



PERMIAN BASIN
PETROLEUM ASSOCIATION

The Standard

Vol. 4, Issue No. 10



Members,

While the Texas Legislature has entered its final month of this year's session, issues at the Federal level are taking center stage. Where do things stand in Austin and Washington, D.C.? In this version of The Standard, you'll find out what we think and you'll receive updates on other PBPA activities, important regulatory actions and community events:

- **PBPA Clay Shoot & Pit King Challenge, Registration Now!**
- **Congresswoman Kathy McMorris Rodgers Event**
- **PBPA Committee Meetings**
- **HSE Benchmarking Survey**
- **Federal: Congressional Review Act**
- **Federal: Percentage Depletion and IDC Update**
- **Texas Legislative Update**
- **OCD Methane Rules implementation timeline**
- **RRC Notice: Form R-32**
- **RRC Notice on filing Form H-5**
- **TCEQ Environmental Internships**
- **MC Environmental Regulatory Seminar**

Regards,

Ben Shepperd



Upcoming Events



The PBPA Clay Shoot and Pit King Challenge is back! After not being able to hold the event in 2020, we are thrilled to once again bring our members a one of a kind day out at the range.

Join us at Jake's Guns and Clays on June 11th for the 2021 PBPA Sporting Clay Shoot & Oil Patch Pit King Challenge. Come find out how you and the BBQ stacks up against the competition.

Sponsorships and Registration are now available!

[Sponsorships & Registration](#)

While PBPA does not engage in political activity, we always want to make sure our members are aware of opportunities to get to know elected officials who make decisions that impact operations in the Permian Basin. The providing of information about such events is not an endorsement of any candidate or party.

YOU ARE INVITED
TO A FUNDRAISING LUNCHEON SUPPORTING CONGRESSWOMAN

Cathy McMorris Rodgers (WA-05)

Ranking Member, Energy & Commerce Committee

WITH THREE POWERHOUSE CONGRESSWOMEN ELECTED IN 2020

Stephanie Bice (OK-05)

Kat Cammack (FL-03)

Michelle Steel (CA-48)



Wednesday, May 5, 2021
12:30 PM to 2:00 PM

Petroleum Club of Midland
501 W. Wall Street
Midland, Texas 79701

Participation Levels

\$10,000 – Chair
\$5,000 – Co-Chair
\$2,500 – Sponsor
\$1,000 – Patron

For more information or to RSVP, contact
Charlotte Forfang at The McIntosh Company
Charlotte@McIntoshCompany.com

Paid for by Win the Future Fund, a joint fundraising committee authorized by and composed of Cathy McMorris Rodgers for Congress,
CMR Political Action Committee, Value In Electing Women Political Action Committee (non-Carey account),
Washington State Republican Party (Federal Account), and NRCC. PO Box 2485, Springfield, VA 22152.

Upcoming PBPA Committee Meetings

Regulatory Practices Committee - May 7, 2021

Texas Legislative Committee - May 11, 2021

For more information on these committees or to join a committee, please reach out to Stephen at (432) 685-6345 or stephen@pbpa.info.



PBPA in Action

PBPA HSE Annual Benchmarking Effort
Deadline for Submissions was April 30, 2021

Thank you to all those companies who have already submitted their surveys!

The PBPA Health, Safety, and Environmental (HSE) Committee is conducting its fourth HSE

benchmarking survey to allow PBPA member companies to compare their safety incident, spill performance and now environmental, social and corporate governance (ESG) statistics to blinded data obtained from peer-companies.

If your company wished to participate, missed the deadline, but is still interested, please contact Stephen (stephen@pbpa.info). Please note that if you do not participate, you will not have access to the information submitted by other companies. Benchmarking data will only be reported / distributed to PBPA member companies that participate in the survey. All data obtained during this study will be held confidentially and blinded by PBPA staff so that company names cannot be identified by any other participant.

Federal Update

Senate Action On Methane: CRA Resolution

Senate Democrats have begun the process of using the [Congressional Review Act CRA](#) to pass a joint resolution in both chambers of Congress to repeal one part of the two-part Trump Administration's methane regulatory reforms.

The Senate vote this week **would not** affect PBPA's low production well operators because the rule governing low production wells was not included in the resolution. It might affect folks with new operations going forward, but it has to pass the House first – not a given at this point.

The details:

The Trump Methane reforms consist of two separate and distinct regulations, published on separate dates in 2020:

- **The “[Policy rule](#)”** – Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources *Review* (September 14, 2020) – which was the subject of the 52-42 CRA [resolution](#) vote, focuses on, among other things, under what chemical classification methane is regulated; and,
- **The “[Technical rule](#)”** -- Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources *Reconsideration* (September 15, 2020) – which includes a regulatory “off- ramp” – or exemption -- for low production wells.

The Environmental Protection Agency's (EPA) excellent fact sheet, which includes background and details on the two rules, can be found [here](#) in PDF. Also more background and reference on the broader positions on methane regulations and policies can be found in IPAA's methane [paper](#).

Regarding House action on the join resolution, the timing is unclear. Given that the House Democrats majority is just four seats, and there are a handful of Democrat House members, mostly from Texas, that are supportive of the oil and gas industry, combined with two Democrat House seat vacancies, the outcome on what might well be a “party-line” vote in the House is far from certain.

Percentage Depletion and IDC Update

Before Congress, there are three credible infrastructure proposals under consideration:

- President Biden's \$2.2 trillion [American Jobs Plan](#);
- The GOP's \$568 billion [infrastructure plan](#); and,
- The bipartisan US House Problem Solvers Caucus' [Plan](#).

Central to the Biden Administration's -- and Democrats in Congress -- infrastructure plan is a belief that, in the name of addressing climate change, the nation should achieve a goal of a 100 percent clean energy grid by 2035 and a net carbon free economy by 2050. They believe this can and should be achieved in part through the elimination, or at least curtailment, of traditional and reliable energy sources -- including oil and gas.

Their idea quite simply is this: the elimination of harm caused by oil and gas to the environment is worth the loss of jobs, revenue and overall adverse impact to the economy in the short term because it will be more than offset by the benefits of a clean energy future in the long term -- which in many respects is underway in their view.

So, for PBPA and the industry more broadly, fighting that narrative and making the case to the contrary on the legislative front will occupy a significant amount of time this year and likely next. In terms of specific bills, of greatest concern:

- In the House, Rep. Blumenauer (D-OR), a very senior member of the US House Ways and Means Committee has introduced a comprehensive bill to eliminate a dozen oil and gas [treatments](#), including percentage depletion and Intangible Drilling Costs (IDC).
- Sen. Ron Wyden (D-OR), Chairman of the powerful Senate Finance Committee -- along with 24 other senators -- has introduced a comprehensive clean energy [bill](#) that also eliminates all major oil and gas tax treatments, including percentage depletion and IDC.

While our crystal ball is cloudy regarding specific action both in scope and timing by Congress, we expect our efforts over the next 90 days to be:

- Build a record in the House and Senate for support for IDC and Percentage Depletion and other oil and gas tax benefits as appropriate -- working in concert with other like-minded associations where possible -- with an expectation that the House will pass a slew of anti-oil tax provisions, including percentage depletion and IDC.
- Work actively and aggressively with allies in the Senate to stop -- or at least dramatically reduce -- anti oil and gas measures that may be included in final infrastructure/budget related legislation.

For more information on where the House and the Senate both stand on these issues, join our upcoming PBPA Regulatory Practices Committee meeting on Friday, May 7, 2021.

Texas Legislative Session Update

With about a month to go, legislation is now flying across the Texas Capitol with fury as the 87th Regular Session winds to a close.

PBPA continues to review a slate of bills that are a reaction to the winter storm that traversed Texas in February and caused a tremendous area of focus during this legislative session. The proposals in the Texas House and Senate are focused on winterization and weatherization of midstream and generation facilities that ensure they are not impaired by winter weather, as well as other proposals that would ensure that electric generators have a consistent supply of natural gas and other tools to ensure electricity can keep Texas homes warm for nearly 30 million people across the Lone Star State. The bulk of these proposals are found in Senate Bill 3 and House Bills 10 and 11.

In addition to that, PBPA is focused on opposing a significant number of bills that would create new regulatory hurdles, and would certainly impede investment in ensuring the growth of domestic energy, which in many ways would guarantee the reliable delivery of our abundant,

affordable, and reliable domestic natural gas.

As the Session does wind to a close, PBPA has made great strides on increasing funding for the regulatory agencies that regulate the Permian Basin oil and gas industry to ensure that as the region gets back to work, the permits from these agencies can be completed swiftly. Additionally, we have worked to support legislation that will benefit operators at these agencies and have worked to ensure that the Permian Basin receives its fair share of dollars for transportation, public education, health care, and other public safety issues.

We are proud to represent those that live, work, and raise their family in the Permian Basin and will continue to work through the end of the Texas Legislative Session to ensure that the future remains bright for the next generation that calls it home.



Regulatory Updates



Last week, the New Mexico Oil Conservation Division (NMOCD) released [notice](#) of the adoption of their new rules on methane through [Order No. R-21540-G](#) in Case 21528. The rules are set to now become effective on May 25, 2021, when they are published in the Public Register.

The notice contains several important dates of note to keep in mind if you have operations in New Mexico for not just 2021, but 2022, 2023, and 2026. In particular, there are multiple dates to keep in mind coming up in May. Even though templates have not been released for review as of yet (the notice provides they will be released between May 4 and May 10), May 12, 2021 is set as the deadline for stakeholder feedback on such draft templates. The NMOCD also plans to release an initial FAQ sheet on the rules on May 17, 2021.

For a more detailed discussion on these released timelines and the methane rules themselves, please join us for a meeting of the Regulatory Practices Committee on Friday, May 7, 2021.



NOTICE TO OIL AND GAS OPERATORS: Form R-32, *Application for Exception to Statewide Rule 32*, Online Filing Available

The Railroad Commission of Texas (RRC) encourages oil and gas operators to file the Form R-32, *Application for Exception to Statewide Rule 32*, using the RRC Online System at <https://webapps.rrc.texas.gov/security/login.do>. The new SWR 32 Online filing system implements the recently adopted Form R-32.

To obtain an exception to Statewide Rule (SWR) 32, the Form R-32 must be filed with the RRC by the end of

the next full business day following the first 24 hours of the release unless the deadline is extended by the RRC or the RRC's delegate.

To view the full notice, visit the RRC website at https://rrc.texas.gov/media/anopof2e/2021-notice-to-operators_swr-32-online-system_final_4-29-2021.pdf.

REMINDER: RRC Only Accepting Disposal/Injection Well Pressure Test Reports Filed Online May 1

Effective May 1, 2021, the RRC will no longer accept hard copy filings of the Form H-5, *Disposal/Injection Well Pressure Test Report*. Oil and gas operators can file the Form H-5 online using the RRC Online System at <https://webapps.rrc.texas.gov/security/login.do>.

The Form H-5 must be filed 30 days after the date of any disposal/injection pressure test. When filing the Form H-5 online, an operator can also submit any attachments, including a scanned image of the pressure test chart. In addition, the operator is not required to file duplicates of the report and attachments with the appropriate RRC oil and gas district office.

To view the notice to oil and operators issued in February 2020 regarding the online Form H-5, visit the RRC website at <https://rrc.texas.gov/oil-and-gas/publications-and-notices/notices-to-operators/>.

If you have any questions, contact the Injection-Storage Permits (UIC) section of the RRC's Oil and Gas Division at H5info@rrc.texas.gov or 512-463-6792.



TCEQ Seeks Sponsors to Place Talented, Diverse Students into Environmental Internships

The Texas Commission on Environmental Quality (TCEQ) is looking for governmental agencies and private companies to host interns this summer for a Mickey Leland Environmental Internship.

The paid summer internship places undergraduate and graduate college students pursuing environmental, science, engineering, public administration, public health, computer technology, accounting, business, law, and communications degrees at TCEQ or other participating state agencies, county and city governments, and participating private sector companies from across the state.

The program has received more than 500 applicants this year. TCEQ plans to place up to 90 of those interns at the agency and hopes to place the rest with internship sponsors.

Organizations with a presence in Texas may sponsor a summer intern through the MLEIP. Student applications are vetted by MLEIP and sponsors get to choose their own interns from the applicants. Sponsors pay their chosen interns a salary, but there are no other costs related to sponsoring an intern. Sponsors set internship dates, rate of pay, duties performed, and work hours for the interns.

The internship allows women, people of color, and economically disadvantaged students attending college to learn about career opportunities in the environmental field. Students get a chance to learn about their sponsor agency or company as well as try out a career choice and obtain on-the-job experience before graduation, while sponsors get a chance to mentor upcoming graduates and determine whether the intern may be a good fit for future job openings.

[John Hall](#), the founding chairman of TCEQ's predecessor agency, the Texas Natural Resource Conservation Commission, began the program in 1991 as a memorial for his friend and former U.S. Congressman Mickey Leland, who died in an airplane crash in 1989 en route to Ethiopia on a mission as Chairman of the U.S. House of Representatives Select Committee on Hunger.

Since its inception, 2,400 interns have been placed into internships and [some of the interns are still employed at TCEQ](#) and participating sponsor companies.

For more information on becoming a summer internship sponsor, [visit TCEQ's MLEIP sponsor webpage](#) and submit a sponsor request form by May 31, 2021. You may also contact Juanita Baldwin, MLEIP education and outreach coordinator, at juanita.baldwin@tceq.texas.gov or 512-239-0105.



Events in the PB Community



2021 Permian Basin Environmental Regulatory Seminar

The Midland College Petroleum Professional Development Center (PPDC) and the PBPA proudly present the annual Permian Basin Environmental Regulatory Seminar.

This seminar is a proactive approach for oil and gas industry professionals to keep current on the most recent environmental regulations and policy changes. This important one-day seminar will focus on the latest state & federal regulatory updates and their operational impacts on the petroleum industry. A highlight of the event will be the presentation of the Bruno Hanson Midland College Environmental Excellence Award to a Permian Basin operator.

Thursday, May 20, 2021

Midland College • Scharbauer Student Center • Carrasco Room • 3600 N. Garfield Street, Midland, TX
7:30 a.m. to 5:00 p.m.

COST

Early Bird: \$200.00
(ends at 5:00 p.m. on April 20th)

Full Price: \$250.00
(registration closes at noon on May 19th)

Includes: Light breakfast, networking lunch,
and afternoon snacks

NO REGISTRATIONS AT THE DOOR



0.95 CEUS (9.5 HOURS)
INCLUDES 1 HOUR OF
ETHICS!

SPONSORSHIPS

For sponsorship opportunities,
please contact:

Erin Van Evera-Welch
(432) 683-2832

evaneverawelch@midland.edu

REGISTER ONLINE: <https://mcece.midland.edu> > Oil & Gas Training > Seminars/Luncheons
Or Call (432) 683-2832



