



PERMIAN BASIN
PETROLEUM ASSOCIATION

The Standard

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Members,

It was a busy February with our first Membership Luncheon of the year, the Permian Basin Water in Energy Conference, and the conclusion of the New Mexico Legislative session being just of the few events that came to pass. But don't worry, there is even more to come!

In this edition of The Standard, you'll find reviews of events just held and learn about opportunities to join other events on the horizon. You will also find out about the work PBPA has been putting in on your behalf as well as important analysis of the recent Texas Primary Elections:

Upcoming PBPA Events

- Committee Meetings
- March Membership Luncheon
- Annual Spring Swing

PBPA Activity Updates

- PBWIEC Recap
- New Mexico Legislative Session Review

Other News

- RRC Notice Re: P&A Wells
- Texas Election Coverage
- Midland College PPDC Training Courses
- Rotary Club Benefit for Midland College

Regards,

Ben Shepperd



Upcoming PBPA Committee Meetings

- Regulatory Practices Committee (RPC) Meeting, March 15, 2022
- Health, Safety and Environment (HSE) Committee Meeting, March 15, 2022

For more information on these or any of our other committees, please contact Stephen Robertson at stephen@pbpa.info or (432) 684-6345.



PBPA March Membership Luncheon

You are invited to join us for the PBPA March Membership Luncheon on Thursday, March 17, 2022, at 11:30 AM - 1:00 PM. We return to our traditional location of the Petroleum Club of Midland for this Membership Luncheon and can't wait to see you all!

Our guest speaker will be **Texas Commission on Environmental Quality (TCEQ) Commissioner Emily Lindley**. During her time with the TCEQ, Commissioner Lindley has worked closely with the International Boundary Water Commission on compliance with the 1944 treaty between Mexico and the U.S. relating to the Colorado River, the Tijuana rivers, and the Rio Grande. She has also been involved in the agency's delegation from the United States Environmental Protection Agency (EPA) regarding permits for discharges of produced water, hydrostatic test water, and gas plant effluent into water in the state resulting from certain oil and gas activities under the National Pollutant Discharge Elimination System (NPDES) program. And Commissioner Lindley also interacts with the energy sector to create awareness of TCEQ permitting regulations.

Along with a presentation by Commissioner Lindley regarding updates on state and federal energy and environmental policy, the PBPA staff have a number of topics and issues to update everyone on including the legislative session in New Mexico. We hope you can join us for the updates, Commissioner Lindley's presentation and a great lunch.

Membership Luncheon Registration



Registration for PBPA's annual Spring Swing Golf Tournament is open and Sponsorships are available, but **many are already sold out!** Join us to see old friends, make new ones and

forget about your worries for a day. While it is still a bit cold outside now, we know you'll be ready to hit the course come April. Make sure you don't miss out and reserve your spot today!

To learn more about the tournament or to inquire about volunteer opportunities, please contact Jamie Ramirez at jamie@pbpa.info or (432) 684-6345.

Spring Swing Registration & Sponsorships

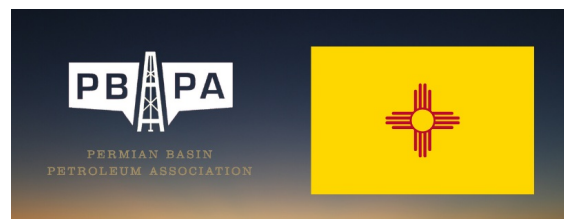
PBWIEC Recap

Over two days last week at the Midland County Horseshoe, the University of Texas Permian Basin (UTPB) and the John Ben Shepperd Leadership Institute (JBS) hosted dozens of speakers and panelists to talk all things water at the Permian Basin Water in Energy Conference (PBWIEC).

UTPB and JBS brought together a truly comprehensive view of the challenges and opportunities that lie ahead for oil and gas producers focused on the important role that water management has in daily operations. We are incredibly thankful to partner with the organizers to promote and help put on the greatest water conference in the state. PBPA was also honored to have President Ben Shepperd serve as the keynote speaker during the luncheon on day two of the event.

This conference brought together leaders in the industry who are actively innovating in the water space as well as others with important perspectives on the law surrounding water rights and use, current and former regulators, and experts on seismicity.

Water management continues to be the newest and most dynamic sector of our industry because of the importance of managing this water resource in the Permian Basin and beyond. We certainly want to thank all of those responsible for organizing this year's PBWIEC, including members of the PBPA Board of Directors that serve as advisors for the conference, the many PBPA members that sponsored different portions of the events, and all those who attended our joint membership luncheon at the PBWIEC. It was truly an incredible event and we look forward to many more successful events in person in the future.



Legislative Session Report

New Mexico concluded the second session of its 55th Legislature on February 17, 2022. During the session, we saw 503 bills and over 100 memorials filed. For a 30-day "short" session, this was a dramatic decrease from previous experiences. In 2020, over 900 bills were filed.

By the end of the session, lawmakers passed 64 bills in total, the lowest number of bills approved during a 30-day session in the last decade. However, it should be noted that several bills made it into two, large omnibus bills including a large tax bill and a crime package. While omnibus bills can be effective for bills that need to move quickly and are not uncommon in legislative practice, some fear the large bills, especially when spliced together last minute, lack

transparency.

The next step is bill signing. By March 9, the Governor must sign, veto, or fail to sign (pocket veto) bills that passed during the Legislative session. The Governor may also partially veto bills that include appropriations. The following are a few areas of particular interest for our industry.

A. **BUDGET** - The session took place against the backdrop of historic levels of state revenues, and legislators passed the largest budget in state history – nearly \$8.5 billion in recurring general fund spending. After disagreeing on proposed amendments, a conference committee was named with three members from each chamber who worked together to find compromise over the proposed budget. This year's budget, funded in large part to oil and gas revenues, is an increase of 14 percent over the current fiscal budget. The bill includes minimum wage increases for state employees including educators, state police officers, and judges.

B. **TAX CUTS** - The Legislature passed a major tax package that provides approximately \$550 million of tax relief to New Mexico businesses and residents, including income tax deductions for some Social Security, military retirement income, and nurses, a child tax credit, tax rebates, and other tax credits and deductions. The bill enacts a quarter-percent reduction in the state gross receipts and compensating tax rates, phased in over two years, reducing the rate to 5 percent on July 1, 2022 and 4.875% on July 1, 2023.

C. **CLIMATE/ENERGY** - No major environmental bills gained traction during the session, including the Clean Fuel Standard Act, Clean Future Act, Green Amendment, or Hydrogen Hub Development Act, each presented challenges for our industry. Senate Bill 14, the Clean Fuel Standard Act, failed to pass the House with a 33-33 vote. The bill was designed to reduce the state's carbon footprint by reducing greenhouse gas emissions from the transportation sector by 20 percent within eight years. This is the second year the measure has failed. We do anticipate seeing the Green Amendment, some version of the Clean Future Act, and other legislation like it again, especially in a longer session. Of note, House Bill 164, requiring the State Environment Department to coordinate a statewide effort to clean up and reclaim legacy uranium mine and mill sites, unanimously passed the House and Senate.

There was a proposed memorial in both chambers that would have created a study focused on creating a state-run utility system. The memorial died in each chamber. Concerns were raised from industry, municipalities and counties, and trade associations that a state-run utility system would have increased costs to consumers and decreased opportunities for business retention and economic diversification. House Joint Resolution 1 did pass and will now head to the voters in November for their approval. If passed by the voters, HJR1 would allow for public investment to ensure greater access to internet, energy, water, wastewater, and other similar services.

The PBPA New Mexico Legislative Committee met on a weekly basis during session and we'd like to extend a special thank you to all the members of that Committee and particularly to Committee Chairman Matt Thompson and perennial powerhouse Mike Miller. We could not have had the success we did this session without an incredible team effort.



RRC Seeks Well Plugging and Related Service Contractors to Plug Orphaned and Abandoned Wells with Federal Funds

The U.S. Department of the Interior will award funds to plug, remediate, and reclaim orphaned wells located on State-owned or privately owned land in Texas. The Railroad Commission of Texas (RRC) encourages contractors to complete and submit a response to perform statewide well plugging and related services. Funding may also be used for other allowed activities including to remediate soil and restore native species habitat on land adjacent to orphaned wells, and to decommission or remove associated pipelines, facilities, and infrastructure.

To procure these services the RRC shall use the Request for Qualifications Procurement Method. This process requires a contractor to complete and submit a response to perform statewide well plugging and related services, detailing their qualifications, personnel experience, plugging equipment, past experience, and the RRC districts for which they are proposing to provide services.

The solicitation process is expected to begin in May. This announcement provides contractors advanced notice to plan and prepare their response.

For more information, including an overview of the solicitation process and options to receive notifications, visit the RRC website at <https://www.rrc.texas.gov/oil-and-gas/environmental-cleanup-programs/federally-funded-well-plugging/>.

Texas Election Coverage

Tuesday, March 2, 2022 was a busy day around the world including in Texas politics. Across the Permian Basin the following results are of importance, but they're in no way comprehensive of all the important races in the state. If we have missed a race of your particular interest, please let us know and we will get that information to you. As of this writing of this report, 92% of the vote, or 236 out of 254 counties, had been reported to the Secretary of State.

STATEWIDE RACES

On the statewide side, Governor Greg Abbott easily dispatched eight candidates to earn nearly 70% of votes from Texas Republicans and begins the race to the fall against Robert Francis "Beto" O'Rourke, who earned about 90% of the vote from Democrats in a field of five candidates.

Lt. Governor Dan Patrick also easily secured the Republican nomination in a crowded field, earning 78% of the vote.

Railroad Commissioner Wayne Christian looks to have secured a pole position in the runoff

earning 47.4% of the vote and at this time looks to face Sarah Stogner who earned 15.1%

Attorney General Ken Paxton appears headed toward a runoff as well with George P. Bush.

In the race to replace Bush at the General Land Office, State Senator Dawn Buckingham will be joined by Tim Westley in a runoff for the Republican Nomination.

At the Agriculture Department Sid Miller looks to have avoided a runoff and Comptroller Glen Hegar has won his statewide race with the largest margin of 82% of votes cast.

LEGISLATIVE RACES OF NOTE

In Senate District 31, Kevin Sparks has earned 56% of the vote at this time and looks to avoid a runoff in a crowded field for the Republican Nomination.

In House District 81, Brooks Landgraf earned a very convincing win in a contested head to head primary, earning 80% of the vote.

In House District 83, Dustin Burrows also won overwhelmingly with 82% of the vote.

In House District 84, a runoff appears certain with David Glasheen and Carl Tepper who earned 43% and 40% respectively continuing to compete for the Republican Nomination.

As a reminder Representatives Tom Craddick and Drew Darby did not have primary opponents.

For more information on local races, [click here](#). As always don't hesitate to reach out with any questions.



2022 PB Environmental Regulatory Seminar

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

The 2022 PBERS will be held on Thursday, May 19, 2022, at the Midland College Carrasco Room. To register for the event, please go to this website <https://mce.midland.edu>; for information on sponsorships, please contact Erin Van Evera-Welch with the PPDC at (432) 683-2832, evaneverawelch@midland.edu.

Other PPDC Programs

MC PPDC provides quality training programs designed to keep oil and gas industry professionals current in their areas of expertise by offering the latest industry updates, as well as providing timely and pertinent educational opportunities. Click the below links for

upcoming classes being offered by the MC PPDC in the coming months.

MC PPDC is pleased to announce new safety training class offerings: ***IADC Basin United Building the Basin Fundamentals Safety Orientation (Day 1)*** and ***IADC Basin United Building the Basin Safety Leadership (Day 2)***. Below are links to the course flyers for the Basin United classes including a schedule. Please call MC PPDC at 432-683-2832 to schedule a specific date for your company.

All classes are held in-person at the PPDC unless designated “online” in the course description.

[Training Guide](#)

[Risk Management](#)

[Basin United Safety Orientation](#)

[Basin United Safety Leadership](#)



The Midland West Rotary Club will hold its second annual clay shoot on March 11, 2022. Information for the shoot can be found at <https://givebutter.com/MWRClayShoot>. The funds raised at this event are used to fund scholarships in the Applied Technology department at Midland College, through which many students are trained to enter into the oil & gas sector.

