Texas
Independent
Producers and
Royalty Owners
Association

TIPRO reflects on a successful year once again excelling in association's mission promoting Texas' oil & gas industry

As the year draws to a close, the Texas Independent Producers and Royalty Owners Association (TIPRO) is looking back at some of the milestones and achievements by TIPRO during 2024. Some of TIPRO's accomplishments in 2024 include:

- Championing energy dominance and opportunities to develop oil and natural gas in the Lone Star State.
- Engaging with state and federal policymakers, law enforcement and other stakeholders to identify solutions to address oilfield theft in Texas. This includes supporting U.S. Congressman Tony Gonzales' (TX-23) <u>Protect the Permian Act</u> in the U.S. House of Representatives and also backing Texas Senator Kevin Sparks' recently-filed

<u>Senate Bill 494</u> that proposes the creation of a state task force to handle oilfield theft concerns and help identify effective strategies for combating the theft of petroleum products in Texas.

- Advocating on behalf of TIPRO members during Texas' interim legislative session on key priorities, such as overcoming federal interference, and other impacts from policies to the oil and natural gas industry in Texas.
- Fighting against onerous policies by the Biden Administration, including restrictions on liquified natural gas (LNG) exports.
- Hosting exclusive conferences and forums for TIPRO members to network, learn and engage in issues impacting the E&P sector.

"TIPRO has had an active year, and we are already making preparations for a high-powered 2025, as significant regulatory and policy changes are expected for our industry," said TIPRO President Ed Longanecker. "In addition to our effective advocacy and lobbying work,

TIPRO would like to thank all of our members for their continued support. TIPRO looks forward to achieving more milestones and building on our success in the new year!

TIPRO continues to build on our industry communications, education campaigns and outreach to advance our mission and preserve the ability for independents to explore for and produce oil and natural gas in the state of Texas."

Speakers announced for TIPRO's Annual Convention!

Make plans to join the Texas Independent Producers and Royalty Owners Association (TIPRO) in Austin on February 24-26, 2025, at the Otis Hotel for the association's 79th Annual Convention! TIPRO is excited to share the first group of confirmed speakers for the association's upcoming annual meeting, which includes industry leaders, state officials and energy experts. TIPRO presenters include:



Richard Dealy,



State Senator Kevin Sparks



State Representative Drew Darby



Kelly Keel, TCEO



Dr. Scott Tinker, Tinker Energy Associates



Kent Britton, Port of Corpus Christi



Dan Pickering, Pickering Energy Partners



William Murphy, University Lands

You won't want to miss important discussions about the future of the Texas oil and natural gas industry at TIPRO's conference. Sign up today to take advantage of early-bird pricing on registration costs for the event. TIPRO's early registration discount ends January 24!

Chairman's message

Greetings, fellow TIPRO members —

I hope you are enjoying your holiday preparations. While it can be stressful securing gifts for family, friends and others, I remind myself to stay focused on what this season is truly about. The Christmas holidays are also a mixed time for our industry. Some are extremely busy finalizing acquisitions or divestitures that must be closed before the year's end, while others in operations are scrambling to advance wells and projects to a point where personnel can take a break over the holidays. On the other end of the spectrum, many in our industry are winding down for the remainder of the year, with fewer phone calls and more time spent at holiday gatherings rather than in meetings or on conference calls.

But, as my old boss and mentor George Alcorn wisely said, "strap in" for what will surely be an exciting new year. The 89th Texas Legislature convenes on January 14, and as of last week, 2,024 bills have already been filed.

TIPRO does a fantastic job of tracking these bills for its members. Out of these 2,024 bills, TIPRO has identified T. Grant Johnson 25 that could materially affect our industry. TIPRO's bill tracker summarizes each of these industry-focused bills, and the association's State Issues Committee discusses them weekly during the legislative session. It's reassuring to know that Texas producers and royalty owners are represented by such a passionate and knowledgeable group within TIPRO.

Some of the concerning bills filed to date include proposals to end routine flaring by 2031 and requiring the Railroad Commission to delay drilling permits until operators have completed and filed gas capture plans that avoid flaring. Another flaring-related bill would mandate that University Lands eliminate flaring on its properties by 2027. Other expected bills that could negatively impact our industry address orphan and inactive wells, eminent domain and disposal well restrictions.

On a more positive note, TIPRO is working with Senators Sparks and Zaffirini, as well as the Railroad Commission, to address the dramatic rise in oilfield theft. By increasing sentences and fines, we hope to see a reduction in this costly crime affecting our industry.

On the national front, January 20th marks the beginning of a new chapter for this country and our industry. The new administration is sure to make waves. The U.S. has become a global leader in reducing emissions, while many other countries continue to see their emissions rise. Moreover, the U.S. has transitioned from being one of the largest importers of oil and natural gas to one of the largest exporters. We need predictable regulations to support long-term projects, such as LNG terminals, interstate natural gas pipelines, and electrical transmission lines. With Chris Wright and Doug Burgum in critical energy roles within the new administration, our industry is well-positioned for long-term success.

In closing, I want to wish each of you a very Merry Christmas and a Happy New Year! I hope you have the opportunity to spend time with family and friends, creating memories that will last for years to come. Thank you for your continued support of TIPRO. I look forward to hitting the ground running in 2025 —

T. Grant Johnson

Industry leader Bryan Sheffield to speak at next month's 'Leaders in Industry' luncheon



various roles including CEO, chairman of the Board, and executive chairman. Parsley Energy was acquired by Pioneer Natural Resources in 2021. Early in his career, Sheffield worked as an investment banker in Sydney, Australia. He then went on to work as a commodities trader in Chicago. Credited with leading the second-most successful exploration and production IPO in history, Sheffield was recognized in Forbes' '40 under 40' and as Austin Business Journal's CEO of the year.

Register here to attend the first 'Leaders in Industry' luncheon of the new year and hear from Bryan Sheffield!

TIPRO CALENDAR OF EVENTS

JANUARY 21, 2025 HOUSTON — TIPRO/HPF/IPAA "Leaders in Industry" Luncheon. For information, email info@houstonproducersforum.org.

JANUARY 28, 2025 AUSTIN — TIPRO Legislative Reception. For information, email info@tipro.org.

FEBRUARY 18, 2025 HOUSTON — TIPRO/HPF/IPAA "Leaders in Industry" Luncheon. For information, email info@houstonproducersforum.org. Page 3 December 19, 2024 THE TIPRO TARGET

Railroad Commission adopts new oil and gas waste management regulations

On Tuesday, Texas Railroad commissioners voted to adopt a significant overhaul of rules regulating oil and gas waste management facilities in Texas. The regulations cover waste from oil and gas operations, such as rock and other material pulled up from the ground during drilling, as well as waste from other operations for which the state legislature has given the commission jurisdiction including geothermal, carbon sequestration and brine mining wells. The new rules will improve regulatory efforts safeguarding groundwater and surface water while adapting standards to modern waste management practices, such as recycling produced water, and recent advancements in production methods.

"By passing this measure, the Railroad Commission and the State of Texas have taken a significant step forward to align our practices and procedures to account for the considerable changes the industry has experienced in the 40 years since this rule was last reformed," Commissioner Jim Wright According to the Railroad Commission, the rulemaking updates requirements on the design, construction, operation, monitoring, and closure of waste management units, and will improve the state's ability to track and collect data on oilfield waste transported throughout Texas. The new rules also codify informal guidance that agency experts have developed over the course of several decades to give operators and the public certainty on how regulations of waste management facilities are carried out.

"The oil and gas industry has evolved dramatically since the 1980s. After a years-long process, and with thoughtful and thorough deliberation from the public, agency experts, and industry stakeholders, I am proud to report the Railroad Commission has passed its first overhaul of waste management rules in 40 years," commented Chairman Christi Craddick. "I sincerely appreciate our staff

for their hard work in modernizing our agency's rules to reflect current waste management practices and new advancements in production methods, allowing industry to continue driving economic growth while upholding our commitment to protecting public safety and the environment."

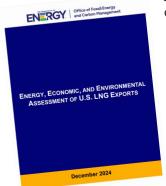
"It's been 40 years since these rules were last updated, and the oil and gas industry has grown and changed in ways unimaginable from back then. Updating these regulations was a slow and deliberate process, ensuring we listened to everyone impacted – small operators, landowners, royalty owners, and waste management companies," reflected Railroad Commissioner Wayne Christian. "I personally hosted meetings with small and mid-sized producers, who shared real concerns about the initial draft, especially regarding pits. We took their feedback seriously, revised the rules and created a version that protects small businesses while safeguarding our environment. The final draft received overwhelming support from industry stakeholders, with opposition coming almost exclusively from radical environmental groups whose ultimate goal is to shut down oil and gas in Texas. This is a win for Texas energy and for commonsense, balanced regulation."

Since this rulemaking was first initiated, TIPRO has consistently communicated member concerns and recommendations directly to the Railroad Commission. The association submitted multiple rounds of comments to the commission on its drafted rules and provided public testimony on two occasions.

TIPRO members can view the Railroad Commission's new waste management rules <u>here</u>. TIPRO is in the process of reviewing the new language of the commission's rulemaking and will provide an updated analysis to members soon.

U.S. Energy Department releases long-awaited study on LNG exports

Nearly a year after freezing permitting for liquified natural gas (LNG) exports so the U.S. Department of Energy could update the government's underlying analyses for LNG authorizations, the Energy Department this week released its new study of U.S. LNG



exports. While the Biden Administration has worked on its draft of the LNG study, many elected officials — including leaders from Texas — have widely criticized the decision by the White House to abruptly halt permitting of LNG exports this year, which has caused significant project delays, increased regulatory and legal costs for LNG developers and created uncertainty for the workforces and communities supporting these large-scale, capital-intensive projects. There have been repeated calls by members of Congress throughout the year for the Energy Department to drop its "ban on LNG" and multiple congressional hearings on the suspension of permitting for new exports of LNG. A federal judge this summer also ruled against the Department of Energy's freeze on approvals of LNG exports, saying such action was "completely without reason or logic."

TIPRO members can view the new federal study on LNG by clicking here.

Following the official release of the study, Energy Secretary Jennifer Granholm issued a secretarial statement outlining departmental leadership's perspective on the final study. 'In the decade to come, we will see strong and mounting pressure within our democratic system to ensure that the United States

uses its market position in a way that truly advances our national interest and energy security, which must include the needs of American workers, American families, and our responsibility to address the climate crisis. In our view, the question is not whether U.S. export policy will be forced to respond to those interests, but when and what that response is," Secretary Granholm said. Read her full statement <a href="https://example.com/https

The study will have a 60-day comment period that will begin once published in the Federal Register. The public is encouraged to submit comments, which will inform how the Energy Department may apply the study's findings to its public interest analysis of export applications in the future.

To review more information on the Energy Department's LNG study, visit https://fossil.energy.gov/app/docketindex/docket/index/30.

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Dade Phelan withdraws from Texas House speaker race

and the industries it regulates."

After serving two terms as the leader of the Texas House of Representatives, state Representative Dade Phelan (R-Beaumont) announced in early December he has pulled out of the race to lead the state legislature's lower chamber during the upcoming legislative session that will begin in January. Phelan's first term as speaker of the House began in January 2021. The Beaumont lawmaker secured the gavel and won re-election as House leader again in 2023, though in the last legislative cycle at times faced tension with the governor and lieutenant governor over conservative priorities.

"By stepping aside, I believe we create the best opportunity for our members to rally around a new candidate who will uphold the principles that make our House one of the most exceptional, deliberative legislative bodies in the country—a place where honor, integrity, and the right of every member to vote their district takes utmost precedent," Phelan said in a statement. "I will continue to serve in the Texas House of Representatives and look forward to working with my colleagues to nominate a candidate who can best unite the House and ensure our beloved chamber remains a beacon of integrity and conservative leadership in the 89th Legislature."

State Representative Dustin Burrows (R-Lubbock) is now running for speaker against Representative David Cook (R-Mansfield). The full House in January will take a vote to select a new leader of the Texas House.

New government relations and public affairs directors join Railroad Commission's leadership team

In mid-December, the Railroad Commission of Texas announced the hire of two experienced directors that will handle legislative affairs for the state agency and oversee day-to-day engagement and outreach with the public and the media. Matt Cope has been named director of government relations for the Railroad Commission. Cope previously worked for the University of Texas at Tyler as the associate vice president for government relations. His prior experience also includes work as a policy advisor in the Texas Senate and the governor's office, and as a legislative aide in the Texas House of Representatives. He also spent some time as a wildland firefighter for the U.S. Forest Service. "I'm excited to start working for the oldest and most respected regulatory agency in Texas, and to collaborate with the legislature and other governmental entities to achieve our mission," said Cope. "As we approach an important legislative session, I look forward to assisting in the agency's work to protect the state's environment and communities while promoting the responsible production of energy."



In addition, Christian Goff has also joined the commission as the director of public affairs, overseeing the agency's communications and public engagement activities. Goff is a communications and public affairs professional specializing in stakeholder relations, issue advocacy and reputation management. She has extensive experience and deep-rooted knowledge of the energy and natural resource industries. Prior to joining the agency, Goff founded and ran a communications firm. Her prior experience also includes serving as vice president of corporate affairs at an international public relations firm as well as a public affairs specialist for Marathon Oil Corporation in Houston. "I am thrilled to serve in my new role at the Railroad Commission of Texas," commented Goff. "The Railroad Commission is one of the state's most vital organizations, helping to manage our natural resources, while protecting both the public and the environment. I look forward to collaborating with all stakeholders and educating Texans on the important work of the commission



TCEQ extends application period for grants covering oil and gas emission-reduction technologies

The Texas Commission on Environmental Quality (TCEQ) will give operators and business owners extra time to submit applications for grants on projects that implement new technologies to reduce emissions from stationary sources in Texas. The state is offering approximately \$10.9 million in grant funding from the TCEQ's New Technology Implementation Grants (NTIG) program in support of Texas businesses reducing emissions. This includes oil and gas projects lowering emissions from upstream, midstream, and downstream oil and gas industry activities, including production, completions, gathering, storage, processing, transmission, and refining, such as: replacement, repower or retrofit of compressor engines, and installation of systems to minimize gas loss, flaring, or combustion. The NTIG grants will reimburse up to 50 percent of project costs. Please note that the new, extended application deadline is January 31, 2025.

For more information on the grant program and to access up-to-date information on the application process, and copies of all application forms, visit the NTIG program webpage here.

TCEQ publishes Well Prioritization Plan for Texas Marginal Conventional Well Plugging Program

The Texas Commission on Environmental Quality (TCEQ) was awarded \$134.1 million under the Inflation Reduction Act's (IRA) Methane Emissions Reduction Program (MERP). With this funding, the TCEQ has developed the Texas Marginal Conventional Well (TxMCW) program, which will provide financial incentives to marginal oil and gas well owners and operators for voluntarily plugging low-producing conventional wells, commonly referred to as marginal wells. This Fall, the TCEQ received feedback and input from stakeholders on a Well Prioritization Plan that details how TxMCW will select wells for plugging to maximize methane emission reductions, focusing on factors like emissions, proximity to disadvantaged communities, well age, and environmental impacts. The TCEQ has finalized this plan, which TIPRO members can view here. In addition, the TCEQ has worked on a Methane Measurement Plan, based on Department of Energy guidelines, that describes how the detection and measurement of methane emissions before and after well plugging activities will be conducted at participating MCWs. Methane detection is required for all MCWs selected for funding under the TCEQ's program. See the Methane Measurement Plan here.

The TCEQ advises more details on its TxMCW program will be made available beginning January 2025. TIPRO members may sign up to receive updates on TCEQ's TxMCW funding program here: https://www.tceq.texas.gov/airguality/txmcw.

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House committees select new chairs for the 119th Congress

In the 119th Congress, U.S. Congressman Brett Guthrie (KY-02) will serve as chairman of the U.S. House Energy and Commerce Committee, legislative leaders announced this month. "I am humbled and excited to get to work next Congress to deliver on President Trump and House Republicans' America-First agenda. We must work together to restore America's energy dominance and lower energy prices, protect children's online safety and ensure America remains the world leader in technological innovation, and protect access to life-saving treatments while lowering health care costs," remarked Guthrie. "The task before us is significant, but together the House Energy and Commerce Committee will lead the way to restore the American Dream for hard-working families."

"The Energy and Commerce Committee, which possesses one of the broadest and most important jurisdictions in Congress, will be in good hands under Brett Guthrie's leadership," Speaker of the House Mike Johnson affirmed. "As the current chairman of the Committee's Health subcommittee, he already has the experience and know-how required to hit the ground running. We look forward to E&C playing a pivotal role in the House Republican agenda for the 119th Congress."

Congressman Frank Pallone, Jr. (D-NJ) has again been selected as the lead Democrat and ranking member on the Energy and Commerce Committee.

Meanwhile, Texas Congressman Brian Babin (TX-36) has been chosen by members to lead the U.S. House Science, Space, and Technology (SST) Committee as the panel's chairman in the next congress. "It's an incredible honor to be chosen to serve as the next House Science, Space, and Technology Committee chairman," said Babin. "Between our nation's booming science, space, and tech sectors and the growing threat posed by adversaries like Communist China, there has never been a more important time for this committee. Falling behind in any of these critical arenas is not an option. The SST Committee has a unique opportunity to chart a course that will produce a generational impact. We must ensure our nation is not tethered to Earth by red tape – industry should operate at the rapid speed of innovation rather than the sluggish pace of bureaucracy. Under my chairmanship, our committee will continue America's legacy of shepherding the human race to new celestial heights and leading the world in new discoveries. I'm looking forward to hitting the ground running in the 119th Congress."

Also of note, House Transportation and Infrastructure Committee Chairman Sam Graves (MO-06) will continue to serve as his committee's chairman in the 119th Congress. Graves has promised his committee "will hit the ground running in 2025" and "will work with President Trump to advance his infrastructure priorities, developing the next long-term highway bill, and focusing on fixing the real infrastructure that moves people and goods safely and efficiently throughout our country."

On the House Natural Resources Committee, Congressman Bruce Westerman (AR-04) is also expected to continue to lead as chairman of the committee. U.S. Representative Jared Huffman (CA-02) is likely to become the most senior member of the Democratic party to serve on the committee, taking over as top Democrat from House Natural Resources Committee Ranking Member Raúl Grijalva (AZ-07), who this month announced that he would step down from his leadership role in the committee in the next Congress.

EPA report shows methane emissions have plunged in top oil and gas producing basins

A new Environmental Protection Agency (EPA) report released at the end of the year showed methane emissions from the largest oil and natural gas-producing basins have fallen 44 percent since 2011. While emissions in these regions have steeply declined, the oil and gas industry has continued to bolster output and simultaneously achieved new energy production records.

Data from the EPA's updated <u>Greenhouse Gas Reporting Program</u> reveals total methane emissions in the Permian Basin, for example, decreased by 32 percent between 2019 and 2023, or by 2.4 million metric tons (MMT). Annual reporting from <u>Texans for Natural Gas</u>, a TIPRO campaign, has shown an ongoing decline in methane intensity in the Permian over those years as well – from 0.29 percent in 2019 to 0.12 percent in 2022.

Following the release of the new EPA report, Railroad Commission Wayne Christian called attention to the methane reductions, and criticized the Biden Administration for creating new rules and taxes on oil and gas producers and power plants when notable emission-reduction progress was already being made. "President Biden's own EPA said the quiet part out loud that the industry is already mitigating methane emissions, revealing that the true motive behind his horrendous policies is to squeeze the life out of the oil and gas industry," Commissioner Christian said. "Radical environmentalists love to pick and choose 'science' that justifies their 'sky is falling' narrative that the world is ending and fossil fuels are to blame. But this couldn't be further from the truth, just like they like to ignore the fact that EPA regulated emissions are down 78 percent in the last 50 years." The commissioner urged President-elect Donald Trump to prioritize rolling back the onerous and unnecessary methane rules and taxes from the Biden Administration attacking Texas oil and gas. "These rules are the death knell for small mom and pop operators, who produce more than 83 percent of America's oil and gas."

U.S. producers are increasing well productivity while continuing to control operating costs

Recent data analysis published by the U.S. Energy Information Administration (EIA) shows increasing well productivity is helping energy companies reduce production costs on a per barrel basis and allowing producers to free up cash for other uses such as dividends and share repurchases. Looking at financial results for 34 publicly traded U.S. oil exploration and production (E&P) companies from the second-quarter of 2024, EIA analysts observed these companies have generally increased production output and are extracting more crude oil from new wells drilled and maintaining production volumes from legacy wells drilled previously, while keeping control of spending.

"Even as their crude oil production has increased, these E&P companies have kept their production costs flat. Upstream capital expenditure per barrel of oil equivalent (BOE) produced has averaged around \$21/BOE in real terms since the middle of 2022. Over the same period, crude oil production by the E&P companies increased by 21 percent. By comparison, these E&P companies produced crude oil at an average production cost of \$32/BOE in 2019," the EIA noted.

TIPRO's Annual Convention

February 24-26, 2025



The Otis Hotel - Austin, Texas

Join TIPRO at the association's 2025 Annual Convention this February in Austin! TIPRO's meeting will review key priorities for Texas oil and gas producers and royalty owners, including policy proposals for the E&P sector, regulatory shifts for the oil and gas industry and a market outlook. TIPRO's event will also offer opportunities to network with other members and time to connect with industry leaders.

See more details and sign up at www.tipro.org!

EVENT SPONSORS:





















On the final day of TIPRO's conference, the association will lead members on meetings at the state capitol with lawmakers working on legislation of significance to the Texas oil and gas industry. Please make plans to join us!

CONVENTION!

TIPRO's 79th Annual Convention will provide an update on regulatory, policy and market trends of significance to the Texas oil and natural gas industry. Make plans to attend this important industry conference in Austin in February!

SIGN UP TODAY!

- ONLINE: VISIT TIPRO'S MEMBER PORTAL AT <u>MEMBERSHIP.TIPRO.ORG</u>
- BY EMAIL: SEND YOUR COMPLETED FORM TO TIPRO BY EMAILING INFO@TIPRO.ORG
- **BY MAIL:** RETURN YOUR COMPLETED REGISTRATION FORM, WITH PAYMENT, TO: TIPRO, 919 CONGRESS AVE., SUITE 810, AUSTIN, TEXAS 78701

MEMBER REGISTRATION FEES

	ON/BEFORE JANUARY 24 TH	AFTER JANUARY 24 TH
MEMBER:	\$550	\$650
☐ SPOUSE:	\$350	\$350
☐ DINNER TICKET:	\$195	\$195

*REGISTRATION PASS INCLUDES ALL CONFERENCE SESSIONS AND MEALS.

NON-MEMBER REGISTRATION FEES

ON/BEFORE JANUARY 24 TH	AFTER JANUARY 24 TH
\$695	\$795
\$395	\$395
\$195	\$195
	\$695 \$395

^{*}REGISTRATION PASS INCLUDES ALL CONFERENCE SESSIONS AND MEALS. **REGISTRATION ALSO INCLUDES 1 YEAR REGULAR TIPRO MEMBERSHIP.

Have special dietary needs or other considerations? Please contact TIPRO staff by emailing info@tipro.org or calling (512) 477-4452 and let us know if you require any special accommodations.

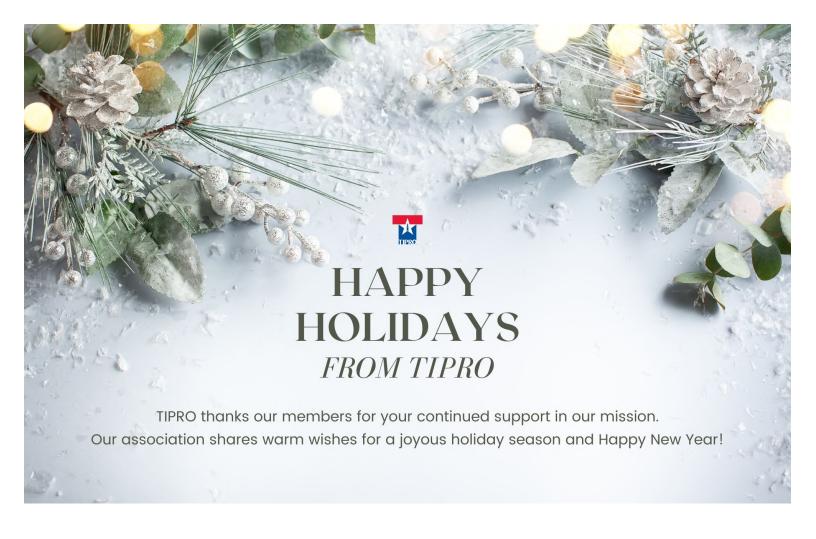
CANCELLATION POLICY

In order to receive a full refund for the TIPRO convention, the association must be notified of your cancellation no later than Friday, February 14, 2025.

Questions about the 2025 TIPRO convention in Austin? Please contact the association at (512) 477-4452 or email info@tipro.org!

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Mark if Attending: Welcome	Reception Breakfast				
Luncheon Chairman's Dinner Call-Up Meetings* Elegislative meetings will be set with key committee lawmakers at the capitol. For hese meetings, TIPRO will give preference to constituents of key members. Please provide your home address below to help TIPRO identify your elected officials.					
Home Address	City/State Zip Code				
Spouse's Name (If Attending):					
☐ Luncheon ☐ Chairman's Dinner ☐ Call-Up Meetings*					
PAYMENT INFORMATION					
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Payment Method: UISA AMEX	☐ MASTERCARD ☐ CHECK NO				
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Credit Card Number:					
Exp. Date:	CID:				
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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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