AAPL Powering The Profession

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GOVERNMENTAL AFFAIRS REPORT

FEDERAL – Legislative

U.S. House Committee on Science, Space and Technology AI Data Center Infrastructure Hearing. On February 24, the U.S. House Committee on Science, Space and Technology Subcommittee on Investigations and Oversight held a hearing titled, *Powering America's AI Future: Assessing Policy Options to Increase Data Center Infrastructure*, focused on enacting policies that ensure America is a leader in developing AI data center infrastructure with the power to support its growth. The committee Chairman Brian Babin said, "Winning the AI race is about more than training the next model or building the largest neural network. It is about constructing the physical systems — data centers, grids, and transmission networks—that make large-scale computation possible. If we fail to provide the infrastructure our innovators need, we will not simply fall behind China in AI research; we will fall behind in economic growth, scientific leadership, and the creation of high-quality jobs for American workers." To access a full video recording of the hearing and witness testimony, Read more.

U.S. House Committee on Natural Resources Migratory Bird Treaty Act Hearing. On March 4, the U.S. House Committee on Natural Resources Subcommittee on Water, Wildlife and Fisheries held a hearing titled *Oversight of the Migratory Bird Treaty Act*. The hearing focused on the policies surrounding incidental take of migratory birds, "such as take resulting from the operation of industrial facilities like wind farms." The hearing also touched upon Trump administration views "on the impacts of wind and solar energy facilities on migratory birds." To access a full video recording of the hearing and witness testimony, Read more.

AAPL Joins U.S. Chamber of Commerce Trades Coalition Letter Urging the U.S. Senate to Pass Permitting Reform Legislation. On February 24, AAPL joined the U.S. Chamber of Commerce and a collation of national and regional trade groups in an open letter to the U.S. Senate urging lawmakers to pass permitting reform legislation. As noted in the letter, "The House of Representatives led the way by passing several important permitting reform bills at the end of 2025. Their efforts reflect a bipartisan recognition that our current permitting process is broken. Now, the Senate must build on that momentum and deliver meaningful reform that benefits families and communities nationwide." The Chamber was joined by numerous national and regional trade associations, including the American Petroleum Institute, American Public Power Association, and the Independent Petroleum Association of America, among other signatories to the coalition letter. Read the letter here.

FEDERAL – Regulatory

BLM Oil and Gas Lease Sale – New Mexico; Oklahoma; Texas. On February 20, the Bureau of Land Management (BLM) announced that it has "opened a 30-day public scoping period to receive public input on 32 oil and gas parcels totaling 21,181.2 acres that may be included in an August 2026 lease sale in New Mexico, Oklahoma, and Texas. The scoping period ends March 23, 2026." The BLM has also made available all the planning documents for the parcels. Read more.

BLM Oil and Gas Lease Sale – North Dakota; South Dakota. On February 19, the BLM announced "an oil and gas lease sale scheduled for April 28, 2026, to offer 23 oil and gas parcels totaling 8,993 acres in North Dakota and South Dakota. The BLM

completed scoping on these parcels in November 2025 and held a public comment period that closed in January 2026 on the parcels and the related environmental analysis. A 30-day public protest period to receive additional public input opened today and will close March 23, 2026." Read more.

BLM Oil and Gas Lease Sale – Utah. On February 27, the BLM "opened a 30-day public comment period to receive public input on plans to include 39 oil and gas parcels totaling 54,114 acres in Utah in a June 2026 sale. The comment period ends March 30, 2026. The BLM completed scoping on these parcels in January 2026 and is now seeking public comment on the parcels and related environmental analysis. The BLM will use input from the public to help complete its review of each parcel." Read more.

BLM Instruction Memorandum on Produced Waters from Oil and Gas Production on Public Land. On February 18, the BLM published Instruction Memorandum IM 2026-008, "Policy and Guidance Relating to Produced Waters from Oil and Gas Production on Public Land." According to the BLM, "The purpose of this Instruction Memorandum (IM) is to provide guidance to Bureau of Land Management (BLM) Field Offices (FOs) and State Offices (SOs) on the management of produced water generated from oil and gas activities on public lands […] Under this policy, BLM offices will work with industry to identify opportunities for reusing and recycling produced water. It is intended to promote the adoption of practices that preserve and increase freshwater supplies by recycling produced water for a variety of applications." Read more.

BOEM Environmental Impact Statement for Oil and Gas Leasing – California. On February 27, the Bureau of Ocean Energy Management (BOEM) published a *Notice of Intent To Prepare a Programmatic Environmental Impact Statement for Proposed Oil and Gas Lease Sales in the Northern, Central, and Southern California Program Areas* (91 Fed. Reg. 9881). According to the BOEM, "Consistent with the U.S. Department of the Interior (Department or DOI) regulations and handbook implementing the National Environmental Policy Act (NEPA), the Bureau of Ocean Energy Management (BOEM) announces its intent to prepare a programmatic environmental impact statement (PEIS) (Unique Identification Number DOI-BOEM-PC-2026-0001-EIS) for proposed oil and gas lease sales in the Northern, Central, and Southern California Program Areas (California Oil and Gas PEIS). This notice of intent (NOI) serves to announce the scoping process BOEM will use to identify significant issues and potential alternatives for consideration in the California Oil and Gas PEIS." The notice further states, "The purpose of the Proposed Action is to provide access to OCS lease blocks that may contain economically recoverable oil and gas reserves. After additional reviews and authorizations, the Proposed Action would facilitate potential exploration, development and production on the leased blocks. A lease sale would provide a bidding opportunity to obtain a lease with conditional rights to explore, develop, and produce oil and natural gas." The public comment period is open through March 30, 2026. Read more.

BOEM Offshore Oil and Gas Commingling. On March 2, the BOEM published a direct final rule, *Offshore Downhole Commingling Regulatory Updates* (91 Fed. Reg. 9998). According to the rule, the Interior Department, "through the Bureau of Safety and Environmental Enforcement (BSEE), is revising the Outer Continental Shelf (OCS) downhole commingling regulations consistent with the One Big Beautiful Bill Act (OBBB). These revisions update the regulations to ensure consistency with the OBBB when BSEE reviews a request for downhole commingling." The rule took immediate effect. Read more.

BOEM Offshore Financial Assurance Reduction Regulations. On March 5, the U.S. Department of the Interior announced it "is proposing updates to reduce costly regulations on the offshore oil and gas industry, freeing up billions of dollars for investment, exploration, production and job growth. The proposal would roll back requirements from a 2024 rule that forced companies to set aside about $6.9 billion in supplemental financial assurance. Roughly $6 billion of that burden would have fallen on small businesses,

which make up most of the operators on the Outer Continental Shelf. The change is expected to save industry about $484 million each year in compliance costs." The proposal would modernize how the Bureau of Ocean Energy Management (BOEM) "evaluates financial risks and lower the amounts companies must set aside for future decommissioning. By using updated risk metrics and data from the Bureau of Safety and Environmental Enforcement, BOEM would ensure taxpayer protections remain in place while allowing companies to invest more capital in new projects." Read more.

EPA Extends Greenhouse Gas Reporting Program Deadline. On February 25, the U.S. Environmental Protection Agency (EPA) announced a final rule "to extend the reporting deadline under the Greenhouse Gas Reporting Rule for reporting year 2025 from March 31, 2026 to October 30, 2026. This final rule changes only the reporting deadline for annual greenhouse gas (GHG) reports for reporting year 2025 in response to comments received on the proposed rescission of the Greenhouse Gas Reporting Program (GHGRP). The EPA anticipates addressing the remainder of the proposed rule in one or more subsequent final actions." (See the EPA final rule, *Extending the Reporting Deadline Under the Greenhouse Gas Reporting Rule for 2025*). For background, the EPA's Greenhouse Gas Reporting Program "requires reporting of greenhouse gas (GHG) data and other relevant information from large GHG emission sources, fuel and industrial gas suppliers, and CO_2 injection sites in the United States. This data can be used by businesses and others to track and compare facilities' greenhouse gas emissions, identify opportunities to cut pollution, minimize wasted energy, and save money. States, cities, and other communities can use EPA's greenhouse gas data to find high-emitting facilities in their area, compare emissions between similar facilities, and develop common-sense climate policies." To learn more, visit the EPA's Greenhouse Gas Reporting Program website here. The EPA says the "extension will give flexibility as the agency continues through the rulemaking process." Read an EPA Fact Sheet on the extension here.

Office of Natural Resources Revenue Information Collection. On March 3, the Office of Natural Resources Revenue (ONRR) published a notice of information collection, *Agency Information Collection Activities: Federal Oil and Gas Valuation* (91 Fed. Reg. 10413). The "ONRR seeks renewed authority to collect information necessary to verify proper reporting and payment of royalties and other amounts due to the United States under Federal oil and gas leases; determine requests for prepayment or accounting and auditing relief for certain marginal properties; and to evaluate requests to exceed transportation and processing allowance limits." The public comment period is open through May 4, 2026. Read more.

U.S. Department of Labor Independent Contractor Proposed Rulemaking. On February 27, the U.S. Department of Labor (DOL) published a proposed rule to rescind the Biden-era independent contractor (IC) regulations and revert back to the more permissive framework that was in place during the first Trump administration. The proposed rule*, Employee or Independent Contractor Status Under the Fair Labor Standards Act, Family and Medical Leave Act, and Migrant and Seasonal Agricultural Worker Protection Act* (91 Fed. Reg. 9932), will "rescind the analysis for determining employee or independent contractor status under the Fair Labor Standards Act (FLSA)" and "will replace it with the analysis that it published and adopted in a prior final rule dated January 7, 2021, with a few modifications." In short, the rulemaking would restore the DOL analysis to the "economic reality" test that is considered more supportive of a finding that a worker is an independent contractor if certain factors are met. As noted by employment law firm Thompson Hine, "The ultimate inquiry is whether, as a matter of economic reality, the worker is economically dependent on the employer for work (employee) or is in business for him- or herself (independent contractor)." Read more. Under the Biden administration, the presumption leaned more heavily on a finding that a worker was an employee. The proposed rule would also explain core factors and identify other factors to help determine if a worker is an independent contractor or an employee. See a DOL news release explaining the proposed IC

rulemaking in furth detail, available here. The public comment period is open through April 28, 2026. Read more. For a deeper dive into the proposed rulemaking, see a detailed legal analysis from the Troutman Pepper Locke law firm's *Independent Contractor Misclassification & Compliance* newsletter, available here. For additional coverage, see legal resources from national employment law firm Littler Mendelson P.C., available here, from the law firm Paul Hastings, available here, and from the Pillsbury law firm, available here.

U.S. Fish and Wildlife Service Removal of Lesser Prairie-Chicken from the List of Endangered and Threatened Wildlife. On February 26, the U.S. Fish and Wildlife Service (FWS) published a final rule, *Endangered and Threatened Wildlife and Plants; Removal of Northern and Southern Distinct Population Segments of the Lesser Prairie-Chicken From the List of Endangered and Threatened Wildlife in Compliance With Court Order* (91 Fed. Reg. 9474). As provided by the FWS, "as a result of the March 29, 2025, and August 12, 2025, district court orders, all protections under the Act were removed for the northern and southern DPSs [distinct population segments] of the lesser-prairie chicken. We are issuing this rule to amend the regulations to reflect that removal of protections. This rule removes the northern and southern DPSs of the lesser prairie-chicken from the Federal List of Endangered and Threatened Wildlife." As noted by the *Oil & Gas Journal*, the "final rule eliminates Biden-era requirements for the oil, gas, and cattle industries to safeguard the birds' habitat and mating areas, which lie in major oil- and gas-producing states of Texas, Oklahoma, Kansas, New Mexico, and Colorado." The rule is effective as of February 26, 2026. Read more.

U.S. Fish and Wildlife Service Status Review for the Lesser Prairie-Chicken. On February 26, the U.S. Fish and Wildlife Service (FWS) published a notification of initiation of status review, *Endangered and Threatened Wildlife and Plants; Status Review for the Lesser Prairie-Chicken* (91 Fed. Reg. 9547). As provided by the FWS notification, "In response to a court order, we, the U.S. Fish and Wildlife Service (Service) are initiating a new 12-month petition finding process for the lesser prairie-chicken (*Tympanuchus pallidicinctus*) under the Endangered Species Act of 1973, as amended (Act). We ask the public to submit to us any information relevant to the status of the lesser prairie-chicken or its habitat." The public comment period is open through March 30, 2026. Read more.

Interior Department Finalizes NEPA Reforms. On February 23, the U.S. Department of the Interior "announced final sweeping reforms to its National Environmental Policy Act procedures, cutting red tape, accelerating project approvals, and restoring NEPA to its intended role as a focused, efficient decision-making tool." (See *National Environmental Policy Act Implementing Regulations*; 91 Fed. Reg. 8738). As provided by the Interior Department, "The reforms, led by Interior Secretary Doug Burgum and part of a whole-government approach, reaffirm the rescission of more than 80% of Interior's prior NEPA regulations, with the majority of those regulations moved into a streamlined Departmental NEPA Handbook of Implementing Procedures. The regulations that remain govern when and how to comply with NEPA and which of the NEPA processes that should be used in the various decision-making processes and protect the ability of state and local governments to be part of the analysis process as required by NEPA itself. The action follows the White House Council on Environmental Quality's recent confirmation of its own rescission of NEPA regulations, clearing the way for agencies to modernize outdated and duplicative requirements." Further, "Interior's final action rescinds outdated and duplicative regulatory provisions that had accumulated over decades, while retaining core requirements necessary to comply with the NEPA statute as amended by Congress. By shifting most procedural requirements into a Departmental handbook, the Department provides clear, practical guidance to staff while preserving flexibility to meet operational and project needs." Although the action does not eliminate environmental reviews with NEPA remaining in effect, "The reforms are expected to significantly reduce delays and costs for projects across public lands, including energy development,

critical minerals, livestock grazing approvals, infrastructure, wildfire mitigation, water projects and conservation efforts." Read more. For a deeper dive into the Interior Department's final rule, Handbook of NEPA Implementing Procedures, and Regulatory Impact Analysis, see the Interior Department's NEPA website, available here.

FEDERAL – Judicial

EPA Greenhouse Gas Endangerment Finding Rule Rescission – Washington, DC. On February 18, a coalition of environmental and public health groups sued the Trump administration in federal court to challenge the U.S. Environmental Protection Agency's (EPA) recent rescission of the Obama-era Greenhouse Gas Endangerment Finding which allowed federal regulators to advance climate change policies under the Clean Air Act by finding "that climate pollution is a threat to public health and welfare" and which business trade groups, including oil and gas industry stakeholders, have long opposed. In *American Public Health Association v. U.S. Environmental Protection Agency*, the petitioners are asking the U.S. District Court for the District of Columbia to review the EPA rule, *Rescission of the Greenhouse Gas Endangerment Finding and Motor Vehicle Greenhouse Gas Emission Standards Under the Clean Air Act* (91 Fed. Reg. 7686; Feb. 18, 2026). Georges C. Benjamin, MD, chief executive officer of the American Public Health Association, one of the named plaintiff groups said, "Ignoring the scientific evidence of the threat climate pollution poses to the health of all of us sends a very wrong message to communities across the nation and around the world. The EPA has a duty to consider the well-being and safety of all, and the science is clear; climate change and air pollution threaten everyone's health. To reverse course now and to also repeal limits on climate pollution from vehicles, puts everyone in the country at risk of experiencing serious and preventable harm. It also weakens our nation's ability to address the severe health impacts caused by climate change." Read more. As noted by the *Oil & Gas Journal*, "EPA's final rule rescinding the endangerment finding removes emission standards for cars and trucks and could lead to the agency dismantling requirements that the oil and gas industry reduce methane emissions and electric generators use cleaner fuels. The final rule, which EPA described as the 'single largest deregulatory action in US history,' is part of President Donald Trump's stated mission to slash climate regulations. The rule also prevents the EPA, even under future presidents, from issuing new rules to limit greenhouse gases." Read more.

U.S. Supreme Court to Review State Climate Change and Greenhouse Gas Emissions Case. (*Update to 10/27/25 Report*) On February 23, the U.S. Supreme Court granted a petition by Suncor Energy and ExxonMobil in a climate change and greenhouse gas emissions case brought against them by the city and county of Boulder, Colorado in *Suncor Energy (U.S.A.) Inc. v. County Commissioners of Boulder County* (Case No. 25-170). Read more. As reported by *Bloomberg*, "The justices will review a Colorado Supreme Court ruling that said the city and county of Boulder could use state law to press a suit against the two companies." Here, the oil and gas companies are seeking a decision by the high court which would strike down "dozens of city and state lawsuits that blame oil companies for climate change." As the defendants argued, "The stakes in this case could not be higher" as these suits "seek to 'impose untold damages on energy companies for the physical and economic effects of climate change.'" At issue is, "Whether federal law precludes state-law claims seeking relief for injuries allegedly caused by the effects of interstate and international greenhouse-gas emissions on the global climate." As reported in October 2025 by IPAA's *Energy in Depth* newsletter when Congressional representatives filed an amicus brief supporting review by the U.S. Supreme Court, "the members warn that Boulder, Colorado's lawsuit against energy companies 'upends the constitutional balance between federal and state authority' and threatens to let 'every locality in the country sue essentially anyone in the world' over climate change." In short, "The brief argues that local governments are trying to 'usurp federal authority' by improperly using state law to dictate national energy policy. It cites more than a century of Supreme Court precedent holding that disputes over interstate or international pollution must be governed by federal law, not local courts." As the brief notes, "States have no authority to regulate interstate and international

emissions that originate beyond their respective borders." Further, "This Court should not stand by while Respondents use their state law and state courts to supplant federal authority and set national energy policy […] And the sheer magnitude of the damages at issue—likely *tens of billions* of dollars— would restructure the American energy industry if not bankrupt it altogether, especially when multiplied by the dozens of similar cases around the country." Read more. The high court will take up the case in their next term beginning October 2026. We will continue to keep AAPL members informed of case developments. Read more.

BLM Greater Sage-Grouse Resource Management Plans – Montana. On March 2, environmental groups sued the Trump administration "to challenge its final plans governing greater sage grouse management across 71 million acres of federal public lands in nine Western states." In *Center for Biological Diversity v. Germann* (Case No. 4:26-cv-00021-JTJ), the litigants are challenging the Bureau of Land Management's (BLM) "2025 Records of Decision ('RODs') approving Resource Management Plan Amendments for greater sage-grouse in Montana, California, Colorado, Idaho, Nevada, North Dakota, South Dakota, Utah, and Wyoming." According to the Center for Biological Diversity, "The Trump administration finalized the plans in December, stripping protections approved in 2015 by Western states and federal officials to prevent the need to list greater sage grouse as endangered. Those 2015 plans have failed to protect the imperiled greater sage grouse and its disappearing habitat." The complaint alleges violations of the Administrative Procedure Act, Federal Land Policy and Management Act, and the National Environmental Policy Act. "The Trump administration tried, and failed, to dismantle sage grouse protections once before, yet here we are again," said Joanna Zhang, endangered species advocate with WildEarth Guardians, one of the plaintiffs. "We're going to court once more to ensure that our public lands are managed for wildlife and future generations, and that sage grouse aren't sacrificed for corporate gain." Read more.

STATE – Legislative

For all 800+ bills AAPL is currently monitoring and tracking for members, please see the continuously updated member-exclusive AAPL Governmental Affairs Bill Tracking Summary spreadsheet, available on the AAPL website homepage or here.

STATE – Regulatory

Greenhouse Gas Reporting and Climate Related Financial Risk Disclosure Initial Regulation – California. To follow up our prior reporting, on February 26, the California Air Resources Board (CARB) announced it "approved the adoption of the California Greenhouse Gas Reporting and Climate Financial Risk Disclosure Initial Regulation, an initial step in meeting the regulatory requirements of SB 253 and 261. The regulation establishes how fees will be assessed to cover the cost of program administration, specifies key definitions necessary for fee assessment and program application, and establishes a first-year reporting deadline. Adoption of the regulation will enable CARB to administer and fund the statutory reporting programs under the two bills." As provided by CARB, "The regulation covers large corporations doing business in the state with revenue over $500 million or $1 billion depending on the statute." See the CARB press release here. For a deeper dive into the regulations, read more from law firm Ropes & Gray, available here, and from the Society for Corporate Governance, available here.

Bracewell Data Center Counsel Podcast. On February 23, the Bracewell law firm released the latest episode of their Data Center Counsel podcast, *Beyond the Usual Suspects: Emerging US Markets for Data Centers*. The episode examines "the shifting geography of US data center development. What was once concentrated in traditional hubs like Northern Virginia is rapidly expanding into rural and emerging markets across Texas, Oklahoma, Kentucky, North Dakota, South Dakota and parts of the Southeast." Among the topics covered are those examining how grid structure, interconnection queues and regulatory frameworks influence where projects move forward

and the importance of certainty in real estate and permitting. Access the Bracewell podcast here.

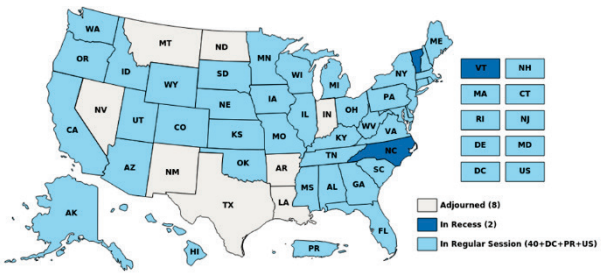
INDUSTRY NEWS FLASH

▶ **Tech Companies Sign Agreement with the White House to Fund Data Center Energy Usage.** On March 4, the White House announced an agreement with major tech companies to fund the growth in electricity usage from AI data centers. The Ratepayer Protection Pledge is described as "an agreement to build, bring or buy new power to support their data centers in order to prevent higher electricity costs for consumers." Read the White House announcement here. During a roundtable with President Trump, the companies made five promises in accordance with the pact, including "a commitment to provide or pay for all power generation and electricity needed for AI projects, along with adding electricity generating capacity to the grid through new power plants when possible." Read more.

▶ **U.S. Energy Information Administration Projects Domestic Energy Consumption to Remain Below 2025 Levels.** In its latest short term energy outlook released on February 10, the U.S. Energy Information Administration (EIA) "projected that U.S. total energy consumption will remain below 2025 levels in both 2026 and 2027." However, in the same report, the EIA forecasts "that U.S. liquid fuels consumption will increase in both 2026 and 2027." Read more.

LEGISLATIVE SESSION OVERVIEW

States in Session



Session Notes: Alabama, Alaska, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, New Jersey, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Virginia, Washington, West Virginia, Wisconsin and **Wyoming** are currently in regular session. The **U.S. Congress** is also in regular session.

The following states are expected to adjourn their 2026 legislative session on the dates provided: **Wyoming** (March 11), **South Dakota** and **Washington** (March 12), **Florida** (March 13), **Virginia** and **West Virginia** (March 14) and **Idaho** (March 27).

The following states adjourned their 2026 legislative sessions on the dates provided: **Indiana** (February 27) and **Utah** (March 6).

The following states are currently holding 2026 interim committee hearings and posting interim studies: **Arkansas**, **Montana**, **Nevada** and **North Dakota**.

Louisiana is currently posting pre-files for the 2026 legislative session. ■

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