

STAFF REPORTS

FEDERAL UPDATE

Chris Kearney, PBPA

This quarter—while Congress was out of town for its six week summer vacation – PBPA remained active and engaged on several matters, notably, actions related to proposed listing of the Dune Sagebrush Lizard (DSL) under the Endangered Species Act. Among PBPA's federal advocacy activities were prepping for, and actual drafting of comments in response to the regulatory onslaught by the Biden Administration, including, but not limited to: the above mentioned DSL listing; technical but important methane emissions related requirements (e.g. Subpart W rules); leasing and bonding mandates and cost increases related to oil and gas activities on public lands, among others.

Key highlights of a busy quarter:

DSL Listing

- Following the US Fish and Wild Service's announced intention to list the Dunes Sagebrush Lizard in Texas under the Endangered Species Act, PBPA has continued to aggressively respond:
 - We met with the regional staff of the Service to raise a number of questions and concerns related to the listing: assertions by the Service that there had been no enrollments by energy companies in the CCAA (not true); reports that not all documents that should have been made public related to the listing were in fact released; gather more on the decision making process to assist informing our comments on the listing
 - Prepared comments in opposition to the listing which we are filing this week.
 - We continued communication and outreach to congressional allies – including Rep. Pfluger, providing questions for him to ask and on LPC and DSL, at an oversight hearing on ESA reform.
 - PBPA has continued to be a resource and in regular contact with key congressional committees – and members of both chambers interested -- responsible for oversight of the ESA regarding our concerns. The House Natural Resources Committee is considering reforms to the ESA in the coming months;
 - PBPA continue to discuss and explore litigation options for DSL and LPC.

Methane

PBPA continues to engage on multiple levels on this issue:

- PBPA has pursued and expanded outreach to House and Senate members and staff regarding our significant concerns regarding implementation of the tax on methane emissions established in the Inflation Reduction Act (IRA) – the tax, sometimes referred to as the natural gas tax – would take effect in 2024, where companies of varying sizes -- will be mandated to collect and report data on their methane emissions, with a tax on excess emissions taking effect January 1, 2025 – Starting at \$900 a ton.
- Senator Joe Manchin wrote a letter to EPA regarding concerns about the tax – of which PBPA DC staff played a role in drafting – requesting a delay of its implementation until several steps have been taken to mitigate its impact. In August, EPA denied that request. PBPA and other trades are beginning discussions on how to respond.
- EPA is promulgating a series of rules to implement the tax.
- One of the most onerous of those rules – one which will dramatically expand the nature of activities and equipment that will be covered under the tax -- commonly referred to as the Subpart W rule – which has been open for public comment for several weeks, PBPA is drafting comments for and will file them this week.

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FEDERAL UPDATE CONTINUED

Happenings in DC We Will Engage in and Monitor in Q4 And Beyond

- Continue to build and expand relationship building with DC congressional staff.
- Providing information and possible questions to key congressional committee staff for key hearings aimed at relevant administration witnesses regarding key issues of importance to PBPA (e.g. regulations and bills designed to reduce energy independence and increase prices, ESA, Methane, WOTUS).
- Continue preparations for US senate committee level action on Sens. Manchin and Barrasso's permit reform efforts (i.e. hearings; legislative markups etc.).
- Continue to monitor, and be available to testify on, important bills moving through various committees (DSL .
- Continuing congressional and agency outreach on the adverse impact of looming methane tax and regulation; track permit reform developments in the Senate; keep the Hill updated on LPC – and DSL-- litigation plans.
- Track EPA and other agencies ongoing and proposed anti oil and gas regulatory actions.
- Actively participate in IPPA Cooperative Association calls and related partnership work/ outreach with other trades.
- Continue dialogue with congressional allies and open-minded members regarding ESA process reforms that will bring greater certainty to oil and gas operations and likely benefit other sectors -- including agriculture – focused on improved scientific credibility and greater transparency to Service listing decisions.