



THE TIPRO TARGET



At TIPRO conference, congressional leaders and Texas officials highlight policy priorities facing the state's oil and gas industry

Texas Independent Producers and Royalty Owners Association

Texas leaders reviewed the largest regulatory, legislative and legal priorities for oil and natural gas producers during the Texas Independent Producers & Royalty Owners Association's (TIPRO) annual Summer Conference hosted last week in San Antonio. Four congressional members, including U.S. Representatives Vicente Gonzalez (TX-15), Mayra Flores (TX-34), Tony Gonzales (TX-23) and August Pfluger (TX-11), provided remarks at the association's event, along with Texas Lieutenant Governor Dan Patrick, Texas Railroad Commissioner Jim Wright, Deputy First Assistant Attorney General Grant Dorfman, industry executives from Devon Energy and Sateletics as well as other oil and gas experts.

"TIPRO was proud to welcome an impressive lineup of distinguished officials and private sector executives at its two-day conference, which covered a wide-range of topics, including policy priorities for the state's energy sector, leading oilfield innovations and a comprehensive market outlook for the oil and natural gas industry," said TIPRO Chairman Jud Walker, who also serves as president and CEO of EnerVest Ltd. "TIPRO has continued to have a strong tradition of bringing industry experts, policymakers and its members together to stay abreast of the latest issues and trends facing the upstream sector. Thank you to all of the speakers, sponsors and attendees for this year's event," added Walker.

Participating in a moderated discussion with Walker, Clay Gaspar, executive vice president and chief operating officer for Devon Energy, helped kick off the association's conference. Devon Energy, which recently announced plans to expand the company's footprint in the Eagle Ford Shale in South Texas, also notably merged with WPX Energy in 2020. Gaspar highlighted Devon's strategy to pursue the accretive transactions, and also spoke of general conditions across the industry that are expected to lead to more consolidation, which he observed would address "natural inefficiencies" in the upstream, midstream and service sectors.

In addition, at the association's Summer meeting, Railroad Commissioner Wright told TIPRO's audience about regulatory work underway at the commission. Wright highlighted rulemakings that are being developed to improve weatherization and emergency preparation measures for critical facilities, which come after Winter Storm Uri impacted Texas in 2021. Commissioner Wright also reviewed with the association other leading industry challenges and regulatory concerns, including the agency's response to seismic activity occurring near oil and gas basins, expanding well plugging remediation efforts in Texas, ongoing emission reductions by oil and natural gas producers and declining flaring rates in Texas.

With the state's 88th Legislative Session only a few months away, Lieutenant Governor Patrick also offered an update to TIPRO about interim legislative work happening at the Texas capitol that will shape the next legislative cycle in Texas. The lieutenant governor championed policies like Senate Bill 13, adopted by lawmakers during the last legislative session, that prohibits state offices from investing with banking institutions found to be boycotting energy companies or entities involved in the fossil-fuel based energy sector. The lieutenant governor promised to continue to fight for policies that will prioritize and protect the state's thriving oil and gas industry as well as maintain a strong business environment and cut red tape.

See more detailed coverage of the TIPRO Conference inside The TIPRO Target newsletter on Pages 7-9!

TIPRO Summer Conference Sponsors: Thank You For Your Support!

President's message

TIPRO members,

This week, state regulators at the Railroad Commission (RRC) finalized Texas' first weatherization rule for natural gas facilities, Statewide Rule §3.66, that will apply new requirements to ensure reliable supply of natural gas during extreme weather conditions. As explained by the commissioners who approved the regulation on Tuesday, August 30, this new rule focuses heavily on preparation, planning and communication, and requires those critical facilities that have been included on the state's Electricity Supply Chain Map to review their operations, identify potential vulnerabilities and have plans and procedures in place to fortify assets and maintain operations during weather emergencies. To help our members with this process, TIPRO has developed an Emergency Operations Plan template, which is available upon request. According to the RRC, those who do not implement the commission's new weatherization standards and properly prepare their facilities for weather emergencies will face stiff enforcement action and fines for administrative violations that could reach up to \$1 million.

The RRC's regulation builds on many of the measures which Texas companies already follow to get energy to consumers, regardless of weather conditions. Texas operators spend hundreds of millions of dollars annually to deploy weatherization protocols and diligently prepare for seasonal weather by proactively utilizing industry best practices and adopting additional procedures, including pre-positioning manpower closer to field assets during anticipated inclement weather and installing drain tanks so more product can be kept onsite longer if roads are impassable, for example. While there were failures throughout the supply chain during Winter Storm Uri, we all know that the loss of power to natural gas facilities was a key challenge that many operators faced during the storm that forced them to shut-in production. The critical designation of these facilities will help to prevent this from occurring again in the future.

During the RRC's open meeting this week, commissioners discussed the process, intent and rationale for developing the Critical Designation Rule (§3.65) and Weatherization Rule (§3.66), as required under Senate Bill 3. I encourage you to review RRC's [press release](#) and the full [public comments](#) provided by RRC Commissioner Jim Wright during the open meeting. The proposed amendments to Rule §3.65 relating to critical designation of natural gas infrastructure, can be found below, which reflect TIPRO requests made in meetings with RRC staff and in [public comments](#) submitted to the commission on Rule §3.66, relating to weather emergency preparedness standards.

The proposed amendments to §3.65 are now open for public comment. **Comments are due to the commission by Friday, October 7, 2022.** TIPRO intends to submit comments to the commission on behalf of our members. We expect the rule to be adopted during the October conference, with an effective date of November 1. Please review the draft amendments and summary below and let us know if you have any comments or concerns.

A summary of the amendments to Rule § 3.65 are as follows:

- The amendment first provides more certainty to the term "energy emergency" and ties it to when a reliability coordinator of a power region in Texas has issued an Energy Emergency Alert (EEA) of level 1 or 2. The amendment impacts a related definition in §3.66. EEA3 is firm load shed alert and is not included in rule.
- Secondly, the amendment excludes from weatherization requirements gas wells producing an average of 250 Mcf of natural gas per day or less and oil leases producing and average of 500 Mcf of natural gas per day or less. Raising these thresholds from 15 Mcf per day and 50 Mcf per day, respectively, allows for the exemption of marginally producing wells from weatherization requirements while still designating critical 78.4 percent of natural gas produced per day based on May data at RRC.
- Part three of the amendments removes the requirement for facilities on the map that do not meet the natural gas production thresholds to designate as critical/file a form CI-D.
- The final part of the amendments eliminates a section of §3.65 related to facilities not able to file an exception and establishes that any facility above the threshold and not on the map can apply for an exception. The amendment provides examples for such exception requests such as when: all gas is consumed on site, all gas is consumed out of state, no gas is produced for third-party use, or a facility receives a rejection (in writing) of critical status by electric provider so long as the reason is not for administrative reasons.

On behalf of our membership, TIPRO has been heavily engaged with this rulemaking effort by the RRC since the state legislature passed Senate Bill 3 in 2021 mandating these regulatory standards and provisions. Our team met with the RRC on several occasions and, again, submitted comments last month to the commission offering recommended improvements to Statewide Rule §3.66 and supplementing other feedback on enforcement of the new regulation. Our comments touched on all portions of the rule from the preamble to definitions and applicability. We are pleased that our key concerns and recommendations have been addressed.

As one of the state's strongest oil and gas advocacy groups, TIPRO is proud to offer leading regulatory and legislative representation to our members. For those looking to get more involved with our advocacy work, I want to encourage your participation in our association's Regulatory Committee, open to all members, which provides [comprehensive regulatory updates](#) on a wide range of issues and rulemakings throughout the year. With your support, TIPRO will continue to effectively represent the Texas oil and natural gas industry at all levels of government. Thank you.



Ed Longanecker

TIPRO CALENDAR OF EVENTS

SEPTEMBER 20, 2022	OCTOBER 18, 2022	NOVEMBER 15, 2022
HOUSTON — TIPRO/IPAA/HPF "Leaders in Industry" Luncheon. **EVENT NOW SOLD OUT.	HOUSTON — TIPRO/IPAA/HPF "Leaders in Industry" Luncheon. For information, email info@houstonproducersforum.org .	HOUSTON — TIPRO/IPAA/HPF "Leaders in Industry" Luncheon. For information, email info@houstonproducersforum.org .

Permian legislators join fight to block EPA's potential non-attainment designation in major oilfield

State Representative Brooks Landgraf (R-Odessa), along with seven other members of the Texas House representing the Permian Basin, in mid-August sent a letter to President Joe Biden regarding the U.S. Environmental Protection Agency's (EPA) potential non-attainment designation of portions of the Texas Permian Basin. Joining other leaders from Texas, including the state's Governor Greg Abbott and Texas Congressman August Pfluger (R-Midland), the group of state representatives expressed opposition to possible federal plans which would redesignate the Texas portion of the Permian Basin as a "non-attainment" area. Officials warn if such policies were implemented, it would impose further regulatory burdens on the oil and gas industry in the Permian Basin to a point that production would slow and national energy supply could decline, as well as present other economic consequences.

"We implore you to take necessary action as our nation's chief executive to rein in the [EPA] and prevent this discretionary action from taking place," Texas officials told President Biden in the letter. "A non-attainment designation of the Permian Basin is at odds with U.S. economic and national security interests, and, ironically, environmental interests as well."

Representative Landgraf, who leads the Texas House Environmental Regulation Committee, emphasized the state's long history of producing energy "cleaner and more efficiently than any other region on earth." In a statement, he said, "Here in West Texas, we want to breathe fresh air just as much as anyone on the west coast... I'm thankful we're not alone in this fight for Texas energy and American freedom, as we have support from numerous members of the Texas Legislature as well as Governor Abbott and Congressman Pfluger. We'll keep fighting for what's best for Texas, what's best for the U.S.A."

Permian Basin producers in Texas and New Mexico are responsible for pumping 5.329 million barrels of oil per day. It is the highest producing oil basin in the nation.

According to officials, if President Biden does not direct the EPA to drop its pursuit of changing regulations that would reclassify parts of the Permian as "nonattainment" zones, the next step of the process will be a notification letter sent to the governors of Texas and New Mexico creating the opportunity for affected states to provide feedback. The EPA then would need to wait at least 240 days before a final redesignation decision can be made.

Texas readies to take on EPA's redesignation of the Permian Basin

The Lone Star State is gearing up for another regulatory battle against the Biden Administration, specifically challenging the potential redesignation of ozone quality in the Permian Basin by the U.S. Environmental Protection Agency (EPA). In a new letter dated August 23rd, Texas Governor Greg Abbott told President Joe Biden that efforts being pursued by the EPA to declare Texas and New Mexico counties in the Permian as being noncompliant with federal air standards are arbitrary, employ flawed logic and data and are rooted in a deeper initiative that seeks to eliminate oil and gas production and end fossil fuel development.

"We will begin by challenging the accelerated timelines that your agency uses to rush through its policies," reads the governor's letter. "Because your administration has very little [time] remaining, you refuse to deliberate or halt this 'discretionary' action despite the adverse impacts on Americans. If those impacts are irrelevant to your administration, be honest and tell us. Don't send us your surrogate. Americans have the right to know if their president puts politics over people."

Read the governor's complete letter here: <https://bit.ly/3wGj8cB>.

As TIPRO reported this summer to members, the governor in June sent a letter to President Biden regarding this issue, expressing concern over the EPA's plan which he warned could jeopardize oil production from the nation's most prolific oilfield. At that time, the chief leader of the state government asked the president to require the EPA to suspend its proposed redesignation. TIPRO members can again view this letter from Governor Abbott at: <https://bit.ly/3QU5JWY>.

State Representative James White resigns from the Texas House

James White, a conservative Republican who represented House District 19 in East Texas for over a decade, in August left his seat in the Texas Legislature to accept the role of executive director of the Texas Funeral Service Commission. White, who earlier announced he would not seek re-election this year to the Texas House, is leaving public office early, as his term was set to end in January. "It has been a privilege and honor to serve my fellow Texans in Tyler, Angelina, Hardin, Jasper, Newton, Polk, San Jacinto and Trinity counties for the last six sessions," White wrote in his resignation letter submitted to Governor Greg Abbott. "I am proud of the work that I have accomplished for my community and for our whole state."

Due to new redistricting laws, House District 19, which White had represented in the lower chamber, will face big changes. Polk and Tyler Counties will become part of District 57, Hardin County will be added to District 18, Jasper County will go to District 21 and Newton county will go to District 11.

Texans reminded to register to vote for November's General Election

Texas Secretary of State John Scott is reminding all eligible Texas voters to make sure they are registered to vote before Tuesday, October 11th to participate in the upcoming November 8th General Election. "It's never too early to make sure you're registered, update your registration information if you need to, and prepare yourself to vote in the upcoming election," Secretary Scott said. "Don't let the deadline sneak up on you - get registered and start preparing for the upcoming election today by visiting VoteTexas.gov!"

Members of TIPRO can check the status of your voter registration through the Secretary of State's website at: <https://bit.ly/3fg8b8o>. If you're not registered, you can sign up using the same portal.

November's General Election will include many important statewide, legislative and congressional races. TIPRO members are encouraged to check your voter registration status and ensure you're registered to vote before the October 11th voter registration deadline.

Texas receives millions in federal funding to plug additional 800 orphan wells

In late August, the state of Texas was awarded \$25 million in initial grant funding by the U.S. Department of Interior to be used to plug abandoned oil and gas wells in the Lone Star State. The Railroad Commission of Texas, which will administer the funding, reports the well clean-up funding will be used to plug and remediate approximately 800 documented orphan wells, which were selected based on their higher risk as indicated by greater depth and hydrogen sulfide emissions. Funds will be used to acquire equipment and vehicles, and hire personnel, including four administrative positions and 20 inspectors to witness contracted well plugging. Additionally, Texas plans to use this funding to develop a methodology to measure and track methane and other gases.

"The Railroad Commission's well plugging staff around the state puts a lot of hard work to help ensure residents and the environment are kept safe," affirmed Clay Woodul, assistant director of the Oil and Gas Division for field operations at the Railroad Commission. "We will use our established success with workplans, staff expertise and contracting processes to use the grant funding to plug abandoned wells."

Altogether, the Biden Administration distributed a total of \$560 million to 24 states across the country to support plugging, capping and reclaiming thousands of orphaned oil and gas wells. The funding for the abandoned wells, provided from last year's *Infrastructure Investment and Jobs Act*, is the largest single investment in the history of oilfield clean-up in the United States, administration officials said. "President Biden's *Infrastructure Law* is enabling us to confront long-standing environmental injustices by making a historic investment to plug orphaned wells throughout the country," said Secretary of the Interior Deb Haaland. "At the Department of the Interior, we are working on multiple fronts to clean up these sites as quickly as we can by investing in efforts on federal lands and partnering with states and Tribes to leave no community behind."

Texas joins 14-state coalition opposing proposed changes to EPA's Clean Water Act Section 401

Chief legal officers from over a dozen states, including Texas, are criticizing the U.S. Environmental Protection Agency's (EPA) proposed regulatory updates to the Clean Water Act (CWA) Section 401 certification process, advising that the rule changes as recommended would be inconsistent with the policy's stated purpose, create regulatory ambiguity and could cripple energy and infrastructure development in America. In a letter sent on August 8th to EPA Administrator Michael Regan, the states attorneys general said they are "deeply troubled" by EPA's reconsideration of modifications that were made only two years ago in 2020 to the CWA Section 401 rule by the previous administration.

"The stated purpose of the proposed rule is 'to foster a more efficient and predictable certification process.' 87 Fed. Reg. at 35,326. Yet much of the proposed rule is inconsistent with efficiency and predictability. Indeed, it expressly rejects the certainty of the 2020 rule in favor of proceeding by litigation, differing requirements by 50+ certifying authorities, and not taking a position on core issues that underlay the 2020 rule," explained the attorneys general. "The proposed rule fails to grapple with the abuses that preceded the 2020 Rule, or address project proponents' and states' reliance on the 2020 rule," they concluded.

Section 401 of the CWA provides states and authorized tribes with an important tool to help protect the water quality of federally regulated waters within their borders, in collaboration with the EPA and federal agencies. Section 401 of the CWA requires that, for any federally licensed or permitted project that may result in a discharge into waters of the United States, a water quality certification be issued to ensure that the discharge complies with applicable water quality requirements. After years of complaints that the CWA review process was being abused to hold key infrastructure "hostage" and deny permits, in 2020, the Trump Administration implemented updated provisions to the rule to increase clarity and regulatory certainty as well as impose limits on the timing and scope of a state or Tribe's ability to add conditions related to water quality to permits issued by the federal government. This version of the CWA Section 401 has faced several legal battles in court since being promulgated by the EPA, and on April 6, 2022, the U.S. Supreme Court issued a stay of the October 2021 order by the U.S. District Court for the Northern District of California that had vacated EPA's 2020 CWA Section 401 Certification Rule. As a result, at present, the CWA section 401 certification process is again governed by the CWA section 401 certification regulations promulgated by EPA in 2020.

Upon taking office, on January 20, 2021, President Joe Biden signed Executive Order 13990, "*Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis*," directing the EPA to review the water quality certification rule promulgated in 2020, and as appropriate and consistent with applicable law, take action to revise or replace the 2020 CWA Section 401 Certification Rule. This effort is ongoing, as the public comment period closed on August 8, 2022.

In their letter to the EPA, state officials have requested the agency perform further analysis of the president's executive order before finalizing any new regulations relating to the CWA Section 401 certification rule to prevent states from abusing their CWA certifying authority to block projects. "The abusive use of CWA certifying authority to block projects in other states on non-water quality reasons inherently limits the policy-making discretion of the state in which the blocked project would be located. The proposed rule increases the ability of states to abuse their CWA certifying authority in comparison to the 2020 Rule. EPA should acknowledge as much and perform the appropriate analysis."

Like the coalition of attorneys general, energy trade associations have also warned the Biden Administration's proposed actions to overhaul Section 401 of the CWA will increase permitting delays for infrastructure projects, add unnecessary bureaucratic red tape and allow states to go well beyond their scope for water quality certifications.

Texas Department of Transportation approves 2023 Unified Transportation Plan

State transportation officials on Tuesday, August 30th approved the 2023 Unified Transportation Program (UTP), also commonly known as the 10-year transportation plan used to guide construction and roadway maintenance in the Lone Star State. "This 10-year plan to address transportation needs statewide and dedicate \$85 billion to improve roadways will be a huge boon to our state's infrastructure and booming economy," said Texas Governor Greg Abbott. Read more about the updated UTP here: <https://bit.ly/3CD3GkI>.

Millions of historic oil and gas production records dating back to 1930s are now available online

The Railroad Commission of Texas recently announced all historic oil and gas production records are now available to the public online. Commission staff in August completed a project digitizing historical production records, allowing stakeholders to search and download the digitized production records anywhere and anytime.

Production records are used by researchers, landowners, royalty owners, energy companies, public information requesters and others. According to the Railroad Commission, the state's Historical Imaged Annual Production Records database includes oil production that dates as far back as 1931 and gas production going back to 1937. More than 1,300 rolls of microfilm containing about 2.2 million images housed in the commission's Central Records Department were digitized for the project.

"We are excited to have our historic production records available on our website now," said Matthew Herzog, manager of Central Records at the Railroad Commission. "This is a significant undertaking and a historic moment for the commission. Not only does it give the public quick and easy access to the information, but it can also save staff time that's spent researching for public information requests. Requesters can now get historical production information with the click of a mouse if they wish, and our staff can devote time for other tasks."

Production information from the year 1993 until present day was already available on the commission's website in the Production Data Query. The newly-digitized historical production records just added to the agency's website can be found by scrolling to the bottom of the commission's Imaged Records Query web page, accessible at <https://bit.ly/3cAJJB6>. There, users can also view a video tutorial explaining how to search for historical production records using the Railroad Commission's online system.

Inflation Reduction Act signed into law

H.R. 5376, the *Inflation Reduction Act*, was signed into a law on Tuesday, August 16th by President Joe Biden. The sweeping legislation was developed to confront a broad range of national issues, from health care to federal taxation and climate change.

"The *Inflation Reduction Act* is an historic victory for Texas families: delivering the investments we need to keep health care costs down, reinvigorate American manufacturing and drive our transition to a cleaner energy economy while supporting our oil and gas industry," said one Texas official, U.S. Congressman Henry Cuellar (D-TX28), who voted in favor of passing the bill. "This legislation, while not everything I had hoped, allows Texas producers to do what they do best, drill. We need to champion American energy independence and ensure we continue to produce the cleanest oil & gas in the world," declared the congressman.

Other representatives from Texas meanwhile have warned of the policy's consequences, suggesting the bill will be detrimental to the economy. The legislative package creates \$38 billion in new taxes on American-produced oil and gas during a time when gas prices are still at all-time highs, fails to reduce inflation and fails to reverse the shrinking of the American economy, advised Congressman Jake Ellzey (R-TX6).

Before the policy was adopted last month, nearly 60 other trade groups representing America's oil and natural gas industry, including TIPRO, sent a joint letter to U.S. House Speaker Nancy Pelosi and Minority Leader Kevin McCarthy urging them to reconsider problematic provisions included within the legislation that would cause punitive new taxes and regulatory red tape and also undermine the industry's ability to promote energy security for the American consumer. "We share the goal of addressing climate change, as evidenced in the policies we support and in the actions that we take every day. However, the considerable tax increases and new government spending in the *Inflation Reduction Act* amount to the wrong policies at the wrong time," said the associations. TIPRO members may review a copy of this letter at: <https://bit.ly/3wHytth>.

Read more about how this new federal legislation will impact the oil and gas industry by viewing this post from Texans for Natural Gas, a TIPRO campaign: <https://bit.ly/3B17vQ9!>

America's emergency crude oil stockpile hits a 38-year low in August

U.S. crude oil inventory held in the nation's Strategic Petroleum Reserve (SPR) declined to 450 million barrels in the week of August 26, the lowest amount recorded in the SPR since December 1984, according to data from the U.S. Department of Energy. Since only March of this year, stockpiles have dropped by over 100 million barrels after action by the Biden White House to sell SPR oil to tamp down volatile market conditions and control record gasoline prices.

The SPR, the world's largest supply of emergency crude oil, was established in 1975 by U.S. President Gerald Ford to protect the U.S. economy from severe petroleum supply interruptions through the acquisition, storage, distribution and management of emergency petroleum stocks. Current President Joe Biden on multiple occasions has ordered the sale of crude oil from the SPR to address market supply imbalances and help keep energy prices down. This includes the president's latest directive issued in March 2022 to have one million barrels of crude oil a day released for six months to address significant global supply disruptions caused by Russia's war on Ukraine, act as a bridge for domestic production to increase and stabilize energy costs for American families.

This Fall, the Energy Department is expected to initiate a buy-back process to replenish the SPR. Officials announced in May that this will begin with a forthcoming call for bids to repurchase a third of the 180 million emergency barrels released in recent months – this will represent a first tranche of purchases to replenish the SPR, with more planned after these purchases are executed. "The U.S. SPR, the largest emergency supply in the world, is a valuable tool to protect the American economy and consumers from supply disruptions — whether caused by emergencies at home or petrol-dictators weaponizing access to energy resources," U.S. Secretary of Energy Jennifer Granholm said earlier this year. "As we are thoughtful and methodical in the decision to drawdown from our emergency reserve, we must be similarly strategic in replenishing the supply so that it stands ready to deliver on its mission to provide relief when needed most."

Oxy set to begin construction of large-scale carbon capture plant in the Permian Basin

Occidental Petroleum Corporation, a member of the Texas Independent Producers & Royalty Owners Association (TIPRO), will soon break ground on a large-scale carbon capture project in the Permian Basin, company leaders announced last week. Upon completion, the Direct Air Capture (DAC) plant, developed in partnership with Oxy subsidiary 1PointFive and climate solutions company Carbon Engineering (CE), will become the world's largest of its kind. The plant is expected to capture up to 500,000 metric tons of carbon dioxide per year once operational, with the capability to scale up to 1 million metric tons per year.

Calling the project an important milestone on the pathway to achieving Occidental's net-zero ambitions, company CEO and President Vicki Hollub also noted larger implications of corporate carbon management solution, which will help the world meet climate goals listed under the international Paris Agreement.

"Construction of this transformative facility begins our journey toward providing commercial-scale DAC solutions that reduce and remove carbon emissions," added Richard Jackson, president of U.S. Onshore Resources and Carbon Management, Operations for Oxy. "This plant's development is rooted in our carbon management expertise, strong record of delivering major projects and existing infrastructure that supports the commercialization of carbon capture, utilization and storage technologies. This plant could also anchor future low carbon projects and strengthen our portfolio of carbon management solutions."

The West Texas facility is expected to begin operations by 2024.

New 'Permian Proud' website launched by Chevron to highlight community news

One of the largest producers of oil and natural gas in the Permian is sponsoring a new online publication and digital initiative dedicated to highlighting positive community news in the Permian Basin. Chevron, a member of the Texas Independent Producers and Royalty Owners Association (TIPRO), in August announced the launch of 'Permian Proud,' an online platform which offers regional stories of interest and aggregates information shared by members of Permian communities. According to the company, Permian Proud will highlight the region's unique past, present and future as a vital supplier of the oil and gas that enables human progress. The online publication will showcase and uplift the achievements and efforts of local residents and organizations. The site specifically supplies content divided under categories like community, industry, events, sports and culture.

"We want to do our part to highlight this important moment in history, and to amplify the many positive developments happening across the Permian Basin," said Ryder Booth, vice president of Chevron's Mid-Continent Business Unit (MCBU). "Permian Proud will reflect the people, organizations, companies and industries of the Permian Basin that are uplifting our communities and impacting our nation and world."

TIPRO members can visit the new 'Permian Proud' site by going to www.permianproud.com.

Finalists announced for *D CEO's* 2022 Energy Awards

D CEO in mid-August announced finalists for its 2022 Energy Awards, which honors outstanding leaders in oil and gas, energy finance and renewables that continue to innovate, leverage opportunities to overcome current industry challenges and propel the industry forward. The awards program, now in its fifth year, celebrates executives in upstream, midstream, services (including technology companies), energy finance, and renewables, with focus on industry players from East Texas to the Permian Basin who hold a strong North Texas tie.

As part of this year's program, energy icon George Yates, CEO of Heyco Energy Group, has been selected to receive the Legacy Award. Yates joins past recipients Trevor Rees Jones of Chief Oil & Gas, Scott Sheffield of Pioneer Natural Resources, and the late T. Boone Pickens of BP Capital.

The Energy Awards are presented in partnership with American Association of Professional Landmen (AAPL), Council of Petroleum Accountants Societies, Dallas Young Professionals in Energy, Energy Management Program at UTD, Financial Executives International, Maguire Energy Institute at SMU, North Texas Commission, Texas Alliance of Energy Producers, TCU Energy Institute, Texas Independent Producers and Royalty Owners Association (TIPRO), The Institute of Petroleum Accounting at UNT, TXCPA Dallas, Texas Oil and Gas Association (TXOGA), and Women's Energy Network.

TIPRO members may see the complete list of award finalists at: <https://bit.ly/3pbqO2t>.

All 28 Energy Awards finalists, along with Legacy award honoree George Yates, will be featured in the November issue of *D CEO* magazine and also will be recognized at an exclusive awards event being held this October.

Freeport LNG pushes back restart of operations at Texas liquefaction facility

After completing a detailed assessment of facility conditions, leaders of Freeport LNG said on August 23rd that the company will restart operations at its liquified natural gas (LNG) terminal located off the Texas Gulf by mid-November, extending its shutdown after an incident happened on June 8th at the plant which took the facility offline. The latest announcement represents a delay from an original timeline released at the start of August that had projected the liquefaction facility would resume at least initial LNG production in early October.

"Although typical construction risks could impact the recovery plan, it is anticipated that initial production can commence in early to mid-November, and ramp up," Freeport LNG said in a company release.

Freeport LNG is the country's second largest exporter of liquefied natural gas; it supplies roughly 20 percent of the country's LNG exports, primarily to Europe and Asia.

Once the company does return to operation, Freeport LNG indicated it should be able to process at least 2 billion cubic feet of natural gas per day, representing over 85 percent of the export capacity of the facility.

New court ruling will require Interior Department to resume oil and gas leasing

A federal judge in mid-August issued a permanent injunction blocking the Biden Administration's controversial "pause" policy which suspended oil and natural gas leasing on federal public lands and offshore waters. In a ruling made on August 18, U.S. District Court Judge Terry Doughty sided with 13 Republican-led states fighting President Joe Biden's order issued in 2021 that halted leasing by the U.S. government for oil and gas development on eligible federal lands. The judge determined that the executive branch had exceeded its authority and violated the Mineral Leasing Act (MLA) and Outer Continental Shelf Lands Act (OCSLA). "Both statutes require Government Defendants' agencies to sell oil and gas leases. The OCSLA has a Five-Year Plan in effect that requires eligible leases to be sold. Government Defendants' agencies have no authority to make significant revisions in the OCSLA Five-Year Plan without going through the procedure mandated by Congress," Doughty wrote.

Texas' upstream oil and gas sector experiences another month of strong job growth

Oil and gas companies continue to create and add high-paying, high-quality oilfield jobs, new figures show. Direct Texas upstream employment for July 2022 totaled 202,800, an increase of 6,800 jobs from June employment numbers, according to new data highlighted by the Texas Independent Producers & Royalty Owners Association (TIPRO). With July's employment topping 200,000 positions, it was the first time upstream oil and natural gas employment in the state hit the threshold since March of 2020 when the coronavirus pandemic hit. Texas upstream employment in July 2022 represented an increase of 35,400 positions compared to July 2021, including an increase of 8,600 in oil and natural gas extraction and 26,800 jobs in the services sector, noted TIPRO, citing the latest Current Employment Statistics (CES) report from the U.S. Bureau of Labor Statistics (BLS).

The rise of industry jobs follows the expansion of oil and gas output in Texas, which is on track to reach new production records in September. Experts with the U.S. Energy Information Administration (EIA) forecast that oil production in the Permian Basin, the nation's most prolific shale oil basin, will rise 79,000 barrels per day (bpd) to a record 5.408 million bpd in September. Oil production in the Eagle Ford Shale in South Texas is also expected to increase 26,000 bpd in August, reaching 1.230 million bpd. Further, natural gas production will rise in the Permian to record highs of 20.58 billion cubic feet per day (bcfd), according to the EIA, and in the Eagle Ford, natural gas production will grow to 7.1 bcfd.

Increasing E&P activities is not only driving up production levels in Texas but also boosting income benefiting state coffers. New data released from the Texas comptroller's office shows record levels of tax contributions paid by Texas oil and natural gas producers. In July, \$694 million in oil production taxes were paid, 84 percent higher than July 2021. Texas energy producers also paid \$532 million in natural gas production taxes for the same month, up 185 percent from last July. Both figures represented the highest monthly collections on record, continuing a trend of producers paying record amounts in taxes to the state. Oil and natural gas severance taxes support all aspects of the Texas economy, including roads and infrastructure investments, water conservation projects, schools and education, first responders and other essential public services.

"The growth in July upstream employment once again illustrates a high demand for available talent in-line with increasing levels of exploration and production activities in the state to meet growing energy needs here and abroad," said Ed Longanecker, president of TIPRO. "Despite this growth, Texas operators face numerous challenges, including workforce shortages, supply chain disruptions and growing concerns over policy decisions coming from Washington, D.C. TIPRO remains committed to advancing energy policies at all levels of government to strengthen our nation's energy security and economic opportunities," concluded Longanecker.

More coverage of TIPRO's Summer Conference... continued from Page 1

During the TIPRO Summer Conference, afternoon presentations from Congressman Gonzalez and Congresswoman Flores centered on federal policies of relevance to independent producers and royalty owners, including the recently passed *Inflation Reduction Act*, H.R. 5376, that was signed into law by President Joe Biden last month. During their speeches, both congressional lawmakers affirmed the importance of domestic energy production and said more must be done by Congress and the Biden Administration to enable the nation's oil and gas sector to grow.

Grant Dorfman, deputy first assistant attorney general, also informed members of TIPRO about legal challenges pursued by the Texas attorney general's office in defense of Texas' energy industry. Such efforts have escalated significantly over the past year as the state government fights to protect the state's oil and gas industry from federal overreach by the Biden Administration. Dorfman specifically highlighted lawsuits filed against the Environmental Protection Agency and U.S. Department of Interior to stop excessive and intrusion regulation by the federal government, which he said were designed to "end fossil fuels."

Other presenters at the TIPRO Summer Conference last week, including Satelytics CEO Sean Donegan and Marshall Adkins, head of energy for Raymond James, provided other meaningful insights on unique oilfield innovations, as well as expectations for oil and natural gas markets.

"TIPRO's Summer Conference featured many important and captivating conversations centered around the ever-changing policy environment for the Texas oil and natural gas industry," said Ed Longanecker, president of TIPRO. "We appreciate the commentary from our speakers allowing the members of TIPRO and other industry stakeholders to better understand many of the timely issues facing E&P companies and independent oil and gas producers today."

"TIPRO throughout the year provides relevant programs and industry forums allowing energy professionals to learn, engage and network," continued Longanecker. "Forward momentum for the Texas energy sector will require continued collaboration, innovation and leadership. TIPRO is pleased to offer opportunities that support these partnerships and ongoing efforts to promote the essential work of our state's oil and natural gas industry."

Be sure to check out photos from the TIPRO Summer meeting on Pages 8-9!

TIPRO's 2022 Summer Conference in pictures



TIPRO's Board of Directors pictured with U.S. Congressman Tony Gonzales (TX-23) at the association's 2022 Summer Conference in San Antonio.



Devon Energy Executive Vice President and Chief Operating Officer Clay Gaspar discusses industry conditions with TIPRO Chairman Jud Walker.



In a conversation with TIPRO President Ed Longanecker, Railroad Commissioner Jim Wright reviewed new regulations being developed for the oil and natural gas industry.



Texas Lieutenant Governor Dan Patrick speaks to members of TIPRO about legislative priorities for the state leading up to the 2023 legislative session.



Grant Dorfman from the Texas Attorney General's office explains legal trends impacting the Texas oil and natural gas industry.



Satellytics CEO Sean Donegan at the TIPRO Conference described innovative technology developed by his company to help operators track emissions.



Market expert Marshall Adkins from Raymond James offers members of TIPRO a comprehensive outlook on future market conditions.

More photos from TIPRO's Summer Conference... continued from Page 8



Texas Congressman August Pfluger (TX-11) provides introductory remarks welcoming Texas Congresswoman Mayra Flores (TX-34) during the TIPRO Summer meeting.



TIPRO President Ed Longanecker introduces guest speaker Texas Congressman Vicente Gonzalez (TX-15).



TIPRO member Rajan Ahuja asks a question during the association's Summer Conference.



TIPRO presenter Marshall Adkins pictured with TIPRO President Ed Longanecker and TIPRO Board member Tad Mayfield during the association's reception.

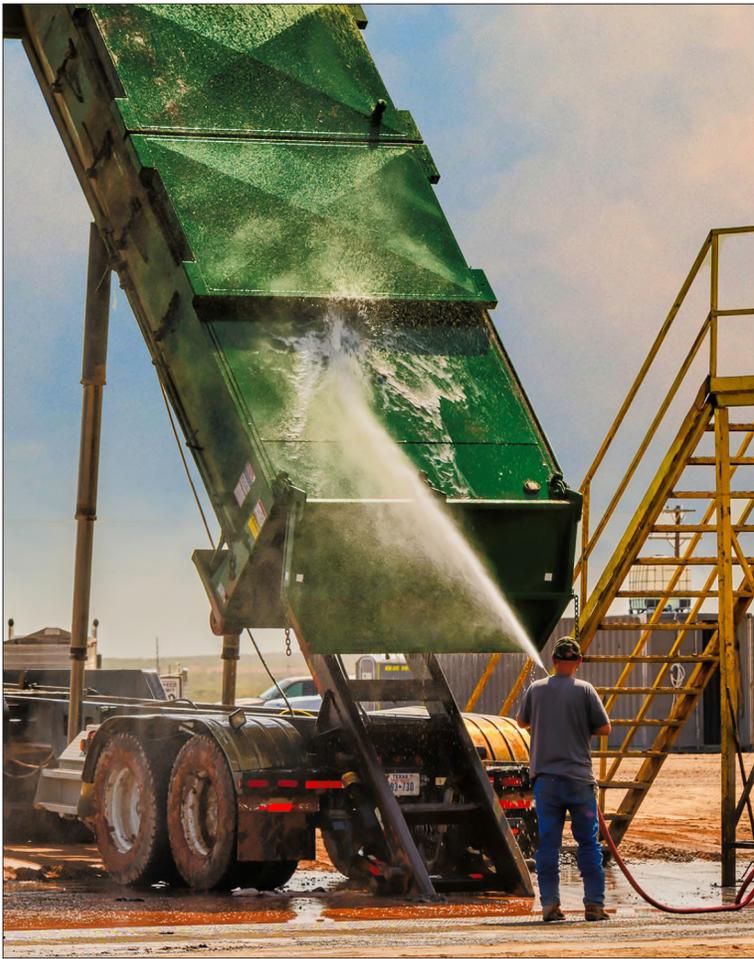


TIPRO members Shaun Gee and Jay Allison pictured with TIPRO Vice President Joanne Reynolds.



Texas country group, the Bret Mullins Band, provided a live performance during the Chairman's Dinner, concluding TIPRO's 2022 Summer Conference.

See more from TIPRO's Summer Conference, including speaker presentations, on the association's website at [www.tipro.org!](http://www.tipro.org)



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Texas Independent Producers & Royalty Owners Association

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

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