## Natural gas pipeline takeaway capacity in the Permian Basin expected to grow

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Rapid growth in crude oil and natural gas production in the Permian Basin in recent years has been constrained by the ability to move energy supplies out of the region, however added takeaway capacity and new pipelines coming online in the Permian soon should help ease constraints, energy experts from the U.S. Energy Information Administration (EIA) said this week. The Matterhorn Express Pipeline, with a capacity of 2.5 billion cubic feet per day (Bcf/d), is expected to begin service this month. It will transport natural gas from the Permian Basin to Katy near Houston, Texas.

[Select natural gas infrastructure in Texas (September 2024)

MEXICO

Natural gas hub

Approved

Existing natural gas pipeline

In addition to the Matterhorn pipeline, three new Permian Basin pipeline projects with a combined capacity of 7.3 Bcf/d have also been approved and are in various stages of development, noted the EIA:

- Apex Pipeline, with a capacity of 2.0 Bcf/d, is designed to transport natural gas from the Permian Basin to Port Arthur, Texas. Operator Targa Resources expects the pipeline to enter service in 2026.
- <u>Blackcomb Pipeline</u>, with a capacity of 2.5 Bcf/d, is designed to transport natural gas from the Permian Basin to Agua Dulce in South Texas. Operator Whitewater Midstream expects the pipeline to enter service in 2026.
- <u>Saguaro Connector Pipeline</u>, with a capacity of 2.8 Bcf/d, is designed to transport natural gas from the Permian Basin to the U.S.-Mexico border. The pipeline, which connects with the Sierra Madre pipeline on the Mexico

The pipeline, which connects with the Sierra Madre pipeline on the Mexico side, is projected to enter service by 2027–2028.

Pipeline operators have also announced other projects with a total capacity of 7.0 Bcf/d designed to transport natural gas from the Permian Basin to demand centers in Mexico and along the Texas Gulf Coast. These projects, if realized, could come into service between 2025 and 2028, reported the EIA.

"Additional infrastructure like the Matterhorn and other pipeline projects currently under construction will help support oil and natural gas development in Texas and allow producers to safely deliver affordable and reliable energy to consumers across the state, country and the globe," said TIPRO President Ed Longanecker. "More energy infrastructure will enable the Lone Star State to continue being a global leader in oil and natural gas production, driving further economic prosperity across Texas and enhancing our nation's energy security."

#### Comment period extended on proposed amendments to state waste management rules

The Railroad Commission of Texas will give stakeholders additional time to submit feedback on proposed new rules regulating oil and gas waste management. In response to public requests, the commission announced it is extending the public comment period on proposed amendments to 16 Texas Administrative Code (TAC) §3.8 (also known as Statewide Rule 8), relating to Water Protection; 16 TAC §3.57(also known as Statewide Rule 57), relating to Reclaiming Tank Bottoms, Other Hydrocarbon Wastes, and Other Waste Materials; and 16 TAC Chapter 4, Subchapter B, relating to Commercial Recycling; and new 16 TAC Chapter 4, Subchapter A, relating to Oil and Gas Waste Management. Proposed amendments pertain to waste from oil and natural gas operations (such as rock and other materials pulled up from the ground during drilling) and encapsulate waste from other operations for which the legislature has given the Railroad Commission jurisdiction. Examples include geothermal, carbon sequestration, and brine mining wells. Groundwater protection is also a significant factor in the rule amendments, according to the agency. This update considers the need for historical rules to adapt to technological advancements being used in the modern-day oilfield. The proposed rule also allows residents more time to protest waste management permit applications, extending the time frame from the current 15 days to 30 days.

The formal comment period on the draft rules originally was set to conclude at the end of the month, but has been extended to Tuesday, October 15. TIPRO is currently working on formal comments and requests feedback and recommendations from members of the association by close of business Friday, October 11.

Last week, TIPRO President Ed Longanecker testified before the Railroad Commission regarding the agency's major overhaul of rules governing oil and gas waste management and commercial recycling. In Longanecker's comments, he thanked the commission for the agency's balanced approach but expressed concerns with certain aspects of the rule relating to smaller operators, freshwater requirements and others. To rewatch the hearing, <u>click here</u>.

TIPRO members may view the proposed rule amendments and submit comments by visiting the Railroad Commission's website at <a href="https://www.rrc.texas.gov/general-counsel/rules/proposed-rules/">https://www.rrc.texas.gov/general-counsel/rules/proposed-rules/</a> under Chapters 3 and 4.

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#### President's message

TIPRO Members.

We continue to see a significant amount of media coverage concerning the Texas electric grid and need for more baseload power generation. During the 88th Legislative Session, TIPRO supported passage of several related pieces of legislation, including Senate Bill 2627 and Senate Joint Resolution 93, the "Powering Texas Forward Act," which established the Texas Energy Fund (TEF) to be used by the Public Utility Commission of Texas (PUCT) to provide loans to finance new dispatchable electric generating facilities as well as upgrades to existing facilities. This program allows the PUCT to provide for completion bonus grants for the construction of dispatchable electric generating facilities in the Electric Reliability Council of Texas (ERCOT) power region and zero interest loans for new generation builds up to 10 gigawatts (GW), as well as for additions to existing generation facilities.

The response to this program was overwhelming. By May 31, the PUCT announced it had received 125 notices of intent to apply for a loan through the TEF. The 125 notices requested \$38.9 billion in financing for 55,908 megawatts of proposed dispatchable power generation projects, eight times the size of the fund passed by the legislature. In response, Governor Greg Abbott and Lieutenant Governor Dan Patrick have vowed to add an additional \$5 billion to the TEF during the upcoming 89th Legislative Session.



**Ed Longanecker** 

Ahead of a PUCT meeting on August 29, agency staff filed a Memorandum Recommending Loan Application Advancement to Due Diligence, noting the specific projects recommended to go through to the due diligence process and potentially receive a TEF loan. At the public meeting, the PUCT commissioners finally approved the list of projects, as recommended.

The list includes 17 gas-fired dispatchable generation projects chosen from the 72 applications the PUCT received. A total of \$5.38 billion in loans, the projects make up 9,781 MW of new generation. The map included in the memo indicates three projects could be located in the Permian Basin's Ward, Reeves and Ector Counties. See the staff memo including the list of projects chosen and the map of the project locations here.

On September 4, the PUCT denied one of the selected loan applications made by Aegle Power with NextEra Energy as a co-sponsor. The agency noted that the entity made the application without the knowledge or consent of use of NextEra as a sponsor. The proposed 1,292 MW of gas-fired generation has since been removed from the prospective project list. The remaining 16 applications will be reviewed for up to eight months.

If the due diligence requirements are not met by an application, that application will not advance. There is a potential that staff could go back to the list of applicants and select additional projects if any of the current selected projects do not move forward, and funds become available. Staff will provide updates on the process as they progress through the due diligence process this Fall.

Meanwhile, House Bill 5066 was another priority supported by TIPRO last year, which relates to electricity service in areas of this state with a need for transmission projects. The bill, which passed and was signed into law, specifically identified the Permian Basin, requiring that a reliability plan for the Permian region be developed. The plan includes a study of future oil and gas demand performed by S&P Global, which shows that by 2030 Transmission Service Providers (TSP) anticipate approximately 24 GW of load in the region, including 12 GW of oil-and-gas related load and another 12 GW of additional load largely attributable to data centers, crypto mining and hydrogen electrolysis facilities.

The forecast also shows another 3 GW of oil-and-gas-related load by 2038 for a total load projected demand of 27 GW. The demand is equivalent to almost 1/3 of the peak demand of the entire ERCOT system as of today. Based on these forecasts, ERCOT identified a significant number of transmission upgrades that will be required to meet these future demands.

Later this month, on September 26, we expect the PUCT to issue a final order approving a reliability plan for the Permian Basin region, at which point applicable transmission service providers can file applications at the commission that are required to be processed within 180 days based on requirements of House Bill 5066 and can begin construction on new facilities and upgrades. With that said, the commission has already taken proactive steps towards addressing the Permian Basin's reliability needs by approving three projects at the end of August in the Permian Basin using funds from the TEF.

I think all Texans fully grasp why these programs are so critically important to our state. Texas saw about 1.7 percent annual electricity demand growth, which aligns with a 1.6 percent population growth through 2022. This included more than 25,000 new businesses opening their doors in Texas from 2010 to 2019. But as ERCOT's forecast shows, that's all changing. Between 2021 and 2023, Texas' electricity demand increased by 16 percent. The two-year span was nearly half of the total demand increase over the prior two decades. During the summer of 2023, Texas broke electricity consumption records 10 times as air-conditioning demand from homes and businesses skyrocketed. Power consumption hit a record 85,435 megawatts on August 10, 2023. And ERCOT announced in April 2024 that it expects peak electricity demand in Texas to grow to 152 gigawatts by 2030 – a roughly 78 percent increase from current levels.

As we know, power intensive sectors, including Artificial Intelligence (AI), data centers and crypto mining, are driving much of this demand growth. Dispatchable energy sources like natural gas will continue to play a primary role in providing a reliable baseload supply for decades to come, but further investment in domestic production, infrastructure and natural gas power generation will be critical to meet this demand.

This topic will continue to be top priority during the 89<sup>th</sup> Legislative Session and TIPRO will advocate accordingly. We applaud the Texas policymakers that are taking decisive action to fortify our electric grid, with natural gas remaining as a dominant, affordable and dependable source of energy for power generation.

Regards,

Ed Longanecker

#### Lt. Gov. stresses keeping up with state's rising power demand remains a top priority for legislature

During a recent business forum, Texas Lieutenant Governor Dan Patrick said strengthening the power grid remains a main goal for lawmakers and is perhaps the "number one issue" for the upcoming legislative session in Texas. Patrick, who spoke at the 15<sup>th</sup> annual Gulf Coast Industry Forum in Pasadena on Thursday, September 5, said part of the state's strategy is to build more power plants, including additional dispatchable natural gas-fired generation facilities.

"There are lots of other big issues, but this is it. Because if you can't turn the lights on, you're out of business. We can't turn the lights on, companies start leaving. If companies start leaving and stop coming, then the Texas miracle is gone," stated the lieutenant governor.

Texas currently has approximately 85,000 megawatts of power available including wind, solar, coal, nuclear and natural gas, but may need up to 150,000 megawatts of power to support the state grid by the year 2030, according to official estimates.

This summer, Lieutenant Governor Patrick joined Texas Governor Greg Abbott announcing intent by both state leaders to expand the new Texas Energy Fund, which provides grants and loans to finance the construction, maintenance, modernization and operation of electric facilities in Texas. Both the governor and lieutenant governor hope during the next legislative cycle to double the amount of funding that is available for developers to build more natural gas plants to help meet the state's growing demand for electricity.

#### Legislative advisory committee plans to convene next month to review Texas Energy Fund

State lawmakers from the Texas House of Representatives and Texas Senate will meet at the state capitol on Tuesday, October 8, at 9:00 a.m. to review the operation, function and structure of the Texas Energy Fund. The Texas Energy Fund was created by the Texas Legislature in 2023 during the 88th Legislative Session through Senate Bill 2627, the *Powering Texas Forward Act*, to provide grants and loans to finance the construction, maintenance, modernization and operation of dispatchable electric facilities in Texas to ensure Texans across the state have long-term, reliable power generation. Under Senate Bill 2627, an advisory committee was also established to oversee the Texas Energy Fund and advise the Public Utility Commission of Texas in its use of the fund.

There are currently six legislative members serving on the Texas Energy Fund Advisory Committee, including three members that were appointed by the speaker of the House and three members appointed by the Lieutenant Governor. Members include co-chairs Senator Charles Schwertner (R-Georgetown) and Representative David Spiller (R-Jacksboro), Senators Joan Huffman (R-Houston) and Nathan Johnson (D-Dallas) and Representatives Todd Hunter (R-Corpus Christi) and Ana Hernandez (D-Houston).

#### State representatives meet in Houston to discuss EPA air regulations

Members of the Texas House Committee on Environmental Regulation held a public hearing in Houston last week to consider interim legislative charges and examine the impact of new EPA air quality regulations. The committee, chaired by State Representative Brooks Landgraf (R-Odessa), at the hearing addressed the implications of recent EPA regulations proposed and promulgated rules to assess their collective impact on air quality in Texas. Additionally, officials examined the necessity for a new State Implementation Plan and explored potential legislative measures to ensure a balanced approach that promotes regulatory compliance while preserving economic vitality, especially in counties identified as at risk of violation.

#### TIPRO members invited to energy infrastructure roundtable with RRC Commissioner Christian

Texas Railroad Commissioner Wayne Christian has invited TIPRO members to participate in an energy infrastructure roundtable at the Railroad Commission headquarters in Austin on Tuesday, September 24<sup>th</sup> from 1:30-3:30 p.m. to discuss growth trends and infrastructure needs for crude oil, natural gas and water (including produced water). This is not a closed meeting, so TIPRO members are welcome to invite anyone within their company that would be useful to this discussion. For questions or to RSVP, please email Jeremy Hagen at: <a href="mailto:jeremy.hagen@rrc.texas.gov">jeremy.hagen@rrc.texas.gov</a>.

#### Limited seats remain for upcoming TIPRO/HPF/IPAA 'Leaders in Industry' luncheon

Join the Texas Independent Producers and Royalty Owners Association (TIPRO), Houston Producers Forum and Independent Petroleum Association of America (IPAA) in Houston on September 17<sup>th</sup> for an exclusive luncheon featuring Craig Jarchow, president and chief executive officer of <u>TG Natural Resources</u>.

Dr. Jarchow has worked in the upstream field for over 30 years, holding senior operational positions at Amoco Corporation and Apache Corporation prior to his roles in private equity. Earlier in his career, he was a managing director and partner at Pine Brook Road Partners, LLC, a private-equity firm which specializes in energy and financial services, where he served as an investor, board member and advisor to portfolio company CEOs. Prior to Pine Brook, he was at First Reserve Corporation. Dr. Jarchow holds a B.A. in Geological Sciences from the University of California, Santa Barbara, an M.S. and Ph.D. in Geophysics from Stanford University, and an M.B.A. from MIT.



Gain insights from a seasoned industry leader and network with fellow energy professionals – register by <u>clicking here</u>.

#### TIPRO CALENDAR OF EVENTS

SEPTEMBER 17, 2024
HOUSTON — TIPRO/IPAA/HPF
"Leaders in Industry" Luncheon.
For information, email
info@houstonproducersforum.org.

OCTOBER 15, 2024

HOUSTON — TIPRO/IPAA/HPF

"Leaders in Industry" Luncheon.
For information, email
info@houstonproducersforum.org.

NOVEMBER 19, 2024
HOUSTON — TIPRO/IPAA/HPF
"Leaders in Industry" Luncheon.
For information, email
info@houstonproducersforum.org.

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#### Updated state transportation plan commits record \$148 billion for transportation infrastructure

As population growth continues at an exponential rate in Texas and the transportation system faces challenges like never before, state leaders are investing record funding in road infrastructure and highways across the Lone Star State. Recently, the Texas Transportation Commission voted unanimously to approve the state's updated Unified Transportation Plan (UTP), which provides an official "roadmap" for transportation leaders that defines, prioritizes and assigns available funding to thousands of Texas transportation projects over the next 10 years. The new 2025 UTP commits a record \$148 billion in total investment for the state's transportation system, with more than \$104 billion allocated to improve safety, address road congestion and connectivity and preserve roadways and an additional \$43 billion for infrastructure development and routine maintenance. As part of the new UTP, billions of dollars in funding have also been dedicated for transportation projects in energy-producing regions like the Permian Basin over the next decade.

"Strengthening our roadways and transportation infrastructure is critical for Texas to remain the 'Best State for Business' in the nation," commented Texas Governor Greg Abbott. "With the adoption of this record-breaking \$148 billion transportation investment, Texas will continue to meet the needs of Texans in rural, urban, and suburban communities while also improving roadway congestion and safety. People come to Texas because we provide the freedom and opportunity they can't find anywhere else, and that's why we're investing in the future of Texas roads. Projects like this will ensure our products and people can move quickly to keep the Texas economy booming. Together, we are building a bigger, better Texas for years to come."

"With a booming population and economy, TxDOT is meeting the moment with a record investment in our state roadway system to ensure Texas remains the preferred destination for families and businesses," said Texas Transportation Commission Chairman J. Bruce Bugg, Jr. "Thanks to the vision of Governor Greg Abbott and the Texas Legislature, this historic transportation investment focusing on safety and congestion relief will help meet the needs of Texans for years to come."

"This investment impacts communities across the state, with projects that can help save lives and improve connectivity," said Texas Department of Transportation (TxDOT) Executive Director Marc Williams. "TxDOT has a record amount of active construction projects this year, and this will help continue that work of moving people and goods safely and efficiently in our rural, urban and metropolitan areas."

The UTP is updated by the state annually. This year's plan represents a \$5.6 billion increase in total investment from the previous year, according to TxDOT.

TIPRO members can find more information on the UTP projects here.

#### Bryan McMath named executive administrator of the Texas Water Development Board

The Texas Water Development Board (TWDB) last week announced Bryan McMath has been selected as the new executive administrator of the agency. McMath has been serving in the role in an interim capacity since March.

"Bryan stepped seamlessly into the role of interim executive administrator over the last six months, further demonstrating his ongoing dedication to this agency," said TWDB Chairwoman Brooke Paup. "He is more than capable and exceptionally qualified to lead the TWDB in our efforts to ensure a secure water future for Texas, and I am honored to name him as our permanent executive administrator."

McMath has been part of TWDB since joining the board in 2018 as a governmental relations liaison before being named the TWDB's director of governmental relations in January 2021. In that role, he coordinated communications regarding legislative and policy matters affecting the agency, as well as provided leadership in developing the TWDB's legislative priorities and ensuring they are communicated effectively to the state's elected officials. Before that, McMath worked for nearly 15 years at the Texas state capitol for two state senators, three state representatives, a house committee office, and a former speaker of the House. While his focus during his final six years at the capitol was on natural resource and water issues, he supported various other public policy areas during his career including the state budget, energy, ethics, financial institutions, government organization, regulated industries and transportation.

"I have full confidence in Bryan's ability to serve as executive administrator as our agency continues to grow in both size and responsibility," said TWDB Board Member L'Oreal Stepney. "His extensive knowledge of the agency and Texas water issues, strong leadership abilities, and results-driven focus will all contribute to his success in this role."

#### State leaders present implementation plan for new voter-approved Texas Water Fund

In 2023, the 88<sup>th</sup> Texas Legislature passed Senate Bill 28 and Senate Joint Resolution 75 providing for the creation of the Texas Water Fund, a special fund in the state treasury outside the general revenue fund administered by the Texas Water Development Board (TWDB) that assists in financing water projects in Texas. Senate Bill 30 also authorized a one-time, \$1 billion supplemental appropriation of general revenue to the Texas Water Fund, contingent on enactment of Senate Bill 28 and approval of Senate Joint Resolution 75 by voters. By a 77.6 percent majority, Texas voters last November approved Proposition 6, approving the water policies and creating the Texas Water Fund to support water infrastructure in the Lone Star State.

Recently, leaders of the TWDB presented the <u>Texas Water Fund Implementation Plan</u>, detailing the amounts and criteria for each program eligible to receive dollars transferred from the Texas Water Fund. The implementation plan identifies \$195 million in financial assistance for the Rural Water Assistance Fund (RWAF), \$90 million for the Water Loan Assistance Fund (WLAF) and the remaining \$715 million that will go towards a new statewide water awareness program, the State Water Implementation Fund for Texas (SWIFT) program, potential bond leveraged funding through existing financial assistance programs, and the New Water Supply for Texas Fund. "Having the support of voters last November was the first step. Developing the implementation plan was the huge next step to get the Texas Water Fund dollars out the door to much-needed projects, and it's a tremendous accomplishment," said TWDB Chairwoman Brooke Paup.

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#### Texas regulators again beat legislative targets for state managed well plugging program

The state's well plugging program managed by the Railroad Commission of Texas beat performance measure targets set by the Texas Legislature for the eighth year in a row, officials announced last week. In Fiscal Year 2024, the Railroad Commission said 1,012 orphaned wells were plugged across Texas with state funds, surpassing the legislature's performance target of 1,000 wells.

While the majority of oil and gas operators plug their own wells, the state's oil and gas regulatory agency will step in to plug wells when an operator goes out of business and collects on the operator's financial assurance and seeks reimbursement through legal proceedings, explained the Railroad Commission. The Railroad Commission's well plugging program works to eliminate the safety and environmental risks associated with abandoned wells. Using a risk-based ranking system, the agency's program prioritizes the plugging of orphan oil and gas wells.

"We continue to be a national leader in addressing orphaned wells," said Railroad Commission Deputy Executive Director Danny Sorrells. "Our extensive well plugging experience dates to 1984, and elements of our program, such as a prioritization system that ensures high-risk, high-priority wells are plugged, have been copied by other states. The design of the Railroad Commission's plugging program and our dedicated staff help us quickly work to protect groundwater around the state," added Sorrells.

To see more on how the commission's decades of well plugging experience helps protect Texas communities and the environment, watch this video: <a href="https://youtu.be/QrT0ox-Wtvk">https://youtu.be/QrT0ox-Wtvk</a>.

#### State oil and natural gas production tax revenue exceeds \$8.4 billion in Fiscal Year 2024

Tax revenue collected by the state from oil and natural gas production totaled more than \$8.43 billion in the last fiscal year, according to Texas Comptroller Glenn Hegar. At the start of September, the comptroller released totals for Fiscal 2024 state revenues, reporting that total revenue for the state's 2024 fiscal period finished largely in line with expectations, one-half of 1 percent below the comptroller office's Certification Revenue Estimate (CRE) issued last October. Overall, General Revenue-related revenue for Fiscal 2024 totaled \$83.78 billion, up 1.1 percent from Fiscal 2023, observed the comptroller.

Oil production tax revenues went up 6.3 percent between Fiscal Year 2023 and Fiscal Year 2024, noted the comptroller, topping \$6.3 billion is the last fiscal year. Lower natural gas prices, meanwhile, contributed to less natural gas production tax revenue in Texas than the previous fiscal cycle. Tax revenue from natural gas production totaled \$2.13 billion in Fiscal Year 2024, down 36.3 percent from the previous fiscal year.

In the comptroller's recent update, Comptroller Hegar also said in November the comptroller's office will deposit \$2.74 billion to both the Texas Economic Stabilization Fund, known as the Rainy Day Fund, and the State Highway Fund in Fiscal 2025. Both receive funding from oil and natural gas severance taxes.

#### EPA issues draft permits for Underground Injection Control Class VI Wells in Texas

The first week of September, the U.S. Environmental Protection Agency (EPA) issued draft Class VI permits to Oxy Low Carbon Ventures LLC for three proposed wells for geologic sequestration of carbon dioxide in Ector County, Texas. The draft permits are the first of their kind that EPA has issued in Texas for Class VI wells under the *Safe Drinking Water Act* Underground Injection Control program, which establishes requirements to protect underground sources of drinking water from contamination.

Class VI injection wells store carbon dioxide deep underground that has been captured from an emissions source or the atmosphere. The proposed project by Oxy Low Carbon Ventures includes three wells on former ranch land about 14 miles from the city of Odessa that will store about 722,000 metric tons of carbon dioxide per year at a depth of about 4,400 feet.

In developing the draft permit, the company was required by the EPA to provide specific analysis of the site to ensure that constructing and operating the proposed wells remains protective of the environment, including preventing contamination to underground sources of drinking water and human-caused seismicity. Federal regulators evaluated these technical analyses, with support from experts at the Department of Energy's National Laboratories, and additional data to verify that the site's geology, other nearby underground activity, and project scope and operations would ensure that the permitted activity meets *Safe Drinking Water Act* requirements. Further, the company was also required to ensure the plans are appropriate for conditions at and around the site, including construction materials, mechanical integrity, and emergency response planning.

Once permitted, Class VI wells require extensive monitoring for well integrity, ground water quality and CO2 movement. Well operators are also required to plan for emergencies and for how the well will be plugged after its lifespan. EPA also has ensured the language in the draft permit is clear and enforceable under *Safe Drinking Water Act* regulations. While developing the draft permit, EPA met with local elected officials and emergency responders, community members and property owners to explain the Class VI well program, listen to concerns and answer questions.

The draft permit is now open for public comment until Monday, October 7. Written comments may be submitted online at <a href="https://www.regulations.gov/docket/EPA-R06-OW-2024-0410">https://www.regulations.gov/docket/EPA-R06-OW-2024-0410</a> under Docket #EPA-R06- OW-2024-0410.

EPA Region 6 will also hold a public engagement meeting regarding the proposed Class VI permits on Wednesday, October 2, from 7:00 p.m. to 9:00 p.m. CST at the MCM Elegante Hotel, located at 5200 East University Boulevard in Odessa. This meeting is open to the public and will provide general information on Class VI wells, the Class VI permitting process and the proposed Class VI permits.

The following day, on Thursday, October 3, the EPA will host a public hearing on the Class VI permits at the MCM Elegante Hotel in Odessa. The public hearing will be livestreamed for those unable to attend in person, though no virtual testimony will be permitted. More details on the hearing are available <a href="here">here</a>.

TIPRO members can find more information on the EPA's Class VI Program here.

## ENERGY RENAISSANCE: TRANSFORMATIVE TRENDS IN OIL AND GAS

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#### GOP senators submit amicus brief on proper scope of environmental reviews under NEPA

Leading lawmakers from the U.S. Senate recently weighed in on the scope of the *National Environmental Policy Act* (NEPA) as the Supreme Court considers a case that will decide whether federal agencies must analyze environmental impacts that are beyond the bounds of an agency's regulatory authority. On September 4, 2024, U.S. Senate Committee on Energy and Natural Resources ranking member John Barrasso (R-Wyoming) led an amicus brief that argues agencies are not required to consider such impacts. Joining Senator Barrasso in signing the legal brief was Senate Committee on Commerce, Science, and Transportation ranking member Ted Cruz (R-Texas), Senate Committee on Environment and Public Works ranking member Shelley Moore Capito (R-West Virginia), Senate Minority Leader Mitch McConnell (R-Kentucky), and Senators Mike Lee and Mitt Romney from Utah, where the project at issue in the case is located.

Below TIPRO members may read excerpts from the brief:

"Congress passed NEPA 'simply to ensure that the agency has adequately considered and disclosed the environmental impact of its actions.' This narrow procedure was meant to promote 'a fully informed and well-considered decision.' In the D.C. Circuit, agencies must now discuss the 'downstream' effects of their projects, even when those effects are well-beyond the agency's delegated authority. This multiplies the scope of issues that a reviewing court may use as a basis to reverse the decision of the agency. It pushes agencies to go beyond the bounds of their authority and expertise into areas that Congress has not entrusted to them. And it encourages regulatory overreach. Taken together, the D.C. Circuit turns NEPA review into a limitless academic exercise, disconnected from an agency's statutory authority and actual expertise... Now, any company seeking to build a project that triggers NEPA review must bear the costs of this additional, unmeasurable uncertainty."

To read the full amicus brief, click here.

#### Biden Administration authorizes LNG exports for the first time since LNG permitting freeze

For the first time since January, federal regulators with the Biden Administration have authorized a new liquefied natural gas (LNG) export license. On Tuesday, September 3<sup>rd</sup> the U.S. Department of Energy approved LNG shipments from a New Fortress Energy facility in Mexico that will send natural gas to countries with which the U.S. does not have a free-trade agreement. Gas for the facility will originally be sourced from the U.S.; it then will be transported to Mexico and later shipped to other countries.

This summer, as TIPRO has previously <u>reported</u> to members, a federal judge overturned the administration's temporary moratorium on LNG permits that was put in place by the Biden White House at the beginning of the year. Although the Biden Administration is currently appealing the court orders against its LNG permitting pause, federal officials agreed to sign off on the New Fortress Energy LNG export license. However, the decision to authorize New Fortress Energy to export LNG does not mean the Biden Administration's LNG export pause is over, a DOE spokesperson confirmed, who also said that the department is continuing to update how it evaluates and permits these kinds of projects moving forward.

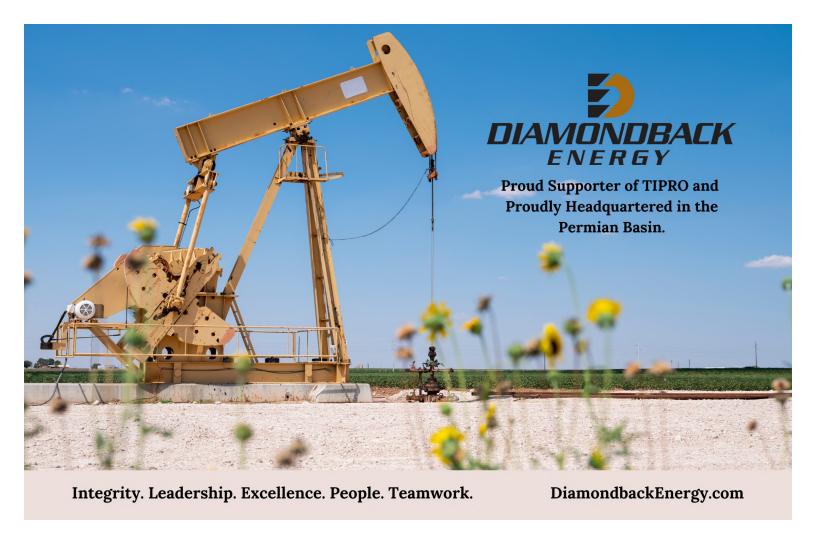


### Republican-led states ask Supreme Court to block EPA's methane rule

A group of more than 20 states has asked the nation's high court to block the implementation of the U.S. Environmental Protection Agency's (EPA) final rules expanding regulatory requirements for energy producers mandating cuts to methane emissions from oil and gas drilling and production activities. In a legal filing with the Supreme Court challenging the federal regulations, the coalition of state attorneys general argued the EPA had overstepped its authority in developing its rule, which will decrease oil and natural gas production, force the closure of many wells and result in the loss of jobs. The states are requesting the Supreme Court issue a stay on the rule while litigation challenging the EPA's methane regulation is

The states suing the EPA over the methane rule are Oklahoma, Alabama, Alaska, Arkansas, Florida, Georgia, Idaho, Iowa, Indiana, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, North Dakota, Ohio, South Carolina, Utah, Virginia, West Virginia and Wyoming, as well as the Arizona Legislature

A federal appeals court earlier this summer denied the states' request to put the new industry methane regulations on hold.







## Texas Independent Producers & Royalty Owners Association

With nearly 3,000 members, TIPRO is the nation's largest statewide association representing both independent producers and royalty owners. Our members include small family-owned companies, the largest publicly traded independents and large and small mineral estates and trusts.

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