

Texas Independent Producers and Royalty Owners Association

EPA moves to reconsider major rulemakings for the oil and natural gas industry

In what has been proclaimed as the "most consequential day of deregulation in American history," U.S. Environmental Protection Agency (EPA) Administrator Lee Zeldin announced on March 12th the agency is undertaking 31 historic actions as part of the largest push of deregulation reportedly ever seen to advance President Donald Trump's Day One executive orders and power the "Great American Comeback". "Today is the greatest day of deregulation our nation has seen. We are driving a dagger straight into the heart of the climate change religion to drive down cost of living for American families, unleash American energy, bring auto jobs back to the U.S. and more," proclaimed EPA Administrator Zeldin. "Alongside President Trump, we are living up to our promises to unleash American energy,

lower costs for Americans, revitalize the American auto industry, and work hand-in-hand with our state partners to advance our shared mission," Administrator Zeldin added.

- Some of the deregulatory actions now underway by the EPA include:
 - Reconsideration of regulations throttling the oil and gas industry (OOOO b/c)
 - Reconsideration of mandatory Greenhouse Gas Reporting Program that imposed significant costs on the American energy supply (GHG Reporting Program)
 - Reconsideration of Biden-Harris Administration Risk Management Program rule that made America's oil and natural gas refineries and chemical facilities less safe (Risk Management Program Rule)
 - Reconsideration of regulations on power plants (Clean Power Plan 2.0)
 - Reconsideration of light-duty, medium-duty, and heavy-duty vehicle regulations that provided the foundation for the Biden-Harris electric vehicle mandate (Car GHG Rules)
 - Reconsideration of the 2009 Endangerment Finding and regulations and actions that rely on that Finding (Endangerment Finding)
 - Reconsideration of multiple National Emission Standards for Hazardous Air Pollutants for American energy and manufacturing sectors (NESHAPs)
 - Overhauling Biden-Harris Administration's "Social Cost of Carbon"
 - Working with states and tribes to resolve massive backlog with State Implementation Plans and Tribal Implementation Plans that the Biden-Harris Administration refused to resolve (SIPs/TIPs)
 - and more.

TIPRO members can find more information about the EPA's historic deregulatory announcement and watch a video from Administrator Zeldin explaining more about the federal actions <u>here</u>.

Legislative panel considers bill focused on Texas' inactive wells

The Texas Senate Natural Resources Committee last week heard public testimony on <u>Senate Bill 1150</u> by Texas Senator Mayes Middleton (R-Galveston), which would establish deadlines for oil and gas companies to plug certain wells in Texas that have been inactive for more than 15 years and were completed 25 years ago or more. The proposed bill by Senator Middleton also would give state regulators more authority to enforce plugging requirements.

The Senate Natural Resources Committee heard from the bill's author, Senator Middleton, last Wednesday on his proposal addressing inactive wells. Industry leaders also testified before the legislative panel on the bill, which could have a material impact on many operators in the state.

"There are certainly concerns you heard from (the oil and gas) industry and members of the committee," Senator Brian Birdwell (R-Granbury), who chairs the committee in the state Senate, said at the hearing. "So I would entertain that you...continue to develop the situation, see what you might put in front of us in the coming weeks that is something we can move forward with," Senator Birdwell advised to Senator Middleton regarding the legislative proposal.

The House companion to Senate Bill 1150, <u>House Bill 2766</u>, has also been filed by Representative Charlie Geren (R-Fort Worth), chairman of the House Committee on Administration. House Bill 2766 has been assigned to the House Energy Resources Committee for consideration.

The inactive well legislation is one of hundreds of bills that TIPRO is actively tracking this legislative session on behalf of its members. The association will continue to keep members informed of any policies that may have an impact on the Texas oil and natural gas industry.

Review Leading Insights and Gain Knowledge on the Economic Impact of the Oil & Gas Industry With

OLUME 27, NO. March 20, 2025

TIPRO'S 2025 'STATE OF ENERGY' REPORT!

*Industry Employment *Oil & Gas Wages *Payroll *Businesses *Oil and Gas Production Levels *Plus Other Significant Economic Contributions

Download TIPRO's analysis at https://tipro.org/2025-state-of-energy/



Chairman's message

Greetings fellow TIPRO members,

Has your company been affected by oilfield theft? That was the question I recently posed to eight operator friends. You'd thought I asked, "has your car been broken into while living in Houston?" Six of the eight who I asked shared they have been affected in one way or the other. I was reminded that even two wells Lone Star participated in during 2024 were robbed of equipment and copper wire from a location, delaying our own operations.

One of my friends sent me a private generated report based on various Permian operators who identified almost 10,000 barrels of oil stolen during 2024. Many of the operators on the list were hit multiple times and on different leases. I heard of 3-phase ESP cables being stolen for the copper value, field offices ransacked for telecommunication equipment and crooks using four-wheelers to pull copper wire from long spans of conduit. Oil theft was by far the most common amongst those in my informal survey.



I have read stories of vacuum trucks stealing oil from producing leases and delivering it to tank batteries on marginal **T. Grant Johnson** well leases operated by other bad actors. The production reports are then fudged, and the oil is sold to an unsuspecting oil gatherer using the marginal well's lease number. The only way to capture these thieves is to catch them in the act or sample and geo-chem compare the oil from suspicious marginal well leases now making much larger volumes back to the oil actually sold. Members of TIPRO may have also seen other headline stories about two vacuum trucks stealing NGLs from a pipeline maintenance station near Orla, Texas, when static electricity ignited the site and a nearby tank battery causing enormous fire and damage. Fighting these criminals takes manpower and money.

We are fortunate to have state legislators on our side who want to see this stopped. Below is a list of bills filed in our 89th Legislative Session currently underway that deal with oilfield theft:

• Senate Bill 494 and House Bill 1647 by Senator Sparks and Representative Landgraf - relating to the establishment of a theft of petroleum products task force.

• Senate Bill 1043 by Senator Sparks - relating to the composition of the advisory committee for metal recycling entities.

• Senate Bill 1054 by Senators Zaffirini and Blanco – relating to the creation of the criminal offense of oil and gas equipment theft.

• Senate Bill 1123 by Senators Blanco, Perry, Sparks and Zaffirini – relating to the prosecution and punishment of the offense of theft of petroleum product.

• Senate Bill 1320/House Bill 3035 by Senator Sparks and Representative Darby - relating to the creation of an organized oilfield theft prevention unit within the Department of Public Safety.

• House Bill 3707/Senate Bill 1806 by Representative Craddick and Senator Sparks - relating to the inspection, purchase, sale, possession, storage, transportation, and disposal of petroleum products, oil and gas equipment, and oil and gas waste; creating criminal offenses and increasing the punishment for an existing criminal offense.

TIPRO is working with these legislators to toughen laws and stiffen penalties for these crimes against our industry. We are also working with lawmakers to fund additional enforcement personnel needed to address this growing crime.

Earlier this month, TIPRO's President Ed Longanecker testified before the Senate Natural Resources Committee in support of Senate Bill 494 by Senator Sparks that creates the theft of petroleum products task force. The bill was passed by the Senate last week and now heads to the House for consideration.

We now have momentum behind capturing and punishing these criminals, thanks to a friendly state legislature. Please tune into TIPRO's weekly State Issues Committee calls for more information on oilfield theft and hear about what our legislators are doing to help our industry with this growing concern.

Regards,

T. Grant Johnson

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

Formentera Partners founder and managing partner Bryan Sheffield will present at the next 'Leaders in Industry' luncheon, hosted on April 15th at the Houston Petroleum Club by the Texas Independent Producers and Royalty Owners Association (TIPRO), Houston Producers Forum and Independent Petroleum Association of America (IPAA).

At Formentera Partners, an energy-focused investment firm based in Austin, Sheffield actively oversees sourcing, execution, fundraising and all aspects of asset operations. Prior to Formentera, Sheffield founded Parsley Energy, an independent oil and gas company where he served as CEO, chairman of the Board and chairman emeritus. Credited in leading the second most successful exploration and production IPO in history, Parsley Energy was acquired by Pioneer Natural Resources in 2021. Sheffield is a third-generation oil executive and began his oil and gas career at Pioneer Natural Resources, where he accumulated operational expertise and deep knowledge of the operator landscape. His understanding of financial markets is enhanced by his previous experience trading options and interest rate futures.



understanding of financial markets is enhanced by his previous experience trading options and interest rate futures. Sign up to hear remarks from Sheffield and attend the April 'Leaders in Industry' luncheon <u>here</u>.

TIPRO CALENDAR OF EVENTS

APRIL 15, 2025 HOUSTON — TIPRO/HPF/IPAA "Leaders in Industry" Luncheon. For information, email info@houstonproducersforum.org. MAY 14-15, 2025 FORT WORTH — SUPER DUG Conference and Expo. For information, email info@hartenergy.com. MAY 20, 2025 HOUSTON — TIPRO/HPF/IPAA "Leaders in Industry" Luncheon. For information, email info@houstonproducersforum.org.

Railroad Commission to host webinars on amended oil and gas waste management rules

The Railroad Commission's newly adopted <u>Chapter 4 rules</u> on oil and gas waste management will take effect this summer on July 1. Ahead of the implementation of these new state rules, the Railroad Commission announced a series of upcoming webinars happening in April that will inform stakeholders about these new regulations. Railroad Commission technical permitting staff will host four sessions covering the following topics:

• Session One, entitled Chapter 4 Overview, will be held at 9 a.m. on Wednesday, April 2, 2025. This session will highlight what's to come when the newly adopted rules go into effect. <u>Click here</u> to register.

• Session Two, entitled Authorized Pits, will be held at 9 a.m. on Wednesday, April 9, 2025. This session will cover authorized pit registration, review of the proposed Authorized Pit Registration form, and the changes for produced water recycling pits. <u>Click here</u> to register.

• Session Three, entitled Permitting Session 1, will be held at 9 a.m. on Wednesday, April 16, 2025. This session will discuss additional requirements for permitted pits, changes to notice, and the proposed form revisions for applications. <u>Click here</u> to register.

• Session Four, entitled Permitting Session 2, will be held at 9 a.m. on Wednesday, April 23, 2025. This final webinar session will provide insight into waste transportation, compliance, and a look at the proposed new and revised forms and templates. <u>Click here</u> to register.

Each webinar session will be 90 minutes. Operators are encouraged to email your Chapter 4 questions to <u>askaboutchptr4@rrc.texas.gov</u> before the scheduled webinars. The last 30 minutes of each session will be open to answer those questions and any others.

TIPRO members can find more information on the new and amended Chapter 4 rules here.

RRC chair enters race for Texas comptroller after Glenn Hegar named Texas A&M System chancellor

Christi Craddick, the current chairwoman of the Railroad Commission of Texas, announced her candidacy for Texas Comptroller on Friday, March 7th after the state's comptroller, Glenn Hegar, was named as the sole finalist for chancellor of the Texas A&M System. The Texas A&M Board of Regents selected Hegar to take over as A&M chancellor from Chancellor John Sharp, who is slated to retire in June. Texas state law requires a 21-day waiting period before the appointment can be made official. Once it does become official, Hegar, an A&M graduate, would begin serving as chancellor on July 1.

"The opportunity to serve as the next chancellor of the Texas A&M University System is a tremendous honor," Hegar said in a statement. "I want to thank each of the regents for their confidence, yet more importantly for their energy, passion, dedication, and constant commitment to excellence. The Texas A&M University System will remain focused on our core values, increasing and improving student experiences, and expanding economic opportunities and services across our system and our state. Leadership matters and I embrace this duty with deep commitment and respect."

Soon after Hegar shared his planned departure from the comptroller's office, several officials, including Railroad Commission Chairman Craddick, signaled interest in running for the position as Texas' chief financial officer.

"Serving for more than a decade as Railroad commissioner has uniquely prepared me to help Texas build upon its momentum as the economic engine of the United States," Chairman Craddick said. "Throughout my tenure at the commission, we have managed our work with efficiency, transparency, and common sense, reflecting the bedrock principles the Texas economy has been built upon, and our commitment to the principles of a free market have helped our economy thrive. At the heart of all good government, good business and fiscal responsibility is one simple fact: Don't spend money you don't have. Public service is in my blood and ensuring Texas remains strong is my top priority. It has been a great honor to earn the trust of Texas voters over the years, having run statewide successfully three times. I look forward to building on that foundation to serve as the next Texas comptroller."

Also entering the race for comptroller is former state Senator Don Huffines, a Republican from Dallas who ran for governor in 2022. Huffines, who served in the Texas Senate representing District 16 for four years, has vowed if elected comptroller to expose waste, fraud, and abuse in government to increase efficiency. "The state of Texas spends more than \$450 million a day, seven days a week. Right now, wasteful spending runs unchecked—Texans deserve a watchdog, not a rubber stamp. It's time to bring DOGE to Texas, put Texans first, and ensure someone is watching how your hard-earned money is being spent. Texans demand audits and accountability - just as President Trump fights corruption in Washington, I will fight waste in Austin."

Other names reportedly circulating for the comptroller's office include state Senators Kelly Hancock (R-North Richland Hills), Joan Huffman (R-Houston) and Paul Bettencourt (R-Houston).

Dan Patrick, the head of the Texas Senate, unveils his second round of priority bills for session

Lt. Gov. Dan Patrick, who leads the legislature's upper chamber, put out a new list of priority bills for the current 89th Legislative Session, adding to his earlier-released list of legislation he wants passed during this year's legislative cycle. Business tax relief, wildfire response and competing for quality roads are among some of the issues named in the lieutenant governor's second round of top priority bills.

"The Texas Senate has started the 89th Regular Legislative Session at breakneck pace. We have already passed 10 of my top 40 priority bills over to the Texas House," said Patrick. "We are moving rapidly to ensure all these bills, which reflect the will of the conservative majority of Texans, have ample time to pass the Texas House and arrive at Gov. Abbott's desk to be signed into law. This session has started out with a hopeful working relationship with Speaker Burrows. Working together with the House, this could be the best session ever for all Texans and especially for conservatives," he observed.

"Today, I am announcing the second round of my top 40 priority bills – Senate Bills 26-40. Senate Bills 26, 28, and 40 already passed the Senate in recent weeks," Patrick added. "Just because a bill is not included in my top 40 priorities does not mean it is not a priority for me or the Senate. Hundreds of bills will pass the Senate this session, all of which are important to Texans statewide."

TIPRO members may view the lieutenant governor's full list of priority legislation for this session here.

New legislation would eliminate Energy Department's authority on LNG permitting

Legislation recently introduced on Capitol Hill is calling for permitting on liquified natural gas (LNG) exports to be moved away from the U.S. Department of Energy and sole authority to authorize applications LNG imports and exports be given to the Federal Energy Regulatory Commission (FERC). The legislative proposal, announced in March by Texas Congressman August Pfluger (TX-11) and U.S. Senator Tim Scott (R-South Carolina), follows action by the Biden Energy Department to indefinitely "pause" the approval process for LNG export projects to non-Free Trade Agreement countries, which officials say halted America's then-booming natural gas exports.

The Unlocking Domestic LNG Potential Act of 2025 would depoliticize the export of American LNG, slash bureaucratic red tape and help ensure broader access of American energy for U.S. allies around the world, the bill sponsors explain.

"President Biden spent four years pandering to progressive climate extremists and restricted future energy exports instead of unleashing American energy production to provide our allies with a secure, affordable energy source. We finally have a president back in office who understands that having efficient, reliable, and affordable energy is the key to U.S. national security," said Congressman Pfluger. "This legislation cuts the red tape by removing the Department of Energy's export authorization requirement and streamlining the permitting process. Energy security is national security, and I thank Senator Scott for leading this bill in the Senate and look forward to pushing for its passage in both chambers."

"Unlocking American energy production not only plays a vital role in safeguarding our national security, but is the path to lowering energy costs for families across the nation," commented Senator Scott. "Relying on bad actors undoubtedly puts America last, not first. With President Trump back in office, we will be energy independent and dominate once again."

Text of this legislation is available here.

Texas congressman unveils bill protecting America's oil exports from partisan threats

Legislation reintroduced in the U.S. House of Representatives by Texas Congressman Jodey Arrington (TX-19) in early March seeks to lock in the ability to export crude oil from the United States. Arrington, whose congressional district spans over portions of the Panhandle and Permian Basin in Texas, has filed the *Continuing Robust and Uninhibited Drilling and Exporting (CRUDE) Act* to restrict the ability of future presidents to impose an export ban on crude oil without first proving a credible national security risk. Arrington's legislative package follows past partisan threats and political rhetoric made against the oil and gas industry that threatened America's global energy dominance.

"Four long years of President Biden featured a whole-of-government assault on domestic energy - the lifeblood of our economy," said Chairman Arrington. "He even considered a ban on all American oil exports, which would decimate our economy, quality of life, and future investment in the United States. We are fortunate to have President Trump back in the Oval Office, but Congress must seize this opportunity and pass legislation to safeguard our energy independence from the radical policies of future Administrations. I am proud to introduce the *CRUDE Act* to ensure President Trump's legacy of American energy dominance lives on for future generations."

Currently, the congressman explained, the president may restrict the export of oil for up to a year if:

- the president declares a national emergency;
- the restrictions apply to countries, persons, or organizations for reasons of national security; or

• the Department of Commerce finds and reports to the president that the export of crude oil has caused sustained material oil supply shortages or sustained oil prices significantly above world market levels and those shortages or price increases have caused or are likely to cause sustained material adverse employment effects.

Arrington's bill, however, would only allow the president to make such restrictions if:

- the restrictions apply to countries, persons, or organizations for reasons of national security; or
- the Department of Defense, the Department of Energy, and Commerce jointly make those findings and report them to the president and Congress.

TIPRO members can see the full text of the CRUDE Act here.

U.S. Senator Ted Cruz joins legislative effort to protect American energy from eco-terrorists

In mid-March, U.S. Senator Ted Cruz (R-Texas) joined Senators Ted Budd (R-N.C.) and Tim Sheehy (R-Montana) in introducing *the Safe and Secure Transportation of American Energy Act* to protect American energy infrastructure from attacks by radical environmentalists. The bill seeks to close legal loopholes for eco-terrorists and expand current criminal penalties to deter disruptive activities that target the operation or construction of pipelines transporting oil and natural gas. The act was led by Senator Cruz in the last Congress but was not passed into law.

Current federal law allows for criminal charges against individuals who damage or destroy operating pipelines, though it does not clearly apply these penalties to those who vandalize, tamper with, or disrupt the operation or construction of a pipeline. The *Safe and Secure Transportation of American Energy Act* would correct that statutory oversight and hold eco-terrorists and other radical environmental activists accountable. It would also provide an important deterrent, argue lawmakers, by sending a strong signal that brazen assaults on critical American energy infrastructure will not be tolerated.

"The Safe and Secure Transportation of American Energy Act will help ensure that those who vandalize, disrupt, or sabotage critical pipeline infrastructure are held accountable. I urge my colleagues to pass this bill expeditiously," stated Senator Cruz.

"Americans depend on affordable, accessible, reliable energy in nearly every facet of their lives, so holding eco-terrorist thugs who attack and try to prevent the flow of energy in our nation accountable is pure common sense. This legislation makes clear we will not tolerate radical environmentalists trying to unlawfully stop us in our mission to unleash American energy, lower costs, and protect our nation," said Senator Sheehy.

Read the full bill text here.

Trump Administration taking action to add more clarity of 'WOTUS' regulations

The U.S. Environmental Protection Agency (EPA) will seek to reform the federal government's definition of waters of the United States (WOTUS), EPA Administrator Lee Zeldin announced in mid-March. As part of the EPA's major deregulatory agenda unveiled this month, Zeldin said his agency will work with the United States Army Corps of Engineers to deliver on President Donald Trump's promise to review the definition of WOTUS and will move quickly to ensure that a revised definition follows the law, reduces red-tape, cuts overall permitting costs and lowers the cost of doing business in communities across the country while protecting the nation's navigable waters from pollution.

The EPA's review of the water policy will be guided by the Supreme Court's decision issued in 2023 in the case Sackett v. Environmental Protection Agency, which stated that the Clean Water Act's use of "waters" encompasses only those relatively permanent, standing or continuously flowing bodies of water forming streams, oceans, rivers and lakes. The Sackett decision also clarified that wetlands would only be covered when having a continuous surface connection to waterbodies that are "waters of the United States" in their own right.

"We want clean water for all Americans supported by clear and consistent rules for all states, farmers, and small businesses," said EPA Administrator Zeldin. "The previous administration's definition of 'waters of the United States' placed unfair burdens on the American people and drove up the cost of doing business. Our goal is to protect America's water resources consistent with the law of the land while empowering American farmers, landowners, entrepreneurs, and families to help 'Power the Great American Comeback."

The EPA and Army Corps are planning to host a series of six listening sessions and will open a 30-day recommendations docket to solicit public feedback on key aspects of the definition of "waters of the United States." The six listening sessions will be held in-person with a virtual option for states, tribes, industry and agricultural stakeholders, environmental and conservation stakeholders, and the general public. The agencies are committed to obtaining targeted input from a full spectrum of co-regulators and stakeholders on key topic areas related to the definition of "waters of the United States" in light of *Sackett v. Environmental Protection Agency*, regarding "continuous surface connection," "relatively permanent," and jurisdictional versus non-jurisdictional ditches. The agencies also is seeking input on implementation challenges related to those key topic areas.

To see additional information on the evolving WOTUS rule, click here.

EPA seeks to modernize wastewater regulations for oil and gas extraction

In conjunction with the agency's sweeping deregulatory actions announced in March, the U.S. Environmental Protection Agency (EPA) said it will work to reform and modernize outdated federal regulations on wastewater discharges for oil and gas extraction facilities to lower energy costs while supporting environmentally sustainable water reuse. Before developing its rulemaking, the agency will review and evaluate modern technologies and management strategies to provide regulatory flexibility for oil and gas wastewater – also known as produced water – to be treated for beneficial reuse, including for Artificial Intelligence and data center cooling, rangeland irrigation, fire control, power generation, and ecological needs. The EPA said it will consider expanding the geographic scope where treated wastewater can be used and discharged in the United States and also will consider expanding opportunities for using treated wastewater, such as extraction of lithium and other critical minerals. EPA signaled it will also explore additional flexibilities to discharge treated wastewater from centralized wastewater treatment facilities that manage wastewater produced in the extraction of oil and gas.

"EPA is playing a central role delivering on President Trump's energy agenda," said EPA Administrator Lee Zeldin. "EPA will revise wastewater regulations from the 1970s that do not reflect modern capability to treat and reuse water for good. As a result, we will lower production costs for oil and gas extraction to boost American energy while increasing water supplies and protecting water quality."

<u>Click here</u> to learn more about current EPA guidelines for wastewater discharges from field exploration, drilling, production, well treatment and well completion activities.

Trump EPA announces federal reconsideration of OOOO b/c industry rules

The U.S. Environmental Protection Agency (EPA) will reconsider air regulations for the oil and natural gas industry finalized by the Biden Administration under Section 111 of the Clean Air Act, as well as reevaluate its Subpart W of the Greenhouse Gas Reporting Program. Lee Zeldin, who leads the EPA, made the announcement last week as part of federal deregulatory actions and broad initiatives by the EPA that will advance President Trump's Day One executive orders on energy. Producers and industry trade associations have petitioned against the EPA's Subpart OOOO rules in the past, which, if implemented as currently structured, would have resulted in 300,000 small, existing wells being shut down.

"Oil and gas standards promulgated by EPA must be rooted in the rule of law, not be used as a weapon to shut down development and manufacturing in the United States. EPA is reconsidering these regulations to ensure they do not prevent America from unleashing energy dominance and continuing our trajectory as a leader in clean energy and emissions reductions," said EPA Administrator Zeldin. "We produce energy better and cleaner than so many other countries around the world, and yet Americans are punished at the end of the day by ideologically driven regulation," he added.

U.S. energy secretary reportedly plans to seek \$20 billion in funding to refill America's oil reserves

Earlier this month, U.S. Energy Secretary Chris Wright spoke about the Trump Administration's plans to address low stockpiles in the Strategic Petroleum Reserve (SPR) and bolster America's oil reserves. After nearly 300 million barrels were depleted from the SPR under the Biden Administration, Secretary Wright explained it could five to seven years and \$20 billion to refill the nation's oil reserves to maximum capacity. Due to ongoing maintenance issues, refilling the SPR with oil supplies takes more time than selling from it, Wright said. Nonetheless, Secretary Wright and other senior leaders of the Energy Department are working to develop appropriate plans to refill this important strategic asset. One approach the administration is reportedly considering is working with Congress on cancelling previously mandated sales from the SPR. Congress has mandated some 100 million barrels in sales from the reserve, with a 7 million barrel sale set for fiscal year 2026-2027, and further sales through 2031. Refraining from such oil sales would help support efforts to stabilize supplies of crude oil in the SPR.

President Trump signs into law CRA ending federal methane fee for oil and gas producers

On Friday, March 14, President Donald Trump signed into law <u>H.J.Res.35</u>, which through the Congressional Review Act (CRA) process disapproves of and nullifies the Environmental Protection Agency's (EPA) final rule created under the Biden Administration implementing the Waste Emissions Charge (WEC) on oil and natural gas facilities that exceeded waste emissions thresholds. The resolution signed by President Trump was introduced by Texas Congressman August Pfluger (TX-11), alongside Congressman Jodey Arrington (TX-19), and led in the Senate by U.S. Senator John Hoeven (R-North Dakota).

In response to his legislation being signed into law, Congressman Pfluger said, "I was honored to witness President Trump sign my monumental legislation into law to deliver on the mandate to remove burdensome regulations in the energy industry and unleash American

energy. This legislation repeals the tax President Biden imposed on every single consumer in this country and protects the hardworking men and women in the Permian Basin who have delivered affordable, reliable energy every day despite being assaulted by the Biden Administration for four years. I owed it to my constituents who elected me to fight for them and get this legislation across the finish line. This is only the beginning of my mission to restore American energy dominance, and I thank President Trump for his action on this."

Senator Hoeven said the CRA signed by President Trump was an important step towards rolling back the Biden Administration's harmful policies. "The Biden Administration handcuffed our energy industry with unnecessary regulations and burdensome taxes, including a new tax on natural gas. Americans rely on natural gas as an affordable and reliable energy source



for everything from heating and cooking to manufacturing," Senator Hoeven explained. "We appreciate President Trump signing our CRA into law as part of our broader effort to take the handcuffs off our producers to unleash more American energy, which will help reduce inflation and make our nation truly energy dominant."

Congressman Brett Guthrie (KY-02), who leads the U.S. House Committee on Energy and Commerce, also applauded the repeal of the natural gas tax, saying "the signing of H.J. Res. 35 is a victory for the American businesses and families who would have been forced to bear the cost of the Biden Administration's natural gas tax. It's time to restore American energy dominance by harnessing innovation and producing the natural gas needed to support our electric grid."

As a result of the joint Congressional resolution taking effect with the president's signature, the federal 2024 final WEC rule no longer has any force of law and is not in effect, and therefore facilities will no longer be required to submit their WEC filings to the EPA by September 2, 2025. The EPA says that it is currently evaluating options and obligations for implementing Clean Air Act section 136(c-g) and will provide additional information to the regulated community at an appropriate time.

Resolution scrapping Biden Administration's offshore drilling rules approved by President Trump

President Donald Trump last week signed into law <u>S.J.Res.11</u>, a joint resolution passed by Congress striking down the Bureau of Ocean Energy Management's (BOEM) <u>rule</u> published last year titled "Protection of Marine Archaeological Resources," which restricted offshore oil and gas production on the Outer Continental Shelf (OCS). The rule had required all new oil and gas leaseholders on the OCS to submit an archaeological report to the BOEM before drilling or laying pipelines, burdening lessees with conducting costly surveys for marine archaeological resources, such as shipwrecks or "cultural resources."

"Burdensome regulations hurt oil and gas producers' ability to provide affordable energy and jobs to Americans. I'm thankful to President Trump for taking handcuffs off energy producers by signing my resolution into law," said Senator John Kennedy (R-Louisiana), one of the authors of the Congressional Review Act (CRA) resolution of disapproval ending the regulation.

"President Trump promised to restore America's energy might and by signing these resolutions of disapproval he helps Congress reset policy in a way that encourages offshore oil and gas production. This action also has greater staying power, as any future administration would find it more difficult to reinstate the misguided regulations imposed during the Biden years. I commend President Trump for signing this important congressional resolution of disapproval, and really appreciate the opportunity to be part of the signing ceremony," commented Senator Cindy-Hyde Smith (R-Mississippi), a cosponsor of the resolution.

After the president's signature of S.J. Res. 11, U.S. Secretary of the Interior Doug Burgum championed the federal action that will enhance more offshore energy development and issued a statement reaffirming his department's commitment to advancing President Trump's agenda for American energy dominance by expanding access to offshore drilling and reducing regulatory burdens that hinder energy production. "Focusing on innovation over regulation to solve the nation's challenges is allowing us to smartly expand American energy and make our world cleaner and safer by selling energy to our friends and allies versus them having to buy it from our adversaries," said Secretary Burgum. "Getting offshore lease sales to be regular, predictable, and at a level that allows us to maintain energy production in our country is a minimum standard for us," Secretary Burgum emphasized. "Offshore energy development is a vital component of our national security and a critical driver of American prosperity."

Remembering Texas oilman and industry pioneer William A. "Bill" Custard

TIPRO mourns the recent passing of William Allen Custard, known as Bill to his friends and many oil and gas industry colleagues. Custard was a loyal explorer member of TIPRO since 1976.

Custard, who married Linda Pitts in August of 1960, would later in his career partner with father-in-law, L. Frank Pitts — a former chairman of TIPRO. He became an early advocate of the vast scope of Barnett Shale underlying Pitts' leasehold acreage across North Texas; its development became one of Pitts Oil's greatest successes. Custard directed the growth, expansion and diversification of the family's business interests. For many years he was a member of the National Petroleum Council, by appointment of and in service to the U.S. Secretary of the Department of Energy. He was a member of the Dallas Wildcat Committee and numerous other industry organizations.

A memorial service celebrating the life of Custard will be held on Friday March 28th at 10:30 a.m. at the Highland Park Presbyterian Church in Dallas. Memorial service information and the family's obituary for Custard is available <u>here</u>.

Texas' senior senator, John Cornyn, tours Diamondback Energy well site in Midland



U.S. Senator John Cornyn (R-Texas) visited the Permian Basin this week to tour a Diamondback Energy well site and learn about how the Texas oil and natural gas industry is utilizing new technologies to enhance oil and gas production while also improving environmental safety and lowering emissions. During his visit, Cornyn was shown how energy companies like Diamondback Energy are adopting advancing innovations to improve air quality and strengthen the industry. The senator was shown enhanced monitoring practices and the ChampionX's SOOFIE system, which can detect methane and other harmful gases in real time as well as alerts crews to potential leaks, allowing teams to respond quickly and effectively.

While talking with energy producers in Midland, Senator Cornyn on Tuesday emphasized his support for the industry, promising to "continue to work with President Trump and [Energy Secretary] Chris Wright to take the federal government's boot off the

neck of energy producers so we can unleash Texas energy!"

"As you know, the regulatory state has really made it hard for gas companies operating in the Permian Basin to do what they do best — produce energy, which benefits not only Texas and Americans but also the world," Senator Cornyn also said.

Federal appeals court reinstates approvals for LNG export terminals in South Texas

The U.S. Court of Appeals for the D.C. Circuit on Tuesday, March 18, issued a court ruling that reinstates federal permits for the construction of two liquefied natural gas (LNG) projects in Texas, reversing an earlier court decision that had overturned approval from the Federal Energy Regulatory Commission (FERC) for the LNG facilities. A controversial judgement issued last year vacated permits for the Rio Grande LNG and Texas LNG projects and remanded the issue back to FERC for further proceedings and to reevaluate the project's environmental impact.

EIA: U.S. expands its takeaway capacity with natural gas pipeline completions in 2024

The U.S. Energy Information Administration recently highlighted growing takeaway capacity in U.S. natural gas-producing regions, including the Permian Basin and Eagle Ford Shale, following the completion of natural gas pipeline projects in 2024. The EIA said the following five pipelines completed last year will boost takeaway capacity by approximately 6.5 billion cubic feet per day (Bcf/d):

- <u>Matterhorn Express Pipeline</u>: The Matterhorn Express Pipeline, operated by Whitewater Midstream, can deliver up to 2.5 Bcf/d of natural gas from the Permian Basin to the Katy, Texas, area.
- <u>Verde Pipeline</u>: Pecan Pipeline Company's Verde Pipeline can move up to 1.0 Bcf/d of producer EOG Resources' natural gas production from Webb County, Texas, in the Eagle Ford producing region to the Agua Dulce hub in southern Texas.

• <u>Mountain Valley Pipeline</u>: The Mountain Valley Pipeline, operated by Equitrans Midstream Corporation, can move up to 2.0 Bcf/d of Appalachian Basin production from Wetzel, West Virginia, to an interconnect with the Transcontinental Gas Pipe Line Company (Transco) in Pittsylvania, Virginia.

• <u>Regional Energy Access Project</u>: Transco's Regional Energy Access project with capacity of a little more than 0.8 Bcf/d was an expansion of existing Transco infrastructure between Luzerne County, Pennsylvania, and Middlesex County, New Jersey.

• Louisiana Energy Access Project (LEAP) Phase 3: DT Midstream's LEAP Phase 3 project expanded the existing LEAP pipeline by 0.2 Bcf/d. As of June 2024, LEAP can transport 1.9 Bcf/d of natural gas from the Haynesville region to Gulf Coast markets via interconnections with other pipelines at the Gillis Hub near Ragley, Louisiana.

According to the EIA, another five pipeline projects completed in Texas and Louisiana in 2024 increased capacity to deliver natural gas to liquefied natural gas (LNG) export terminals by approximately 8.5 Bcf/d:

- <u>ADCC Pipeline</u>: The ADCC Pipeline, operated by Whitewater Midstream, can move approximately 1.7 Bcf/d of natural gas to the Corpus Christi Stage 3 LNG project, co-located with the existing Corpus Christi LNG terminal, in South Texas.
- <u>Gillis Access</u>: TC Energy's 1.5-Bcf/d Gillis Access project connects with other pipelines at the Gillis Hub and can transport natural gas from the Haynesville region to LNG export terminals along the Gulf Coast.
- <u>Gator Express Phase 1 & 2</u>: Venture Global Gator Express's Gator Express Pipeline consists of two pipeline segments that can deliver approximately 2.0 Bcf/d each of natural gas from pipeline interconnections to the Plaquemines LNG export terminal located about 20 miles south of New Orleans, Louisiana.
- <u>Venice Extension Project</u>: Texas Eastern Transmission's Venice Extension Project can move up to 1.3 Bcf/d of natural gas to the Plaquemines LNG export terminal.

A handful of other relatively small interstate and intrastate pipeline projects (less than 0.8 Bcf/d of capacity each) added another almost 3.0 Bcf/d combined of natural gas pipeline capacity, said the EIA, for a total of 17.8 Bcf/d in new takeaway capacity in 2024, which will help deliver more deliver natural gas from producing regions to demand centers and LNG export terminals along the U.S. Gulf Coast.

President Trump meets with oil executives in closed-door meeting at the White House

U.S. President Donald Trump sat down at the White House on Wednesday, March 19th with some of the nation's top oil and gas executives to talk about the energy industry's priorities, the administration's energy agenda and bold plans to unleash American energy. Oil and gas leaders also reportedly discussed with President Trump tariff and trade policies in the midst of falling crude prices, economic uncertainty and looming concerns over escalating trade wars.

TIPRO'S 2025 Summer Conference

BOOK YOUR HOTEL EARLY AND SAVE!

AUGUST 4-5

HYATT HILL COUNTRY RESORT, SAN ANTONIO, TEXAS

TIPRO

JOIN TIPRO THIS AUGUST FOR THE ASSOCIATION'S ANNUAL SUMMER MEETING, FEATURING STATE LEADERS, INDUSTRY EXPERTS AND OIL AND GAS EXECUTIVES. MEMBERS CAN NOW RESERVE YOUR ROOM FOR TIPRO'S CONFERENCE AT THE HYATT HILL COUNTRY RESORT BY VISITING <u>HTTPS://TINYURL.COM/3874WVM7</u>.

REGISTRATION AND SPONSORSHIP DETAILS FOR TIPRO'S SUMMER CONFERENCE WILL BE AVAILABLE SOON.





Texas Independent Producers & Royalty Owners Association

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

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