

## Note/Message



Vol. 7 No.7

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Members,

In this version of The Standard, we provide several updates including information on Texas's Permian Basin Reliability Plan, the recent special session in New Mexico, and an update regarding the Supreme Court decision regarding Chevron Deference. Our team has been hard at work advocating for the oil and gas industry in the Permian and your input and participation are highly appreciated.

Below, you will also find information on our 2024 Annual Meeting that is quickly approaching on September 11th and 12th. As always, we also provide details on upcoming PBPA events and other relevant community activities:

**Important Updates**

- 2024 Annual Meeting
- Texas: Select Committee Testimony
- West Texas Legislative Summit

- Short Special Session
- Permian Basin Reliability Plan Update
- RRC Notice to Operators: Launch of LoneSTAR
- Oilfield Security Initiative Update
- Next Steps After *Loper*
- Member News Releases
- Create Your Member Center Login
- Committee Meetings

### **Community Events**

- Midland College PPDC Courses
- RRC Regulatory Conference
- *Additional events can be found on the online [event calendar!](#)*

Regards,  
Ben Shepperd  
*PBPA President*

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## Featured Updates

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**Join us for the 62nd Annual Meeting** featuring an evening reception on the 11th followed by a full day of informational speakers, panels, and networking on the 12th.

**Sign up** to sponsor at the All-Events level or higher for the opportunity to **set up an exhibit booth** for the 12th at the Petroleum Club of Midland. Exhibit space is limited, so don't wait!

#### **Event Schedule:**

- September 11th: 6 - 8 PM: Welcome Reception @ the Permian Basin Petroleum Museum
- September 12th: 7:30 AM - 2 PM: Kick-off breakfast, Keynote Luncheon, and more! @ the Petroleum Club of Midland

**A detailed agenda** will be made available at a later date.

**Register**

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## **Texas: Select Committee Testimony**

PBPA was invited to participate and offer testimony to the Select Committee on Protecting Texas from Hostile Foreign Organizations. This Committee is tasked with learning about what threats face the state from these foreign organizations and what the industry is doing to secure operations. PBPA Government Affairs Coordinator, Michael Lozano, contacted operators across the Permian Basin about what they have seen and offered that testimony to the Committee on July 24, 2024. This testimony was focused on what operators are doing to prevent, detect, and recover from potential attacks by hostile foreign organizations. PBPA will continue to work with operators and the Committee to ensure that the state understands our challenges and potential solutions.



**July 29-31, 2024**  
**San Angelo, TX**

**NEXT WEEK:** PBPA President, Ben Shepperd will participate on a panel titled 'Drilling Down: Oil & Gas Leads the Way in West Texas' alongside Permian Basin area reps Senator Kevin Sparks (SD 31), Representative Tom Craddick (HD 82), and Representative Brooks Landgraf (HD 81).

**Registration** has closed for this event, but if you would like to learn more, please visit <https://www.sanangelo.org/wtls/>.

## **New Mexico Updates**

### **Short Special Session**

On July 18, 2024, the New Mexico Legislature convened in Santa Fe for a special session called by Governor Michelle Lujan Grisham. The purpose of this session was for the legislature to consider addressing urgent public safety issues. Among these, as identified by the governor, were criminal competency, mental health treatment standards, crime reporting, pedestrian safety, gun violence, organized crime, drug overdoses, and the recent South Fork and Salt fires.

Both chambers of the legislature gavelled in and gavelled out in one day. The only fruits of their labors being HB 1, a feed bill appropriating funds to cover the expenses of the special session, the expenses related to the state wildfires, and costs for assisted outpatient treatment programs and competency diversion pilot programs at the Administrative Office of the Courts. No energy-related bills were entertained. If HB 1 is signed by Governor Lujan Grisham, it will become effective immediately. However, she has expressed her displeasure

with the legislature publicly providing, through a statement released within a few hours of the legislature adjourning, that “the Legislature should be embarrassed at their inability to summon even an ounce of courage to adopt common-sense legislation to make New Mexicans safer.” While the statement did not call another special session, that option has not been ruled out.

Please reach out to Stephen Robertson ([stephen@pbpa.info](mailto:stephen@pbpa.info)) for more information.

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## Texas Updates

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### **Permian Basin Reliability Plan Update**

Last week, PBPA was fortunate enough to host PUC Commissioner Kathleen Jackson in Midland for field tours concerning the electrical demands and needs of the oil and gas industry, as well as a follow up roundtable with members of the PBPA Executive Committee for a discussion on ERCOT’s Permian Basin Reliability Plan, now under development..

On Wednesday, July 17, 2024, PBPA member Fasken Oil & Ranch hosted Commissioner Jackson for a tour of an electric drilling rig (powered by onsite turbine diesel and natural gas generation because electric delivery is unavailable), a natural gas processing plant (which has restrained operational capacity because of lack of electric delivery), a hydraulic fracturing job (non-electric but which could have been planned for electric power if such power were available), producing facilities (with pumps, some submersible and some above ground, running off electricity), a substation Fasken had to build to serve its demand, and more. In the field, joining PBPA Chairman Tommy Taylor, who also heads oil and gas operations at Fasken, were PBPA’s Ben Shepperd and myself, as well as Fasken General Manager and Controller Lynda James.

Commissioner Jackson witnessed real-world limitations constraining operations in the Permian Basin resulting from the lack of reliable electricity service in ERCOT’s West Weather Zone. As a chemical engineer who worked for Exxon for 37 years before her retirement, Commissioner Jackson is not a stranger to oil and gas operations. However, this tour helped illustrate the increased level and variety of electrical usage by the industry in the field and helped to reinforce the importance of PBPA’s efforts to increase transmission to the region. While we have made these arguments through official comment on the Permian Basin Reliability Plan study and verbally through numerous meetings PBPA staff and members have had with ERCOT staff, PUC staff, and PUC Commissioners, when we had the opportunity to provide the boots on the ground educational opportunity for Commissioner Jackson, we jumped at it.

On Thursday, July 18, 2024, Commissioner Jackson also joined members of the PBPA Executive Committee and PBPA staff to further discuss the electricity demands in the Permian Basin as well as finer details in ERCOT’s Permian Basin Reliability Plan.

After introductory comments, Commissioner Jackson was engaged by several of the members present regarding the Permian Basin Reliability Plan. These PBPA representatives took the opportunity to reiterate the comments we included in our letter to ERCOT on July 12. Notably, PBPA believes the PUC should approve a plan to build sufficient transmission to

meet the 2038 load estimates and that the 2030 load study case – which contains three fewer generation import path lines to the region – would lead to costly delays and not improve reliability. We also shared our view that the Plan should be adopted and that the Commission should consider the merits of ultra high-voltage lines as a separate issue.

PBPA members voiced concerns on a perceived historic lack of urgency for electric infrastructure and reliable delivery in our region. As opposed to just numbers on current demand and future demand growth (which were also discussed), this concern was illustrated through a sizable operator projection that if electric delivery was not realized at the capacity level needed to meet forecasted growth in the region, curtailment of production and operations in the Permian Basin could occur in the future.

These meetings were a positive step in our advocacy for electric delivery in the Permian Basin, but is far from the last step we'll need to take in this process to secure the most appropriate increases in infrastructure planning and development to serve our region and your operations. Next steps for PBPA include comments at the PUC on the Permian Basin Reliability Plan, which is expected to be released on July 25. In addition, PBPA will continue to engage the Commission to advocate for a robust transmission build out in and to the Permian Basin. PBPA will also attend a PUC staff-led workshop on the Plan on August 22. We anticipate the PUC will take action on the Permian Basin Reliability Plan at its September 26 open meeting.

### **RRC Notice to Operators: Launch of LoneSTAR**

This month, the Railroad Commission of Texas (RRC) launched the Railroad Commission State Tracking and Reporting (LoneSTAR) portal allowing operators online filing and record viewing for oil and gas functions.

The first release of LoneSTAR includes:

- Processes associated with filing a new, renewal, and record-only Form P-5, *Organization Report*, to become an oil and gas operator or pipeline operator under the jurisdiction of the RRC;
- Form W-3C, *Certification of Surface Equipment Removal for an Inactive Well*; and
- Form W-3X, *Extension of Deadline for Plugging an Inactive Well*.

Future releases will include other oil and gas and environmental permitting processes.

To view the full notice, visit the RRC website at

[https://www.rrc.texas.gov/media/rkoldnuk/2024\\_nto\\_lonestar\\_7-1-2024.pdf](https://www.rrc.texas.gov/media/rkoldnuk/2024_nto_lonestar_7-1-2024.pdf)

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## **Federal Updates**

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### **Oilfield Security Initiative Update**

Recently, the FBI, through its El Paso Field Office, distributed the below report for private sector companies in the Permian Basin concerning the risk of insider threats. We received this report through a regional Liaison and recommend our members review, discuss

internally, and implement any mitigation strategies you might not already be utilizing to help protect your operations against oilfield crime.

## FBI Report

### **Next Steps after *Loper***

Previously, we provided an update on the *Loper* decision handed down by the U.S. Supreme Court which overruled the longstanding regulatory interpretation tool known as the Chevron Deference. If you are interested in more information specifically on this court decision, please let us know. As a follow up, we wanted you to know that in response to the *Loper* decision, Congressman August Pfluger has introduced legislation titled, "Returning Power to the People Act of 2024." Historically, agencies had won approximately 70% of lawsuits opposing their actions due to Chevron Deference. This deference to agency interpretation of legislative action, allowed an expanded administrative state, taking Article I power away from Congress, and resulted in the agencies going well beyond their statutory authority. Congressman Pfluger's legislation provides legal clarity to federal courts on how the cases previously subject to Chevron Deference should be evaluated now that a forty-year precedent has fallen.

The bill would do several things that would limit agency regulation to what authority is explicitly delegated through Congress. It would direct the Government Accountability Office to provide a report outlining a survey of cases where the federal courts have relied on the Chevron deference doctrine to reach a decision in favor of the relevant agency, including administrative proceedings, agency decisions, along with court proceedings. The legislation further requires that the report compile a list of statutes and rules that are currently in effect where deference has been given to the agencies. The analysis will consider and report on the private party interests that were impacted because of the government receiving deference.

In addition, Congressman Pfluger's legislation requires all agencies to conduct a review of litigation since Chevron, where an executive agency has primarily or substantially relied upon Chevron to support its interpretation of a rule or statute. Agencies must identify the statute or rule, the position it took, what alternative interpretations were asserted by another party, and reassess the agency interpretation with a written memorandum supporting, reversing, or modifying its interpretation. These memorandums must be publicly available.


Most importantly, to level the playing field, the legislation creates a statutory requirement that both federal agencies and private parties share the ability to interpret a statute, rule, or other federal policy. The intention of this legislation is to clarify that courts shall not defer to an agency interpretation and instead adopt the best and most reasonable interpretation, regardless of who the interpretation benefits.

The *Loper* decision upends the extensive application of Chevron Deference in administrative law over the past 40 years that agencies have used excessively. What the ruling simply means is that the ability of federal agencies, like the EPA, to set rules and enforce environmental protections is now reduced.

The U.S. Supreme Court did establish that existing rulings would stand. However, there may be an enormous number of cases that were never brought forward that could now be considered. The ruling will likely create more lawsuits and it may push Congress to be more

explicit in legislating to avoid agency interpretation – although the current makeup of Congress largely does not allow for clear direction.

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## Membership News

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### **Oxy: 1PointFive Announces Agreement to Sell 500,000 Metric Tons of Direct Air Capture Carbon Removal Credits to Microsoft**

July 9, 2024 —1PointFive, a carbon capture, utilization and sequestration (CCUS) company, today announced it has entered into an agreement with Microsoft to sell 500,000 metric tons of carbon dioxide removal (CDR) credits over six years to support Microsoft's carbon removal strategy. The agreement is the largest single purchase of CDR credits enabled by Direct Air Capture (DAC) to date and highlights the increasing adoption of this climate technology as a solution to help organizations achieve net-zero emissions.

The CDR credits for Microsoft will be enabled by STRATOS, 1PointFive's first industrial-scale DAC facility currently under construction in.....

[Read More](#)

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### **Create Your Member Center Login Today!**

**The PBPA's** new online Member Center includes new resources for Gusher level members and higher! [Create your login](#) today using the email we have on file to access resources like:

- Job Postings
- News Releases
- Membership Directory
- Event Calendar
- & More!

**ALL members** can login and access their membership and billing information at any time.

[Create Login](#)

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## PBPA Events

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For a full list of PBPA and industry events, visit the [calendar](#) on our website! Members can also add their own events to help raise awareness.

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## Committee Meetings

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- Regulatory Practices Committee: 8/20/2024

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.

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## Community Events

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**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 link below for upcoming classes being offered by the MC PPDC in the coming months.

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

## Full Course Schedule

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**July 30-31, 2024**  
**Austin, TX**

**NEXT WEEK:** The RRC is hosting this conference to inform and train industry representatives on the applicable laws, rules, and procedures for hydrocarbon production in Texas. Plus, it will feature over 60 sessions covering a variety of topics.

**In addition** to RRC presenters, the conference will feature presenters from Energy World, Industrial Training Services, Mears Group, Inc., National Transportation Safety Board, PHMSA, RCP Inc., RegSafe and Southern Methodist University. Plus, this year’s conference will again feature exhibitors!

**For additional** conference information and to register, visit the RRC’s website at <https://www.rrc.texas.gov/about-us/organization-and-activities/activities/workshops-and-conferences/2024-rrc-regulatory-conference/>

**Register**



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