



PERMIAN BASIN  
PETROLEUM ASSOCIATION

# The Standard

Vol. 5, Issue No. 11



Members,

While it does not feel like summer is over, we know that many of you in the Permian Basin have seen kids headed back to school this week. For those with children in school, or soon to be going to school, we wish you and them all the best with the start of another academic year.

PBPA's summer didn't feel much different than our spring. With regulations being proposed and worked on at both the federal and state levels, and with legislative proposals coming out of Washington, D.C., the summer of 2022, and particularly the first week of August, has kept us all very busy. Not so busy, however, that we can't take the time to make sure our membership knows about the important actions, events and issues that could impact your operations.

In this issue of The Standard, you will find information on each of the following:

## **PBPA In Action**

- Action Alert!!!
- PBPA Annual Meeting
- Annual Compensation Survey
- Committee Meetings
- Texas Produced Water Consortium
- West Texas Legislative Summit

## **RRC Updates**

- CI-D and CI-X Online Filing
- Work Group on SWR 32
- Recycling Treated Domestic Wastewater

## **News and Events to Know**

- Inflation Reduction Act
- Methane Reduction Grant
- Congressman Jodey Arrington Event
- Permian Basin MPO Town Hall
- MC PPDC Programs

Regards,

Ben Shepperd



### **Action Alert!!!**

Later in this issue of The Standard, you will find more details regarding the Inflation Reduction Act (IRA) recently passed out of the U.S. Senate. We encourage you to read that section and are available to answer any questions you may have on the proposed bill. However, we also wanted to let you know that we have been working with Congressman Pfluger's office, the industry's national trades and other stakeholders to fight back against many of the onerous provisions found in the IRA. As this proposed legislation moves forward, or hopefully doesn't, we will keep you updated.



---

### **Agenda**

**Permian Basin Petroleum Museum  
September 28th**

**Opening Welcome Reception**

**Petroleum Club of Midland**  
**September 29th**  
7:30 AM - 3:00 PM

**TX & NM Kickoff Breakfast**  
**Texas Legislative Discussion**  
**Technical Sessions**  
**Luncheon Keynote Address**  
**Industry Sessions**  
**Executive Discussion**

## Sponsorships & Registration

Registration for the 60th PBPA Annual Meeting is open and we have been blown away by your response so far. In case we haven't already heard from you, reserve your spot today! Sponsorships and registrations are filling up fast.

PBPA's Annual Meeting gives all those in attendance the chance to listen to and ask questions of a variety of experts who will present on the top issues confronting our industry. Attendees will also benefit from projections on our industry moving forward from those in the know.



Speaker Dade Phelan



Senator Stuart Ingle



Colin Fenton, Veriten

We are excited to host Speaker of the Texas House of Representatives, Representative Dade Phelan, Dean of the New Mexico Legislature, Senator Stuart Ingle, and Chief Intelligence Officer for Veriten, Colin Fenton, as just a few of the fantastic speakers who will be at this year's PBPA Annual Meeting.

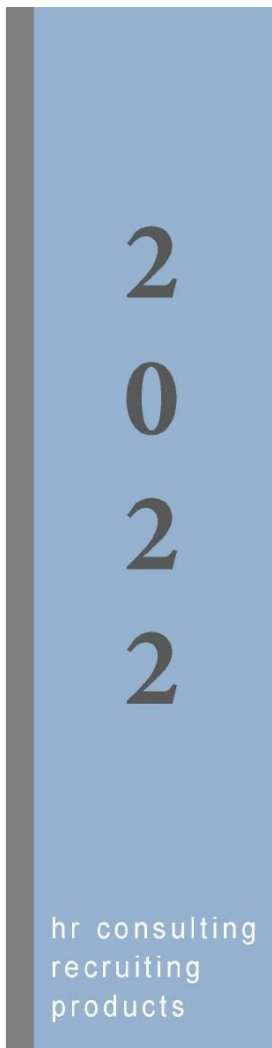
Rep. Dade Phelan (R - Beaumont) is the 76th Speaker of the Texas House and is currently serving his fourth term as State Representative for District 21. This will be Speaker Phelan's first time addressing the PBPA membership and we welcome him out to get to know the Permian Basin and the PBPA.

Senator Stuart Ingle (R - Portales) has been the Minority Leader of the New Mexico Senate since 2001. First elected to represent District 27 in 1985, Senator Ingle is a Farmer that represents the residents of Chaves, Curry, De Baca, Lea and Roosevelt Counties. He is the ranking member of the Senate Rules Committee and is a member of Senate Health & Public Affairs.

Colin Fenton is a founding member and serves as Partner, Chief Intelligence Officer for Veriten, an energy-focused knowledge platform that brings diverse perspectives to the energy transition environment, helping industry and investors make informed decisions. Colin last spoke to the PBPA membership at our Annual Meeting in 2018 and we are thrilled to welcome

him back to the Permian Basin.

Additional program details will be announced in the coming weeks.



# Permian Basin Oil & Gas Compensation Survey



PBPA is partnering with WhitneySmith Company to conduct the 6th annual Permian Basin Oil and Gas Compensation Survey. The survey brings an industry compensation survey to PBPA members who have E & P operations in the Permian Basin.

**Participating in the 2022 PBPA Survey is especially important for organizations in analyzing pay levels against current market practices. The survey provides comprehensive data for budgeting, setting, and administering competitive pay levels and updating compensation structures.**

The 2022 survey reports annual base salary/hourly rates, annual bonus data, and total annual compensation for over 90 benchmark positions including technician, professional, engineering, land, field, administrative, management, and executive positions. Each surveyed position stratifies salary data by high, low, mean, median, 25th and 75th percentiles. Results are reported in aggregate, as well as, by company size groups when sufficient data is available. All data is held in the strictest of confidence.

[Register Today](#)

[Upcoming PBPA Committee Meetings](#)

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

---

## Texas Produced Water Consortium

As part of legislation offered and passed by Senator Charles Perry (SB 601) in 2021, PBPA has been participating in meetings as a member of the Texas Produced Water Consortium, hosted by Texas Tech University. With the goal of providing the 88<sup>th</sup> Texas Legislature a report as required under SB 601, other stakeholders representing oil and gas operators, environmental service companies, academics, and environmental groups gathered in Lubbock last week at Texas Tech University's Tech Hub to discuss the Consortium's final reporting efforts. At this time, the report is not concluded, however it is clear that establishing standards of water treatment, viable pilot projects that can meet those standards, and determining state and industry involvement in testing and scalability continue to be the focus of the group.

---



On August 3 and 4, the San Angelo Chamber of Commerce, along with Co-Hosts U.S. Congressman August Pfluger, Texas Senator Charles Perry and Texas House Member Drew Darby, hosted the 18th Annual West Texas Legislative Summit. PBPA was a sponsor of this year's summit, with PBPA staff and several association members in San Angelo for the two day event.

This year's Summit was incredibly well attended and offered ample opportunity to discuss several of our priority topics with elected officials from across the state. Along with State House Members from the Permian Basin, the Panhandle, North Texas, East Texas and the Valley, those in attendance had a chance to hear from Governor Abbott and Speaker Phelan, both of whom touted the importance of oil and natural gas operations in the Permian Basin. PBPA was able to engage with a great number of officials, our members, and other stakeholders in the Permian Basin.



## Form CI-D and Form CI-X Online Filing Requirement

Just a friendly reminder that pursuant to the adoption of Rule 3.65 in November of 2021, the Critical Infrastructure Division filings as well as requests for exceptions are due September 1,



2022. Additionally, UNLIKE last year, these forms must be submitted through the RRC Online filing system (RRC Online System at <https://webapps.rrc.texas.gov/security/login.do>) and hard copy forms nor emails will be accepted.

Just as a reminder, form CI-D would be submitted by an operator of a facility designated as critical acknowledging the facility's critical status based on 16 Texas Administrative Code (TAC) §3.65 and 16 TAC §25.52. Form CI-X would be submitted by an operator certifying a facility seeks an exception to critical designation based on 16 TAC §3.65 and Texas Natural Resource Code §91.143.

As you may recall there were some challenges in filings over the last year, so please be prepared to file as soon as practicable in the event there are technical or other issues.

Please let us know if you have any questions.

To review the full notice, visit the RRC website at [https://www.rrc.texas.gov/media/5htdu3gy/2022\\_nto-form-ci-d-and-form-ci-x-online-filing-rrc.pdf](https://www.rrc.texas.gov/media/5htdu3gy/2022_nto-form-ci-d-and-form-ci-x-online-filing-rrc.pdf).

## **RRC Staff to Organize Work Group Re: SWR 32**

Starting in September, the RRC staff will be convening a work-group to discuss potential changes to the Commission's flaring program implemented under 16 TAC §3.32 (SWR 32). Commission staff is aware of some efficiency and practicability concerns with the current administrative program for issuing exceptions to SWR 32, and they want to open a dialogue on these issues.

PBPA staff will be participating in this work-group as a representative of our membership. As a result of these discussions the Commission may consider changes to how the rule is implemented. Resolution of some issues may require amending the rule, but at this point that is unclear.

If you have any recommendations or suggestions for PBPA staff on these matters, please let us know.

## **Recycling Treated Domestic Wastewater and Mobile Drinking Water Treatment Systems Wastewaters**

The RRC is revising its program for recycling of domestic wastewater and mobile drinking water treatment system wastewaters at oil and gas sites. An operator may now choose to implement this recycling program as either (1) a district-wide permit, or (2) a location-specific permit. This program change will provide significant flexibility and efficiencies for operators who utilize this program at multiple well sites and does not significantly change the program for operators who do not need that flexibility.

### *District-Wide Permit Program*

A permit may be issued to the operator of record of the well(s) being drilled and/or serviced. One permit will be issued to one operator for use with one service provider in one RRC district. The permit can apply to all the operator's leases within the district that are served by the same service provider and can be updated monthly with treatment location changes. The operator will submit monthly reports to the RRC documenting the treatment and recycling activities, including location information with sampling and analysis results, for the permit that includes information from all treatment locations.

A permit may be issued to the operator of an oil or gas lease for recycling activities on that lease. This is the current program as it has existed since 2016, and these permits will last for 60 days and may be extended.

For more information on the program details and documents, visit the RRC website at <https://www.rrc.texas.gov/oil-and-gas/applications-and-permits/environmental-permit-types/recycling/dww-recycling/>.

If you have questions regarding the Recycling Treated Domestic Wastewater and Mobile Drinking Water Treatment System Wastewaters program, contact the Domestic Wastewater Program in the Environment Permitting Section of the RRC's Oil and Gas Division at 512-463-3840 or [domestic.wastewater@rrc.texas.gov](mailto:domestic.wastewater@rrc.texas.gov).



## News and Events to Know

### **Progress of the Inflation Reduction Act**

On Sunday, August 7, 2022, Senate Democrats passed their long-awaited health care, climate and tax bill, known as the Inflation Reduction Act, a potential victory for the party before the November elections.

The bill passed 51-50, with Vice President Kamala Harris breaking the tie, after surviving hours of Republican amendments and a last-minute change to the corporate minimum tax rate backed by Sen. Kyrsten Sinema (D-Ariz.). The bill now heads to the House, which plans to take it up this Friday, August 12.

Though it's significantly smaller than the \$3.5 trillion Build Back Better Act, which was pushed by President Biden roughly a year ago, the legislation embodies some of Democrats' longest-held priorities. That includes a new minimum tax on large corporations, provisions to lower prescription drug prices and more than \$300 billion to address climate change and subsidize clean energy.

While there is plenty in the 755 page bill, below are a few areas we thought would be of interest to you:

**Methane Fee:** The bill authorizes the U.S. Environmental Protection Agency (EPA) to impose a fee on methane emissions for oil and natural gas facilities that report more than 25,000 metric tons of carbon dioxide equivalent emissions per year if they exceed the amount of oil or gas they produce by a certain threshold. This threshold for onshore oil and natural gas production would be either (1) .20% of the natural gas sent to sale from such a facility or (2) 10 metric tons of methane per million barrels of oil sent to sale from such facility, if such facility sent no natural gas to sale.

The fee would be \$900 for each metric ton above the threshold reported for calendar year 2024, \$1,200 for emissions reported for calendar year 2025, and \$1,500 for emissions reported for calendar year 2026.

The fee would not apply if the excess emissions are caused by an unreasonable delay in environmental permitting for any infrastructure to reduce emissions, or for emissions from plugged wells. Charges would take effect beginning 2024.

**Federal Lease Rates:** The bill increases the royalty rate for new onshore oil and gas leases from 12.5% to 16 2/3%, and increases the "reinstatement" lease rate from 16 2/3% to 20%. It

also increases the minimum bid amount, changing it from "\$2 per acre for a period of 2 years" to "\$10 per acre during a 10 year period beginning on the date of enactment..." Annual rental fees have been increased and a new fee for "Expression of Interest" is to be instated as well.

**Alternative Minimum Tax (Book Income Tax):** The bill imposes a 15% minimum tax in tax years after 2022 on the income corporations report on their financial statements, or "book income," with some adjustments.

The minimum tax would apply to corporations with more than \$1 billion in average annual income over a three-year period.

US corporations that are members of a foreign-parented multinational group for any taxable year would need to have earned at least \$100 million in such income. Foreign corporations that are engaged in a trade or business with the US will be treated as a separate domestic corporation that is owned by a foreign corporation.

Corporations would pay the larger of the minimum tax or the statutory corporate tax — which is currently 21%.

Financial statement income would be:

- Reduced by depreciation deductions — deductions for the exhaustion or wear and tear of a physical property used for trade, business, or held for the production of income.
- Adjusted to disregard any amount of depreciation expense on a taxpayer's financial statement for a property.
- Reduced by amortization deductions — deductions for certain capital costs for non-physical assets over time — for wireless spectrum used in the business of a wireless telecommunications carrier and acquired after Dec. 31, 2007, and before the measure's enactment.
- Adjusted to disregard an amortization expense on a taxpayer's financial statement for wireless spectrum.

The minimum tax would also apply to corporations that have been in existence for less than three years, though S corporations, regulated investment companies, and real estate investment trusts would be excluded from the provision.

Under the minimum tax, as much as 80% of losses could be carried over to offset financial income in future years. Corporations could claim certain domestic and foreign tax credits to offset the minimum tax.

---

## **DOE Announces \$32 Million to Reduce Methane Emissions from Oil & Gas Sector**

On August 5, 2022, the U.S. Department of Energy (DOE) announced up to \$32 million in funding toward the research and development of new monitoring, measurement, and mitigation technologies to help detect, quantify, and reduce methane emissions across oil and natural gas producing regions of the United States.

Selected projects under this funding opportunity announcement (FOA) are targeted to help advance networks of surface-based methane sensor technologies for more timely monitoring of methane emissions across large areas of oil and natural gas producing basins. Other projects funded under this FOA will design an integrated methane monitoring platform that will enable early detection and improved quantification of methane emissions along the entire natural gas supply chain to advance the accuracy of methane emissions estimates.

For full details and areas of interest, read the [FOA here](#).



All interested applicants must register and submit application materials through [FedConnect](#); [register here](#) for an account. All questions about the FOA must also be submitted through FedConnect. The application deadline is October 4, 2022, at 11:59:59 p.m. ET.

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

---



Cody Campbell  
Tracy & John Sellers  
Friends of the Permian Basin Oil & Gas Industry

*invite you to hear from the next House Republican Budget Chairman*

**Congressman Jodey Arrington (TX-19)**

House Committee on Ways and Means

**Tuesday, August 9, 2022**

4:30 p.m. ~ 5:30 p.m.

Midland Petroleum Club

501 West Wall Street, Midland, TX 79701

RSVP: [Jennifer@JenniferNaedler.com](mailto:Jennifer@JenniferNaedler.com) or calling (713) 818-2607

---



## Permian Basin MPO Interregional Planning & Environmental Linkage (PEL) Study

### August 23<sup>rd</sup>: Public Town Hall Meeting

The Permian Basin Metropolitan Planning Organization (MPO) has been evaluating the potential for an interregional corridor to provide freight and vehicular connectivity in and around the urbanized Midland-Odessa area.

### Provide your Comment!

**What:** The Planning team is conducting a *final town hall* to receive input on potential corridors that provide opportunity for better connectivity within the Permian Basin region. We will be presenting and discussing **results** of the screening and analysis process, and **next steps** for completing the PEL Study!

**When:** August 23<sup>rd</sup>, 2022  
12:15 PM in Odessa *or* 6 PM in Midland

**Where:** **12:15 PM** @ Odessa College Campus | Saulsbury Campus Center Building  
201 W University Blvd | Joe Zant Community Room, 2<sup>nd</sup> Floor (*lunch provided*)

**6:00 PM** @ Hispanic Cultural Center of Midland | 1311 E. Wadley Ave

Please contact Cameron Walker at [cwalker@permianbasinmpo.com](mailto:cwalker@permianbasinmpo.com) or visit the MPO's website ([www.permianbasinmpo.com](http://www.permianbasinmpo.com)) or Facebook page ([www.facebook.com/pbmpo](https://www.facebook.com/pbmpo)) for further questions.



## MC 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.

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

**Customized Training Available!** For more information contact Midland College PPDC at (432) 683-2832 or [cepetroleumtraining@midland.edu](mailto:cepetroleumtraining@midland.edu)

**Training Guide**

**Risk Management**

**CPR & First Aid**

**OG Prof. Intermediate Court**

**Log Analysis for Shales**

