



**Texas
Independent
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Association**

INDUSTRY COALITION FAULTS EPA OVER PROPOSED INFORMATION COLLECTION REQUEST

The Texas Independent Producers & Royalty Owners Association (TIPRO) has joined an industry coalition rebuking the proposed Information Collection Request (ICR) for oil and gas facilities by the U.S. Environmental Protection Agency (EPA). The coalition, led by the Independent Petroleum Association of America (IPAA) and the American Exploration and Production Council (AXPC), includes nearly 50 other oil and gas trade organizations from across the United States. Collectively the group represents

thousands of America's independent oil and natural gas explorers and producers who would be affected by the actions resulting from this regulatory proposal.

Together, the group argues that the EPA's ICR as drafted will unnecessarily and unreasonably burden oil and gas producers. The federal government already has access to resources that would supply much of the desired information as requested under the proposed ICR. "These resources should be mined and analyzed by EPA before it imposes its excessive demands on the private sector – particularly on the small business component of the oil and natural gas production industry," said the coalition.

Moreover, according to the coalition, the EPA's estimated cost of compliance per operator for this ICR is largely off-base and holds significant discrepancies between projected costs for very small operators when compared to large producers. "Part of the cost difference reflects EPA's astonishingly low time estimates for completing its ICR requirements." The burden estimate detailed by the EPA assumes an operator will complete an average of 30 surveys for the first part of the ICR, spending a total of 5.2 hours (i.e. 10.35 minutes/facility) and \$732 per respondent (i.e. \$24.38/facility and \$141.31/hour). As described by one TIPRO member, Pioneer Natural Resources, following the government's provided formulas to assess compliance costs, Pioneer projects compliance costs to satisfy this information request would actually be 66 times greater than EPA's estimate. In truth, 30 minutes per facility is a more realistic timeframe. "Therefore, adjusting the timeframe to complete Part 1 for each facility from 10.35 minutes to 30 minutes, it would take 15 hours to complete EPA's estimated 30 facilities at a cost of \$2,120. Applying this more accurate 30 minutes/facility timeframe to all of Pioneer's 2,000 facilities, it would take a total of 1,000 hours and cost approximately \$141,309. This cost to Pioneer would be approximately 193 times greater than EPA's estimate."

Likewise, the second part of the EPA's drafted ICR also includes significant underestimations in time and cost estimates per operator, prompting further concerns over undue burden to independent producers.

The industry is calling on the EPA to make major revisions to its ICR proposal in order to address key issues. Amongst many recommendations presented by the coalition, the agency needs to develop accurate completion times and costs, as well as eliminate burdensome requirements that add little value.

Read more by visiting: <http://bit.ly/2fcaXhO>.

RAILROAD COMMISSION CHAIRMAN PRAISES INDUSTRY'S WATER CONSERVATION EFFORTS

Speaking last week at the 5th Annual Lone Star Water Summit, Railroad Commission Chairman David Porter commended the oil and gas industry for its success in expanding conservation and recycling of water during the energy production process. "Both state and nationwide, oil and gas water use is less than one percent, compared to irrigation and municipal uses, which total around 80 percent," said Chairman Porter. "Demand for municipal use, manufacturing, and steam-generated electric power are expected to increase over the next 50 years in Texas, while water demand for oil and gas and other mining purposes are expected to remain relatively constant and eventually decline. This decrease in consumption is largely the result of industry innovations, such as desalination and water recycling."

During his remarks, Chairman Porter also credited the state for updating and streamlining regulations to support industry efforts aimed at conserving more water. Rule changes adopted in 2013 by the Railroad Commission, for instance, have helped encourage the recycling of produced fluids, including hydraulic fracture flowback fluid and produced formation fluid, explained Chairman Porter.

"Water is an essential part of energy production, and as the top energy producing state in the nation, water's relationship with this industry is especially important to Texas. But even if we do not use another drop of water for drilling operations, water is still going to be an issue because of our state's tremendous population growth. We must continue working together to find the safest, most efficient uses for water in every industry," Chairman Porter emphasized.

PRESIDENT'S MESSAGE

TIPRO Members-

This year, TIPRO has been fortunate to commemorate 70 consecutive years of serving the Texas oil and natural gas industry. Though many organizations exist, few hold such a respected history of effectively representing independent oil and gas producers and royalty owners in Texas. Since our inception, association staff have helped to advance the mission of this organization, but the members that have tirelessly served and supported TIPRO and our industry throughout the years deserve our gratitude.

The TIPRO members and their contributions are far too extensive to highlight in this column, but I invite you to visit TIPRO's Austin office to get a better sense of those that have served our association. The photo to the right is just one example of the countless respected individuals that have taken the time to engage, support and advance this critically important industry and organization. The generational aspect that is prevalent within our membership is also something that illustrates a strong tradition of engaging in our member-driven advocacy, programmatic and educational efforts.

Recently TIPRO's Chairman Allen Gilmer also reflected on our history and the individuals that have fought for the preservation and future of this industry. He and so many others have had the honor of observing exceptional individuals that have supported TIPRO and worked tirelessly with no expectation of accolades or recognition. I have also been privileged to work for and with the thousands of men and women that continue to move this sector forward against mounting efforts that seek to limit or destroy an industry that provides incalculable benefits to our economy and society.

In the coming months, TIPRO will be rolling out new initiatives to support the next generation of oil and natural gas executives. These individuals will receive unique exposure, regular communication on new innovations and techniques being utilized in the E&P process, and insight on legislative and regulatory matters that impact the oil and natural gas industry. Please stay tuned for additional details.

As always, thank you for your continued involvement with TIPRO. Regards,
Ed Longanecker



John Christmann, left, Congressman Robert Krueger of New Braunfels, center, and George Mitchell, Texas Independent Producers & Royalty Owners Association, 06/08/1976. Courtesy, Fort Worth Star-Telegram Collection, Special Collections, The University of Texas at Arlington Libraries, Arlington, Texas.

GLOBAL PARIS AGREEMENT ON CLIMATE CHANGE TO TAKE EFFECT THIS MONTH

The world's landmark agreement to take action to address effects of climate change - known as the Paris Accord - will take effect on Friday, November 4, 2016. The international milestone comes 30 days after the date on which at least 55 Parties to the United Nations Framework Convention on Climate Change, accounting for at least 55 percent of total global greenhouse gas emissions, entered agreement to participate, per conditions outlined under the Paris Accord that was adopted in Paris, France, on December 12, 2015, during the UN climate conference. This threshold for entry of the Paris agreement was officially met October 5, 2016.

"The speed at which countries have made the Paris's Agreement's entry into force possible is unprecedented in recent experience of international agreements and is a powerful confirmation of the importance nations attach to combating climate change and realizing the multitude of opportunities inherent in the Paris Agreement," said Patricia Espinosa, executive secretary of the UN Framework Convention on Climate Change (UNFCCC). "The entry into force of the Paris Agreement is more than a step on the road. It is an extraordinary political achievement which has opened the door to a fundamental shift in the way the world sees, prepares for and acts on climate change through stronger action at all levels of government, business, investment and civil society."

As stipulated through the Paris Agreement, participating governments are obligated to take action to achieve established temperature goals to combat climate change – set at keeping the average global temperature rise from pre-industrial times below 2 degrees Celsius and pursuing best efforts to limit the temperature rise to 1.5 degrees. Implementation of the Paris Agreement will trigger a variety of consequences, including the development of national climate action plans per each of the participating parties.

TIPRO Calendar of Events

<p>NOVEMBER 9, 2016 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>	<p>DECEMBER 14, 2016 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>	<p>JANUARY 11, 2017 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>	<p>FEBRUARY 8, 2017 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>
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SUNSET ADVISORY COMMISSION TO HOST MEETING ON RRC REVIEW ON NOVEMBER 10TH

Members of the Sunset Advisory Commission will meet in Austin on Thursday, November 10th to vote on final recommendations to provide to the full Legislature regarding the state's top oil and gas regulatory agency -- the Railroad Commission of Texas (RRC).

The Sunset Advisory Commission last met on August 22nd to consider initial recommendations by Sunset Commission staff on how the state may improve operations and strengthen the mission of the RRC. In addition to the recommendations reviewed at the first public hearing by the Sunset Commission in August, the Sunset Commission has announced several new and modified recommendations on the RRC, which will be discussed by Sunset members at next Thursday's meeting. Suggested changes to former staff recommendations include:

1. Modify Recommendation 1.1 to only include the 12-year continuation of the Railroad Commission. Remove the name change from the recommendation.
2. Adopt Recommendation 1.1 to continue the Railroad Commission of Texas for 12 years, but do not change the agency's name. Give the Railroad Commission the authority to change the name if it so desires.
3. Under this modification to Recommendations 2.1, 2.2, and 2.3, the Commission would contract with SOAH to conduct the Commission's hearings for contested permit and enforcement 1 cases and Gas Utility Oversight would be transferred to PUC, with potential to contest the rates at SOAH. In conducting hearings, the PUC and SOAH would consider the Commission's applicable substantive rules and policies.
4. Adopt Recommendation 3.7 and also direct the agency to provide oil and gas production information on its website in a format that is easier for royalty owners to use and understand.

In addition, six new issues have been proposed for consideration by the Sunset Commission, including:

1. Direct the Railroad Commission to study, develop, and implement ways to clean up and revive old oil fields for secondary and tertiary recovery using either the unitization method or other legal means which the Commission may develop or recommend. As part of this recommendation, the Railroad Commission shall consult with the Bureau of Economic Geology. (Management action — nonstatutory)
2. Direct the Railroad Commission to incorporate findings from the TexNet Seismic Monitoring Program at UT's Bureau of Economic Geology as they become available into its oil and gas disposal well rules or guidance, as applicable. The rules should seek to prevent any induced seismicity caused by disposal wells. (Management action — nonstatutory)
3. Amend RRC's statute to require the agency to publish comprehensive oil and gas enforcement data (complaints, inspections, violations, enforcement actions taken, and penalties levied/collected) online, in a publicly accessible, searchable, trackable format. Make data available by operator and on a well-by-well basis and by bulk download.
4. Management recommendation to direct RRC to: review all relevant rules on spill reporting and response, and make changes to increase environmental protection and cleanup during flooding, such as specifying timeframes for responding to spills; clarify its rules, so that both oil and gas spills and other spills like brine, produced water, or fracking fluid are also reported, tracked, and cleaned up; and report these spills and the results of any cleanup effort in an accessible way, either directly on its website or by sharing the information with TCEQ as part of its joint work on spills. (Management action — nonstatutory)
5. Amend Chapter 26 of the Texas Water Code to require operators that treat "domestic wastewater" or "mobile drinking water treatment system wastewater" at oil and gas well drill sites to obtain a permit from TCEQ instead of RRC.
6. Improve inspection, regulation, and reporting of injection wells by: either removing the specific permit fee amount in Chapter 27, allowing the Commission to set a more reasonable amount, or raising it to \$1,000 (Change in statute); requiring RRC to require monthly reporting of liquid injection in all disposal wells and make the information publicly accessible (Change in statute); and directing RRC to conduct a comprehensive review of its rules and programs regarding oil and gas disposal wells, and consider changes related to casing and cementing, aquifer exemptions, notice and public participation, seismic activity, and wastewater reporting and tracking. (Management action — nonstatutory)

No additional public testimony regarding the RRC will be taken at the November 10th meeting of the Sunset Advisory Commission.

NEW USGS RESEARCH ATTEMPTS TO LINK OIL & GAS DRILLING TO 1930S EARTHQUAKE

Research published this week by two scientists from the U.S. Geological Survey (USGS) has attempted to link California earthquakes in the 1920s and 1930s to past oil and natural gas drilling operations, including a 6.4 quake that occurred in the Los Angeles region in 1933. If the findings were to be confirmed, it would be the first time oil operations have been linked to a deadly quake in the United States. However, crammed with speculation, many of the conclusions reached by the USGS scientists appear uncertain and closer to guesswork than real facts. Experts have been quick to point out the difficulty in definitively saying whether the seismic events occurring in California more than 80 years ago were natural or induced earthquakes.

"This sensationalist attempt at scientific research does nothing to advance the discussion or address the true cause of seismic events in our country," commented Ed Longanecker, president of TIPRO. "The study also ignores seismic research currently underway in numerous states to identify to the true cause of these events. The feeble effort to connect the oil and gas industry to a tragic event that occurred in the 1930s using subjective language, flawed science and speculative assertions is disappointing and irresponsible."

Regardless of these latest findings, researchers behind this report agree that past issues does not necessarily point to a problem nowadays... oil recovery techniques are very different today than they were in the 1920s and 1930s.

GOP REPORT CRITICIZES EPA, WHITE HOUSE OVER WOTUS RULEMAKING PROCESS

In a process seemingly riddled with legal shortcuts, predetermined conclusions, and politically motivated timelines, a new 182-page staff report published by the U.S. House Oversight and Government Reform Committee condemns the White House and the U.S. Environmental Protection Agency (EPA) for politicizing efforts to reform federal water regulations and cutting corners in order to expedite implementation of the Water of the U.S. (WOTUS) rule. The controversial WOTUS regulations, also referred to as the Clean Water Rule, significantly expands the federal government's jurisdiction under the Clean Water Act (CWA). The rule, which was finalized in May 2015, changed the legal definition of navigable waters in the United States, granting additional authority to the EPA as well as the U.S. Army Corps of Engineers to oversee smaller bodies of water, streams and wetlands across the country.

The new congressional report, released on October 27, 2016, found that the EPA made no effort to ensure the WOTUS rule was based on sound science, and pushed the rule through on an accelerated timeline that appeared to have been motivated by political considerations.

“WOTUS was a doomed rule out of the gate. The Obama administration prioritized politics over policy by rushing through a legally and scientifically deficient rule. This report illustrates the many ways in which the White House and EPA abused their authority to advance one of their top regulatory priorities,” said Committee Chairman Jason Chaffetz (R-UT).

Other key findings from the new report include:

- Some officials involved in the process reportedly believed that politics deprived them of opportunity to conduct a meaningful and full review of the rule before its promulgation.
- The U.S. Army Corps of Engineers, which shares jurisdiction over CWA, was cut out of the rule development process.
- The agencies did not consider alternatives to the rule, and even went so far as to gut the discussion of alternatives after the Office of Information and Regulatory Affairs (OIRA) stated such discussion was necessary.
- The agencies went to “unusual and unprecedented lengths” to avoid compliance with the National Environmental Protection Act, the Regulatory Flexibility Act, and Small Business Regulatory Enforcement Fairness Act.
- Public comments were allegedly not fully reviewed and considered before agencies drafted the final rule.
- The agencies failed to comply with various rulemaking obligations, including Executive Orders requiring consultation with states and local governments and tribes.

To read this complete report, visit <http://bit.ly/2eeZN7X>.

Currently, the WOTUS regulations are under judicial review by the court system, and have been temporarily blocked from implementation pending the outcome of litigation, after the U.S. Court of Appeals for the Sixth Circuit issued a nationwide stay against enforcement of the Clean Water Rule on October 9, 2015. More than half the states -- including Texas -- sued the EPA last year over the federal regulations, charging that the rule is unconstitutional and an impermissible expansion of federal power over the states and their citizens. Of the federal water law, Texas Attorney General Ken Paxton has said it is “so broad and open to interpretation that everything from ditches and dry creek beds, to gullies, to isolated ponds formed after a big rain could be considered a ‘water of the United States.’”

In the meantime, last November, EPA Administrator Gina McCarthy and Assistant Secretary of the Army Jo-Ellen Darcy issued a joint memorandum directing staff of the EPA and Army Corps of Engineers to work together to improve implementation of the existing CWA, taking action under present regulations and policies consistent with the stay of the Clean Water Rule issued by the Sixth Circuit Court of Appeals.

FIFTY-ONE HOUSE DEMOCRATS PEN LETTER TO EPA CHIEF REGULATOR OVER FRACKING STUDY

Before the end of the year, the U.S. Environmental Protection Agency (EPA) is expected to finalize its assessment over potential impacts of hydraulic fracturing for oil and natural gas on drinking water resources. Before the agency publishes its final congressionally mandated report on the matter, more than 50 House Democrats have pressed EPA Administrator Gina McCarthy to follow the recommendations from the EPA's Science Advisory Board (SAB). Specifically, in a letter signed October 20, 2016, the group of congressmen expressed reservation over language from the EPA's draft assessment that had said “hydraulic fracturing activities in the U.S. are carried out in a way that have not led to widespread, systemic impacts on drinking water resources.” Rather, the federal lawmakers suggest the final EPA assessment needs to clarify this type of statement to be consistent with the SAB recommendation to better justify the finding -- or should delete the conclusion from the study.

“American environmental science is second to none, and our environmental policies should reflect that,” said Ranking Member Raúl M. Grijalva (D-Arizona). “No matter what industry prefers or what the politics of the moment demand, our environmental standards have to be based on the best available information, and that's all we're asking for today.”

In addition to Grijalva, the letter was signed by Democratic Reps. Polis; Schakowsky; Lee (CA); Langevin; Grayson; Lowenthal; Honda; Norton; McGovern; Napolitano; Connolly; Capps; Tsongas; Quigley; Cartwright; Velázquez; Nadler; Cummings; Farr; Beyer; Serrano; Edwards; Lieu; Huffman; Gutierrez; Schiff; Blumenauer; Pocan; Moulton; Payne, Jr.; Watson Coleman; Speier; Waters; Engel; Cleaver II; Chu; Conyers, Jr.; Murphy; C. Maloney; McCollum; Pingree; Hastings; Van Hollen; Keating; Wasserman Schultz; Jeffries; Rice; Ellison; Cicilline; and Gallego.

Ultimately, the EPA's investigation over the potential impacts of hydraulic fracturing on drinking water resources could lead to additional regulatory restrictions in the future.

EPA RELEASES NEW OZONE GUIDELINES FOR OIL & NATURAL GAS SYSTEMS

In late October, the U.S. Environmental Protection Agency (EPA) released updated guidelines on how industry can reduce smog-forming emissions from existing oil and natural gas equipment and processes. The EPA's Control Techniques Guidelines (CTG) document is not a regulation, but rather provides state and local air agencies with information to assist them in determining reasonably available control technology (RACT) for volatile organic compound (VOC) emissions from select oil and natural gas industry emission sources.

While not a federal regulation, state and local regulators who enact rules could utilize the CTG in the future to require the technologies described. Industry representatives have expressed trepidation over the recommendations and timing of the EPA's CTG. The guidelines were published before the EPA had completed receiving public comment over its drafted information collection request. Meanwhile, though study after study continues to confirm industry emissions are declining, the EPA proceeds with promulgating additional regulatory restrictions against the oil and gas sector, threatening the ability to explore and produce.

OCCIDENTAL PETROLEUM SNATCHES UP MORE ACREAGE IN THE PERMIAN FOR \$2 BILLION

Boosting its position in the oil-rich Permian, Occidental Petroleum has acquired producing and non-producing leasehold acreage in Reeves and Pecos counties, Texas, in the Southern Delaware Basin, the company announced on Monday, October 31. Occidental also has acquired interests in several Permian Basin enhanced oil recovery (EOR) and CO2 properties, and related infrastructure. The total purchase price for the recent transactions is approximately \$2 billion,

"These transactions further complement and solidify Occidental's dominant position in the Permian Basin," said President and Chief Executive Officer Vicki Hollub. "They leverage our existing infrastructure, utilize our strong balance sheet and create additional operational synergies."

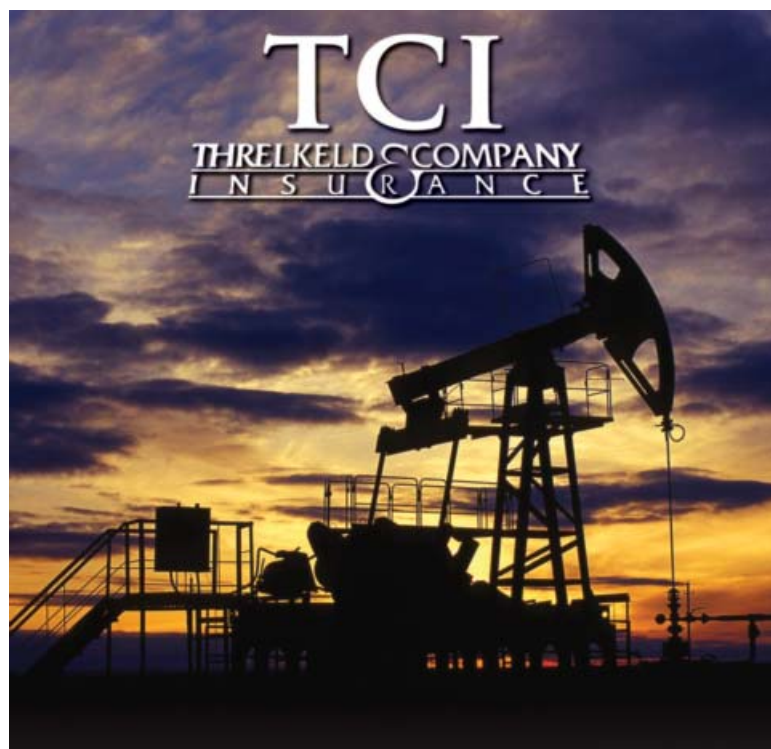
BAKER HUGHES TO MERGE WITH GE OIL & GAS, CREATE NEW SERVICE COMPANY

After much speculation, Baker Hughes and General Electric's oil and gas business announced on Monday, October 31, 2016, that the two companies will merge to form a new world-leading oilfield technology provider. The "new" Baker Hughes, a GE Company, will be a leader in oil and gas services, with \$32 billion of combined revenue and operations in more than 120 countries.

Martin Craighead, chairman and chief executive officer at Baker Hughes, said, "This compelling combination brings together best-in-class oilfield equipment manufacturing and services, and digital technology offerings for the benefit of all customers and stakeholders. The combination of our complementary assets will create a platform capable of seamless integration while we enhance our ability to deliver optimized and integrated solutions and increase touch points with our customers."

Lorenzo Simonelli, who is currently president and CEO of GE Oil & Gas, also commented, "This transformative transaction will create a powerful force in the oil and gas market as we continue to drive long-term value for our customers and shareholders. This transaction is also exciting for employees of both companies. GE Oil & Gas and Baker Hughes are an exceptional cultural fit, sharing a commitment to exceeding customer expectations. Both companies' employees will benefit significantly from being part of a larger, stronger company that is positioned for long-term growth. We look forward to combining the digital solutions and technology from the GE Store with the domain expertise of Baker Hughes and its culture of innovation in the oilfield services sector."

Simonelli will serve as the CEO of the newly created company. Jeff Immelt - the current chairman and CEO of GE - will be chairman, and Craighead will serve as the vice chairman of the "new" Baker Hughes Board of Directors. According to a company statement, the remainder of the executive leadership team will be a combination of existing leaders from GE and Baker Hughes. The new service company will have dual headquarters in Houston, Texas, as well as London, UK.



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FLOTEK SHOWCASES NEW GLOBAL RESEARCH AND INNOVATION CENTER

Flotek unveiled its newly-built Global Research and Innovation Center on Thursday, October 27, to prominent media and trade association leaders, giving them an in-depth look at the 50,400 sq. ft. facility in Houston. The exclusive preview showcased the research center's capabilities while demonstrating the industry's efforts to develop environmentally-responsible chemical solutions that address energy production challenges.

"Flotek's new facility is truly state-of-the-art and brings to life Flotek's vision to transform the oil and gas industry through collaboration and innovation," said TIPRO President Ed Longanecker, who attended the preview event. "Despite the challenging market that we have been experiencing with declining prices, Flotek is showing that trust and transparency will be the future of our industry."

The \$17 million Global Research and Innovation Center can house up to 90 employees and contains state-of-the-art applied research laboratories, collaborative innovation centers and interactive client demonstration areas. The facility is a demonstration of Flotek's efforts to foster greater collaboration between company



Photo courtesy of Flotek

scientists, industry professionals, academic authorities, STEM-oriented community organizations and other key stakeholders.

"Our Global Research and Innovation Center is more than just a research facility," said John Chisholm, chairman of the Board, CEO and president of Flotek. "It gives us the opportunity to create the awareness that we can produce innovative technology, such as taking an orange peel and developing it into products that enable and protect our clients' reservoirs in ways that transform the industry."

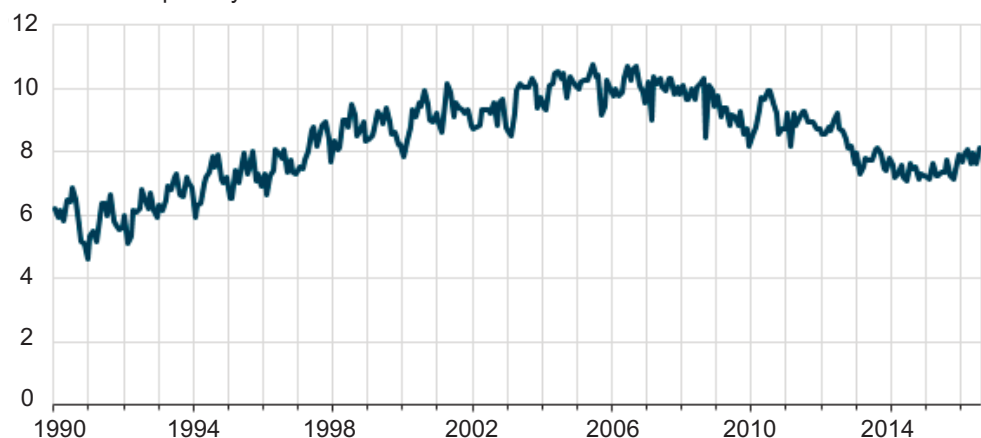
Flotek also hosts a monthly lecture series called the "Pursuit of Knowledge Institute" where oil and gas leaders are invited to speak on topics that impact the industry and share information to stimulate discussion and discover new ideas. The facility is also designed to encourage collaborative endeavors with students from all education levels to inspire future bright young minds of the limitless opportunities of science.

To schedule a tour of the Global Research and Innovation Center, visit www.Flotek.com.

U.S. CRUDE IMPORTS INCREASE FOR FIRST TIME IN SIX YEARS

Monthly U.S. crude oil imports (Jan. 1990 - July 2016)

million barrels per day



Source: U.S. Energy Information Administration

New data from federal government shows that during the first half of 2016, oil imports went up for the first time since 2010, reversing a multi-year trend of decreasing U.S. crude oil imports as a result of increasing U.S. production. The U.S. Energy Information Administration (EIA) reports that U.S. gross crude oil imports increased by an estimated 528,000 barrels per day (b/d), or 7 percent, during the first half of 2016 compared to the first half of 2015.

"Changes in crude oil price spreads were a significant factor in the rise of U.S. oil imports during the first half of 2016," explains the EIA. "The narrowing price differences between U.S. crudes and international

benchmarks provided an incentive for increased imports by refiners in areas where imported crudes now had a delivered cost advantage relative to similar domestic crudes. Additionally, lower overall crude prices contributed to a decline in U.S. crude production from an average of 9.5 million b/d in the first half of 2015 to 9.0 million b/d in the first half of 2016, resulting in higher net crude oil imports."

TENTH CIRCUIT COURT DENIES ATTEMPT TO STOP SHALE DRILLING IN NEW MEXICO



A federal appeals court has rejected environmental activists' efforts to halt drilling in the San Juan Basin, one of the largest natural gas basins in the United States located in New Mexico. Last Thursday, October 27, 2016, the 10th Circuit Court of Appeals denied a request to issue a preliminary injunction to prevent the drilling of certain oil and gas wells in the southwestern shale formation.

In March 2015, environmental groups sued the U.S. Bureau of Land Management (BLM) - which holds jurisdiction over much of the public lands and resources in the region - to challenge 260 applications for permits to drill, and moved for a preliminary injunction to be instated to prevent the drilling on approved wells while litigation was ongoing. In the lawsuit, the plaintiffs cited violations of the National Environmental Policy Act and the National Historic Preservation Act, and argued the BLM had allegedly failed to study the effects of hydraulic fracturing on local communities, the area's cultural resources and the environment as it approved dozens of drilling permits in the San Juan Basin over a five-year period.

A lower court previously ruled on the case against the environmental groups, denying the motion in a 101-page decision on the basis that the plaintiffs were not likely to succeed on the merits of their claims. The court also found that plaintiffs' potential harm was outweighed by the economic harms which the operators and the public would suffer if drilling was enjoined.

Now, the appeals panel has issued a decision to back the initial ruling. "While plaintiffs identify several areas in which they believe the BLM's methodologies and conclusions fall short, their disagreements with the agency's decision are insufficient to convince us that the district court abused its discretion in concluding they had not shown a substantial likelihood of success," U.S. Circuit Judge Monroe G. McKay said.

In a related development, the BLM announced last week it is planning an expanded review of resource management in the region to address the concerns over mineral leasing and development activity near tribal lands in New Mexico.

NOAA ISSUES ENVIRONMENTAL STUDY OF OIL AND GAS DEVELOPMENT IN THE ARCTIC

In October, the National Oceanic and Atmospheric Administration (NOAA) released its Final Environmental Impact Statement (FEIS) assessing the possible effects of oil and gas activities in the Arctic Ocean. The FEIS details six alternative scenarios for regulators to consider, each offering an analysis of a suite of standard and additional mitigation measures that would reduce impacts to marine mammals. NOAA's "preferred" approach for oil and gas activities in the Arctic Ocean would be to limit seismic surveys to seven per year and exploratory drilling programs to two per year. Other alternatives listed would allow up to 11 seismic surveys in the Arctic and eight exploratory drilling programs.

The FEIS is available for review online at: <http://www.nmfs.noaa.gov/pr/permits/eis/arctic.htm>. Interested stakeholders are invited to submit feedback on the FEIS through the Federal Register. Comments must be received on or before November 21, 2016.

Meanwhile, the Obama Administration is currently evaluating whether to include Arctic leases in its Outer Continental Shelf (OCS) Leasing Program for 2017-2022. The White House is expected to announce their decision in the coming weeks.

"While officials in the Obama Administration have mistakenly claimed that there is limited interest in developing our OCS, Alaska's oil and gas managers are busy proving that notion wrong, as they lease to companies in state waters for fields that extend into federal waters," said U.S. Senator Lisa Murkowski (R-Alaska). "I continue to find it stunning how difficult it has been to convince the Obama Administration that offshore oil and gas development is not only widely supported by Alaskans, but also can be done while protecting our environment."

The Beaufort and Chukchi seas contain an estimated 23.6 billion barrels of oil and 104.4 trillion cubic feet of natural gas.

OIL MAJORS REPORTEDLY TO JOIN FORCES IN CLIMATE PUSH

According to media reports, several of the world's major oil companies are planning to join together to create an investment fund to develop technologies "aimed at helping the industry face climate change issues." Chief executives of seven oil and gas companies -- BP, Eni, Repsol, Saudi Aramco, Royal Dutch Shell, Statoil and Total -- are expected to announce details of the fund and other steps to further reduce greenhouse gas emissions and improve fuel efficiency in London on Friday, November 4, in conjunction with the formal entry into force of the 2015 Paris Agreement.

The companies are part of the Oil and Gas Climate Initiative (OGCI), formed in 2014 to catalyze practical action to reduce greenhouse gas emissions. The OGCI is currently made up of ten oil and gas companies that aim to lead the industry response to climate change.

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Texas Independent Producers & Royalty Owners Association

With more than 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 1000
Austin, Texas 78701
Phone: (512) 477-4452
Fax: (512) 476-8070
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