



PERMIAN BASIN
PETROLEUM ASSOCIATION

The Standard

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Members,

Below, please find important updates on State and Federal Issues as well as other information and opportunities we thought you should know about. As a reminder the PBPA Clay Shoot and Pit King Challenge, originally scheduled for June, has been postponed. Please keep an eye out for information regarding this and other PBPA events as details are available. While our committees are still meeting through conference calls, many committee meeting schedules have been shifted. For more information on a specific PBPA committee, please reach out to Stephen Robertson (stephen@pbpa.info).

As always, don't hesitate to reach out to us with any questions you may have.

Regards,

Ben Shepperd



Regulatory Updates

Update on RRC

At the Railroad Commission of Texas's (RRC) May Conference on May 5, 2020, The Commission approved several motions providing for temporary extensions to certain administrative rules. A Notice from the RRC to Oil and Gas Operators detailing these extensions can be found [here](#). Links to the three specific orders approved by the Commission can be found here:

[TEMPORARY EXCEPTION TO CERTAIN FEES & SURCHARGES REQUIRED BY STATEWIDE RULE 78](#), which waives fees and surcharges associated with the following filings for the remainder of the calendar year: P-17, W-14, H-1, H-4, W-3C.

[TEMPORARY EXCEPTIONS TO STATEWIDE RULES 8, 13, 14, AND 107,](#)

allowing:

- SWR 8(d)(H) - extension on deadline to dewater, backfill and compact authorized pits; expires one year from today, unless terminated or extended
- SWR 13(d) - extension on 180-day limitation on administrative approvals of alternative casing and tubing programs to allow administrative approvals to exceed 180 days; expires one year from today, unless terminated or extended.
- SWR 14(b)(2) - extension on 1-year deadline to plug wells to two years for wells reporting production in February 2020, and subsequently shut-in with no reported production from March 1, 2020 to March 1, 2021; will not limit authority of RRC to require plugging of leaking well.
- SWR 107(b) - allows legal enforcement to exercise discretion in assessing penalties for violations occurring March 1, 2020 to March 1, 2021 that do not implicate health, safety or environmental concerns; expires one year from today, unless terminated or extended.

[TEMPORARY EXCEPTION TO STATEWIDE RULE 95,](#) allowing the storage of crude oil in formations that are not salt formations. To qualify for this exception, will continue to demonstrate that the formation is confined to prevent the escape of crude oil. No rules regarding health or safety will be suspended in relation to this order. This order will expire in one year and all stored oil must be removed within five years.

OCD Civil Penalties Calculation Method

On Friday, May 8, 2020, the New Mexico Oil Conservation Division provided notice of their civil penalties calculation method to implement the authority granted the agency by the Oil and Gas Act. A copy of the method document can be found by [clicking here](#).

A Notice for the OCD on the Civil Penalty Calculation Method can also be found [here](#).

RRC Candidate Jim Wright Press Release

Jim Wright, who earned the Republican nomination to run for the seat currently held by Commissioner Ryan Sitton on the Railroad Commission of Texas, issued a press release and policy paper last week. Mr. Wright will face the winner of the Democratic Party run-off in November. For those interested in learning more about Mr. Wright's views, you can access those documents here:

[Jim Wright Press Release on RRC Hearing and Policy Paper](#); and,

[Wright Policy Paper](#).

MAP Public Meeting on May 19th

The New Mexico Departments of Environment (NMED) and Energy, Minerals

and Natural Resources (EMNRD) are continuing stakeholder outreach efforts as work continues to develop the state's first methane regulations. NMED and EMNRD will hold a joint public meeting via webcast from 5 to 7 p.m. (CST) Tuesday, May 19 and will cover the work of the Methane Advisory Panel (MAP). The MAP met in the fall and discussed technical aspects of methane capture. Presentations, the draft technical paper, and public comments received on the paper can all be found on the [MAP page](#).

The public meeting will allow one hour for presentations from NMED, EMNRD and members of the MAP and one hour for questions from the audience. Presentations will be made available to the public on the [departments' webpage](#) beforehand in preparation for the webcast.

Registration is required to join the meeting, [register in advance here](#).

SLO Regular Rulemaking on Shut-in Oil Wells

On April 21, 2020 the New Mexico State Land Office (SLO) finalized an emergency rulemaking to allow lessees to temporarily shut in oil wells due to economic conditions associated with COVID-19. The SLO is now engaged in the process of regular rulemaking to extend the shut in rule to a longer timeframe.

[Here](#), you will find a draft of the proposed regular rule. If you have concerns, questions, or feedback associated with the regular rule, please let the chairs of the PBPA Regulatory Practices Committee, or Stephen Robertson (stephen@pbpa.info), know.

In June ([notice](#)), the SLO will hold a hearing to discuss consideration of these temporary changes to rule 19.2.100.71 and to hear testimony from the public. Written comment will be accepted through June 11, 2020:

WHEN: Friday, June 12th from 1:00 PM to 2:30 PM

WHERE: Morgan Hall, 310 Old Santa Fe Trail, Santa Fe, New Mexico. Due to public health measures related to the coronavirus pandemic, this hearing may need to be held telephonically/remotely. Any change to the location or time will be posted with a final agenda on the [SLO webpage](#) at least 72 hours prior to the date and time specified above.

A GoToMeeting link for the meeting has also been created:

<https://www.gotomeet.me/StateLandOfficePublicRoom/rulemaking-19210071>



Federal Updates

DOI Guidance Documents

On Thursday, May 7, 2020, the U.S. Department of the Interior released guidance for oil and gas companies seeking royalty reductions or suspension of operations

on their website. Those guidance documents can be found here:

The BLM Oil and Gas Guidance for Lease Suspension can be found [HERE](#); and, The BLM Oil and Gas Guidance for Royalty Rate Reduction can be found [HERE](#).

Links to these documents can also be found on the PBPA website on the [COVID-19 information page](#).



State Updates

New Mexico Prepping Businesses for Phase One of Re-opening

On May 5, 2020, New Mexico Governor Michelle Lujan Grisham urged business owners to begin preparing for the first phase of reopening New Mexico while the state continues to fight the COVID-19 pandemic. Department of Health Secretary Kathyleen Kunkel has amended the state [public health emergency order](#) clarifying some of the steps businesses must take in order to operate.

- Beginning May 6, all large grocery and large retail spaces (those greater than 50,000 square feet in size) and all restaurants currently operating curbside and delivery service were required to ensure that all employees have at least cloth face coverings.
- All employees must wear their face coverings in the workplace at all times when in the presence of others.
- Beginning May 11, all essential businesses of any size currently operating under the public health order must also comply with the face covering requirement.
- Retailers will not be required to provide face coverings for customers but are encouraged to post signage strongly encouraging customers to wear their own masks. Retailers at their own discretion may require customers to wear masks.

Lt. Governor Patrick Texans Back to Work Task Force

On May 6, 2020, Texas Lt. Governor Dan Patrick released a [report from his Texans Back to Work Task Force](#). The Oil and Gas industry is discussed on pages 43 through 46. Along with general recommendations which might apply to most businesses, specific recommendations for oil and gas operations in the report include:

- The creation of a state-sponsored petroleum reserve;
- Temporary waiver of certain testing or reporting requirements, including testing of facilities that might be converted to different service, so long as a company can substantiate previous compliance; and,
- Temporary waiver of fuel-blending requirements, as the fuel supply system requires flexibility to maximize local crude production and corresponding additives and supplements, which may be unnecessary for current driving

conditions.

According to the Report, the Texans Back to Work Task Force will work hand in hand with Governor Greg Abbott's Strike Force to Open Texas.



Educational Opportunities

MSIS in Energy from Texas Tech University

Texas Tech University is launching a new degree this Fall - a Master of Science in Interdisciplinary Studies (MSIS) in Energy, with courses offered by instructors from the Petroleum Engineering Department, the National Wind Institute, the Energy Commerce Department in the Rawls College of Business, and the School of Law. It is designed primarily for working professionals but is open to all.

The courses will be offered online, with only one or two in-person weekend visits to the Texas Tech campus during each semester. The degree can be earned in one year. Each semester unit (consisting of three courses) will cost \$14,000 for a total degree cost of \$42,000.

The first cohort begins this Fall, and applications are being accepted now. [Click here](#) for a brochure on the degree program. You can also find out more information by visiting the website at www.depts.ttu.edu/gradschool/Programs/energy/.

