



## PERMIAN BASIN PETROLEUM ASSOCIATION

PBPA Newsletter

September 24, 2018

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### Working For You

#### **Petroleum Club of Houston**



On Monday, September 24, PBPA President Ben Shepperd presented to the members of the Petroleum Club of Houston as part of the club's Distinguished Speaker Series. Discussing the activities in the Permian Basin, and the PBPA's efforts on behalf of our members, Mr. Shepperd shared the latest about roads, takeaway capacity, the Endangered Species Act and other topics with a crowd that is familiar with the Permian Basin, but

maybe not as familiar as our own membership.

The PBPA takes every opportunity to advocate for our members and to educate others on the importance of the Permian Basin not just as to its impact on the states of Texas and New Mexico, but also its impact on the economy and geopolitical security of our country. If you are interested in having the PBPA come and speak to your group about our activities and latest advocacy efforts on your behalf, please contact us and let us know.

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## September Membership Luncheon

On Thursday, September 20, 2018, the PBPA hosted its September Membership Luncheon at the Petroleum Club of Midland. Thank you to all those who joined us for updates from PBPA President Ben Shepperd and for the presentation on Texas Department of Transportation activities from our keynote speaker, Lonnie Gregoryck. We would especially like to thank our luncheon sponsor, Encana. Without the support of our members, we couldn't continue to be the voice of the Permian Basin.

For those of you unable to attend last week's luncheon, we wanted to pass along a few stats shared by Mr. Gregoryck:

- TxDOT is scheduled to invest \$3.4 billion in the five districts that cover the Permian Basin over the next 10 years, with \$1.1 billion planned for investment in the Odessa District specifically (which covers Andrews, Crane, Ector, Loving, Martin, Midland, Pecos, Reeves, Terrell, Ward, Winkler and Upton counties).
- TxDOT has submitted a grant request for federal funds equal to \$94 million to help with four projects in the Permian Basin.
- \$26.9 million in highway safety improvements have been contributed by industry partners to help with 17 projects that include adding turn lanes, shoulders, and paving.
- Traffic fatalities are still of great concern in the Permian Basin, which has only 2% of Texas' population but has 10% of the state's traffic fatalities.



For more information on TxDOT's presentation, you can go to the Midland Reporter Telegram's coverage of the PBPA Membership Luncheon [here](#).

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## Road Use Survey

As we advertised to you in another email sent out last week, we are asking PBPA members to share their knowledge of transportation issues in our region to help TXDOT and USDOT build safer roads.

One vital way you can help is by responding to a survey put together by MOTRAN, Inc. (Midland/Odessa Transportation Alliance) that guarantees your confidentiality, but provides vital information to plan safer roads for you, your employees, and your families in the Permian Basin.

Currently the data that TXDOT uses is admittedly out of date. They NEED better data and we NEED better roads. To illustrate just how out of date their information is, produced water disposal truck traffic numbers alone account for over half a billion more annual truck miles than TXDOT currently estimates in the ENTIRE Odessa district, which includes 12 major counties in the Permian Basin. This doesn't even

include increased sand traffic in the region.

Please [click here](#) to fill out this survey or use the button link below. This MOTRAN survey will help provide accurate data which can increase our funding that is based on traffic activity.

This is a detailed request, but all the information you provide will help our efforts in Austin and Washington D.C. to request, and hopefully receive, greater funding and planning for our region. You don't have to take my word for it. Below is what RRC Chairman, and Midland native Christi Craddick has to say about this request.

Our roads are unsafe. Please do your part to help us help ourselves.

[Survey](#)

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### **Substation Exemption**

Recently PBPA staff has been working on a regulatory issue with our Electrical Coalition of which we wanted to make our entire membership aware. This issue concerns a possible action by the Public Utility Commission (PUC) regarding substations.

Our members rely on reliable and consistent electricity to produce oil and gas. Many of you have installed your own substations and switches at your cost in order for you to have electricity in your fields. The time that it takes for your companies to get these substations and switches approved, installed and connected to an electricity provider is currently in the range of 8 to 18 months.

The PUC is considering a change to its rules for the location of substations and switches that members of the Electrical Coalition believe would extend the timeline from application to connection of these substations and switches to 26 months to 44 months. This increased timeline carries with it a heavy cost in getting your fields into production.

You should also be aware that often these substations and switches are being paid for directly by your companies. Unlike substations and switches in other parts of the state that are paid for by the ratepayers. Therefore, if there are any inefficiencies in these substations as to their location and size, the cost of that inefficiency is born by the company, not the ratepayer.

Finally, you should be aware that the Chair of the PUC has encouraged all electric users to comment and participate in this discussion. In that regard, she has also encouraged folks to come to the PUC first with their concerns before going to the Capitol.

As a result, PBPA is prepping a comment letter to send to the PUC and we are asking PBPA members to send in letters as well. These letters can essentially say, "we are aware of PBPA's comment letter and we support the comments of PBPA opposing this change." If you are interested in sending in such a letter, or interested in learning more about the issue, please contact Stephen Robertson at [stephen@pbpa.info](mailto:stephen@pbpa.info) or (432) 684-6345.

In addition to the comment letter, please note that PBPA will be making the appropriate contacts at the PUC to let them know of our opposition. We will also be contacting the GLO and University Lands, because this additional delay has a direct impact on their revenues, as well.

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## Takeaway Capacity

With production continuing to increase in the Permian Basin, takeaway capacity has been a particularly hot topic lately. Over the summer, the PBPA formed a Takeaway Capacity Committee to discuss the issue and explore any and all advantageous solutions for our members. If you're interested in being part of that discussion, please let us know.

While any constraints in takeaway capacity are expected to be temporary, PBPA is always conscious of being a good steward of our abundant, but precious natural resources, and mindful of what inefficiencies in production present to producers, mineral owners, and the state.

It is with that focus that PBPA has worked with various stakeholders on the state and federal levels in search of alternative solutions to takeaway constraints. PBPA plans on leaving no stone unturned in search of solutions to help our members, the mineral owners, and the environment.

Working with state and federal agencies, along with elected officials at the local, state and federal levels and members of the oil and natural gas community, we believe that solutions can be found to address the growing concerns our industry faces regarding takeaway capacity. We are already investigating the details of several options and look forward to continue working with all stakeholders to develop the best solutions for all involved.

In the mean time, to hear PBPA members talk about takeaway capacity with Fox News, [click here](#).

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## New Mexico Horizontal Field Rules

In June earlier this year, the New Mexico Oil Conservation Division (NMOCD) adopted a new rule for horizontal operations in New Mexico. Since then, the NMOCD has worked to make sure the new rule is understood by operators and is attempting to answer any questions concerning that rule. NMOCD Director Heather Riley is having meetings with District staff every Monday to discuss any questions that have come up with implementing the new horizontal rule.

Director Riley has asked that if anybody has any questions to send them to Yolanda Perez ([yolanda\\_perez@oxy.com](mailto:yolanda_perez@oxy.com)). Yolanda, a Sr. Regulatory Affairs Consultant for PBPA member Occidental Oil & Gas, has volunteered as a representative for the oil and gas industry to gather any questions, combine the duplicative ones, and then forward the compiled questions to Director Riley before their Monday meeting. The hope is to have Yolanda compile questions from all operators so that Director Riley is not getting 20 different emails on the same question.

Please let Yolanda know if you are experiencing any difficulties with the new rule or have any questions you would like the NMOCD to address or clarify. Thank you!

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For Your Information



## RULES ANNOUNCEMENT

## New Delivery Method for Rules Notifications

The Railroad Commission of Texas (RRC) has changed the delivery method for rules-related announcements and notifications to Constant Contact. If you previously subscribed to the Rules and Regulations Commission News, your email address has automatically been transferred to Constant Contact.

### Online Filing of W-3As

For new subscriber sign up, visit the RRC website at: <http://www.rrc.texas.gov>. In August, the RRC sent notice to operators that the formal W-3A Notice of Intention to Plug and Abandon can now be filed online. The RRC has provided an [instructional video](#) regarding the change and has asked that we help spread the word by providing the RRC Field Operations department of the Oil and Gas Division with your link of share with the RRC Field Operations department of the Oil and Gas Division. If you have any questions, please contact the RRC Field Operations department of the Oil and Gas Division by email at [EQPS@rrc.texas.gov](mailto:EQPS@rrc.texas.gov) or by phone at (512) 463-6838. For more information on RRC rulemakings, to access the online comment form for any proposed rulemakings, visit the RRC website at: <http://www.rrc.texas.gov/general-counsel/rules/proposed-rules/>

### Staff Changes

If you have questions about your Rules subscription or wish to unsubscribe, please send an email to [kelle.hartley@rrc.texas.gov](mailto:kelle.hartley@rrc.texas.gov). The RRC has announced Danny Sorrells will serve as Assistant Executive Director and Oil & Gas Division Director. Mr. Sorrells has served as Acting Oil & Gas Division Director since August 1, 2018.

Mr. Sorrells has been Kilgore District Director since October 2016. Before joining the RRC, he worked in the oil industry for 37 years in Arkansas, Louisiana and Texas, and brings experience in engineering of hydraulic fracturing, acidizing, cementing, coiled tubing, water control and tool design treatments.

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## NMED Air Quality Bureau: Permits Bulletin

The General Construction Permit (GCP) Oil & Gas registration form has been updated. The new version of this form is dated September 13, 2018. The NMED asks that you begin using this form effective immediately. As of October 13, 2018 they will no longer accept older versions of the registration form.

The following items have been updated:

1. Sections 1-10 have been renumbered to match the language of the permit;
2. Updated UTM units from km to meters;
3. Updated Tables to repeat if the table flows onto the following page;
4. Removed SIC code 4612, as it is not allowed by the permit;
5. Added Table 6 to request Tank Data; and,
6. Added check boxes to indicate facility source status (i.e. Minor, Synthetic Minor, etc.)

The updated form can be found [here](#). The NMED is also developing GCP-1 & GCP-4 to GCP-O&G transition guidance, which will be published soon.

Please contact Rhonda Romero with any questions regarding these updates updates [Rhonda.romero@state.nm.us](mailto:Rhonda.romero@state.nm.us) or at 505-476-4354.

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## New BLM Waste Prevention Rule

WASHINGTON - As part of the Trump Administration's ongoing goal to reduce

the regulatory burden on the American people and foster economic growth and energy development by using innovation, best science, and best practices, the U.S. Department of the Interior's Bureau of Land Management (BLM) announced on September 18, 2018 a final rule that revises the 2016 Waste Prevention Rule (also known as the Venting and Flaring Rule). The new rule, which included a 60-day public comment period, will reduce unnecessary burdens on the private sector and restore proven regulations at a time when investment in Federal onshore oil and gas is skyrocketing.

"Sadly, the flawed 2016 rule was a radical assertion of legal authority that stood in stark contrast to the longstanding understanding of Interior's own lawyers," said Deputy Secretary David Bernhardt. "The Trump Administration is committed to innovative regulatory improvement and environmental stewardship, while appropriately respecting the clear and distinct authorities of the States, Tribes, as well as the direction we receive from Congress."

The BLM reviewed the 2016 rule and found that it had considerable overlap in existing State, Tribal and Federal regulations. Additionally, the agency determined that the previous administration underestimated the cost in the 2016 rule.

The rule was reviewed as part of Executive Order 13771, Reducing Regulation and Controlling Regulatory Costs, Executive Order 13783, Promoting Energy Independence and Economic Growth, and Secretarial Order 3349, American Energy Independence, issued March 29, 2017. The BLM found that many parts of the 2016 rule were unnecessarily burdensome on the private sector.

Publication of the final rule in the Federal Register is forthcoming. The rule is effective 60 days after publication. A pre-publication version of the final rule can be found [here](#).

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### **BLM Public Meetings on Carlsbad Draft RMP**

The Bureau of Land Management's Carlsbad Field Office will host nine public meetings to provide information and answer questions related to the Carlsbad Draft Resources Management Plan (RMP) and Environmental Impact Statement (EIS). This is part of the ongoing 90-day public comment period that began Aug. 3, 2018, with the publication of a Notice of Availability in the Federal Register.

The BLM invites members of the public to attend meetings and provide comments at the following dates and locations:

Tues., Sept. 25	Jal, NM	12:30-3 PM	Jal Community Center, 109 W. Panther Ave.
Tues., Sept. 25	Hobbs, NM	5:30-8 PM	New Mexico Junior College, 5317 N. Lovington Hwy.
Thurs., Sept. 27	Midland, TX	12:30-3 PM	Midland County Centennial Library, 2503 Loop 250 Frontage Rd.

The planning area under the proposed framework consists of about 6.2 million acres of land within Eddy and Lea counties, and a portion of Chaves County in southeastern New Mexico. This includes about 2.1 million acres of public surface lands and nearly 3 million acres of federal minerals estate, managed by the BLM Carlsbad Field Office.

The Draft RMP and its associated Draft EIS will analyze and guide the management of these public lands for the benefit of current and future generations as part of BLM's multiple-use mission. The planning effort will update management decisions for public land uses and resources, including energy development, minerals, livestock grazing and access. When complete, the revised management plan will replace the 1988 Carlsbad Resource Management Plan, and its amendments.

The draft document and additional information is available online via e-planning, accessible through the [BLM project website](#).

For more information on the planning process, please contact Carlsbad Field Office RMP Team Lead Hector Gonzalez at (575) 234-5968 or BLM Planning and Environmental Coordinator David Alderman at 505-954-2094.

Persons who use a telecommunications device for the deaf (TDD) may call the Federal Relay Service (FRS) at 1-800-877-8339 to contact the above individual during normal business hours. The FRS is available 24 hours a day, seven days a week, to leave a message or question. Replies are provided during normal business hours.

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### Mark Your Calendar



The PBPA Annual Meeting is set to occur on October 24-25, 2018, in Midland, Texas. Our Annual Meeting is one of the best ways to go in depth on the issues tackled by the PBPA staff on behalf of our members. The event gives all those in attendance the chance to listen to and ask questions of our multiple panels of experts who will present on the top issues confronting our industry, and to find out projections on our industry moving forward from those in the know.

You don't want to miss this year's 56th Annual Meeting. We are very proud of our accomplished lineup of speakers and panelists. This year's keynote speakers include Railroad Commission of Texas Commissioner Ryan Sitton; New Mexico State Representative Larry Scott; and, Blacklight Research's Managing Partner and Head of Research, Colin P. Fenton. We look forward to hosting a fantastic event and hope you will join us!

[Click Here for Registration & Sponsorship Information!](#)

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### Corporate - Pipeline Safety Compliance Training

The U.S. Department of Transportation's (US DOT) Transportation Safety Institute conducts Corporate Pipeline Safety Compliance Training specially designed for the energy industry. This course will familiarize participants with US DOT pipeline safety regulations and serious safety violations. This course is intended for those who are responsible for oversight of pipeline safety and regulatory compliance.

There are two upcoming trainings on November 14-16, 2018, and December 4-6, 2018, both to be held in Oklahoma City. For more information on the trainings, please [click here](#).

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While PBPA does not endorse candidates, we always want to share information on events in the Permian Basin with importance to the oil and natural gas industry, political and otherwise. The information that follows should not be construed as an official endorsement of any candidate or candidate's campaign.

Reception Honoring Chairman Christi Craddick

## You are Invited to a Reception Honoring Chairman Christ Craddick Railroad Commission of Texas

Tuesday, October 2, 2018

5:30 pm - 7:00 pm

For more information, please contact Randi Celey at  
(512) 271-4782 or [randi@christicraddick.com](mailto:randi@christicraddick.com)



PLEASE SAVE THE DATE  
FOR A RECEPTION HONORING  
**GOVERNOR GREG ABBOTT**  
WEDNESDAY, OCTOBER 3RD, 2018  
AT THE HOME OF  
**VICKY & JAVAID ANWAR**

5:30 P.M. / VIP RECEPTION FOR HOSTS & PATRONS  
6:00 P.M. / GENERAL RECEPTION

**CO-HOST:** GIVE/RAISE \$10,000 OR MORE/COUPLE  
**PATRON:** GIVE/RAISE \$5,000/COUPLE  
**SPONSOR:** GIVE/RAISE \$2,500/COUPLE  
**SUPPORTER:** GIVE/RAISE \$1,000/COUPLE  
**GUEST:** \$500/COUPLE; \$250/PERSON

[CLICK TO DOWNLOAD THE RSVP FORM AND RETURN TO:](#)

LINDSAY BROWN  
[LBROWN@GREGABBOTT.COM](mailto:LBROWN@GREGABBOTT.COM)  
512-477-2002  
512-477-0774 (FAX)

OR

TEXANS FOR GREG ABBOTT  
PO BOX 308  
AUSTIN, TX 78767

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**PBPA Committee Meetings**

SHOC (ESA) - October 10, 2018

For meeting times and locations, please email [stephen@pbpa.info](mailto:stephen@pbpa.info)

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