

STAFF REPORTS

COMMUNITY AFFAIRS REPORT

Julie Green, PBPA

The first quarter started rather normally in terms of Community Affairs. PBPA was beginning membership renewals in January and during that time, it's a chance for me to reach out and check in with not only longtime and newer members, but also all of our close community contacts who, I usually don't see towards the end of December, due to the holiday season. In addition to catching back up with contacts and travel, local events start back again.

Locally, we sponsored and attended the State of Oil and Gas luncheon, hosted by the Midland Chamber of Commerce. PBPA board member, Travis Stice of Diamondback, gave the presentation, and PBPA was happy to have other board members sit at our table to attend lunch. Similarly, we sponsored the Odessa Chamber of Commerce's luncheon, honoring their Citizen of the Year, David Boutin. Both Odessa and Midland's chambers are important partners to our community affairs efforts. Our organizations offer many resources for the local communities and we would be remiss if we didn't take the opportunity to support and partner with them whenever we get the chance.

In February, I participated in the Permian Basin Water in Energy Conference. Not only is this particular conference a meeting of industry leaders sharing valuable knowledge of the water sector, but the room is filled with current members, potential new members, regulators, and elected officials which offers PBPA another chance to interact and continue building relationships with key individuals.

Also, in February, I traveled to the Apache office in Houston, Texas for a lunch hosted by Apache, The McDonald Observatory, and Texan by Nature, in reference to the Dark Skies Initiative. The lunch was attended by representatives from over 19 different companies. Congressman Will Hurd was in attendance and spoke to the level of importance of all operators' one hundred percent compliance with the Dark Skies Initiative. In a time when companies are being hounded and questioned about their sustainability practices, adopting the Dark Skies Initiative is a no brainer to add in each company's arsenal. The lunch was a fantastic reminder of the hard work that PBPA, The McDonald Observatory, and others put in to create these best practices for the industry that have since been adopted and endorsed by many other leaders in the energy sector as well. PBPA would like to commend Apache and its other members who have adopted and lead the industry in taking a sustainable action. After the meeting, PBPA has continued discussion with not only Texan by Nature, but also Congressman Will Hurd, to bring the same type of call to action meeting to the Permian Basin, to be heard by executives. Initially we had planned to have this type of event during one of our monthly luncheons, but until we resume normal activities, the idea has had to take pause.

In March, the Permian Basin Petroleum Association, received word from the Fire Chief of the City of Big Spring, Texas that they were receiving questions and hearing concerns from residents regarding the proposal by Sinclair Oil, "Sinclair", about drilling within the City Limits. While Sinclair is not a member of PBPA, we engaged because of PBPA's interest is ensuring that members can continue to produce the Permian Basin's natural resources in a safe and responsible manner. We also wanted to monitor the situation to ensure that in the event a PBPA member company chooses to operate within the City of Big Spring, we have an understanding of the local climate towards operators and industry as a whole.

PBPA Staff met to discuss the circumstances and determine a course of action. In the meantime, the City of Big Spring notified residents that they would be including a discussion on Sinclair's permitted activity at the previously scheduled March 10, 2020 City Council Meeting. Upon learning of that, I contacted Sinclair as well as reached out to the Texas Railroad Commission to determine whether or not the agency could join, considering the tight scheduling, and answer any general health and safety questions the citizens may have.

Unfortunately, due to the quick turnaround, the RRC was unable to attend the event on March 10, but they provided me with general information to provide to citizens in Big Spring answers to questions they had regarding health and safety as well as helpful contacts in the event of questions or concerns. In my conversation with Sinclair, the V.P. of operations was able to assure me that he would not only be in attendance, but also bring a team to further detail Sinclair's current and future plans for operations.

The meeting was attended by over 75 people and became, at times, heated over citizen's concerns for the

STAFF REPORTS

COMMUNITY AFFAIRS CONTINUED

activity of drilling within city limits. It became clear during the meeting that there were misunderstandings and miscommunications about city ordinances and what the City of Big Spring said and did not say. Although the ordinances were last adopted/ratified in the 1980's, the city does in fact have ordinances for drilling within city limits and Sinclair's drilling permits were approved within the ordinances declared. From Sinclair's testimony and confirmation from city officials, Sinclair has not only abided, but gone above and beyond protecting all the ordinances put in place. In addition to the safety requirements required by these ordinances, Sinclair built a sound wall at 34 feet high, are 1,000 feet from an alley and further from the closest to "structure," have adopted lighting practices to protect any nearby interference, and have worked with the city to comply with traffic and routing requests and more.

I was able to discuss with the City of Big Spring officials given the changes in state laws since their adoption and modification, including but not limited to House Bill 40 (84th Texas Legislature, Regular Session), and the lack of activity in the city limits, there is an opportunity to establish additional ordinances that look more like other cities where PBPA members and other good faith operators drill and produce today. Our plan is to continue to monitor the situation and work with residents, the City of Big Spring, other elected officials, Sinclair, and other stakeholders to provide the public with certainty and clarity in these issues and ensure that operators can continue to safely and responsibly develop these natural resources.

PBPA has worked with TXDOT on many different projects over the course of our relationship. Currently there are three freight mobility plans being researched and vetted in our region. PBPA staff typically serves on a committee for each plan giving insight and commentary on economic and industry factors for the planning engineers to consider. One of the freight plans being conducted currently, isn't directly in our region, but nevertheless, will have some affect, as will industry, and so in March, I participated in the Presidio Regional Freight and Mobility Workshop, held in Ft. Stockton. The workshop group was made up of officials from the regional areas that the plan will directly affect, such as Ft. Stockton, Presidio, Alpine, and Marfa, but also a few Mexican officials, as well as a few folks from San Angelo and me. The Presidio plan is hugely important, because as a part of it, the bridge and railway that connect Presidio to Mexico, will be reconstructed. This will have a major impact on a multitude of things in our state, including freight and traffic. Due to new trade agreements in Mexico, there is a possibility to have increased levels of trade happening on this very proposed plan. PBPA was asked to give their foresight to the industry and how it could and would not affect this potential area, as well as other factors that the engineering team might want to consider.

Of course, recently, we have had to make our transition to working remotely because of the ever-changing world and market. It's been a very reactionary time in terms of community affairs, as most all of PBPA's activities have been. In response to Covid-19, Stephen and I worked on getting information together about local resources for aid and information. We also helped with the coordination of PPE donations to the Big Spring Veterans Affairs hospital. Currently I am also using resources to loosely monitor job losses in the Permian Basin energy job sector. It will be important to monitor the amount of people affected by the current market transitions for the future. I am pulling data from news sources, local sources, board members, and official state numbers. Hopefully through these efforts we will have somewhat of a picture painted to the damage that has been done to local workforce.

It has been a time of reaching out remotely, whether by email or phone calls to our county judges in the Permian Basin, not only echoing the resources that we have provided through our website, but also discussing what our counties will do next as the industry continues to change in the future. Things such a severance and property tax will become hot button issues so I am preparing to have those discussions with county leaders to allow industry to have a working relationship with them along the way. I'm thankful that we have these relationships in which we can openly discuss and share insight with our local communities.