



2019 Membership Renewals

Friendly reminder! Please contact us (caci@pbpa.info or (432) 684-6345) if you have not renewed your PBPA Membership for 2019! We are successful because of our membership support and look forward to another year serving you and the Permian Basin oil and natural gas community.

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Need to Know

Texas Legislative Update

The Texas Legislature is hitting its full stride, with only one month left of the 140 days allowed in the Texas Constitution for the regular session to meet. With nearly three-

quarters of the 86th Legislative Session behind us, the bulk of work on the state budget, property tax reform and school finance, and all legislation that directly impacts the vibrancy of the Permian Basin oil and gas industry hangs in the balance.

Between December and now, PBPA has reviewed more than 4,000 bills and joint resolutions that would seek to amend state law and the state Constitution and nearly 1,000 amendments on bills. We have also testified or represented a position in more than a dozen committees on numerous issues.

PBPA started the Session off by identifying a number of priority issues to focus on to improve conditions in the Permian Basin. These included state and county road funding, cost of living increases for Department of Public Safety, Texas Department of Transportation and Texas Commission on Environmental Quality employees. Supporting the Railroad Commission budget request was also a priority. We have also worked to increase funding for the Physician Loan Repayment Program and the Physician Residency program. We are optimistic we will be successful in increasing funding for each of these programs thus improving conditions for these important employees in the Basin.

Our efforts to focus state resources on providing greater transportation funding has been a top priority. And to that end we have been able to find a great deal of success because of our relationship with members of the Texas House and Senate, the engagement of PBPA member companies, and hard work to bring stakeholders together to craft good work product. At this time, the House has appropriated \$250 million in state funding from severance tax dollars, taxes that come directly from oil and gas operations, into the Supplemental Appropriations Act for the County Transportation Infrastructure Fund (CTIF). The Senate appropriated \$225 million in their version of the General Appropriations Act. PBPA will continue to work with these appropriators to fund either option (both are unlikely).

Additionally, one of the challenges with the CTIF, was that in previous sessions, too many counties were eligible for funds, making the impact of these limited resources too small to provide great relief for counties experiencing infrastructure challenges. PBPA is working with key members of the Senate and House to direct these dollars to counties like those in the Permian Basin where activity is occurring.

We are also continuing to monitor eminent domain legislation that could bring sweeping changes to the development of much needed infrastructure in the Permian Basin.

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Out in the Community

Conversation with the Fed: On April 16th Julie Green traveled to Hobbs to attend a lunch with the President of the Federal Reserve Bank of Dallas, Robert Kaplan, who talked to the group about different topics and their effect on the economy. Among the topics discussed were, technological innovation, changes in politics, and the energy industry's role in the economy, along with many others. Kaplan spent much time focusing on the issue of workforce and how that plays into our industry which then impacts the national economy. Kaplan called for national focus to center on skills and vocational training, as well as funding and improvement for the education system, in order to address the large issue of workforce that the entire country, and especially the Permian Basin is feeling right now.

Trip to Andrews: Recently Julie visited Andrews where she talked with community leaders about the community's priority issues. A lot of discussions centered around the nuclear activity that is currently happening in the county and the heightened level

that has been proposed and for which legislation is being sought at the state level. Most of the county stands behind the activity, while some residents still seem hesitant, but County Judge Charlie Falcon specifically sees this as just another way to diversify the county's economy so they can continue to make improvements to the community. These thoughts have not been shared, however, by all members of the Permian Basin community. Others have raised concerns about risks to oil and gas operations in not just Andrews County but other portions of the Permian Basin, through which the radioactive waste would be transported.

Permian Basin Regional Freight Plan: On April 23rd, Julie and Stephen Robertson met with representatives from the Texas Department of Transportation (TxDOT) and Cambridge Systematics, Inc. to discuss TxDOT's development of a Permian Basin Regional Freight Plan. In early 2019, TxDOT began an in-depth study of regional freight movement in the Permian Basin. The work is being led by the consulting team of Cambridge Systematics, Inc. The same firm completed the Texas statewide freight mobility plan adopted in early 2018. The regional study will include the entire Permian Basin region and will be focused on determining patterns of freight movement with identification of key corridors also included. PBPA will continue to work with TxDOT and Cambridge Systematics, Inc. during this process to help develop a regional freight plan that takes into full consideration the needs of the Permian Basin oil and gas industry.

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PBPA HSE Bench Marking Survey

The PBPA Health, Safety, and Environmental (HSE) Committee is conducting our second HSE bench marking survey to allow PBPA member companies to compare their safety incident and spill performance to blinded data obtained from peer-companies. This is the second annual survey and in this year's edition we are gathering data from 2018.

All companies participating in the survey have already turned in their data. If you missed the deadline and are still interested in participating, please contact Stephen Robertson (stephen@pbpa.info).

We look forward to growing participation in this year's version of the survey and working towards the improvement of HSE performance in the Permian Basin.

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EPA & NMED Conduct Inspections

During the week of April 15-19, 2019, the U.S. Environmental Protection Agency (EPA) alongside the New Mexico Environment Department (NMED) conducted 98 regulatory inspections to determine compliance with air quality regulations and permits across the Permian Basin in southeastern New Mexico. The inspections utilized several forward-looking infrared (FLIR) cameras in search of emissions. Inspectors also interviewed operators, reviewed records and observed operations at each site they visited.

While a [release from NMED](#), dated April 24, 2019, claimed that levels of ozone continue to rise in New Mexico's Eddy and Lea counties, a recent analysis conducted by [Energy in Depth](#) of data released by the U.S. Environmental Protection Agency and the Energy Information Administration, shows that methane emissions have

decreased in the Permian Basin from 2011 to 2017, while during that same time oil and natural gas production rose 65% and 19%, respectively. Taking production into consideration, there has been a 57% decrease in the amount of methane emissions per barrel of oil equivalent (BOE) from 2011 to 2017 in the Permian Basin.

Thank you to all those members of the oil and gas industry of the Permian Basin who have worked tirelessly to improve operations, increase efficiencies, and decrease emissions. We know each of you will continue to do so to help keep the Permian Basin not just the greatest, but the premier crude oil producing basin in the world.

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More Non-Stop Flights?

On April 24th, PBPA staff attended the Midland-Odessa Transportation Alliance (MOTRAN) hosted meeting in Midland with Southwest Airlines. The meeting was made possible, in part, by the efforts of Midland's own Nadine Craddick and the entire PBPA team sends huge thanks her way.

The focus of the meeting was on possible increases in air service from and to Midland International Air and Space Port (MAF), with questions from Southwest Airlines representatives centered around business travelers. While of particular interest were direct flights between Midland and Austin, other destinations, such as Dallas, Houston, Albuquerque and Denver, were also discussed.

As part of the presentation, economist Ray Perryman used gathered data and modeling to project that if a direct flight were available from Midland to Austin, there would be 49,200 to 56,700 annual passengers utilizing that flight in 2019. By 2025, he projected the number of passengers who would utilize such a flight to be anywhere from 96,300 to 106,400. These projections, along with other current and projected data points presented by James Beauchamp (MOTRAN) and Dr. Perryman provided the Southwest Airlines representatives present a full understanding of the growing needs of the Permian Basin and the need for increased air service.

While the Southwest Airlines representatives would not commit to any increase in flights in or out of MAF, they did state that for a flight to be added between Midland and Austin, or any other location, Southwest would be looking to fill at least one 143 seat flight out and one 143 seat flight back each day. Even at full capacity, Dr. Perryman's model provides the passengers for this model by 2025. However, the longer it takes to establish such a flight, the more lag time there will possibly be until that model's projections become reality. If we learn anymore information, we will pass it along.

Thank you to Mrs. Craddick, Mr. Beauchamp, Dr. Perryman, all the PBPA members, and the members of the Permian Basin communities who attended this event or participated in the survey conducted prior to the event.

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Flaring Issues, Solutions & Technologies 2019 Midland Workshop

On April 17, 2019, PBPA helped the Houston Advanced Research Center (HARC) conduct a workshop in Midland focused on exploring specific needs and issues related to flaring with the hope of identifying technologies to monetize stranded gas and reduce or eliminate gas flaring and/or methane emissions associated with production with a focus on the Permian Basin.

Many PBPA members attended and even presented at the workshop. This workshop followed one conducted by HARC in Houston, and preceded two additional workshops to be conducted in Colorado and Pennsylvania. HARC plans to take the information gathered from the workshops and other communications with members of the industry to update a white paper on flaring first published in 2015 and originally titled *Recommendations to Address Flaring Issues, Solutions and Technologies*. In the meantime, we hope the workshop was educational to those who attended as to opportunities and technologies available or being developed regarding flaring mitigation.

Thank you to all those companies and individuals that participated in the workshop and for all the work you are doing to help mitigate flaring in the Permian Basin.

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EPA Announcement on RCRA Reg for O&G Production Wastes

On Tuesday, April 23, 2019, the U.S. Environmental Protection Agency released the following statement:

Section 2002(b) of RCRA requires every regulation promulgated under the Act to be reviewed and, where necessary, revised not less frequently than every three years. On May 4, 2016, the Environmental Integrity Project and others filed a lawsuit with the U.S. District Court for the District of Columbia that alleged EPA had failed to perform its non-discretionary duty under Section 2002(b) to evaluate the federal Subtitle D solid waste regulatory requirements for the management of wastes associated with exploration, development and production wastes from crude oil, natural gas and geothermal energy (oil and gas) activities.

In response, EPA entered into a consent decree to conduct a review and determine whether revisions to the federal solid waste management regulations are necessary. To support this effort, EPA conducted a review of government, industry and academic sources to supplement the information available from previous Agency actions. This review, to determine whether changes to the federal solid waste regulations are necessary, evaluated factors such as waste characteristics, management practices, damage cases and the coverage of state programs.

Based on the information gathered for this review, on **April 23, 2019, EPA determined that revisions to the federal regulations for the management of exploration, development and production wastes of crude oil, natural gas and geothermal energy under Subtitle D of RCRA (title 40 of the Code of Federal Regulations in Part 257) are not necessary at this time** [emphasis added]. Additional information comprising EPA's review and decision is contained in the document entitled, [Management of Oil and Gas Exploration, Development and Production Wastes: Factors Informing a Decision on the Need for Regulatory Action](#). EPA will continue to work with states and other stakeholders to identify

areas for improvement and to address emerging issues to ensure that exploration, development and production wastes continue to be managed in a manner that is protective of human health and the environment. Learn more about [EPA's collaboration with the State Review of Oil and Natural Gas Environmental Regulations](#).

This is an issue PBPA has been working on with several partners, chief of which being IPAA, who has provided that this first step is critical but clearly the environmental activists will be pressing EPA on RCRA Subtitle D determinations going forward. Under RCRA, EPA must revisit its assessment of the RCRA Subtitle D status every three years. The issue that the environmentalists used to litigate was EPA's failure to publish its assessment for several decades. Consequently, industry will need to closely watch these actions in the future and continue to work with state regulators to support the current regulatory approach.

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Waters of the United States Comments

Last week, a coalition of national trade associations submitted comments supporting in large measure the U.S. Army Corps of Engineering and Environmental Protection Agency redefinition regulations regarding the scope of Water of the United States under the Clean Water Act. You can find copies of those comments by following the below links:

1. Comments submitted by [API, IPAA, AOPL and AXPC](#)
2. Comments submitted by the [Western Energy Alliance, IPAA, AXPC and DEPA](#)
3. Comments submitted by the [Waters Advocacy Coalition](#) or [comments including 15 attachments](#).

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PBPA Events

PBPA Committee Meetings

Texas Legislative - May 7, 2019

Texas Legislative - May 14, 2019

Regulatory Practices - May 21, 2019

Texas Legislative - May 21, 2019

For meeting times and locations, please email stephen@pbpa.info

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Permian Basin Environmental Regulatory Seminar

The PBPA is once again collaborating with the Midland College Petroleum Professional Development Center and the Society of Petroleum Engineers to host the annual Permian Basin Environmental Regulatory Seminar scheduled for Thursday,

May 23, 7:30 a.m.- 4:00 p.m. at the Advanced Technology Center (ATC), Blankinship Lecture Hall, 3200 W. Cuthbert Ave., Midland, Texas.

The seminar is held in response to concerns from oil and gas industry professionals who need to keep current with environmental regulatory and policy changes. This important one-day seminar will focus on regulatory changes from the past year, distilled to highlight changes with actual operational impacts. Important changes to EPA's policies and approaches will also be presented and explored in terms of real "on the ground" impact to regulated facilities.

WHEN: April 24-May 23, 2019

HOW MUCH: \$250 (Texas Residents), \$275 (Non-Texas Residents)

[Registration](#)

If you have questions, please call (432) 683-2832.

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Other Events

Desk & Derrick Annual Golf Tournament

At many PBPA events throughout the year, the PBPA staff is supported by volunteers from Desk & Derrick Club of Midland, a fellow non-profit that works to enhance and foster a positive image of the petroleum industry through education and professional development. Each year the Desk & Derrick Club of Midland hosts its "Black Gold" Golf Tournament, the proceeds of which benefit the club's scholarship and education opportunities fund. If you're interested in supporting the Desk & Derrick Club of Midland, please consider participation in this year's tournament.

[Registration](#)

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PESA West Texas Regional District Meeting

PBPA member Denzil West, CEO of Admiral Permian Resources, will be the key note speaker at the Petroleum Equipment & Services Association's (PESA) next West Texas Regional District Meeting held on May 23, 2019, from 11:00 am to 1:00 pm at the Petroleum Club of Midland.

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