

STAFF REPORT

TEXAS GOVERNMENT AFFAIRS

Michael Lozano, PBPA

The Texas Legislative Committee has worked arduously this year to provide great benefits to PBPA members since the beginning of the 87th Legislative Session, through monitoring the 1st, 2nd, and current 3rd Called Special Sessions, as well as through the rulemaking processes occurring throughout all of the relevant state agencies across the Lone Star State.

This committee has greatly benefited from consistent, robust, and active participation from a wide variety of PBPA members based in Midland, Austin, Houston, Southeast New Mexico, Denver, and more to ensure that operations in the Permian Basin of Texas remain the greatest and most economical place to operate in the free world.

While most of our focus initially in the session was to ensure that agencies were funded, taxes were not raised, and that a consistent and reasonable regulatory environment stayed in place, Mother Nature had other plans. A storm not seen by generations of Texans swept across the state and shed a large focus on the failure of Texas' electricity grid. Before the storm, PBPA worked to inform operators of the weather conditions and shared reports from the Railroad Commission of Texas (RRC), the Texas Commission on Environmental Quality (TCEQ), the Public Utility Commission (PUC) and the Electric Reliability Council of Texas (ERCOT).

During the storm, which occurred in Q1, our members worked hand in hand with regulators and others to return production online and increase generated electricity. However some of the biggest work has come after. The Texas Legislature has now enacted several bills, most notably Senate Bill 3, which aims to ensure this electricity shortage never occurs again. SB 3 has resulted in an increase of activity at the agency level. Our focus on these issues at the legislative and now regulatory level has been unmatched.

Since the conclusion of the regular legislative session, PBPA has been active, providing public comments on rulemakings at the RRC, PUC, and ERCOT, to reflect the vital role that natural gas producers play in our electricity market. The PBPA Texas Legislative Committee has been at the forefront of the legislative success in ensuring a practical structure for natural gas operators, as well as those operators that process and transport natural gas to electric generators, and the lessons learned during the legislative session have been a great foundation to our continued success at the agency level.

While the 1st, 2nd, and current 3rd called sessions did contain some items of interest for member companies, PBPA utilized the opportunity to visit with members as they spent their summer in Austin, and of course reviewed all filed legislation to determine if any were of interest. Given that the Legislature may only take up items that the Governor places on the agenda, no broad items were included that affected the industry and we hope that continues to occur with this current special session as well.

In addition to the successes of the Legislative Sessions, PBPA's Texas Legislative Committee continues to meet regularly to work on the implementation of other legislation in order to best represent the operators in the greatest operating basin in the world. We couldn't do it without your company representatives and support. Thank you for all that you do to make the Permian Basin, America's Oilfield.