



**Texas
Independent
Producers and
Royalty Owners
Association**

TIPRO APPLAUDS EPA DECISION TO WITHDRAW ONEROUS OIL & GAS INFORMATION REQUEST

With the start of March, U.S. oil and gas producers caught a break after the U.S. Environmental Protection Agency (EPA) announced on Thursday, March 2, that the agency will withdraw its request for the oil and gas industry to provide information on equipment and emissions at existing oil and gas operations. The information collected by the EPA through this effort would have been used to

develop additional air regulations for existing sources in the onshore oil and natural gas sector under Section 111(d) of the Clean Air Act (CAA). The withdrawal of the EPA information request from the oil and gas industry is effective immediately.

Under the former administration, late last year the EPA had sent letters to more than 15,000 owners and operators in the oil and gas industry requesting that information be provided to the regulatory agency in two parts: an “operator survey” that had asked for basic information on the numbers and types of equipment at all onshore oil and gas production facilities in the U.S., and a “facility survey” asking for more detailed information on sources of methane emissions and emission control devices or practices in use by a representative sampling of facilities in several segments of the oil and gas industry. The EPA is now rescinding both parts of the request.

The EPA’s move to cancel its Information Collection Request, also known as an ICR, followed state intervention in the matter. A coalition of 11 states, led by Texas Attorney General Ken Paxton, sent a letter on March 1st to the EPA expressing concern over the pending ICR for oil and gas facilities. The group pointed to estimates made by the EPA itself calculating industry’s cost of \$42 million to respond to this request. The states also called out the federal environmental agency for “harassing” U.S. producers of oil and natural gas by imposing undue and onerous requirements. “Many companies involved with this request cannot afford the time and expense of complying with an empty, heavily regulatory burden. The information request puts strain on these companies—and all for the purpose of supporting an unlawful rule,” commented Attorney General Paxton. “The EPA’s request, directed only to oil and gas producers, is clearly more harassment than an actual search for pertinent information. We sincerely hope that the era of regulatory harassment is over and the era of common sense regulation can begin.”

Administrator Scott Pruitt was receptive to the arguments presented by the states, and promptly took action to withdraw the EPA’s information request for the oil and gas sector. “By taking this step, EPA is signaling that we take these concerns seriously and are committed to strengthening our partnership with the states,” commented Pruitt. “Today’s action will reduce burdens on businesses while we take a closer look at the need for additional information from this industry.”

News of the EPA’s cancellation of the Obama-era ICR was welcomed by both members of the industry and elected officials. Last week, TIPRO President Ed Longanecker applauded the decision from Administrator Pruitt. “The ICR was part of a larger regulatory assault launched under the Obama Administration targeting the oil and natural gas industry, one of the most heavily regulated sectors in the United States. This action shows a commitment to reducing overbearing regulations placed on an industry that provides millions of American jobs and billions in annual tax revenue, and a commitment to strengthening EPA’s partnership with the states,” said Longanecker.

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TIPRO HOSTS SUCCESSFUL CONVENTION IN AUSTIN

More than 200 TIPRO members gathered in Austin last week for the association’s 71st Annual Convention. As one of the association’s signature meetings, the annual TIPRO conference held on February 27-28 featured industry experts and elected officials who reviewed key opportunities as well as current challenges facing Texas producers and royalty owners. Speakers at this year’s TIPRO conference included former United States Vice President Dick Cheney, Railroad Commission Chairman Christi Craddick, Representative and former Speaker of the House Tom Craddick, Railroad Commissioner Wayne Christian, Railroad Commission Executive Director Kimberly Corley, Marathon Oil Executive Vice President for Operations T.M. “Mitch” Little, EnerVest Operating Company President and CEO Jud Walker, and Plantation Petroleum Company Chief Executive Officer and Chairman of the Board Thomas Meneley, in addition to other experts and officials.



Former United States Vice President Dick Cheney speaks to TIPRO members at the association’s 2017 meeting

See more coverage on TIPRO’s 2017 Annual Convention on pages 8-11 of this newsletter...

PRESIDENT'S MESSAGE

TIPRO Members,

We continue to see many positive actions unfold at the state and federal level from a regulatory standpoint that are contributing to growing optimism in the Texas oil and natural gas industry. The recent decision by EPA Administrator Scott Pruitt to withdraw the Information Collection Request (ICR) was a much anticipated example of reducing an overbearing and unnecessary regulatory framework advanced under the previous Administration, much of which had specifically targeted the oil and natural gas industry. As you know, TIPRO was directly involved in efforts to prioritize a “stay” or “indefinite extension” of the ICR and we appreciate the involvement of so many of our members and partners in our related strategies.

As I communicated in January, TIPRO has engaged in numerous efforts to eliminate many of newly proposed or adopted regulations against oil and natural gas operators via Executive Action, the Congressional Review Act, or through legislative or administrative rulemaking. As I’ve referenced in past public testimony, editorials and other communication with TIPRO members, these unnecessary regulations threaten U.S. oil and gas operators, American jobs and our entire economy.

Below find a sample of priority issues that I have previously shared, along with some brief updates. These priorities are part of a more extensive list of concerns by the industry which have been communicated to President Trump and others in his administration:

- **EPA’s methane regulations for new and modified sources (OOOOa):** TIPRO is currently a party in a lawsuit challenging the EPA’s OOOOa regulations. Though we are uncertain on the timeframe of when this issue will be addressed by the new Administration, our legal efforts against this rulemaking continue for the time being.
- **U.S. Fish and Wildlife Service’s arbitrary listings under the Endangered Species Act:** With federal leaders engaged on ESA reform, we expect positive changes to this federal policy, including an end to the sue and settle tactics used by environmental activist groups. Likewise, in a recent speech, EPA Administrator Scott Pruitt outlined his own desire to bring regulatory certainty to his agency, and stop the practice of “sue and settle.”
- **EPA’s ‘Waters of the U.S.’ rule:** President Trump signed an executive order on March 1st instructing the EPA and the Army Corps of Engineers to formally reconsider the Water of the United States -- “WOTUS” -- rule. This could lead to a re-write of the law or a complete repeal, but could take a while to be implemented. In the meantime, U.S. Congressman Mac Thornberry (R-Clarendon) has introduced legislation to solve the problem permanently. Thornberry’s bill, the “Federal Regulatory Certainty for Water Act,” H.R. 1261, clarifies the definition of “navigable waters” in the Clean Water Act (CWA) as waters that are navigable-in-fact or are permanently flowing bodies of water that physically connect to navigable waters.
- **BLM’s Venting and Flaring rule:** S.J. Res. 11, introduced by Senator John Barrasso (R-Wyo.), would strike down the rule designed to limit the venting, flaring and leaking of methane emissions from more than 100,000 oil and natural gas wells on federal and tribal lands. The House passed its version, H.J. Res. 36, last month, largely along party lines.
- **BLM’s Hydraulic Fracturing rule:** In January, the Tenth Circuit Court of Appeals in Denver rescheduled oral arguments for an industry hydraulic fracturing lawsuit initiated by IPAA to March 22. The court delay will give the new Administration time to consider its legal position and the best way it plans to move forward.
- **RCRA E&P regulations:** Last year, TIPRO, IPAA, API and the state of North Dakota all separately filed motions to intervene in the case. Ultimately the court denied all of the motions and issued a consent decree in December to settle the litigation. The Consent Decree dictated that, no later than March 15, 2019, EPA must propose a rulemaking for revisions to regulations pertaining to oil and gas waste, or sign a determination that revision of the regulations is not necessary. TIPRO is advocating for the latter.

In the meantime, at the beginning of March, the U.S. House of Representatives passed the *Searching for and Cutting Regulations that are Unnecessarily Burdensome Act* (SCRUB Act) by a vote of 240 to 185. If passed by the U.S. Senate and signed by President Trump, the SCRUB Act would establish the Retrospective Regulatory Review Commission to find and recommend regulations for repeal, implement “cut-go” procedures for executive agencies to repeal certain regulations as identified by the Commission, and provide for the future review of new rules every ten years.

Back home in Texas, Senate Concurrent Resolution 26 filed by Texas Senator Craig Estes (R-Wichita Falls) and House Concurrent Resolution 84 filed by state Representative Drew Darby (R-San Angelo) urges Congress and the new administration to closely review onerous federal regulations in order to determine whether these rules should be revised, repealed, or alternatively, delegated back to the states to implement and enforce. TIPRO would like to express our sincere thanks to Chairman Estes and Chairman Darby for their support and leadership on this issue.

While the pendulum has officially shifted from a federal regulatory perspective, conniving anti-oil and natural gas fanatics have no plans to slow their efforts to stop domestic oil and natural gas production in our country. We know that the biggest tool for anti-oil and natural gas organizations in the coming months will be litigation. As a result, TIPRO’s Board of Directors recently approved the formation of a standing Legal Committee for the association. The focus of the TIPRO Legal Committee will include: tracking and analyzing legal issues that impact Texas producers and royalty owners; developing and executing strategies to be more proactive as an organization in the judicial arena; and providing recommendations to TIPRO’s chairman, president and the Board of Directors on areas for engagement. Stay tuned for additional information regarding this committee and related efforts. Thank you.



Ed Longanecker

TEXAS LEGISLATIVE COMMITTEE TAKES UP RAILROAD COMMISSION SUNSET BILL

Members of the Texas House Energy Resources Committee met on March 6th to review House Bill 1818, relating to the continuation and functions of the Railroad Commission of Texas. Known as the “Railroad Commission Sunset Bill,” this legislation authored by Texas Representative Larry Gonzales, chair of the Sunset Advisory Commission, would continue the state’s primary oil and gas regulatory agency for 12 more years. Other provisions under House Bill 1818 direct the Railroad Commission to strengthen its oil and gas monitoring and enforcement activities, establish by rule pipeline safety and regulatory fees to be assessed for permits and/or registrations for pipelines under the commission’s Pipeline Safety Program, as well as adopt rules that include safety standards relating to the prevention of damage to interstate and intrastate hazardous liquid carbon dioxide pipeline facilities.

TIPRO’s President Ed Longanecker testified at the March 6th House Energy Resources hearing in favor of the bill. Passage of the Sunset legislation for the Texas Railroad Commission is a top priority for TIPRO this session.

HOUSE APPROPRIATIONS COMMITTEE CONSIDERS BUDGET REQUEST FOR THE RRC

The Texas House Appropriations Subcommittee on Article VI met in late February to discuss budget proposals for the agencies that fall under Article VI, including the Texas Railroad Commission. TIPRO President Ed Longanecker provided written testimony to the committee expressing support on behalf of the association for the Railroad Commission’s budget requests. “A fully funded and functioning Railroad Commission is critical in supporting an industry that directly employs hundreds of thousands of Texans and provides billions of dollars in tax revenue on an annual basis, especially as market conditions improve and industry activity starts to increase,” emphasized Longanecker. Exceptional items for salary parity and IT improvements totaling \$16 million along with a transfer of the gas utility tax from General Revenue to the Oil and Gas Regulation and Cleanup Fund General Revenue Dedicated Account are amongst the budget items TIPRO is advocating for.

BILL FILED AT TEXAS CAPITOL WOULD CAP OIL AND GAS PRODUCTION TAXES

State Senator Kel Seliger has filed Senate Joint Resolution 41 to cut the rate of oil and gas production taxes in Texas. The resolution proposes a constitutional amendment that would reduce the rate of severance taxes and suspend transfers into the Economic Stabilization Fund (ESF) when the balance exceeds \$5 billion. Crude oil and natural gas production taxes contribute more than 85 percent of revenue to the ESF, commonly known as the Rainy Day Fund. Thanks to the extraordinary growth in oil and gas development during the industry’s recent boom, the ESF reached historic balances from the crude oil and natural gas production taxes collected by the state.

Senator Seliger’s bill, if passed by the legislature, would scale back oil and gas production tax rates and suspend transfers into the ESF whenever the balance of the fund exceeds \$5 billion. “The Comptroller predicts the balance of the Rainy Day Fund will total nearly \$11 billion by the end of this fiscal year. Oil and gas are the sole industries that contribute to the Fund, and in recent years the legislature has not chosen to utilize those funds for their intended purpose - economic stabilization,” said Senator Seliger. “Now is the time to stop sticking money under a mattress and to cut taxes on business, and in so doing, create more jobs and stimulate the economy.”

Related legislation to enable Senate Joint Resolution 41 is filed under Senate Bill 1008, which was referred to the Senate Finance Committee for consideration on March 6, 2017.

HOUSE BILL 1979 -- “TEXAS FUELS” BILL -- AIMS TO PROPEL TEXAS NATURAL GAS

Legislation filed in Texas last month hopes to promote the use of natural gas in state fleet vehicles. House Bill 1979, the “Texas Fuels” bill, by state Representative Brooks Landgraf would authorize portions of the Texas Emissions Reduction Program (“TERP”) fund to convert state fleets to include vehicles with engines that run on natural gas-based fuels. The program envisioned under the bill would bolster usage of natural gas across the Lone Star State. “The Texas Fuels bill is good for Texas,” said Representative Landgraf. “It will help create jobs in places like the Permian Basin that are blessed with an abundance of natural gas, but it will also provide a path for economic growth and cost-savings for Texas taxpayers.”

“Texas is the largest natural gas producer in the nation, and the Permian Basin is the largest natural gas producer in the state,” added Landgraf. “These co-products come from natural resources should be used to their fullest extent.”

Similar legislation has been filed for consideration during past legislative sessions, though each time the proposals have failed to garner approval from the state legislature.

For more information on the companion legislation that has been filed by Senator Craig Estes, please see the following page.

TIPRO Calendar of Events

MARCH 15, 2017	APRIL 12, 2017	MAY 10, 2017	JUNE 14, 2017
HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.

TEXAS LAWMAKERS WANT CONGRESS TO RECONSIDER STRENUOUS FEDERAL OIL AND GAS RULES

Leaders of key legislative committees for the Texas energy industry are calling on the state legislature to join together in encouraging Congress to ease the overly burdensome regulatory environment for the oil and gas industry. In late February, Senator Craig Estes, chairman of the Senate Natural Resources and Economic Development Committee, filed Senate Concurrent Resolution 26, legislation that calls on the 85th Legislature of the State of Texas to respectfully urge Congress - along with the executive branch - to work with Texas in identifying federal regulations promulgated during the last eight years, and assess if those rules should be eliminated in order to ease the overly burdensome regulatory patchwork on the oil and gas industry in Texas.

“Texas oil and gas fields have provided a pathway toward American energy independence from foreign powers, have afforded financial security to hundreds of thousands of individuals in Texas, and have delivered safe and reliable energy to fuel our nation’s economy,” reads the resolution by Senator Estes. “During the past eight years, the federal government has promulgated regulations that jeopardize the productivity of the oil and gas fields of Texas and new federal regulations have been proposed and implemented despite the protests of Texas and many other oil and gas producing states, resulting in overregulation that prioritizes minor environmental gains over major productive losses.” As such, the resolution resolves that the Texas legislature should press Congressional leaders to review regulations that were adopted during the Obama Administration under the authority of the U.S. Environmental Protection Agency, the U.S. Department of the Interior, and the U.S. Department of Energy, and determine whether they should be revised, delegated to state agencies, or outright eliminated.

State Representative Drew Darby, chairman of the House Energy Resources Committee, has filed similar legislation under House Concurrent Resolution 84, which also urges Congress to identify federal regulatory programs that harm the Texas oil and gas industry and delegate relevant regulatory responsibilities to state agencies.

LEGISLATION ON TEXAS EMISSIONS REDUCTION PLAN ADVANCES IN TEXAS SENATE

On Thursday, March 2, members of the Texas Senate Committee on Natural Resources & Economic Development voted to pass Senate Bill 26, legislation that would renew and expand the Texas Emissions Reduction Plan (TERP). TERP is the state’s flagship program for lowering emissions to bring Texas into compliance with national ambient air quality standards issued by the Environmental Protection Agency (EPA) under the federal Clean Air Act. Formed by the Texas Legislature in 2001, TERP offers voluntary incentives to eligible individuals, businesses, or local governments to reduce emissions and improve air quality in Texas.

Some of TERP’s incentive grant programs, such as the alternative fuel programs, are due to expire in 2017 and 2018 if they are not renewed by the state legislature this session. The remainder of TERP will expire in 2019 if not extended.


Senate Bill 26, authored by Texas Senator Craig Estes, allows for the continuation of TERP until the end of the biennium. The legislation also would instruct the Texas Commission on Environmental Quality (TCEQ) to streamline grant application requirements, and would authorize a New Technology Implementation Grant Program to help providing funding for projects designed to reduce oilfield emissions.

“Senate Bill 26 provides our agencies the tools necessary to meet the increased demands of the EPA,” stated Senator Estes. “These renewed programs will utilize new technology as well the discretion of our own experts at TCEQ to determine the best use of our resources.”

“I believe this bill will mitigate the damage being done to Texas businesses by overreaching EPA regulations. Texas has significantly improved air quality over the last 30 years, and this bill will continue that progress without damaging our economy.”

Texas Lieutenant Governor Dan Patrick has made the TERP bill a top legislative priority. “Senate Bill 26 will give state agencies, local governments, and school districts the opportunity to dramatically reduce fuel costs while reducing mobile emissions. I commend Senator Estes for filing Senate 26 and for his commitment to the effective use of natural resources across the state,” commented Lieutenant Governor Patrick earlier this session.

Senate Bill 26 is expected to go to the floor of the Texas Senate in the weeks ahead.



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NEW SLATE OF FEDERAL REGULATORS TAKE CONTROL IN D.C.

In recent weeks, President Donald Trump's cabinet has continued to fill out, after the U.S. Senate confirmed Scott Pruitt to serve as the new administrator of the U.S. Environmental Protection Agency, Ryan Zinke as secretary of the U.S. Department of Interior, and Rick Perry as secretary of the U.S. Department of Energy.

Since taking office, the new federal leaders have vowed to adopt a fair, balanced approach for oversight of energy development and protection of the environment in the United States. Pruitt, Perry and Zinke also have indicated their appreciation for policies that can produce both environmental and economic benefits, and pledged to advocate and promote American energy in each of their respective capacities.

TEXAS LEADERS MEET WITH EPA'S PRUITT, EXPRESS HOPE TO PARTNER ON ENVIRONMENTAL ISSUES

Since his first day as the new leader of the nation's top environmental regulatory agency, Scott Pruitt has made clear his intent to bring back an approach of cooperative federalism at the U.S. Environmental Protection Agency (EPA). Pruitt, now serving as the administrator of the EPA, most recently was attorney general for the state of Oklahoma, a role in which he certainly understood the valuable expertise that states hold when it comes to regulatory oversight and management of environmental issues.

That appreciation of state authority by Pruitt could allow for a fresh start between the EPA and state authorities, following a tumultuous few years seen between federal and state environmental regulators.

Now, officials from Texas are hoping to restore partnership and collaboration on core environmental issues facing the nation today. On Friday, February 24, Texas Governor Greg Abbott met with Administrator Pruitt in Washington D.C. to discuss environmental issues vitally important to the people of Texas. An EPA press release said: "The two men agreed to work cooperatively on a range of issues including the status of Texas nonattainment areas."

Texas Attorney General Ken Paxton also held a meeting in late February with Pruitt to discuss working together to protect the nation's water, air, and natural resources.



Texas Governor Greg Abbott meets with new EPA Administrator Scott Pruitt

REACTIONS FROM EPA'S ICR WITHDRAWAL... CONTINUED FROM PAGE 1

On behalf of the association's membership, during 2016, TIPRO collaborated with other oil and gas trade associations from across the country in efforts to rebuke the EPA's burdensome order against the industry. The group of nearly 50 oil and gas trade organizations argued that the ICR unnecessarily and unreasonably burdens America's oil and gas producers. The coalition also warned that the ICR had included significant underestimations in time and cost estimates, prompting further concerns over undue burden that would be placed on U.S. independent producers.

Of Administrator Pruitt's recent decision to cancel the ICR, Texas Attorney General Paxton said in a statement: "We are pleased that the EPA has responded to our request and withdrawn its burdensome and unlawful information demand to oil and gas producers across the country. We applaud Administrator Pruitt for his adherence to the rule of law as he pursues the balance Congress has struck between preserving our environment and allowing our economy to grow."

Texas Railroad Commissioner Wayne Christian also expressed his support over the EPA's withdrawal of the ICR. "I applaud EPA Administrator Scott Pruitt for eliminating this costly mandate on our nation's energy producers that would have hurt jobs and prevented growth in our economy. It is time our national energy policy is based on sound science and not baseless speculation," said Commissioner Christian.

STATE OFFICIALS URGE EPA TO END SYSTEMATIC FEDERAL OVERREACH

In line with similar efforts pursued over the course of the past few weeks, a coalition of 19 states has called on the new leader of the U.S. Environmental Protection Agency (EPA) to put a stop to the federal overreach that previously characterized the agency's regulatory actions during the Obama-era. In a letter sent March 7th to EPA Administrator Scott Pruitt, Texas Attorney General Ken Paxton, 16 other state attorneys general, and the governors of Kentucky and Mississippi encouraged Pruitt to cooperate with the states on regulatory oversight of environmental matters.

In their outreach to the EPA Administrator, the state officials described the fact that existing federal laws designate state and local governments as the primary regulators for the environment. "The Clean Air Act wastes no time making this point," reads the letter. "From our perspective, the recent overreach by the [EPA] amounts to a striking departure from the Clean Air and Clean Water Acts... respectfully, we ask that you consider the steps that the agency may take to restore the principles of cooperative federalism embodied in these important statutes."

To view a copy of the letter, visit: https://www.texasattorneygeneral.gov/files/epress/FINAL_Signed_Letter_to_EPA.pdf.

PRESIDENT ORDERS FORMAL REVIEW OF 'WATERS OF THE U.S.' REGULATION

In one of Donald Trump's first executive actions targeting Obama-era environmental regulations, on Tuesday, February 28, 2017, the president issued an executive order directing the administrator of the Environmental Protection Agency (EPA) and the assistant secretary of the Army for Civil Works to review the Clean Water Rule's definition of 'Waters of the United States, and publish for notice and comment a proposed rule that rescinds or revises the rule, as appropriate and consistent with law. The Waters of the United States regulation, also known as the "WOTUS" rule, greatly expanded jurisdiction of the federal government over waterways and wetlands.

In accordance with the presidential directive, the EPA and Department of the Army announced the intent of the two federal entities to immediately implement the executive order and review the 2015 Clean Water Rule. "The president's action today restores the states' important role in the regulation of water," said EPA Administrator Scott Pruitt.

Calling the WOTUS rule "a disaster for Americans," U.S. Speaker of the House Paul Ryan welcomed the review that has been ordered by President Trump over the federal regulation. "This regulation is a federal power grab of epic proportions. It takes management authority away from the people who depend upon water to make a living... [I] hope it will be repealed once and for all. The livelihoods of America's farmers, ranchers, and cattlemen are at stake," Speaker Ryan said in a statement. Members of the Texas delegation in Congress also praised the action by President Trump to dismantle the overreaching WOTUS regulation.

INTERIOR DEPARTMENT POSTPONES MIDNIGHT RULE ON OIL AND GAS ROYALTY VALUATIONS

The U.S. Department of Interior's Office of Natural Resources Revenue (ONRR) announced on February 22nd that it will suspend implementation of the agency's "Consolidated Federal Oil & Gas and Federal & Indian Coal Valuation Rule" (2017 Valuation Rule) due to legal challenges currently under consideration by the courts. The agency's royalty valuation rule was finalized in July 2016, altering the accounting rules relied upon by producers of the nation's natural resources on federal lands. The Interior's updated rule had gone into effect on January 1, 2017, with the first series of valuation reports due on February 28, 2017. However, in light of pending litigation, ONRR says it has decided to postpone the effective date of the 2017 Valuation Rule until the litigation is resolved.

Congressman Rob Bishop (R-UT), chair of the U.S. House Committee on Natural Resources, commended the Interior's decision to delay the controversial midnight royalty valuation rule. "The Trump administration made the right decision to suspend this illogical and legally dubious rule. It is already causing uncertainty for future investment and development on federal and tribal lands and increasing electricity rates for rural communities including those in my district," commented Congressman Bishop.

In February, Congressmen Scott Tipton (R-CO) and Steve Scalise (R-LA) introduced H.J. Res. 71, a joint resolution of disapproval of the rule under the Congressional Review Act that would rescind the onerous rulemaking and prohibit substantially similar regulations from being considered.

"ROYALTY LEASES...A SCAM?"

BY JACK FLEET, NATIONAL ASSOCIATION OF ROYALTY OWNERS

We have been deeding royalties on non-producing mineral estates for years. These royalty deeds some with terms that expire the deed if the estate is not held by production and revert the conveyance to the grantor. The executive rights stay with the mineral estate owner who execute leases on the behalf of the royalty owner, also known as Non-Participating Royalty Interest, or NPRI. Now a new conveyance is showing up in Texas, a royalty lease.

I have been receiving many calls regarding a company that is sending out royalty leases -- this is not a lease for the mineral interest. This royalty lease conveys 75 percent of your current royalty income for consideration that is structured like a bonus check.

This company represents themselves in a cover letter as "an oil and gas leasing firm based in Dallas, Texas." They send a conditional draft for an amount that from what I have heard is approximately worth three to four months of the *current* royalty income.

The lease titled "OIL & GAS ROYALTY LEASE" reads very similar to a standard lease of a mineral estate. Including the term clause: "This lease, grant and conveyance shall be for a term of three (3) years from the date of the effective date herein, and as long thereafter as oil, gas or minerals are produced from said lands..."

Since the royalty owner is currently receiving royalties they are GIVING UP 75 percent of the current income and retaining a 25 percent RESERVE from the royalty lease. Simply, if the gross royalty income is \$1,000.00 per month in royalty income, the offer or bonus would be for \$4,000.00 and the monthly royalty would drop to \$2,500.00.

If you are a mineral or royalty owner in doubt about what you are about to sign, contact a professional. Reach out to me or the NARO National office through www.NARO-US.org to be put in touch with a Certified Mineral Manager or an attorney assist. Read every line carefully of any document sent to your regarding your mineral or royalty interest. Make sure you know what you're conveying.

If you have received a royalty lease offer, I would be interested in hearing from you. Please email Jack@FleetEnergyCo.com.

Also, if you have received an offer letter or even granted a royalty lease, please contact:

Attorney General Office for the State of Texas (where you can also file a complaint online) --

<https://texasattorneygeneral.gov/cpd/file-a-consumer-complaint>

And for companies based in Dallas County:

Dallas County District Attorney --

<https://www.dallascounty.org/department/da/>

FEDERAL AGENCIES TASKED WITH FORMING REGULATORY REFORM TASK FORCES

In efforts to further eliminate regulatory red tape, on February 24, President Donald J. Trump signed an Executive Order that will require every federal agency to establish a Regulatory Reform Task Force to research all regulations that are unnecessary, burdensome and harmful to the economy.

According to the White House, the last administration finalized more than 3,000 regulations, which cost American taxpayers \$873 billion in total. President Trump now wants to eliminate regulations that could be considered costly and unnecessary. Each Regulatory Reform Task Force has been ordered to evaluate existing federal regulations and identify policies for repeal or modification.

In remarks made by Donald Trump at the signing of his executive order on regulatory reform, the president said: "This executive order is one of many ways we're going to get real results when it comes to removing job-killing regulations and unleashing economic opportunity. We've already issued an order which says that for every one new regulation, two old regulations must be eliminated. So that in itself is going to be tremendous, but what we're doing is much more than even that. Every regulation should have to pass a simple test: Does it make life better or safer for American workers or consumers? If the answer is no, we will be getting rid of it and getting rid of it quickly. We will stop punishing companies for doing business in the United States. It's going to be absolutely just the opposite. They're going to be incentivized for doing business in the United States."

TEXAS CONGRESSMAN ADVOCATES FOR REFORM OF EPA SCIENCE ADVISORY BOARD

The chairman of the U.S. House Science, Space, and Technology Committee, U.S. Representative Lamar Smith, hopes to reform the scientific review process utilized by the U.S. Environmental Protection Agency (EPA) to develop new federal environmental regulations. Under new legislation introduced to Congress on March 6, 2017, the Texas congressman seeks to promote an open and honest EPA, as well as restore the integrity of the science used to form EPA rules and policy.

"An open and honest scientific process is long overdue at EPA. American taxpayers have often had to foot the bill for regulations and rules based on hidden science that has not been available for review by the public. We want to change that. The HONEST Act of 2017 is about ensuring public access to the very science that underpins rules and regulations by EPA. This bill would prohibit any future regulations from taking effect unless the underlying scientific data is public," said Congressman Smith.

"The Science Advisory Board at EPA has the opportunity to include a more balanced group of scientists to assist EPA in fulfilling its core mission. With the EPA Science Advisory Board Reform Act of 2017, conflicts of interest will be reduced. This bill would ensure that scientists advising EPA on regulatory decisions are not the same scientists receiving EPA grants. As both of these bills move forward, our committee is working hard to preserve EPA's scientific integrity and to help strengthen EPA's internal review process."

WHITE HOUSE LOOKS TO SLASH EPA BUDGET

Major budget cuts could be in store for the U.S. Environmental Protection Agency (EPA), as the executive branch works to develop budget proposals. News outlets have reported that the Trump administration is looking to slice the EPA's overall budget by 25 percent to \$6.1 billion and trim staffing at the federal agency by 20 percent.

TEXAS GOVERNOR REAPPOINTS LEADERS OF STATE TRANSPORTATION, WATER BOARDS

Texas Governor Greg Abbott announced on Thursday, March 9, he has reappointed Kathleen Jackson to the Texas Water Development Board (TWDB) for a term set to expire February 1, 2023. The TWDB provides leadership, planning, financial and technical assistance for the responsible development of water for the state of Texas.

Recently, the governor also reappointed Laura Ryan to the Texas Transportation Commission for a term also due to expire on February 1, 2023. The Texas Transportation Commission is the governing body of the Texas Department of Transportation (TxDOT) and is responsible for policymaking regarding the state's highway system, developing a statewide transportation plan, assisting the development of public transportation and adopting rules for TxDOT's operation.

OUTLOOK FOR TEXAS OIL AND GAS INDUSTRY LOOKS BRIGHT, SAYS RAILROAD COMMISSION CHAIR

In a new editorial published Tuesday, March 7, Railroad Commission Chairman Christi Craddick signaled Texas producers have good reason to be optimistic these days, as oil prices rebound and positive regulatory changes likely on the horizon. "Newfound enthusiasm in the oil patch extends beyond price measures, as producers hold out hope for political changes and economic opportunities that lie ahead," Craddick said.

"As Texas leads the way in energy development of all sources - from oil and gas to wind - the Texas Railroad Commission seeks to lead the way with a modern regulatory framework that keeps up with the times," added Craddick. "At the Texas Railroad Commission, we are not only stewards of vital energy resources, but of the public trust. We want to ensure regulatory policies are modern and transparent, conducive to economic growth, and consistent with the environmental standards Texans have come to expect. If we do those things, we will have done our job. And Texas will prosper in 2017, and beyond."

Read the full article penned by Chairman Craddick by visiting: <http://bit.ly/2meV8YE>.

OIL AND GAS OPERATORS ENCOURAGED TO USE NEW RRC ONLINE DIGITAL WELL LOG SYSTEM

In a notice distributed in early March, the Texas Railroad Commission says it hopes to encourage the state's oil and gas operators to begin using the new Digital Well Log System available on the commission's website via the Railroad Commission's Online System at: <http://webapps.rrc.state.tx.us/dwl/>. Additionally, the Railroad Commission reports that electronic well logs can also be submitted online via its Digital Well Log System when filing for Statewide Rule (SWR) 13, SWR 101, or Underground Injection Control permitting.

According to the Railroad Commission, use of the new digital well log system will help to eliminate use of paper logs, ultimately reducing costs to operators and saving agency staff time previously spent converting paper logs into an acceptable electronic form.

To download a copy of this latest notice issued by the Railroad Commission, please visit: <http://bit.ly/2mXl4bb>.

EXXONMOBIL ANNOUNCES MAJOR PLANS TO EXPAND IN U.S. GULF REGION

ExxonMobil announced on Monday, March 6, plans to invest \$20 billion over 10 years to build and expand manufacturing facilities in the U.S. Gulf, which will bring thousands of well-paid industry jobs and new infrastructure projects to Texas and Louisiana. According to the company, the initiative, called *Growing the Gulf*, will include 11 major chemical, refining, lubricant and liquefied natural gas projects.

U.S. President Donald Trump congratulated the company this week on its ambitious investment program that will create more than 45,000 construction and manufacturing jobs in the United States Gulf Coast region. "This is exactly the kind of investment, economic development and job creation that will help put Americans back to work," said President Trump. "Many of the products that will be manufactured here in the United States by American workers will be exported to other countries, improving our balance of trade. This is a true American success story. In addition, the jobs created are paying on average \$100,000 per year."

SENATOR TED CRUZ VISITS PERMIAN OIL AND GAS PRODUCERS

U.S. Senator Ted Cruz (R-Texas) visited oil and gas producers in the Permian Basin last month, touring XTO Energy and Pioneer Natural Resources facilities in late February to get a firsthand look at energy development activities in the region. At XTO Energy, the senator saw a drilling rig and observed fracking operations, and at a later stop with Pioneer Natural Resources, Senator Cruz toured a Water Reclamation Plant and some of Pioneer's near-by ponds.

"The people and businesses in the Permian Basin are a crucial to the economic strength of our state. While the energy industry in Texas has been impacted by the recent downturn in oil prices, we are beginning to see a robust recovery. That is a testament to the strong work ethic of Texans and the efforts our state has made to keep regulations to a minimum and empower those with new technology and innovative ideas to enter the marketplace," Senator Cruz said. "While Texas continues to serve as a model for the success of restrained regulations, I am committed to applying those same principles in Washington's approach. Thankfully we have a new administration that has shown it understands the value of removing regulatory barriers and has already taken steps to unleash the potential of our energy industry. I look forward to working with them and with my fellow Texans to see our energy resources utilized to their full potential, for the benefit of Texans all over our state."

OIL PRICES DIP AFTER AS U.S. CRUDE OIL INVENTORIES SURGE AGAIN

For the first time in months, oil prices dropped below \$50 a barrel on Thursday, March 9, 2017, after new production reports showed growing oil supplies threatening to again saturate the market. Though the Organization of the Petroleum Exporting Countries (OPEC) has trimmed its production output, U.S. inventories are expanding, contributing to a global glut despite OPEC-led supply cuts.

TIPRO'S 71ST ANNUAL CONVENTION... CONTINUED FROM PAGE 1

As part of the association's annual meeting, TIPRO recognized the Honorable Joe Straus, speaker of the Texas House of Representatives, as the association's 2017 Hats Off Award honoree. During the TIPRO convention, TIPRO also presented former Railroad Commissioner David Porter with the 'Tip of the Hat' award.

In conjunction with TIPRO's annual convention, attendees also participated in call-up meetings at the state capitol to discuss with state legislators and staff the economic impact and importance of oil and gas development in Texas. During the TIPRO legislative call-up meetings, TIPRO members met one-on-one with nine key legislators including Chairman Drew Darby, Representative Chris Paddie, Representative Brooks Landgraf, Representative Phil King, Representative Doc Anderson, Representative Leighton Schubert, Representative Poncho Nevarez, Representative Tony Dale and Representative Travis Clardy. TIPRO members also met with staff members of Texas Governor Greg Abbott, Lt. Governor Dan Patrick, Speaker Joe Straus, Chairman Craig Estes, Representative Larry Gonzales, Senator Charles Perry, Senator Konni Burton, Senator Carlos Uresti, Senator Kel Seliger, Senator Bryan Hughes, and Representative Jay Dean.

Speaker presentations from TIPRO's 71st Annual Convention are available online for members through TIPRO's website. To access the presentations, please visit: <http://www.tipro.org/meetingsevents/annual-convention>.

Check out photos from TIPRO's Annual Convention on pages 9-10...

PHOTOS FROM TIPRO'S 71ST ANNUAL CONVENTION...



TIPRO Chairman Allen Gilmer welcomes attendees of TIPRO's annual meeting



TIPRO members listen to updates on opportunities and challenges facing the Texas oil and gas industry



Former TIPRO Chairman Ray Welder III with former U.S. Vice President Dick Cheney



TIPRO's Executive Panel featuring T.M. "Mitch" Little, EVP of operations for Marathon Oil, Thomas Meneley, CEO and chairman of Plantation Petroleum, and Jud Walker, president and CEO of EnerVest Operating Company



Railroad Commissioner Wayne Christian presents at TIPRO's 71st Annual Convention



Railroad Commission Executive Director Kimberly Corley speaks to TIPRO members during the association's membership breakfast

PHOTOS FROM TIPRO'S 71ST ANNUAL CONVENTION...



Haynes and Boone Partner Suzanne Murray shares a regulatory update with TIPRO



The Quorum Report's Harvey Kronberg and Scott Braddock provide a political outlook for the remainder of the state's legislative session during the TIPRO conference



TIPRO President Ed Longanecker with Railroad Commission Chairman Christi Craddick



TIPRO executive leaders Allen Gilmer and Ed Longanecker present the association's Hats Off Award to staff of Speaker Joe Straus



TIPRO 'Tip of the Hat' Award Recipient David Porter provides remarks during the Chairman's Dinner



TIPRO Chairman Allen Gilmer with Representative Tom Craddick

TIPRO'S 71ST ANNUAL CONVENTION

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