



PERMIAN BASIN
PETROLEUM ASSOCIATION

The Standard

Vol. 4, Issue No. 12



Members,

The Texas Legislature has adjourned Sine Die and the PBPA Clay Shoot and BBQ Cookoff is right around the corner! Inside this edition of The Standard, you'll find a review of the session from beginning to end, you'll get another chance to sign-up to shoot and sample some of the best BBQ for miles, and you'll receive updates on the following:

- **PBPA Clay Shoot & Pit King Challenge, Next Week!**
- **PBPA Committee Meetings**
- **Texas Legislative Session Review**
- **Federal: USFWS Proposes Listing the LPC**
- **Flyovers in the Permian Basin**
- **RRC: Accepting Comments on Monitoring & Enforcement Plan**
- **RRC To Host SWR 32 Webinar on June 2**
- **OCD and OCC Online Filings**

Regards,

Ben Shepperd



Upcoming Events



The PBPA Clay Shoot and Pit King Challenge is NEXT WEEK! 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, but time is running out to reserve your spot.

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.

Register Today!

Upcoming PBPA Committee Meetings

Water Committee - June 2, 2021

SHOC - June 9, 2021

Regulatory Practices Committee - June 15, 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.

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.

The following is not a PBPA event, but is an event being hosted in Midland by Texans for Dan Patrick.

SAVE THE DATE

PLEASE BE OUR GUEST FOR A
LUNCHEON AND LEGISLATIVE
UPDATE FROM

LT. GOVERNOR DAN PATRICK



PETROLEUM CLUB
501 W WALL ST.
MIDLAND, TX 79701

Friday, June 18 2021
11:30 AM - 1:00 PM

FOR MORE INFORMATION OR TO RSVP CONTACT JASON TUCKER AT
214-749-4792 OR JASON@FUNDRAISINGSOL.COM

**Texas law prohibits us from accepting any contributions before June 21, 2021.

PD POL AD | TEXANS FOR DAN PATRICK



PBPA in Action

Texas Legislative Review

The 87th Texas Legislature began with tremendous uncertainty for those who were sent to serve and those whom they serve. The ongoing effects of the global Covid-19 pandemic, and the vast impact on all economic sectors, including the Permian Basin oil and gas industry loomed large as the Session began.

Exiting the last session and the impact of the 2020 elections across the country, our membership anticipated multiple attempts at sweeping legislation from environmental lobby groups to promote major regulatory changes on issues like air, water, and other areas to hinder the our well regulated industry. These environmental priorities were seen in many pieces of anti-oil and gas pre-filed legislation.

We also expected budget challenges due to the decreased economic activity, and the yearlong decline in every taxpayer revenue stream-including severance, sales, and franchise taxes. While our budget focus is always ensuring state agencies like the Texas Commission on Environmental Quality (TCEQ) and the vital Railroad Commission of Texas (RRC) are funded to ensure that operators can promptly receive permits for regulated activities, this session a large concern was that the Texas Legislature would seek to fill these budget gaps by targeting industrial operators, in particular oil and gas operators, that were already reeling from the global impacts of demand destruction and price wars led by foreign actors far from the Permian Basin.

Then came February and Winter Storm Uri. As temperatures plunged across the Lone Star State, power was lost for millions of residential customers. The prolonged impact of the weather brought nearly every corner of the state to a halt, and resulted in too many tragic fatalities.

The storm led the largest shift of focus for the entire session, and our efforts helped lead the discussion to the most productive area to address the challenges that existed. The single greatest legislative items included reforms of the entire system of electric generation in the ERCOT grid, a complete overhaul of the PUC, a review of how electricity is generated, and broadly ensuring that all segments of the supply chain are reliable through mapping that will take place this summer and fall.

PBPA worked diligently to ensure that gas supplies remain adequate for electric generation and that proposed legislation did not create terrible hurdles for operators who are dealing with the lingering effects of the pandemic and are now trying to pivot into the post-Covid economic environment.

There are numerous rulemakings at various agencies we have identified and our association will have our hands full in the interim working with agencies tasked with rulemakings that seek to prepare for weather we hope we never see again. Additionally, the Legislature is very likely to return this fall, if not sooner, to tackle other pressing issues, like redrawing election districts across the state and disbursing federal funds that filled the large shortfall in the existing state budget.

For America's Oilfield, this session presented real challenges and existential threats to the vibrancy and diversity of operations across the Permian Basin and the communities that call it home.

Given the unique and serious challenges facing the industry in January, I could not be more proud of the work that PBPA did this session.

This took a great deal of effort from PBPA members and staff, led by Michael Lozano, and we could not do it without your continued support. Your commitment to PBPA is what allows us to work to ensure that the Permian Basin remains the greatest place in the world to develop natural resources, as well as live, work, and raise a family.

For a full report on those impactful pieces of legislation that were sent to the Governor's desk this session, and for those that failed to make it out of both the House and the Senate, please see our Texas Legislative Sine Die Report in the [members only section](#) of our website.

Federal Update

On May 26, 2021, the U.S. Fish and Wildlife Service (Service) announced that they were proposing an endangered status for the lesser prairie chicken (LPC) in the Permian Basin under the Endangered Species Act (ESA). We are disappointed in this decision but proud of

our involvement in, and dedication to, conservation of the LPC and other species that stretches back almost ten years.

The PBPA has a strong record of constructive engagement with our state and federal partners, demonstrated in part through participation in the development and ongoing support of conservation efforts for multiple species. These efforts include Candidate Conservation Agreements with Assurances (CCAA) for the Dunes Sagebrush Lizard (DSL), LPC and the Texas Hornshell Mussel (THM) and through the Pecos Watershed Conservation Initiative (PWCI). Our conservation work spans the entirety of the Permian Basin. We have worked tirelessly to ensure success of on-going voluntary conservation efforts for the LPC.

Our efforts include a significant amount of acreage under conservation programs for the benefit of multiple species. For example, the approximate total acreage in the Shinnery Oak ecoregion for the Lesser Prairie Chicken in New Mexico and Texas is over 5.4 million acres, with almost 1 million overlapping acres covering the DSL in New Mexico.

And the results speak for themselves, with the population of the LPC having roughly doubled since we put the range wide plan in place in 2015, and millions of dollars spent on successful conservation actions. In addition, we have worked closely with the Service and supported the Western Association of Fish and Wildlife Agencies' (WAFWA) efforts to address administrative deficiencies in LPC Candidate Conservation Agreement with Assurances (CCAA) operations that have been identified.

Building on that commitment, we have continued to work regarding ESA related issues, particularly as to the LPC, and are therefore extremely concerned about the potential impact the proposed listing will have on a variety of activities and partnerships, including any actual conservation benefit for the species.

Despite the Service's decision, we remain dedicated to the continuation of our close partnership with WAFWA and others on the realignment of the CCAA, a process that began in 2019, and we will continue to advocate that the updated and realigned CCAA is the best way to manage the LPC.

There is a 60 day comment period regarding the Service's proposal which started with the publishing of the proposal on June 1, 2021 in the Federal Register. PBPA will be submitting comments on this proposal and will continue to work the issue through our Species, Operations and Habitat Committee (SHOC). For more information on these efforts, please email stephen@pbpa.info.

TCEQ Flyovers in the Permian Basin

The TCEQ began flyover on Tuesday, June 1, 2021 in specific areas of the Permian Basin. The first week, the flyover surveys will be conducted in the area to the west and northwest of Seminole, TX, being roughly a three or four mile radius around the Seminole Gas Plant. By the 3rd week of June (14-18), the flyovers will be conducted in a three or four mile radius around Goldsmith Gas Plant and the area between Loop 338 west to just past 866 and south just past I-20. We were informed that the areas in Ector County were chosen because of the air monitors at Goldsmith and West Odessa.

The flyovers will use a white helicopter with red stripes and the tail number N3027W. The helicopter is equipped with a specialized infrared camera that can image volatile organic compounds (VOC) and other hydrocarbons invisible to the eye. The Department of Homeland Security has also provided a [notice](#) regarding the operations.

If you have any questions about these operations, please let us know.



Regulatory Updates



RRC Accepting Comments on Draft Oil and Gas Division Monitoring and Enforcement Plan

The Texas Legislature (House Bill 1818, 85th Legislature, Regular Session, 2017) directed the Railroad Commission of Texas (RRC) to develop an annual plan to assess the most effective use of its limited resources to protect public safety and minimize damage to the environment. The RRC strives to strengthen its capabilities to track, measure, and analyze the effectiveness of its oil and gas monitoring and enforcement program.

The purpose of this plan is to define and communicate the Oil and Gas Division's strategic priorities for its monitoring and enforcement efforts. The plan confirms many of the division's current priorities as well as establishing direction for data collection, stakeholder input, and new priorities for fiscal year 2022. House Bill 1818 directed the RRC to seek input from stakeholders in the development of this plan. We look forward to hearing from you as this planning process moves forward.

To view the draft plan, visit the RRC website at <https://www.rrc.texas.gov/oil-and-gas/compliance-enforcement/enforcement-activities/>.

To submit comments online by 5 p.m. on Thursday, June 10, 2021, complete the survey at <https://survey.alchemer.com/s3/6317260/Commission-Accepting-Comments-on-FY-2022-Oil-and-Gas-Division-Monitoring-and-Enforcement-Plan-copy>.

RRC Hosts SWR 32 Exception Application Online System Webinar on June 2

The RRC will host a free webinar titled *Statewide 32 Exception Application Online System* to inform and train oil and gas operators about their responsibilities when obtaining an exception to Statewide Rule (SWR) 32 and how to file the new Form R-32, *Application for Exception to Statewide Rule 32*, online using the RRC Online System. The webinar will be held via Zoom at 2 p.m. on Wednesday, June 2, 2021.

To obtain an exception to 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 of gas unless the deadline is extended by the RRC or the RRC's delegate. The application can be filed online using the RRC Online System at <https://webapps.rrc.texas.gov/security/login.do>.

The webinar will cover a variety of topics, including:

- an overview of the structure and essential elements of the new Form R-32;
- an introduction to the online system — how to access the system and file an application;
- a demonstration of the online system; and
- an overview of additional phases to the online system currently in development.

For more information and to register, visit the RRC website at <https://rrc.texas.gov/oil-and-gas/workshops-and-conferences/statewide-32-exception-application-online-system-webinar/>.



On May 28, 2021, the New Mexico Oil Conservation Division provided notice that all filings by participants in cases before the Oil Conservation Division (OCD) and the Oil Conservation Commission (OCC) are to be done through the OCD E-Permitting system (<https://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/>). This requirement includes applications for hearing, entries of appearance, motions, exhibits and all other pleadings. For further instructions on how to use the OCD E-Permitting system, consult this guidance [\[link\]](#) or contact Marlene Salvidrez at marlene.salvidrez@state.nm.us or (505) 469-5527.

This method of filing will become mandatory as of June 14, 2021. Failure to comply with this filing process shall result in the rejection of filings.

Filing through the E-Permitting system eliminates the need to file multiple copies of pleadings provided in 19.15.4.13(A) NMAC. For filings that pertain to several cases, a filing must be made for each case. Parties must continue to provide service of all pleadings to other parties in a case as provided in 19.15.4.13(A) NMAC.

A person seeking to submit correspondence or provide non-technical written comments in a case may do so by emailing them to the Division Clerk at OCD.hearings@state.nm.us or to the Commission Clerk at OCC.hearings@state.nm.us. The case number must be included in the title of the e-mail message.

