



PERMIAN BASIN
PETROLEUM ASSOCIATION

PBPA Newsletter

September 11, 2018

A Word from the PBPA

Friends,

Seventeen years ago our nation came under attack when cowards hijacked planes carrying American civilians and crashed them into the World Trade Center, the Pentagon, and a field in rural Pennsylvania. Those of us outside the chaos watched saddened and stunned while thousands of Americans, young and old, lost their lives that day. In the days since, our nation has taken unprecedented efforts in the global War on Terror to defend our homeland and although America's enemies have continued to challenge our might, they have only strengthened our resolve. Such efforts come with their own cost, however, as thousands of American servicemen and women have also lost their lives protecting our freedom. Today, we mourn those lost in the attacks on 9/11 and those lost since in the service of our nation.

This is a sad day in our nation's history. We will never forget the sacrifice of so many Americans, and we must be ever mindful of the constant threats that persist.

Our member companies' efforts to safely and responsibly drill our natural resources in the Permian Basin is another vital effort in our war against these radical extremists. American national security is being fueled by energy sources in Texas and New Mexico and our decreasing reliance on foreign oil, as well as the export of energy to our nation's allies, makes our world safer each and every day.

Like President George W. Bush said shortly after the tragedy memorialized today, "Terrorist attacks can shake the foundations of our biggest buildings, but they cannot touch the foundation of America. These acts shatter steel, but they cannot dent the steel of American resolve."

Thank you for your efforts to keep America free. May God bless you and yours, and may God continue to bless the United States of America.

Regards,

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Working For You

September Membership Luncheon

Please join us for the September 2018 PBPA Membership Luncheon to be hosted on Thursday, **September 20, 2018** at the Petroleum Club of Midland. Registration now to reserve your seat!

Along with updates from PBPA President Ben Shepperd after a busy summer, come hear from our keynote speaker, Lonnie Gregorcyk, with the Texas Department of Transportation on the Department's ongoing plans for improvements of road infrastructure in the Permian Basin. Find out what routes are getting improved, where to go to avoid traffic and more! You won't want to miss out.



[Click here](#) to register!

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Carlsbad Mayor's Energy Summit

On September 6, 2018, Mayor Dale Janway hosted the 2018 Carlsbad Mayor's Energy Summit at the Walter Gerrells Performing Arts Center Annex. This year's theme was "Crossing the Delaware: A New American Energy Independence." The event featured presentations from PBPA members XTO Energy, Chevron, Gravity Oilfield Services, and Occidental Petroleum. PBPA staff Mike Miller, Julie Green and Stephen Robertson attended in support of Mayor Janway, those presenting from our member companies and to continue to learn from those in Carlsbad how we can continue to support industry growth in the area.

Carlsbad continues to be supportive of the oil and gas industry but just as with so many other communities in the Permian Basin, also continues to work through "good problems", such as road infrastructure, housing, and employment strains.

To cap off the day of presentations, a special appearance was made by Governor Martinez and then, straight off of his induction into the Pro Football Hall of Fame, retired NFL linebacker Brian Urlacher, a native from Lovington, New Mexico, sat down with local high school athletes to talk about growing up in southeastern New Mexico, his NFL career, and life after being a professional athlete.

We greatly appreciate our members involvement and support of events like this that greatly help educate the non-industry public about where the oil and gas industry is

headed and what companies are doing to be supportive of the communities where they operate.

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Report from Texas Senate Nat. Res. & Eco. Dev. Committee

Wei Wang, Executive Director of the Texas Railroad Commission testified before the Senate Natural Resources & Economic Development Committee on September 5, 2018. It was Chairman Brian Birdwell's (R-Granbury) first hearing heading the committee and he took the reins primarily to address interim charges unrelated directly to the energy industry, but did have Mr. Wang provide an update on implementation of the bill passed by the Legislature re-authorizing the Texas Railroad Commission.

Mr. Wang began his testimony with his thanks for the efforts of lawmakers to renew the agency and offered a progress report on implementing the changes included in the sunset bill. He reported that all five provisions have now been implemented.

The five requirements in House Bill 1818, 85(R) by Gonzales, were to:

- establish a new alternative dispute resolution process;
- increase inspection efforts in an updated oil and gas enforcement plan;
- authorize a new pipeline safety fee;
- verify contractors utilize the E-Verify system; and,
- develop rulemaking for the new authority granted to the commission regarding interstate pipelines for damage prevention purposes.

All sunset requirements have seen rule adoption where required or have been implemented as new policies for the agency.

Mr. Wang also noted that the RRC is in good financial health because of the vibrancy of the energy sector and although the agency is seeing historic permitting, they are more efficiently processing permits within two days, compared to the seven day delay average at the beginning of 2018.

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Report: ESDs in Reeves County

On Monday, September 10, 2018, Julie Green attended the Reeves County Commissioners Court meeting in Pecos, Texas. On the agenda for this meeting was a public hearing for the creation of two Emergency Services Districts (ESDs 1 and 2), one being a fire district and the other being an ambulance district.

As a result of the public hearing, not much was decided by the court and no formal vote was taken on whether or not to place the creation of such ESDs on the ballot for a public vote. Although the forum was open to the public and a good number of citizens attended hoping to learn more, mostly city officials chose to address the court. To this point, the City of Pecos has been the strongest proponent for the creation of these ESDs, having created and disseminated presentations and written proposals to support the initiative.

The County Judge urged the city officials who testified at the hearing to continue to help educate the public on this matter and noted that the creation of the ESDs would not be an issue available to vote on in November, but more likely in May of 2019 (again, however, no official action or vote was taken). While it was admitted that taxes would go up, whether the ESDs will only be funded by ad valorem tax increases or ad valorem increases accompanied by sales tax increases, was not discussed. And as background, even though again tax rates were not discussed at the September 10 meeting, based on the City of Pecos proposal, it appears the intent is to raise ad valorem taxes county wide to \$0.20/\$100 valuation with the possibility of also raising the sales tax rate.

There is no doubt that the data shows the call volume and demand for Fire and EMS in the county has nearly tripled because of the continued growth in the area and that new equipment is needed. Even though some of the data compiled by city officials projects their estimated costs for the proper execution of these two ESDs, many questions still remain unanswered because a board that has yet to be created for the ESDs, and not the city, will be the ultimate decision maker on the structure and details of the ESDs.

PBPA will continue to follow this issue and the PBPA Community Affairs Committee will continue to take point with regards to any debate among and actions taken on behalf of our members.

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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). 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

Know the Candidates

With Endangered Species listings in the Permian Basin always of interest to area operators and land owners, we at the PBPA were very interested to hear recently the responses by Senator Ted Cruz and his challenger, Rep. Beto O'Rourke to the question posed by the Midland Reporter Telegram, "How do you view the current efforts to update the Endangered Species Act winding their way through Congress?" We wanted to share each candidate's answer with you in a new section we are calling *Know the Candidates*:

Senator Ted Cruz: There is a real need to reform the Endangered Species Act, to both allow economic development and oil and gas exploration and to encourage conservation of endangered species. The current law is often abused by environmental activists and overzealous federal regulators to try to shut down exploration and eliminate jobs. That is not the intended purpose of the statute. I strongly support efforts to reform the Endangered Species Act to create real incentives, to save species, to expand populations and at the same time to maximize economic development and the opportunities for energy exploration

Representative Beto O'Rourke: I think there's a way to achieve a balance and ensure that we protect the habitats and the wildlife that help to distinguish Texas and are a part of our heritage. And also making sure that the regulations are common sense, allow for input from local stakeholders - so ranchers, farmers, property owners, public officials from local communities - as well as the federal government. I think it's got to be a collaborative approach. And I just want to make sure that we continue to move forward in that manner.

The PBPA does not endorse candidates, but we always want to share information on

candidates with importance to your oil and natural gas operations in the Permian Basin. The information above should not be construed as an official endorsement of any candidate or candidate's campaign.

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Record set at BLM Carlsbad office sale

WASHINGTON - In a testament to the Trump Administration's America First Energy Plan, the Bureau of Land Management's (BLM) third-quarter oil and gas lease sale in New Mexico broke all previous records by grossing nearly \$1 billion in bonus bids for 142 parcels. The two-day sale brought in more revenue than all BLM oil and gas sales in 2017 combined, and surpassed BLM's previous best sales year. Revenue from the sale totaled \$972,483,619.50 and illustrates the Trump Administration's commitment to sustainably developing America's energy and natural resources to achieve American energy dominance.

[Click here](#) for the full press release from Department of Interior.

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EPA working towards changes in methane policies

The Trump Administration continues to relax Obama era policies impacting the oil and gas industry. It had been reported late Monday, September 10, 2018, by several news services that the Environmental Protection Agency (EPA) planned to ease requirements under the Obama era 2016 New Source Performance Standards. Well, on Tuesday, September 11, 2018, the EPA provided a formal release of a proposed oil and gas Targeted Improvements Package to Advance President Trump's Energy Dominance agenda.

As provided by the EPA, the improvements to the 2016 New Source Performance Standards for the oil and gas industry will streamline implementation, reduce duplicative EPA and state requirements, and significantly decrease unnecessary burdens on domestic energy producers. The improvements package is expected to save up to \$75 million annually, or approximately \$484 million total, in regulatory costs from 2019-2025.

PBPA will further analyze the proposal, and promote further discussion through our Regulatory Practices Committee, but it has been reported that the improvements package will allow oil and gas companies more time to assess and safely repair infrastructure often in remote locations. Among some of the improvements are changes that would give companies a year to perform leak inspections instead of six months on most wells, and up to two years for low-producing wells. The proposal also allows 60 days to make repairs instead of 30. In another move to strengthen the regulatory authority at the state level instead of at the federal level, the EPA proposal also reportedly allows states with their own methane standards to abide by those standards instead of federal requirements.

For the full proposal as released by the EPA, [click 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:

Mon., Sept. 17 Carlsbad, NM 12:30-3 PM; Pecos River Village Conference Center, 711 Muscatel Ave.

		5:30-8 PM	
Tues., Sept. 18	Artesia, NM	12:30-3 PM	Central Valley Electric Cooperative, 1043 N. 13th St.
Tues., Sept. 18	Roswell, NM	5:30-8 PM	Holiday Inn, 3620 North Main St.
Wed., Sept. 19	Hope, NM	5:30-8 PM	Village of Hope, 408 South 2nd Ave.
Thurs., Sept. 20	Albuquerque, NM	12:30-3 PM	Holiday Inn Albuquerque North I-25, 5050 Jefferson St., NE
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.

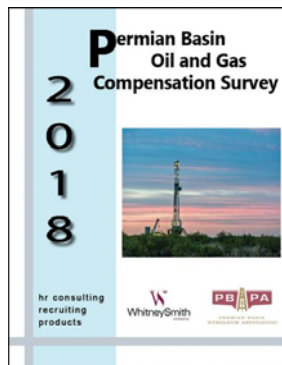
The draft document and additional information is available online via e-planning, accessible through the [BLM project website](#).

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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3rd Annual E&P Compensation Survey is Complete!



The PBPA sponsored 3rd annual Permian Basin Oil and Gas Compensation Survey has been completed by WhitneySmith Company. For those companies that participated in the survey, you should be receiving the results soon. For those who did not participate in the survey but who would like the results, please contact [Cheryl Lopez](#) with WhitneySmith or visit the companies [website](#).

Thank you to all those companies who participated and good luck in your future hires!

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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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UTPB Colleges of Business & Engineering Job Fair

The University of Texas Permian Basin (UTPB) Career Center will be hosting its College of Business & Engineering Job Fair on September 20, 2018 from 6-9 p.m. in the UTPB gym. Along with traditional engineering and business disciplines, industrial technology, geology and computer science students will also be invited. Please note that this is a closed fair, open only to students and alumni from the aforementioned majors. Cost is \$300 per booth. UTPB is limited to 56 booths and the first 56 paid companies will be confirmed. Cost includes dinner for all recruiters in attendance. The deadline is September 13, 2018, and no registrations will be accepted after the deadline, nor will more booths be sold after the maximum number is met.

1) Each participating company will receive a 8'x10' decorated booth along with a skirted 2' ½ x 6' table with chairs. Booths will be decorated in UTPB school colors. They will have a hospitality room on the second floor of the gym with finger foods and drinks for all exhibitors.

2) Each company that ships backdrops to the event will be responsible for picking up their containers in the UTPB Central Receiving Office. Backdrops can be shipped to the address noted below; however, you will be responsible for picking up any shipped items at the Central Receiving dock located to the southwest of the gymnasium prior to 5:00 p.m. on the day of the event. If you wish for your items to be shipped back through Central Receiving, you must make sure that your items are packed to ship and are pre-paid for return. The receiving dock will only be open from 8:00 a.m. to 5:00 p.m. M-F. Alan Burke; 432-552-2732; burke_a@utpb.edu is the director of the Central Receiving area. Shipment address:

UTPB Central Receiving
University of Texas of the Permian Basin
Re: UTPB COBE Job Fair
4901 E. University Blvd.
Odessa, TX 79762

Please note that registration cannot be confirmed until both the registration form and payment have been received. Dress is business casual. Click here for a [registration form](#). If you have questions, please don't hesitate to call Tony Love at 432-552-2633.

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PBPA Committee Meetings

Health, Safety and Environmental - September 13, 2018

Regulatory Practices - September 18, 2018

Community Affairs - September 18, 2018

Electrical Coalition - September 19, 2018

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

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