars, and keep workers from working. When we negotiated the permitting agreement with the Biden Administration last year, we included provisions that would cut through the red-tape, not prolong an endless review process. Those important reforms are being killed by the Biden Administration through additional provisions that would further delay the permitting process. This CRA will end this overreach and deliver the bridges and roads, pipelines and tunnels, ports, runways and American energy projects that American taxpayers were promised. We’re urging every one of our colleagues to put the interests of American-infrastructure needs and the hard-working men and women of this country who build this infrastructure above the demands of the far-left radical environmentalists.”

New bills filed in Congress to overturn Biden's ESA rulemakings

Three Congressional Review Act (CRA) resolutions were filed in mid-May in the U.S. Senate seeking to block the Biden Administration's recent reversal of key reforms to the Endangered Species Act (ESA) previously implemented by the Trump Administration that increased stakeholder engagement, defined critical habitat and ensured species recovery plans were effective. The CRAs, introduced by U.S. Senators Roger Marshall, M.D. (R-Kansas), Cynthia Lummis (R-Wyoming), Dan Sullivan (R-Alaska) and Pete Ricketts (R-Nebraska), would ensure the Trump-era rules, finalized in 2019, stay in place instead of being replaced by the new set of controversial ESA policies from federal regulators.

"Under President Trump, we made great strides to create common-sense reforms to the ESA that cut regulatory red tape and still provided protections to threatened and endangered species," stated Senator Marshall. "Unfortunately, the Biden Administration and the radical environmentalists he prioritizes won't rest until they have killed the agriculture, forestry, and energy industries. These rules do nothing to protect species but make it virtually impossible to do business."

Through the proposed CRA resolutions, lawmakers are calling for the Interior Department's reinstatement of the "blanket rule" under Section 4(d) to be denied. This provision of the ESA automatically extended endangered level protections to species listed only as threatened – reforms accepted in 2019 had eliminated the rule and instead required threatened species to be managed with specifically tailored plans. The Biden Administration rule, meanwhile, re-established the blanket rule, essentially treating all threatened species as endangered once again.

Moreover, the group of senators also hope to reverse the Biden Administration changes to critical habitat regulations. The 2019 reforms allowed the U.S. Fish and Wildlife Services (USFWS) and National Oceanic and Atmospheric Administration (NOAA) to research and share the economic impacts of a listing determination under the ESA and provided flexibility in defining critical habitat. Under the Biden updates, the agencies are no longer able to share or disseminate information on the economic impact of a listing and unoccupied areas can be designated as critical habitat.

Finally, reforms made in 2019 to Section 7 established standards to ensure analysis for proposed actions is limited to only "activities that are reasonably certain to occur" instead of using hypothetical worst-case scenarios that were unlikely to happen. However, the Biden Administration eliminated this clarification, which could allow radical environmentalists to depart from the facts and cite such scenarios in calls for more sweeping regulations. Senators hope to return regulatory language for Section 7 back to its 2019 form to ensure the ESA is not an overly burdensome and ineffective statute.

Democratic-led congressional letter urges administration to take 'swift action' on Rice's whales

Federal officials are being urged by a group of 16 House Democrats to take action to finalize and implement additional measures that protect the Rice's whale species, also known as the Gulf of Mexico whale given the species of baleen whale is endemic to the northern Gulf of Mexico. Led by U.S. House Natural Resources Committee Ranking Member Raúl Grijalva (D-Arizona), U.S. Representative Debbie Dingell (D-Michigan) and U.S. Representative Don Beyer (D-Virginia), Democratic lawmakers in the middle of May sent a letter to Rick Spinrad, who leads the National Oceanic and Atmospheric Administration (NOAA), to encourage the federal agency to prioritize conservation measures and more regulatory action that further protects Rice's whales from extinction.

"We commend you and your agency for your essential work in coordinating research, taking steps to designate critical habitat, and educating the public about this extraordinary part of our country's natural heritage. However, more action is urgently needed to sustain and recover the Gulf of Mexico Rice's whale population," representatives said in their letter. "The survival of this species hinges upon NOAA's ability and willingness to finalize protections for Rice's whales and their habitat."

As TIPRO previously reported, last year, NOAA [denied a petition](#) to utilize authorities under the Endangered Species Act (ESA) and Marine Mammal Protection Act to establish year-round vessel speed limits and other vessel-related mitigation measures to protect Rice's whales in the Gulf of Mexico. Instead, NOAA said that it would prioritize other conservation actions for Rice's whales, including finalizing critical habitat for the species, conducting additional vessel risk assessments, and developing a recovery plan for the species.

The House Democrats in their letter to Administrator Spinrad requested NOAA prioritize science-based conservation measures to prevent the extinction of the Rice's whale, including (1) finalizing its proposed critical habitat designation, (2) drafting and finalizing a recovery plan for Rice's whales as soon as possible, (3) implementing conservation measures, including measures to reduce vessel strike and acoustic stress, and (4) prioritizing agency funding for Rice's whales research and conservation. TIPRO members can read the full letter to NOAA [here](#).

As TIPRO reported to members earlier in May, senior policymakers in the Senate meanwhile are telling the Biden Administration to back away from advancing regulations regarding the Rice's whale that would impede offshore energy development and military activities, citing the lack of scientific evidence underpinning the proposals from the U.S. Departments of Commerce and Interior that concern the whale species. "When issuing regulations with such significant impacts to our economy and national security, it is imperative to rely on the best available science," said U.S. Senators Bill Cassidy, M.D. (R-LA), member of the Senate Energy and Natural Resources Committee, Tommy Tuberville (R-AL), Katie Boyd Britt (R-AL), John Kennedy (R-LA), Cindy Hyde-Smith (R-MS), Ted Cruz (R-TX), and Roger Wicker (R-MS). "We agree with the importance of the Marine Mammal Protection Act and the ESA but caution you to avoid moving forward with regulations without verifiable scientific data. Rather than depending on centuries-old whaling records and non-peer reviewed claims for rulemaking, NOAA and BOEM should gather new, verified data on the species in question." Read their full letter [here](#).

Rulemakings, government mandates and other zealous proposals pertaining to the whale species threaten to impede and restrict energy activity, which could have an alarming and negative effect on the production of oil and gas, transport of oil and gas products and the economy.



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Republicans file legislation canceling BLM's revisions on oil and gas leasing regulations

Elected officials on Capitol Hill are taking action to try to stop new oil and gas regulations from taking effect this Summer. U.S. Senators John Barrasso, ranking member of the U.S. Senate Energy and Natural Resources Committee, and Cynthia Lummis (both R-Wyoming) joined Senator Steve Daines (R-Montana) and eight of their colleagues in introducing a *Congressional Review Act* resolution in May to overturn the Bureau of Land Management's (BLM) Fluid Mineral Leases and Leasing Process rule. The rule, slated to take effect on June 22, 2024, significantly increases royalties, rates, minimum bids and costs for oil and gas producers on federal lands and will negatively impact domestic energy production.

"President Biden is doing everything he can to end oil and natural gas production on federal lands," stated Senator Barrasso. "The BLM's latest oil and gas rule imposes steep costs on producers, making it economically impossible to produce energy on BLM lands. Less oil and natural gas from federal lands means fewer jobs for Americans and more money to the Middle East, Venezuela, Russia, and Iran. Our legislation will force the Biden Administration to reverse course and finally unleash American energy production."

The legislation is co-sponsored by U.S. Senators Ted Cruz (R-Texas), Jim Risch (R-Idaho), John Hoeven (R-North Dakota), Pete Ricketts (R-Nebraska), Mike Lee (R-Utah), Mike Crapo (R-Idaho), Cindy Hyde-Smith (R-Mississippi) and Dan Sullivan (R-Alaska).

Click [here](#) to read the CRA resolution.

New legislation defends U.S. energy producers, repeals natural gas tax

Significant legislation was filed this week in the U.S. Senate fighting the natural gas tax included in the Biden Administration's *Inflation Reduction Act*. The ill-conceived and unworkable natural gas tax will handicap technological innovation by producers, reduce supplies of affordable energy and increase both costs as well as emissions. Led by U.S. Senator for Texas Ted Cruz, policymakers in Congress are working to eliminate the punitive tax that could place Texas independent oil and gas companies in jeopardy.

"Joe Biden and Biden officials have proven time and time again that they care more about their radical climate agenda the needs of the American people. They have driven up inflation and jeopardized American jobs and energy security, all of which would be made significantly worse by the methane emissions fee in the *Inflation Reduction Act*. This fee will particularly harm Texas by undermining producers in the Permian Basin and across the state."

Click [here](#) to read the full text of the legislation.

Already, lawmakers in the U.S. House have agreed the natural gas tax should be repealed, and in the spring passed legislation by U.S. Representative August Pfluger (TX-11) that will help stop the Biden Administration's attacks on American energy and do away with the misguided energy tax. "President Biden's tax on natural gas production does nothing but make it harder to produce American-made energy while driving up costs. Congress must take action to repeal this looming regulatory disaster. The House has already passed my legislation to repeal the tax, and I am proud to work alongside Senator Cruz to get it to the President's desk," said Congressman Pfluger. "Energy security is national security," he underscored.

SAVE THE DATE!



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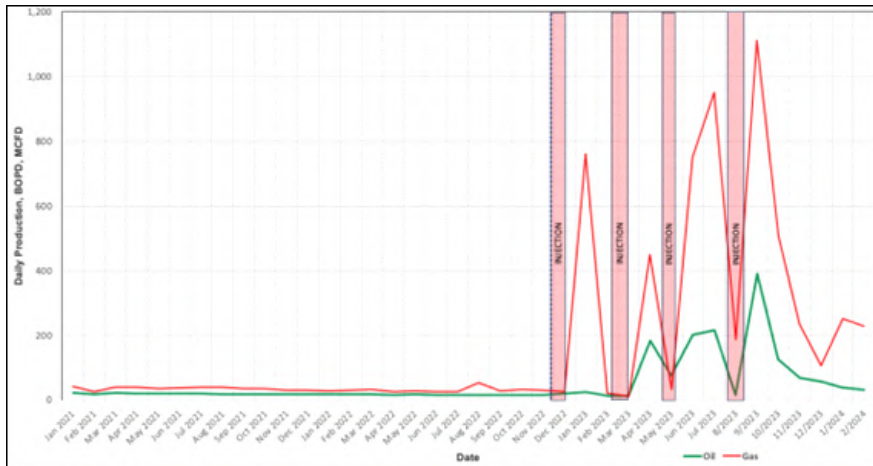


“SuperEOG works!”

By Robert Downey, Shale Ingenuity LLC

Shale Ingenuity first disclosed the SuperEOR process for greatly enhancing the recovery of oil and gas from shale oil wells in the July 2022 TIPRO newsletter. SuperEOR is now proven to work as expected, and can provide an enormous boost to domestic shale oil production and reserves, as operators are increasingly running out of well locations to drill.

A one-well SuperEOR project was started in December 2022, in a horizontal Eagle Ford Shale oil well. Prior to the start of SuperEOR, the well's cumulative oil recovery was about 92,600 barrels, and the well was producing at about 13 BOPD. Liquid hydrocarbon solvent was pumped into the well with a triplex pump, where it extracted oil and gas on flowback – a “huff and puff” process. When the solvent is pumped into the well, it moves into the shale pore spaces and is heated to formation temperature. Then when the well is opened, it very rapidly expands to a gas, driving oil and gas through the pore spaces and up the wellbore. In this well, daily average production increased from 13 BOPD to 390 BOPD. The graph below shows the monthly production and solvent injection periods.



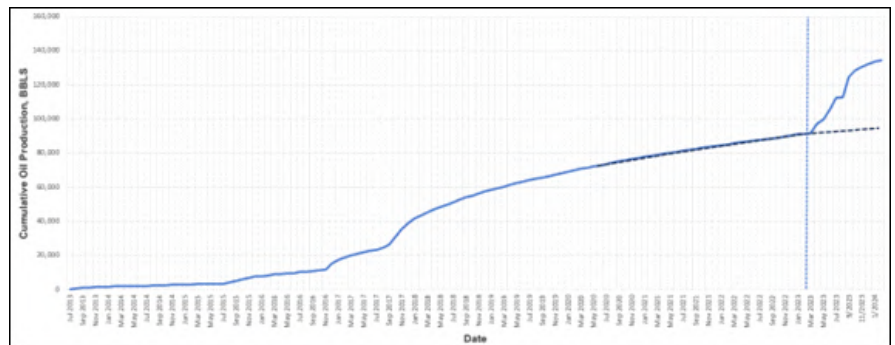
After four cycles of injection and flowback, the well had recovered about 40,000 additional barrels of oil (above the 13 BOPD baseline production), an increase of 44 percent. The cumulative oil recovery versus time for the well is shown in the graph below. The dotted line denotes when the SuperEOR process began.

Over a 10-year period, the projected incremental oil recovery is about 480,000 barrels, or 500 percent more than the 92,600 barrels the well had produced in its prior 11 year history. The production response was within about 6 percent of what was modeled using compositional reservoir simulation software, prior to the start of EOR operation. And, the operation confirmed that artificial lift was no longer needed during the process, as the well was either injecting solvent or flowing back the oil, gas and gaseous solvent solution.

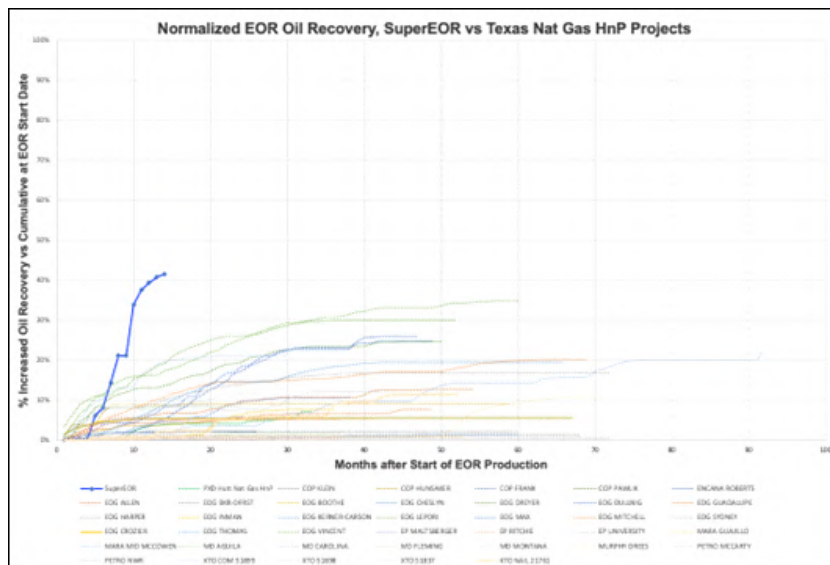
As a result, the cost/barrel of production was about half that of primary recovery, and with much lower emissions.

The operator is now quietly planning to expand the project to include several more adjacent wells, and the installation of equipment to recover and recycle the solvent.

SuperEOR, as the name implies, is superior to other shale oil EOR methods, such as natural gas or CO₂ huff and puff. The graph to the right is a comparison of percent increased oil recovery vs time for every shale oil EOR project in Texas.



SuperEOR recovers far more oil, and much faster, than other shale oil EOR methods.



Shale Ingenuity's initial patents on the SuperEOR and UltraEOR processes were issued last December. The company will license the use of these processes on very favorable terms, and can provide contract or at-risk participation in SuperEOR projects to make it even easier for operators to implement it in their wells.

If you are a shale oil producer, let Shale Ingenuity help you implement SuperEOR in your wells. It can boost your oil recovery by 300-500 percent or more while lowering the cost of production, and extend the life of wells by 10-20 years. Primary recovery from shale wells is only about 6 percent of the oil in place, so SuperEOR can potentially increase that recovery to 30 percent or more.

If you are a mineral interest owner with shale oil producing wells on your leases, strongly encourage your operators to implement SuperEOR. They are your minerals, and allowing wells to deplete on primary and then get plugged will result in an enormous waste of your resource. There are now about 6,000 shut-in shale oil wells in the Eagle Ford and

Permian, and that number is increasing daily.

To get started, please email Robert Downey at downey.robert@shaleingenuity.com or call (720) 431-4108.

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