



PERMIAN BASIN
PETROLEUM ASSOCIATION

The Standard

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PBPA in Action



Please join us for the PBPA February Membership Luncheon on Thursday, February 20, 2020. This month's luncheon will be held in conjunction with the 3rd annual Permian Basin Water in Energy Conference (PBWIEC) running February 18-21 at the Midland County Horseshoe Pavilion. On the 20th, PBPA and PBWIEC welcome Railroad Commission of Texas Commissioner Ryan Sitton as our keynote luncheon speaker to a meeting for PBWIEC attendees and PBPA members. PBPA president, Ben Shepperd, will precede Commissioner Sitton with an update on all things PBPA.

Come to the conference to learn the latest on water in the Permian Basin, and come to lunch to learn about the current New Mexico Legislative Session, PBPA's work with elected officials and regulators in Austin, Santa Fe and Washington, D.C., and the latest from Commissioner Sitton.

For more information on the PBWIEC, please [click here](#). While full attendance to the conference is highly recommended and is still available at an early bird price of \$595 until February 1, attendance for PBPA members to lunch, and lunch only, on February 20th can be had for \$35.

To register for the PBPA Luncheon only, please [click here](#).

New Mexico Legislative Session Update

In a lead up to the New Mexico Legislative Session, last week PBPA president, Ben Shepperd, presented testimony to the New Mexico Senate Finance Committee regarding the economic impact of the oil and gas industry on the state and in particular, the state budget. At the request of committee Chairman John Arthur Smith (D-Deming), Shepperd joined Professor Emeritus, New Mexico State University, Jim Peach and Jeff Mitchell, director, University of New Mexico Bureau of Business and Economic Research. The oil and gas industry, primarily driven by Permian Basin activity, directly supports 40% of the New Mexico state budget as well as major provides contributions to other important state accounts.

To see the discussion in full, which lasted over one and a half hours, you may [click here](#). Ben's comments begin around the 3:15 mark of the video.

On Tuesday, January 21, Ben and long-time consultant Mike Miller joined the New Mexico Legislature as they kicked off the start to their 30-day budget session in Santa Fe. The PBPA New Mexico Legislative Committee held an inaugural meeting on Wednesday, January 22, and will continue to hold weekly meetings throughout the session. Diego Arencon, deputy chief of staff to Governor Lujan-Grisham attended and provided insights to the Governor's priorities this session at our first meeting.

Please let us know if you would like more information on the New Mexico legislative session or other New Mexico policy issues.

Texas Legislative Interim Charges

This week, Senate Natural Resources/Economic Development and Water/Rural Affairs Committees met in a Joint Hearing to discuss the following charges:

- Future Water Supply: Examine current laws, processes, and water storage options and availability. Make recommendations promoting the state's water supply, storage, availability, valuation, movement, and development of new sources.
- Groundwater Regulatory Framework: Study the state's groundwater regulatory framework and make recommendations to improve groundwater regulation, management, and permitting.

The notice for this hearing may be found [here](#) and the video, once it is completed, may be viewed at your leisure [here](#).

Of the comments made during invited testimony it is clear our industry has much work to do in providing information to the Senators on the current and historical efforts of the industry related to the use of fresh water and recycled produced water in operations, the innovation within the industry to recycle and reuse produced water as well as the expense that this innovation has incurred, and the sharing of this information between companies within the industry that establish

best practices.

Texas Sunset Advisory Commission

Additionally this week, [Lt. Governor Dan Patrick announced](#) that Senator Dawn Buckingham has been named the Vice Chair of the Sunset Advisory Committee. The Senator from Lake Travis joins new members: Senators Pat Fallon (R-Prosper), Eddie Lucio (D-Brownsville), Angela Paxton (R-McKinney) and public member Ralph Duggins (Fort Worth). Along with Senator Bob Hall (R-Edgewood) these members will serve during the upcoming 2019-2021 review cycle. At the end of last year, Speaker Bonnen appointed John Cyrier to Chair the Committee for the Cycle and the House appointees are Representatives Chris Paddie (R-Marshall), Stan Lambert (R-Abilene), Craig Goldman (R-Forth Worth), Terry Canales (D-Edinburg), and public member Julie Harris-Lawrence.

Information from the Texas Sunset Commission may be found [here](#) as well as a list of agencies currently under review ahead of the 87th Legislative Session in 2021.

TCEQ Meets with PBPA

The PBPA Texas Legislative Committee was also the first association to host Texas Commission on Environmental Quality (TCEQ) Commissioner Emily Lindley to discuss ongoing efforts at the agency as they relate to air quality and sustainability. Our members are keenly aware of this area, and most recently PBPA has been working with state and federal agencies to create better lines of communication to ensure that the industry is operating within the reasonable regulatory framework that exists. Working together, regulators can better understand the efforts of the industry as well as the challenges with existing or proposed regulations and the potential need for reforming existing or modifying proposed rulemakings.

Commissioner Lindley presented in great detail the work of the agency and we were honored to have her join us. TCEQ has also recently produced [an educational, short, video](#) that describes the extensive air monitoring network that helps promote public health and safety.

PBPA Joint Committee Meeting Review

On Wednesday, January 22, PBPA held a joint meeting of our Health, Safety & Environment, Water, and Regulatory Practices Committees. At this meeting, we heard from Investigator Tim Telck of the Midland County Environmental Enforcement Unit and Midland County District Attorney, Laura Nodolf, about the Unit's roll regarding environmental law compliance in Midland County, and how that department does and hopes to continue interacting with oil and gas companies.

As an overview, the Unit enforces laws under:

- Texas Health and Safety Code 341 341 and 343 - Nuisance Violations
- Texas Health and Safety Code 365 - Litter Abatement Act
- Texas Water Code Chapter 7 Subchapter E - Criminal Violations
- Texas Natural Resources Code Chapter 91 - Water Hauler Enforcement

On top of learning about the Midland County Unit, those in attendance learned that there is one other environmental enforcement unit in the Permian Basin, being in Ector County, and that only five (5) counties in Texas have such units, although sheriff departments throughout the state can enforce the same laws.

If you aren't a member of one of these committees, but are interested in attending the meeting, please let us know.

Texas Association of Business Annual Conference

On January 28, 2020, PBPA's Stephen Robertson will be participating in a panel on The State of Energy at the Texas Association of Business (TAB) Annual Conference in Dallas. TAB members represent companies of all sizes and industry sectors. They, along with 200 local chamber partners, employ thousands of Texans and produce \$8 billion annually in business.

TAB's 2020 Annual Conference will bring business, industry, financial and political leaders from around the state to exchange ideas and help set the stage for further economic growth in Texas. Discussed at the conference will be key issues including transportation and infrastructure, water, education/workforce development, technology and more.

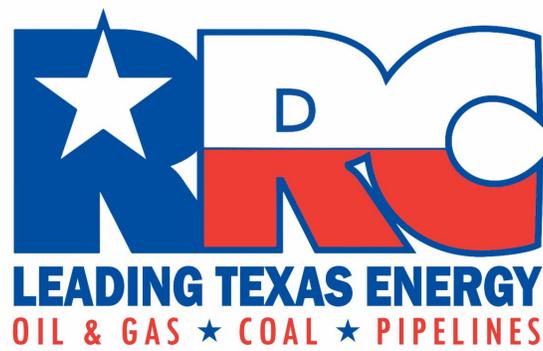
We are always honored and humbled to represent our members at such events where we'll continue to spread the good news about the Permian Basin.

Upcoming PBPA Committee Meetings

New Mexico Legislative - January 29, 2020, with additional meetings throughout session in February.



For Your Information



Lubbock Office

To serve the oil and gas activity in the northern section of the Permian Basin, the Railroad Commission of Texas (RRC) is opening an office in Lubbock in January.

The office will house the Oil and Gas Division's district 8A employees and serve as a satellite office to the district 08 office in Midland under the direction of District Director Jeffrey Morgan.

Koby Kendrick has been selected as the Assistant Director for the Lubbock office. Koby began his career with the RRC in July 2014 as a Field Inspector in the Oil and Gas Division's 7B district office in Abilene. Prior to joining the agency, Koby was the Facilities Manager at Hardin-Simmons University in Abilene, where he completed a master's degree in Earth and Environmental Resource Management.

The office is located at 6302 Iola Avenue, Suite 600, Lubbock, Texas 79424. The office's telephone number is 806-698-6532 and fax number is 806-698-6524.

Regulatory Forums

On December 13, 2019, the RRC announced several one-day Regulatory Forums to be held in the spring. Two of these forums will be in Midland on April 1 and April 2, 2020. The Commission is hosting these forums to educate and train energy industry representatives on a variety of topics including: drilling permitting; completions; Form P-16, Acreage Designation; injection well permitting; and, pipeline permitting. The registration fee to attend any of these one-day forums is \$100 per person. For additional event information, visit the RRC website at:

<http://www.rrc.texas.gov/oil-gas/oil-gas-workshops-and-seminars/>

Federal Updates

2020 U.S. Census

The 2020 U.S. Census is fast approaching. You are trusted by your customers and employees, and have a direct line of communication with them. By encouraging

them to participate in the census, you can help ensure that the communities of the Permian Basin will be accurately represented, which will help shape the future of region and our nation.

Census statistics can help businesses make important decisions, such as where to build new stores and factories. Data collected in the 2020 Census will determine how many seats each state has in the U.S. House of Representatives. The data will also inform the allocation of more than \$675 billion in federal funding each year to communities across the nation. To help your business and the communities of the Permian Basin thrive, it's important that you encourage everyone to participate in the 2020 Census.

Conducting the census is a massive and important undertaking. We need your help and the support in the Permian Basin to ensure a complete and accurate count. No matter the time and resources you can commit, you can make a difference. There are many ways you can get involved:

- Provide information to your customers and employees about the importance of participating in the 2020 Census.
- Use Census Bureau tools, information, and messaging to raise awareness for the 2020 Census.
- Form or get involved in a Complete Count Committee to educate and motivate residents to participate in the 2020 Census.
- Invite Census Bureau officials to your office or company-sponsored event to educate customers and employees about the benefits of participating in the 2020 Census.

Lastly, if you are or work with a company that provides Group Housing Quarters, please consider joining the US Census Bureau's Group Quarters Advance Contact operation. This will help the Bureau collect information about each group living quarter and allow them to administer information about the census process to residents and prepare for a successful population count. To join please see [this form](#).

Waters of the United States (WOTUS) Update

On January 23, 2020, The U.S. Environmental Protection Agency (EPA) and the Department of the Army Corps of Engineers announced the **Navigable Waters Protection Rule** to define the "Waters of the United States, which, for the first time, makes clear what is defined as a jurisdictional water under the Clean Water Act (CWA). Thought this might be of some interest given that Texas was one of the 26 states that has been forced to stay under the Obama 2015 Rule.

The rule also provides for exclusions for many water features that traditionally have not been regulated, and defines terms that have not been defined previously.

Under what is known as the final "Step 2" [Rule](#), replacing the 2019 "Step One" [Rule](#), four categories of waters will be federally regulated. They include:

- The territorial seas and traditional navigable waters
- Perennial and intermittent tributaries to those waters
- Certain lakes, ponds, and impoundments
- Wetlands adjacent to jurisdictional waters

Importantly, the final rule identifies 12 categories of exclusions -- features that are not “Waters of the United States” -- including:

- Groundwater
- Many ditches
- Prior converted cropland; and waste treatment systems
- Water in direct response to rainfall (e.g., ephemeral features)

The final rule also highlights key clarifications to the scope of the CWA’s jurisdiction, including:

- Streamlining separate categories for jurisdictional ditches and impoundments
- Clarifying the definition of a “typical year”
- Better defining “adjacent wetlands” as wetlands that are meaningfully connected to other jurisdictional waters, for example, by directly abutting or having regular surface water communication with jurisdictional waters.

The final rule will become effective 60 days after publication in the *Federal Register*, which is expected sometime next week. Additional background on the rule can be found [here](#). Also, a Congressional Research Service (CRS) two-page report published on October 23, 2019 entitled “Waters of the United States (WOTUS): Repealing and Revising the 2015 Clean Water Rule” is available [here](#).

PBPA is continuing to review the rule and will develop a more detailed analysis for those who are interested.



Looking for funding for a project? The New Mexico Congressional Delegation Office sends out a weekly grant advisory. This advisory offers a list of time-sensitive grants that may offer federal funding options for organizations, nonprofits, local and tribal governments, as well as other groups in New Mexico. If you are interested in being notified of these opportunities, we encourage you to contact [Steven Ortega](#) with Senator Udall's office or [Sarai Torres](#) with Senator Heinrich's office to be added to the weekly Federal Grant Advisory. To see an example of the types of grants you may see, please [click here](#). Please feel free to share this with anyone you think may be interested.

