



PERMIAN BASIN
PETROLEUM ASSOCIATION

The Standard

Vol. 4, Issue No. 1



Members,

PBPA started 2021 by hitting the ground running. For the second week in a row, the New Mexico OCC hearing regarding the EMNRD's proposed rules on methane have continued with testimony from the public and experts alike. PBPA continues to engage with EMNRD on these rules, having provided both oral and written comment during the hearing. And while we still await the start of the first session of the 55th New Mexico Legislature, this week marked the beginning of the 87th Texas Legislative Session. More on each of these activities can be found further down in this edition of The Standard, along with the following:

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Regards,

Ben Shepperd



PBPA in Action

NM OCC Hearing on Methane

On January 4, 2021, the New Mexico Oil Conservation Commission (OCC) began holding a hearing on the Energy, Minerals and Natural Resources Department's (EMNRD) [proposed rules](#) regulating the venting and flaring of natural gas from oil and natural gas production and gathering facilities. This public hearing began online or by telephone on January 4th, continued throughout the entire week and has continued on through this week as well.

Through a sub-committee formed under PBPA's Regulatory Practices Committee, we have continued to advocate on behalf of our membership with agency and elected officials on these proposed rules. While PBPA is greatly supportive of improvements to the regulatory framework for oil and gas operations in New Mexico, as presented, the final proposed rules contain multiple concerning aspects. PBPA delivered this message officially through oral comment given by Stephen Robertson during the hearing and through [written comment](#) provided to the OCC.

During the hearing, time was set aside for public comment as well as technical and legal testimony. Agency staff, State Land Office representatives, representatives from the oil and gas industry, and representatives from environmental groups gave testimony either supporting the proposed rule, arguing for recommended changes, or arguing against certain aspects of the proposed rule. At the writing of this report, testimony continued with closing arguments still to come.

Thank you to all those PBPA members who have engaged with these efforts. As this process continues forward, we will keep you informed.

Update from U.S. Congressman Pfluger

On January 12, 2021, U.S. Congressman August Pfluger (CD-11) met with PBPA staff and leadership to discuss his experiences in Washington, D.C. so far. As a reminder, Congressman Pfluger was elected to the office on November 3, 2020 and is as part of the 117th U.S. Congress, which began meeting on January 3, 2021.

Part of PBPA's conversation with Congressman Pfluger included discussion on his bill (HR 218) titled [Savings America's Energy Future Act](#) which, if enacted, would prohibit the Secretary of the Interior and the Secretary of Agriculture from placing moratoriums on the issuance of new oil and gas leases and drilling permits on the Federal lands. Not only was this the first bill introduced by Congressman Pfluger, but it was the first bill filed by a freshman Congressman this session.

While Congressman Pfluger's district is limited to Texas, he understands the drastic impact a moratorium on new leases and permits would have on those living and working in his district because of the large amount of federal acres in the New Mexico portion of the Permian Basin. Congressman Pfluger wanted everyone in D.C. to know that he is standing up for the oil and gas industry of the Permian Basin and our nation.

PBPA looks forward to continuing to work with Congressman Pfluger in his efforts to support energy production in the Permian Basin.

Texas Legislative Update

This week the 87th Texas Legislature began meeting and will continue to meet for their Regular Session until May 31, 2021, barring the call of any special sessions that may only be called by the Governor in between regular sessions.

On Monday, January 11, 2021, the Comptroller of Public Accounts, Glenn Hegar, painted a

tough budget picture that illustrated the effects of the Covid-19 pandemic and the effects of global economic slowdown. Comptroller Hegar let us know that the state is currently \$1 Billion short in the current two year budget and will have a tight budget forecast over the next two years with a limit of \$112 Billion in spending for needs like education, transportation, public health and safety.

On Tuesday, January 12, 2021, the gavels in the House and Senate fell and both bodies convened to begin the legislative process.

In the Texas House, Speaker Dade Phelan (R-Beaumont) was elected to serve by a vote of 143-2, with four members not able to vote because of illness or public health concerns. Additionally, all members were sworn in to begin their two year term.

At the same time in the Texas Capitol, a few hundred paces East, the Texas Senate began their work and Lt. Governor Dan Patrick (R-Houston) called the chamber to order.

The House and Senate also began their rule making process and adopted some important changes to their rules to ensure public health and safety. The Senate will require a “day of” negative Covid-19 test for every individual that enters the Chamber, including for Members and their staffs on the Senate Floor and for guests in the Senate Gallery. The Texas House will not require those testing requirements, however masks will be mandated unless speaking at the front or back mic. In the Senate, masks are not mandated.

Another measure adopted by the Senate, which didn’t have anything to do with Covid-19, was a change to the vote threshold that allows legislation to come to the floor. With only 18 Republican Senators, the Lt. Governor noted that under the 3/5ths rule, Republicans would need at least one Democrat to bring a bill to the floor. By adopting the new 5/9th’s rule, the Senate only needs 18 votes to bring a bill to a vote on the floor, which the Republican Caucus not coincidentally has, thereby removing any imposition by the Democrats in the Senate.

We expect certain Senate Committees, like Senate Finance, to begin meeting next week, while House Committees, for process and procedure reasons, may not begin meeting until mid-February.

As of now, both Chambers have adjourned until January 26, 2021 with the House returning at 1:00 pm and the Senate returning at 3:00 pm.

This Session, our focus is certainly on ensuring that our regulating agencies have the necessary funding to ensure they can process permits and move quickly to aid in industry recovery. But several hundred other bills have already been filed and PBPA has been actively reviewing every single one for support, opposition, and perhaps modifications that would benefit the industry.

In this process we have seen bills that would end the Texas energy industry as we know it, and would have the potential to make Texas production look like Colorado or California. PBPA will work to defeat those anti-energy initiatives. On the other (better) side of the coin we also have some important pieces of legislation that can promote Texas energy use and we will be working with lawmakers and committees in the near term to ensure that Texas operations remain bright for generations to come.

PBPA will continue to advocate for our issues, and our Texas Legislative Committee meets every Tuesday at 10:00 am. We need your support and beg that eligible PBPA members continue to lend us their expertise as we evaluate the thousands of legislative measures that will be continued, and if you would like to join these meetings, please let us know.

New Mexico Legislative Update

The first session of the 55th New Mexico Legislature will begin meeting next week on January 19, 2021. Leading up to this session, the PBPA New Mexico Legislative Committee began meeting this week on January 13, 2021, and plans to meet on a weekly basis throughout the session. If you're interested in attending these meetings, please contact stephen@pbpa.info.

During the Committee's first meeting, the possible legislative processes and several pre-filed bills (including a Senate Joint Resolution known as the "Green Amendment") were discussed. The House and Senate won't adopt official legislative processes until they begin meeting next week, but in the era of COVID-19 it is very likely access to the capitol, committee meetings, and even elected officials will be substantially different than sessions past. As any of these processes are finalized, we will get updates out to our membership.

Thank you for all those who attended this week's meeting. We look forward to continuing to work with you and for you throughout what is likely to be an unprecedented session.

The Congressional Review Act

PBPA often works with our sister association, the Independent Petroleum Association of America (IPAA), on a number of federal issues. As part of that work, IPAA has put together a [review of the Congressional Review Act](#) (CRA), which empowers the U.S. Congress to review and possibly overrule by means of an expedited legislative process, certain federal regulations issues by government agencies. The provided review identifies certain federal regulatory actions, and outstanding regulations that have yet to be published in the federal register, that have the potential to fall within the review window of the CRA.

In working with IPAA, PBPA will be tracking any CRA reviews of federal regulations or outstanding regulations, will engage when needed on behalf of our members and keep you all updated on those activities.

Annual Meeting Re-Watch

As a reminder, for those members who missed this year's 58th Annual Meeting, or for those who want to go back and watch it again, we now have video replay of every segment up on the PBPA website. To access these videos, log-in to the members only section, then click on "Meeting Reviews:

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MEETING REVIEWS

58TH (VIRTUAL) ANNUAL MEETING



TEXAS AND NEW MEXICO KICKOFF



DAY 1 KEYNOTE:
ROBERT BRYCE



LONE STAR LEGISLATIVE PANEL



DAY 2 KEYNOTE: BOBBY TUDOR

57TH ANNUAL MEETING PRESENTATIONS

 PBPA Annual Meeting 2019. Mark Mills.pdf

 B3_PBPA_KBennett.pdf

If you are unable to access the Members Only section of the PBPA website, please contact Stephen Robertson, stephen@pbpa.info, for help.



Regulatory Updates



2020 Year in Review

The Railroad Commission of Texas has provided a Year in Review that serves as an annual report and includes information on the Commission's many accomplishments over the past year. The report provides that the Commission exceeded several key legislative performance goals even in the midst of a pandemic.

You can see this report at the following link: <https://www.rrc.texas.gov/about-us/resource-center/publications/year-in-review/>.



TCEQ Find and Fix

The Texas Commission on Environmental Quality (TCEQ) Find and Fix initiative has officially launched!

“Effective through January 31, 2021, the TCEQ Office of Compliance and Enforcement is implementing a “find and fix it” initiative to incentivize compliance with air quality rules and regulations at oil and gas operations in the 61 counties comprising the Permian Basin. There have been significant increases in the number of emissions events (EE) reported and increases in the quantity of emissions reported from oil and gas facilities in this area. A review of the cause included in the emissions event report indicate that some events may have been incorrectly classified as “emissions events”. This initiative will allow owners and operators to evaluate their operations and current air authorizations to ensure that future incidents of excess emissions are reported correctly.” -- TCEQ

Operators who are being invited to participate should be receiving emails shortly. Those who would like to participate voluntarily and attend the workshops about the role of the agency, the scope of the program, and more are strongly encouraged to participate. A [guide for the entire program may be found here](#), a [link to workshop information](#) may be accessed here, and [a landing page for more information about all of the oil and gas activity, including this program, can be found here](#).

PBPA is working hand in glove with TCEQ to make this a successful initiative that brings broader compliance and shows our industry’s willingness to work with regulators. If you have any questions, please reach out to Michael Lozano, michael@pbpa.info.



As a reminder, the New Mexico Oil Conservation Division has announced the implementation of a new standard that approves the injection authority for UIC Class II disposal wells. You can find that [notice here](#).



Events in the PB Community

Continuing Education for Oil & Gas Professionals

The Midland College Professional Development Center (MC PPDC) provides quality training programs designed to keep oil and gas industry professionals current in their areas of expertise by offering the latest updates as well as providing timely and pertinent educational opportunities. Here are the classes coming up in February and March:

- **Feb 16-19** Well Control Drilling Workover (WellSharp); Rick Springer
- **Feb 23-24** Oilfield Terminology; Tommy Lent
- **Feb 25** Introduction to Structured Query Language (SQL); Mark Edgar
- **Mar 16-17** Petra Fundamentals; Greg Hinterlong
- **Mar 18** Right of Way Acquisitions Training; Don Valden
- **Mar 22-25** Petroleum Geology for Non-Geologists; Paul Pause
- **Mar 30-Apr 1** Petroleum Land Basics: Becoming LandWise; Ralph Lea

[Click here](#) for more information on these and other upcoming courses. To register for a course, call (432) 683-2832 or visit the MC PPDC website at <https://mcece.midland.edu>.



Working Together For Safer Roads

Registration is now open for the Permian Road Safety Coalition's (PRSC) Road Safety Forum, which will be held on January 28, 2021, at the [Ward County Event Center](#) in Monahans, TX. The Forum begins at 10:45 a.m. and will conclude by 1:00 p.m. CST. A simultaneous live stream will be provided via Zoom for those unable to attend in person.

In accordance with local rules, face masks and strict social distancing will be required inside the event center. Tables and chairs will be spaced according to government guidelines.

Individually sealed complimentary box lunches will be served for those in attendance. There is no cost to attend but registration is required for both in-person and online attendance.

Please note there are two distinct buttons on PRSC's website for you to register either for live or online attendance.

[Registration](#)



News to Know

COVID-19 Vaccine at Nor Lea Hospital

This week, Nor Lea Hospital was set to receive more vaccines for COVID-19 than they were initially anticipating. Because the State of New Mexico is moving into Phase 1B of the rollout, oil and gas company employees who are considered business essential employees, along with

employees in other sectors who are considered essential business employees, are eligible to be vaccinated. To ensure the vaccines do not go to waste, the hospital asked us to make sure that our members were aware of the vaccination possibility.

If your company may be interested in receiving the vaccine from Nor Lea Hospital, please contact Missi Currier with the Economic Development Corporation of Lea County at missi@edclc.org.

SBA and Treasury Announce PPP Re-Opening; Issue New Guidance

The [U.S. Small Business Administration \(SBA\)](#), in consultation with the Treasury Department, announced that the Paycheck Protection Program (PPP) re-opened this week for new borrowers and certain existing PPP borrowers. Updated PPP guidance outlining Program changes to enhance its effectiveness and accessibility was released on January 6 in accordance with the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act.

This round of the PPP continues to prioritize millions of Americans employed by small businesses by authorizing up to \$284 billion toward job retention and certain other expenses through March 31, 2021, and by allowing certain existing PPP borrowers to apply for a Second Draw PPP Loan.

Key PPP updates include:

- PPP borrowers can set their PPP loan's covered period to be any length between 8 and 24 weeks to best meet their business needs;
- PPP loans will cover additional expenses, including operations expenditures, property damage costs, supplier costs, and worker protection expenditures;
- The Program's eligibility is expanded to include 501(c)(6)s, housing cooperatives, destination marketing organizations, among other types of organizations;
- The PPP provides greater flexibility for seasonal employees;
- Certain existing PPP borrowers can request to modify their First Draw PPP Loan amount; and
- Certain existing PPP borrowers are now eligible to apply for a Second Draw PPP Loan.

A borrower is generally eligible for a Second Draw PPP Loan if the borrower:

- Previously received a First Draw PPP Loan and will or has used the full amount only for authorized uses;
- Has no more than 300 employees; and
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

The new guidance released includes:

- [PPP Guidance from SBA Administrator Carranza on Accessing Capital for Minority, Underserved, Veteran, and Women-owned Business Concerns](#);
- [Interim Final Rule on Paycheck Protection Program as Amended by Economic Aid Act](#); and
- [Interim Final Rule on Second Draw PPP Loans](#).

For more information on SBA's assistance to small businesses, visit sba.gov/ppp or treasury.gov/cares.

