



PERMIAN BASIN
PETROLEUM ASSOCIATION

The Standard

Vol. 4, Issue No. 14



Members,

PBPA's Annual Meeting will be held at the end of September. The PBPA staff, leadership and board of directors are excited to once again host the meeting in person at the Permian Basin Petroleum Museum and Petroleum Club of Midland. Before the meeting occurs, however, we have plenty of work ahead of us with regulatory actions on the horizon in Washington, D.C., Santa Fe and Austin that could greatly impact the oil and gas industry.

Inside this edition of The Standard, you'll find updates on these regulatory actions, updates from Texas first special legislative session of 2021, notices from the Railroad Commission and you will learn about some can't miss events happening in the oil and gas community:

- **Texas Legislative Update**
- **Electrical Update**
- **Federal Update**
- **Annual Meeting Save the Date**
- **PBPA Workgroups**
- **RRC Webinars**
- **RRC: Notice re: RRC PIPES System**
- **PB Association of Pipeliners Team Roping**
- **SPE-GCS Energy Professionals Hiring Event**
- **NAPE Expo**

Regards,

Ben Shepperd



PBPA in Action

Texas Legislative Update

Members of the Texas Legislature continue to meet during this First Called Session of the 87th Texas Legislature. Energy issues are not on the agenda at this time but PBPA continues to visit with elected officials and their staff about issues that are important to our membership.

With that said, more than a dozen bills have been filed that would dramatically effect the ability of operators to continue to operate in the Permian Basin, but at this time they are not moving through the process because they are not on the agenda as laid out by Governor Abbott earlier this month.

As you already know, more than 50 House Democrats fled the state to Washington D.C., to deny the Texas House the ability to conduct any business in the state, though a handful remained and as of now, a few more have returned. Less than 10 Democrats are needed in the Texas House to return to allow the body to take up issues subject to the call, with a little over two weeks remaining in this First Called Session, and with the Texas Senate already having passed all of the Governors priority legislation.

Governor Abbott has already noted he will call another session, likely to begin as early as August 8, 2021.

PBPA remains focused on working to implement legislation that was adopted during the regular session which ended in May and ensure that oil and gas operators in the Permian Basin can continue to produce prosperity in communities throughout the region.

Electrical Update

On Tuesday, July 13, the Electric Reliability Council of Texas (ERCOT), the independent system operator responsible for managing electricity for 90% of Texans, [announced](#) their “Roadmap to improving Grid Reliability.”

This roadmap is a 60 point checklist that seeks to create a guide for how ERCOT will engage with the Public Utility Commission of Texas (PUC), market participants, and those along the supply-chain to ensure reliability for Texans over all weather conditions and circumstances. It is an ambitious effort, that in conjunction with the efforts adopted by the [Texas Legislature during the regular session](#), those subsequently [requested by Governor Abbott](#), and acted on by the PUC, amount to [significant changes to the electricity market in Texas](#). Note that ERCOT claims some of the 60 items on the list have been completed, and notes that the list may change throughout the year and in the time to come.

According to ERCOT,

“The roadmap includes both existing and new initiatives, including:

- **Taking a more aggressive operating approach.** ERCOT is bringing more generation online sooner if it is needed to balance supply and demand. The grid operator is also purchasing more reserve power, especially on days when the weather forecast is uncertain.
- **Requiring CEO certifications.** After a rule change, all market participants who own or operate generation resources and/or transmission/distribution power lines will be required to submit a letter signed by their CEO twice a year certifying their companies have completed their weatherization preparations to protect the electric grid for the summer and winter seasons.
- **Adding new requirements for generation owners.** ERCOT is proposing a new market rule that requires generators to provide operational updates more frequently.
- **Assessing on-site fuel supplies.** ERCOT is reviewing the need for on-site fuel supplies for some generators.
- **Performing unannounced testing of generation resources.** This testing helps verify that generators have provided accurate information about their availability.
- **Addressing transmission constraints in Rio Grande Valley.** ERCOT and the PUC are initiating a process to address RGV transmission limitations and provide increased market access for resources in the Valley. This will improve reliability for customers during normal conditions and high-risk weather events.

“In developing the Roadmap, [Brad] Jones [Interim CEO and President of ERCOT] and the ERCOT team worked with the PUC, customers, former regulators, retired industry executives, environmental advocates and market participants to ensure all areas for improvement were considered and included.”

Federal Update

Right now, the U.S. Congress and the Biden Administration are pushing a two track strategy on infrastructure and the budget that will dominate the rest of the Summer and the Fall – and perhaps the first quarter of FY 2022.

By the August break, in a just few weeks, the hope is to pass a bipartisan “hard” infrastructure bill (roads, bridges etc.), and a budget blueprint for the FY 22 budget, which aims to spend \$3.5 trillion in the next five years in “human infrastructure” and climate related provisions.

When Congress returns in the Fall, the Senate will seek to flush out the blueprint with specific legislation and the House will take up their version of both measures.

Meantime, the Biden Administration continues to move forward on several policy and regulatory matters of interest and concern to PBPA members.

Against that backdrop, Congress and the Administration are taking on several issues that affect our industry, including but not limited to:

- Administration’s efforts on the Endangered Species Act (particularly the potential listing of the Lesser Prairie Chicken and broadening the definition of critical habitat),
- Potential regulation of produced water (i.e. increased costs and requirements of disposal and potential change in law to classify as hazardous),
- Methane emission regulation and possible taxation,
- Federal land leasing and permitting policies aimed at making exploration more costly and complicated,
- All matter of climate change efforts – including President Biden’s goal of a clean energy electric grid by 2035 and a complete de-carbonization of the economy by 2050 along with establishing tax breaks to promote electric cars and renewable energy,
- Elimination of tax benefits to oil and gas companies of all sizes, particularly Percentage Depletion and IDC, and,
- New orphan well capping and remediation program on federal, state and private lands.

PBPA is actively engaged on all of these issues in DC, through outreach to our friends – and open minded members – as well as the key committees and the administration. We have provided testimony at key hearings, submitted comments for the record on actions by the Department of Interior, met with several staff, participated as members of an ad hoc oil and gas trades coalition that includes IPAA and API, etc., and we continue to serve on Congressman Pfluger’s Energy Task Force.

We will continue, and indeed step up, our outreach and engagement in the coming months with members and staff and others, as the infrastructure and budget negotiations intensify. Please let us know of any questions you may have.

SAVE THE DATE

Welcome Reception

September 29, 2021

Presentations and Discussions

September 30, 2021

PBPA Annual Meeting

Midland, Texas



PERMIAN BASIN
PETROLEUM ASSOCIATION

To learn about sponsorship opportunities, please contact Jamie Ramirez, (432) 684-6245
jamie@pbpa.info.

Active PBPA Workgroups

Currently, PBPA staff and members are working on comments regarding two administrative actions; one proposed by the New Mexico Environment Department and one proposed by the U.S. Fish and Wildlife Service. These groups are meeting on a weekly basis to develop comments. If there are any PBPA members not involved with these efforts that would like to be, please email stephen@pbpa.info for more information.

[RPC Sub-Committee on NMED's Proposed Ozone Precursor Rules](#)

[SHOC Sub-Committee on USFWS Proposal to list the Lesser Prairie Chicken under the Endangered Species Act as Endangered in the Permian Basin](#)

For more information on PBPA committees, subcommittees or workgroups, please reach out to Stephen at (432) 685-6345 or stephen@pbpa.info.



Regulatory Updates



REMINDER: RRC Webinars Continue

The Railroad Commission of Texas (RRC) is hosting a series of free oil and gas and pipeline safety regulatory webinars to inform and train energy industry representatives on the applicable laws, rules, and procedures for hydrocarbon production in Texas. The webinars are being held from July 20-September 2, 2021.

The webinars will cover a variety of topics, including:

- 811 and pipeline damage reporting;
- acreage designation;
- Code of Federal Regulations: gas and liquid basics;
- completions filings for oil, gas and underground injection control;
- drilling permitting;
- field transfers;
- groundwater protection determinations;
- inactive wells;
- oil and gas waste stream management requirements;
- pipeline accident and incident investigations;
- pipeline permitting;
- pipeline safety plan of corrections;
- production reporting and commingle permit applications;
- production sharing agreement and allocation wells;
- Public GIS Viewer tool; and
- underground injection control permitting, testing, and monitoring requirements.

To view the webinar schedule and register, visit the RRC's website at <https://www.rrc.texas.gov/oil-and-gas/workshops-and-conferences/rrc-regulatory-webinars/>.

[Webinars Main Page](#)

[Schedules/Registration](#)

[Session Descriptions](#)

Required SYS_ID Attribute Character Limit Increasing from Six to Eight

Effective July 19, 2021, in response to a planned June launch of the RRC Pipeline Inspection Permitting & Evaluation System (PIPES), all former Pipeline Evaluation System (PES) System ID Numbers will be replaced with the new RRC PIPES Regulated Entity Number.

The RRC PIPES system will allow for the research and upload of records associated with the RRC's Pipeline Safety Program, including inspections, fees, incident reports and complaints. Pipeline operators may also log in to submit and upload applications and other documents for review and approval by the RRC. The RRC will provide additional information once the system launches.

To allow for future growth, the character limit will increase from six to eight characters. However, if an operator already has a six-digit SYS_ID Number they will continue to use it. Only newly assigned SYS_IDs will be eight characters.

To view the full notice, visit the RRC website at https://rrc.texas.gov/media/ni2cdxqx/2021-pipeline-nto_sys_idattribute_6-01-2021.pdf.

Community Events



PBPA is happy to share information with our members about the Permian Basin Association of Pipeliners' 2021 Team Roping event, to be held on September 25 and 26 at the Midland County Horseshoe Arena. There will be a concert and a live auction following roping on the 25th.

For more information on sponsorships or how to participate as a roper in the event, check out the appropriate flyer through the below buttons.

Please call Mike Fisher for details/questions (432) 853-6104.

Sponsorships

Roping



The New Mexico Oil and Gas Association (NMOGA) Annual Meeting for 2021 will be hosted in Santa Fe, New Mexico from October 2, 2021, to October 5. For more information, please visit the NMOGA website at: www.nmoga.org/2021annualmeeting

Workforce Solutions

SPE International
Gulf Coast Section

**SPE-GCS
FALL 2021
Hiring Event**

We invite you to attend this hybrid event for Traditional and Renewable Energy Professionals in partnership with Texas Workforce Solutions

**OCTOBER 12, 2021
STEVE RADACK COMMUNITY CENTER**

WWW.SPEGCS.ORG/HIRING-EVENT/
#SPEGCSHiringEVENT

@SPEHIRINGEVENT
@SPEHIRINGEVENT
@SPE-GCS HIRING EVENT

Installation by SKYFIREENERGY.COM

We want to let our members know about the Society of Petroleum Engineers – Gulf Coast Section (SPE-GCS) 9th semi-annual Energy Professionals Hiring Event for professionals of energy and upstream oil & gas disciplines. The Hiring Event will be held both online and face to face in Houston and will take place on October 12th, 2021.

The Hiring Event brings together experienced & talented professionals with employers and recruiters from various sectors “virtually under one roof”, thereby serving as the platform for open and vast-ranging employment opportunities.

The SPE-GCS will be partnering again with Texas Workforce Solutions and over 40 other professional organizations, like PBPA, to make this event inclusive and representative of the industry segment. While a virtual platform provided by Texas Workforce Solutions will be utilized, there will also be a face-to-face component this fall at the Steve Radack Community Center in Houston, resulting in a hybrid event. For more information about the event, location, time, registration, participants, you can visit: <https://www.spegcs.org/hiring-event/>.

NAPE
Where Deals Happen

SUMMIT WEEK

In Person: August 18 - 20, 2021,
George R. Brown Convention Center, Houston, Texas

Virtual: August 9 - September 3, 2021, NAPE Network

NAPE Expo is the energy industry’s marketplace for the buying, selling and trading of prospects and producing properties. NAPE brings together all industry disciplines; draws in decision-makers; focuses its participation on prospect generators; and hosts companies of all sizes, from small independents to majors. With the addition of renewable energy sources to our oil and gas offerings, NAPE is the ultimate venue for energy deals.

Due to COVID-19 concerns and restrictions on gatherings and travel, NAPE Summit will be a

hybrid event. It will be hosted in person at the George R. Brown Convention Center in Houston and virtually on the NAPE Network.

For more information, please visit: napeexpo.com/summit

